

THE LLOYD GEORGE

Why did the land taxes which Lloyd George introduced in his 1909 budget cause such a tremendous fuss? They represented a very small addition to the general tax burden, for they were designed to raise just £½ million in the ensuing fiscal year. Even by 1909 values, and in the context of early twentieth-century budgets, this was not much: about 0.3 per cent of the proposed taxation. Yet the Chancellor's proposal to introduce land taxes, and a general land valuation which was essential to make them work properly, precipitated a huge constitutional crisis and enormous public excitement. Roy Douglas tells the story.

HANDS OFF!

THE LAND

Why do the Lords refuse to pass the Budget?

They give plenty of excuses, but everybody knows that one of the real reasons is that the Budget taxes land values.

The Tory cry is—"HANDS OFF THE LAND!"

The Liberal policy is—**TAXATION OF LAND VALUES AND THE BEST USE OF THE LAND IN THE INTERESTS OF THE COMMUNITY.**

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LARGE LAND TAXES

THAT EXCITEMENT can only be understood in the context of earlier events. In all parts of the United Kingdom, ‘land’ already had strong overtones, which resonated with many people. There had been many occasions, well within living memory, when public attention had been focused on matters which related to land and land rights. In the early 1880s, Irish peasants had conducted a savage ‘land war’ against oppressive landlords, and, for the remainder of the decade, troubles centring on Irish land constantly attracted attention throughout the British Isles. During the same decade, a less terrible, but still sometimes violent, ‘land war’ broke out in the Hebrides. This did not attract much attention in England, but the Scottish newspapers featured it as major news day after day. A good many residents in Scottish towns were of recent Hebridean extraction and viewed these matters with great interest. Wales also seemed to be on the verge of a ‘land war’, and it was in that connection that a young solicitor named David Lloyd George first attracted press attention in 1886. From the 1880s onwards, English agriculture was profoundly affected by a dramatic fall in prices, first of grain and later of meat, as a result of cheap imports. The overwhelming majority of farmers were tenants in those days. A great many of them were driven out of business, but landlords were forced to reduce the rents of those who remained. When farm rents fell, the wealth and prestige of landowners was gradually eroded. They could no longer function as the centre of local activities and the people who could finance agricultural improvements, and at

times give assistance in money or kind to the ‘deserving poor’. They were seen increasingly as mere receivers of rent.

Agricultural labourers, the worst treated of all major occupation groups, were leaving the country. A Royal Commission was told in 1881 that 700,000 farm workers and their families had emigrated in the previous nine years, and the process continued thereafter. Many workers in the towns and mines were beginning to wonder whether their own, often deplorable conditions were also somehow related to the land problem. They, too, had no share in the very valuable landed property of the United Kingdom.

Many of these experiences, in various parts of the British Isles, involved some kind of conflict between owners of land and people who did not own land. While the ownership of most kinds of property bore some relation to the useful activities of the owner or his recent predecessors, the ownership of land usually did not. Perhaps some remote ancestor had performed a service (not necessarily a creditable one) to a sovereign in the distant past; perhaps the land had been taken by force; perhaps it had been awarded by a compliant legislature, without reference to the interests of other people; perhaps, notably in Scotland, a chieftain who once had both rights and duties had gradually assumed the powers of absolute ownership.

In 1879 a book appeared – *Progress and Poverty* – by the American economist and philosopher Henry George. Its influence was enormous. “Out of Henry George by either Bellamy or Gronlund” was a true pedigree of the convictions

held by nearly all the leading propagandists who set socialism on its feet in Great Britain between 1886 and 1900’, wrote Sir Robert Ensor in his volume in the Oxford History of England series.¹ He might have added that George’s influence on Liberals was every bit as strong.

Henry George confronted the paradox that the enormous technological developments of the previous century or so had not destroyed poverty. He saw the root of poverty and social injustice – urban as well as rural – in the prevailing system of land ownership. Here he was using the word ‘land’ not in its legal sense but in its economic sense, to mean more or less the same as ‘natural resources’. No human being has created ‘land’, yet life is only possible through access to ‘land’. Some people owned a great deal of land and others owned none at all. Landless people were therefore compelled to pay a ransom to those who owned land, and that was what caused poverty. In a modern society there is no way of dividing land so that everybody gets a fair share; but what can be done is to ensure that everybody gets a fair share of the value of land. As we will note, some of George’s critics described him as a ‘socialist’; but this is quite inaccurate. George himself was explicit on the point. ‘The antagonism of interests is not between labour and capital, as is popularly believed, but is really between labour and capital on the one side and landownership on the other.’²

Land Value Taxation, commonly abbreviated as LVT, was seen as the way to resolve the problem of poverty. George and his supporters proposed that all land should first be valued. That valuation would consider only the value of a

A Liberal leaflet prepared for the January 1910 election; the peer is probably meant to represent the Marquis of Lansdowne. (*Liberal Pamphlets and Leaflets 1910*)

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site (including any minerals lying beneath it), but would exclude the value of anything put on it, or in it, by human activity. It would therefore exclude buildings, machinery, crops, drainage and so on. A tax would then be levied on the basis of that valuation. It would be small at first, but would gradually increase. The revenue produced would be devoted to public purposes, and any left over would be distributed. Other taxes would be reduced correspondingly. Some people thought that the yield of LVT would be so great that no other taxes at all would be required. Those people were called 'Single Taxers'. Henry George and his followers argued that LVT would produce many other benefits as well as the eradication of poverty.

Many Liberals, probably most, would not have gone all the way with Henry George, and would certainly not have called themselves 'single taxers'.³ They did, however, see the merit of LVT. Resolutions at the National Liberal Federation conferences at Birmingham in 1888, at Manchester in 1889, and at its more famous conference at Newcastle in 1891, bear the strong imprint of Henry George's ideas. The principle could very easily be applied to 'rates', which were then the main source of local government finance. These were currently assessed on the total value of a piece of property. All that was necessary was to switch the assessment to the value of the site alone: what was called Site Value Rating (SVR). This idea was widely discussed. By 1906, no fewer than 518 local authorities had subscribed to the principle that they should be permitted to levy rates on the basis of site values.⁴ Nor was SVR a matter of interest exclusively to Liberals and Socialists. A number of others, such as Sir Albert Rollit, at that time Conservative MP for Islington South, though later a Liberal candidate, also evinced a measure of sympathy.⁵

1906 and after

The huge Liberal landslide of 1906 was greeted by most land taxers with great joy. Free trade versus tariff reform had been the key issue in most constituencies, but nearly all land taxers were also free traders, and in many places land reform had also played an important part.

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It has been noted that 52 per cent of Liberal candidates specifically endorsed land taxation.⁶ Prime Minister Campbell-Bannerman soon met a delegation claiming to represent more than 400 MPs, calling for progress in that direction. There was a powerful argument for the view that LVT would have a great and beneficial effect on the housing market, and that SVR would substantially relieve poor householders.⁷

Nowhere was the idea of LVT in one form or another more popular than in Scotland. In the 1906 general election, the large majority of elected Scottish MPs was committed to the principle. The new Secretary of State for Scotland, Jack Sinclair, later Lord Pentland, who had once been Campbell-Bannerman's personal secretary, was enthusiastic for land reform. Even more enthusiastic in that cause was Alexander Ure, Scottish Solicitor General and later Lord Advocate. Later in the year, the Liberal government proposed a bill for the valuation of Scottish land. The bill passed the Commons with big majorities, but in 1907 it was rejected by the Lords. A similar bill followed in 1908; this time the Lords merely proposed wrecking amendments. Without prior valuation, it was difficult to see how LVT or even SVR could be made to work satisfactorily.

In the period between the general election of 1906 and the budget of 1909, the House of Lords had given offence to a lot of other people as well as Scottish land taxers. Government bills which had failed to reach the statute book because of action by the House of Lords included the Education Bill and the Plural Voting Bill of 1906, the Scottish Smallholdings Bill of 1907, another Scottish Smallholdings Bill of 1908, plus a Licensing Bill of the same year.⁸ It was obvious that a lot of other legislation that Liberals wanted would be similarly wrecked if it ever reached the House of Lords.

On top of those troubles, in 1909 there was a serious economic recession, which was accompanied by a high level of unemployment. By-elections were running strongly against the government. By April 1909 the Liberals had lost ten seats to the Conservatives and their Liberal Unionist allies, one to Labour and one to an independent Socialist. Some of the twenty-one seats which they had held during that period

were retained with much-reduced majorities.

The budget

When Asquith succeeded the dying Campbell-Bannerman as prime minister in 1908, Lloyd George became Chancellor of the Exchequer, and in the following year was required to present his first budget. The prospects were daunting. Nobody doubted that a good deal more revenue would be required to meet existing commitments.⁹ In the previous year, parliament had approved the first old age pensions, for which £7 million would be required. While old age pensions were the most important new item of social expenditure, the Chancellor anticipated further spending for invalidity and unemployment insurance.

There was also a developing naval race with Germany, which demanded £3 million more for warships. At that moment there was still uncertainty about the measure of naval construction which would be needed. In particular, there was much discussion, in the Cabinet and elsewhere, about how many 'Dreadnought' battleships were required, and when the budget was introduced there still seemed to be some prospect that current estimates might be reduced a little.

In addition to these items, there would be other new calls on state expenditure in the coming financial year. As a result of the economic recession, existing taxes had produced £3.2 million less than the anticipated yield. As everybody at the time believed firmly in the principle of 'balanced budgets', this would need to be compensated for in the current year. £0.95 million would be required for miscellaneous purposes, particularly for improvements on main roads. In all, £14.15 million would be needed over the estimates for the previous year.

It took a long time to work out how all this was to be met in the 1909 budget, and special attention was focused on the possibility that some of the money would be raised from land. On 5 September 1908, Lloyd George sent a memorandum to Sir Robert Chalmers, chairman of the board of Inland Revenue, expressing interest in a land tax.¹⁰ He mentioned the possibility of 'a general tax on ground rents and on

all lands situated within the area of towns and within a certain distance of towns', and also the possibility of taxing mining royalties and waste land. But the document fell far short of the proposals which he would eventually submit to parliament.

Papers at the Public Record Office include a number of documents submitted shortly afterwards by interested people. These included the Liberal MP Josiah Wedgwood, who pressed strongly the ideas of Henry George, and the Lord Chancellor, Lord Loreburn, who pointed out some (not insuperable) difficulties.¹¹ Asquith circulated the Cabinet with three critical documents he had received from Liberal MPs, without implying personal approval for their strictures. To these Lloyd George responded in detail, also observing that:

It is known that, although the overwhelming majority of the Party in the House are pledged to the taxation of land values and urgently press it upon the Government, there are at the outside six Members sitting on the Liberal side of the House who oppose it in principle. They have never mustered more than three in the Division Lobby when the Government proposals bearing on this subject have been submitted to the House.¹²

Gradually the proposals took shape in the form which would be submitted to the Cabinet, and then to the House of Commons, in the budget of 1909.

There remained a great constitutional problem. The House of Lords had a huge Conservative majority, made up largely of people with great territorial interests, who obviously hoped to wreck LVT – and, for that matter, much other legislation on which Liberals had set their hearts. There was one hope of overcoming this difficulty. A custom – some called it a convention of the constitution – seemed to have grown up, to the effect that, while the Lords might wreck other kinds of bills from the House of Commons, they would not interfere with an annual Finance Bill, which had been introduced by a budget. In 1894, for example, on the advice of the Marquis of Salisbury, they had let through Sir William Harcourt's budget, with its controversial death

(From the Westminster Gazette.)

Mr. Lloyd-George : What are you using this acre field for?
Owner: Agricultural purposes. I turn my pony in here!
Mr. Lloyd-George: It can't be worth more than £50 for that purpose—couldn't you do something better with it?
Owner: There's no need for me to do anything—the builders over there are doing it all for me. They'll be wanting to build here soon. Why, I could get £500 to-morrow for this acre!
Mr. Lloyd-George: Then, surely, it won't hurt you to pay a tax of a halfpenny in the £ on an increased value which you have had nothing to do with making!

[Mr. Lloyd-George's Budget proposes to levy a tax of a halfpenny in the pound on undeveloped land, excluding (a) all land worth less than £50 an acre and (b) all land solely valuable for agricultural purposes.]

duties proposals which many of them obviously detested.

Could land valuation be incorporated in the 1909 budget, and then LVT follow a year or two later? Prima facie, the answer seemed to be no, for the Speaker would not allow anything which was not related to current taxation proposals into the Finance Bill. To get over that one, Lloyd George contrived some land taxes, with a sort of tenuous link between them and a general valuation. The object of his current strategy, so far from being a general confrontation with the House of Lords, was to circumvent the Lords.

While the land taxes presented special difficulties, they represented only a very small part of the extra taxation which would be required. To meet the anticipated shortfall, Lloyd George contemplated raising

In the excitement over the 1909 Budget, the details were often forgotten. This Liberal leaflet, based on an 'FCG' (Francis Carruthers-Gould) cartoon in the *Westminster Gazette*, appeared well before the Lords' rejection of the bill. (*Liberal Pamphlets and Leaflets 1909*)

an extra £14.2 million in taxation. £3.5 million more would be raised in income tax and a new super-tax on high incomes, £2.85 million more in extra death duties, £2.6 million more in liquor licences, £1.6 million more on spirits, £1.9 million more on tobacco, £0.65 million more in stamp duties and £0.6 million more on cars and petrol. Only £0.5 million was anticipated from land taxes.¹³

There were several land proposals in the budget of 1909. First, there would be an increment value duty of 20 per cent on the amount, if any, by which the site value of a piece of land exceeded its earlier site value. This sum would be payable on sale or long lease, or on the death of the owner. Second, there would be a reversion duty of 10 per cent on the benefit accruing to a lessor on the

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determination of a lease of land. Third, there would be an annual duty of $\frac{1}{2}d$ in the pound – roughly 0.21 per cent – on the site value of undeveloped land, and a similar tax on the capital value of minerals. At the same time all land was to be valued, and a distinction was to be made between ‘site value’ and ‘total value’.¹⁴

When the budget proposals were considered in Cabinet, there had been deep doubts. Sir William Harcourt’s son ‘LouLou’ slipped a card to a colleague, Walter Runciman: ‘This Budget will ensure the triumph of Tariff Reform.’¹⁵ Lord Carrington, a great (and, by accounts, a very good) Lincolnshire landowner and president of the Board of Agriculture, later recorded that ‘When the Budget was introduced into the Cabinet ... I said tax the landowners in the towns if you like, but leave alone the hard-working farmers and the landowners, and we entirely abandoned a tax on the land that grows the food of the country; practically all agricultural land has no fresh taxation whatever.’¹⁶

From the middle of March onwards, no fewer than fourteen Cabinet meetings were devoted largely to discussions of budget proposals – by no means exclusively those relating to the land taxes and valuation. Despite all reservations, the large majority of the Chancellor’s proposals, including the general valuation of land, were broadly agreed. The active support of Prime Minister Asquith appears to have been of major importance in producing that agreement.¹⁷

Aftermath

The Chancellor introduced his budget in the House of Commons on 29 April 1909. The immediate political and press reactions were more or less predictable. Austen Chamberlain, for the opposition, considered that ‘the cumulative effect ... would be to bring about ... at no very distant date, a revolution in our country life which would strike directly the well-to-do, but which would, glancing from their shoulders, fall with added weight upon those of the poor and labouring classes.’ The Conservative press was more explosive. To the *Morning Post*, ‘Henry George, the Socialist, has found in his namesake ... the first responsible Minister in any

civilised country to embody in a legislative proposal the peculiar theory associated with his name.’ *Outlook* decided that ‘Probably the most vicious of the schemes adopted by Mr Lloyd George is connected with the Taxation of Land Values.’ To the *Daily Mail*, ‘The net result ... is that capital is more heavily taxed in Great Britain than in any other civilised country of the world ... Tax is piled on tax till no one will know where he stands.’ On the Liberal side, the *Morning Leader* rejoiced that ‘Mr Lloyd George has provided for the long over-due Taxation of Land Values, urgently demanded by the urban municipalities and by the rural occupier.’ *Reynold’s* was mildly critical, declaring that ‘The Budget is a long way from the ideal, but a beginning has been made, and it will be for future Liberal financiers to carry to their logical issues the democratic principles of taxation which Mr Lloyd George has so heroically enunciated.’ For the Labour Party, Keir Hardie declared at a meeting in Birmingham that ‘the proposal to get at a portion of the unearned increment of land ... was a beginning in the right direction.’¹⁸

In the week which followed the budget speech, the government lost two more by-election seats: Stratford-on-Avon fell to the Conservatives, and the Attercliffe division of Sheffield to Labour. Apart from the first flurry, there was little immediate sign of great enthusiasm. The real importance of the valuation was not yet made clear. Even *Liberal Magazine* does not bring out sharply its full significance.

A Budget Protest League was formed. The middle classes and above – more or less the only people who paid income tax in those days – would certainly not like the big increase. Working-class voters would also be upset. ‘Beer up, baccy up, and they call this a People’s Budget!’ snorted a working-man on a Conservative poster. Yet there seems to have been tacit acceptance that the Finance Bill would pass the Commons safely, whereupon the Lords – no doubt grumbling furiously – would reluctantly let it through. From the opposition’s point of view, the value of the whole exercise would not be to defeat the budget, but further to undermine a government which was already weakened.

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Then supporters of the budget began to fight back. They made it clear that the budget stood or fell as a whole. In June, Liberal MPs set up a Budget League, with R. B., later Viscount, Haldane as president and Winston Churchill as chairman of the executive. Churchill served as Lloyd George’s adjutant, and was a particularly enthusiastic advocate of the taxation of land values.¹⁹ In July there was a by-election in the marginal High Peak division of Derbyshire. The Liberal MP, Oswald Partington, accepted ministerial office, and – as the law then stood – needed to resign his seat and stand at a by-election. His campaign centred on a defence of the budget. Partington was returned on a heavy poll, with both Liberal and Conservative parties increasing their vote on the previous general election figures. The contest was a straight fight between the same two candidates as in 1906, and so there could be no question either of changed personalities or of third parties influencing the result.

The Chancellor began to change his whole strategy. Instead of seeking to slip the budget’s land valuation past a reluctant House of Lords, he now prepared to use it to challenge the Lords. At the end of July 1909, Lloyd George delivered his famous Limehouse speech, in the East End of London. Today it sounds quite mild, but it infuriated the opposition, who spoke of ‘slimehouse’. In October he made a much funnier and more provocative speech in Newcastle. Knowing that there were no Liberal Dukes, he claimed that ‘a fully-equipped Duke costs as much to keep as two Dreadnoughts; and Dukes are just as great a terror and they last longer.’ This sort of thing drove the Lords to fury. On 30 November, the House of Lords rejected the budget by 350 votes to 75. They argued that by this action the budget was being submitted to the people. If the government wanted it to pass, they must call a general election on the issue. If it was carried in a new House of Commons, the Lords would let it through. It was clear that the crucial issue was the land valuation and taxes.

The government was compelled to call the demanded general election. The issue was declared to be ‘Peers versus People’. Although there had been doubts in the minds of

some Liberals in earlier stages of the controversy, by the time of the general election these had been resolved. The only MPs who had been elected as Liberals in 1906 who sought election under any other designation in 1910 were some of the mineworkers who transferred to Labour (but who solidly supported the budget) and Harold Cox in Preston, the one Liberal who had opposed old age pensions, and who stood as an Independent Liberal – finishing badly at the bottom of the poll.

An official Liberal leaflet published at the beginning of the campaign made the issue clear. A Marquis (probably meant to be Lansdowne, the opposition leader in the House of Lords) holds back a crowd of people who seek access to ‘The Land’. At the end of the text are the words:

The Tory cry is – ‘Hands off the land!’

The Liberal policy is – Taxation of land values and the best use of the land in the interests of the community.²⁰

By now both sides seemed tacitly to accept that the alternative to the budget was ‘tariff reform’, that euphemism for protection, which had been so decisively rejected in 1906. A happy-looking man in peer’s robes (oddly, with a Marquis’s coronet) holds two moneybags, and has the words ‘Unearned Increment’ across his ample abdomen. The slogan is, ‘Tariff Reform means happier Dukes’.²¹ As Liberals never ceased to point out, tariff reform required food taxes, which would inevitably bring hunger to many poor people.

General election and after

At the general election of January 1910, the Liberals lost their overall majority, and were reduced to almost level pegging with the opposition: 275 Liberals, 273 Conservatives and Liberal Unionists. Forty Labour MPs could be added to the Liberal total for most purposes. The Irish Nationalists, with eighty-two, held the balance of power.

Electoral swings varied greatly in different parts of the country. The substantial increase in Labour representation is attributable to the decision of most of the mineworkers’ MPs who had hitherto sat as Liberals to transfer allegiance, and

This Liberal leaflet, produced for the January 1910 election, suggests the peers’ preference for tariff reform rather than the taxation of the unearned increment of land values proposed in the 1909 Budget. Note that the Duke actually wears a Marquis’s coronet. (*Liberal Pamphlets and Leaflets 1910*)



the Liberal decision not to oppose them. Apart from that, there was little difference from 1906 in the north of England and Scotland. A few seats changed hands each way. In the south of England, however, the swing against the government was enormous. The Liberals had, perhaps, hoped to ‘do an 1885’ and win the farm labourers’ vote. They had, after all, introduced old age pensions, which saved many old people from the workhouse, and relieved younger relatives of others from a serious burden of support. They had, with considerable difficulty, pressed ahead with rural smallholdings, and had good reason for thinking that the new budget pointed the way to much more radical and general changes. Yet results among the rural poor in the south were not encouraging. All the familiar pressures were exerted upon them by the wealthier classes with apparent success. In some places it was argued by opponents

that LVT would operate to the labourers’ detriment – echoing the views of Austen Chamberlain and much of the Conservative press when the budget was announced.²²

At first there was some doubt as to how the Irish Nationalists would vote when the Finance Bill was brought before the new House. The deep antagonisms of the 1880s had been largely damped down by a series of land purchase measures, some of Liberal and some of Conservative origin, culminating in George Wyndham’s act of 1903. The Irish parliamentarians were a good deal less interested in radical land reform than they had once been. There was also an important factor which disposed some of them actually to oppose the budget, for the increased liquor taxes displeased distillers who had been major contributors to Nationalist funds. In the end most, but not all, of the Nationalists were swung to the government side. They were

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probably persuaded that they had some chance of getting home rule from the Liberals, but none at all from the Conservatives.

The overall result was that the government secured a substantial majority for the Finance Bill in the new House. The Lords kept their word, and it became law. The various taxes, including the little land taxes, took effect. The much more important land valuation began. A great new struggle between Liberals and Lords also began; but most of that struggle is not our concern here. Suffice to say that the upshot was that the House of Lords lost all power to interfere with a Finance Bill, while nearly all other bills could proceed to enactment if they passed the House of Commons in three successive

A major weakness of the Liberal proposals for land value taxation was the innumerable and unnecessary questions accompanying the valuation – the primary reason for the delay in introducing the tax. (*Punch*, 24 August 1910)

sessions of parliament. The maximum duration of parliament was reduced from seven years to five.

After 1910

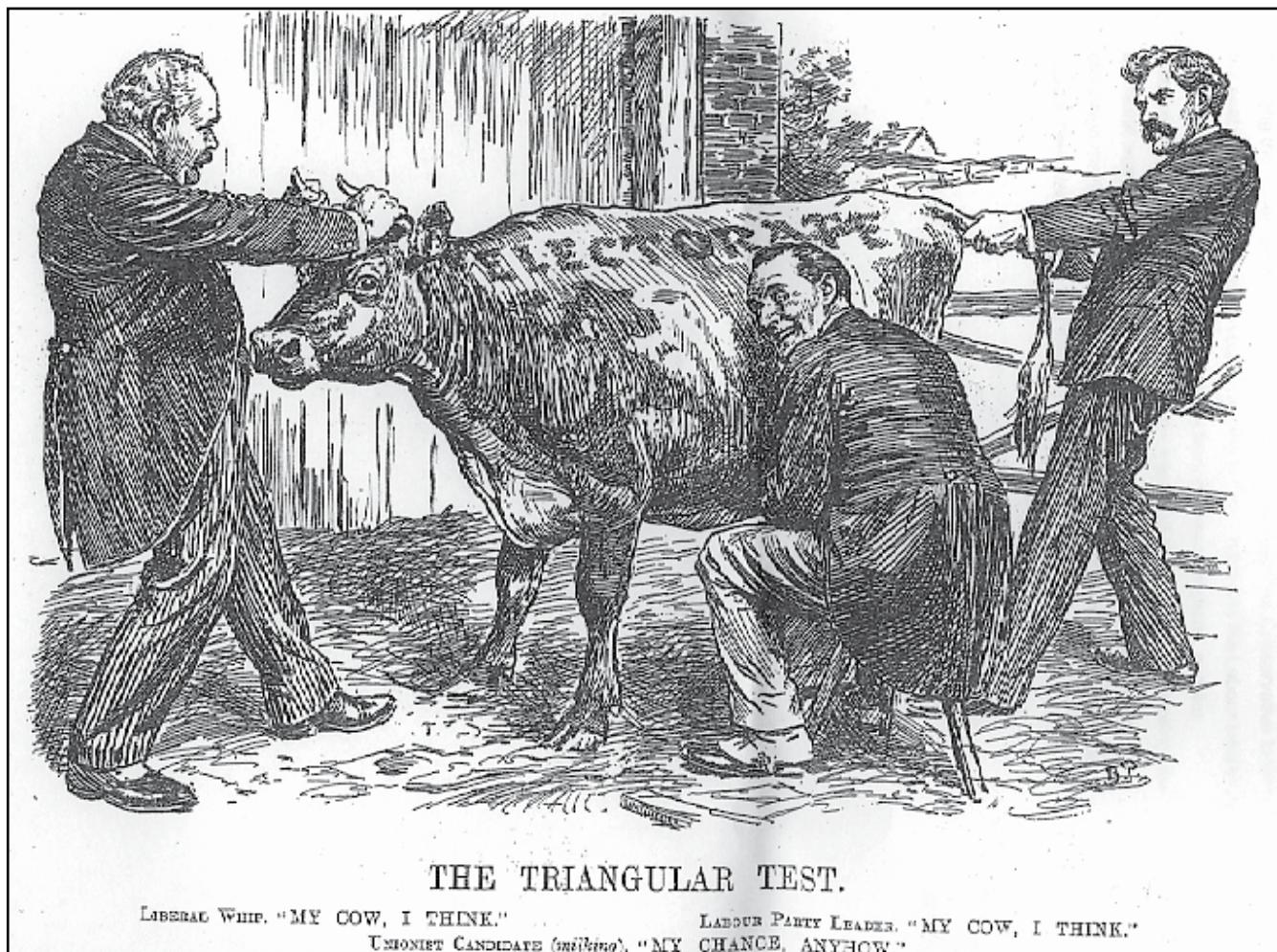
There had been one fundamental tactical error in the land valuation. Many years later, Sir Edgar Harper, who had been chief valuer on the board of the Inland Revenue, and was a good friend of the land taxers, explained the problem.²³ Far too many questions were asked, many of them quite unnecessary for the valuation. The valuation process, which should have been quick and cheap, proved extremely protracted. Whether for this reason exclusively, or perhaps for others as well, the valuation which was an

essential condition precedent for proper land value taxation, or even site value rating, did not appear, and land taxers began to show anxiety. *Land Values*, monthly organ of the United Committee for the Taxation of Land Values²⁴ was complaining in February 1912 about the unnecessary questions, and expressed the view that 'the reactionary element in the Ministry — especially the Department whose duty it was to prepare and introduce a Bill for the reform of the rating system — blocked progress.' It referred to a 'Memorial signed by 173 Members of Parliament and presented to the Prime Minister and the Chancellor of the Exchequer 'urging the hastening of valuation and the levy of a national tax on land values'.²⁵

At this point we should note a change of name, though not of substance. In May 1912 the Conservative and Liberal Unionist parties, which had long been indistinguishable for practical purposes, were formally united, and for some years they preferred to use the designation 'Unionist'. That practice will be followed in this paper.

Later in 1912, several by-elections pointed convincingly to the popularity of land value taxation. Land taxers, we may guess, made efforts to ensure that adopted Liberal candidates were enthusiasts for their cause. In north-west Norfolk on 31 May, E. G. Hemmerde held a by no means safe seat. *Land Values* claimed that 'Land Reform became the burning question of the fight, and during the last few days almost silenced all others'.²⁶ Even more spectacular was the Hanley by-election on 13 July. The seat had been held by a miners' MP who had originally sat as a Liberal, but transferred to the Labour Party, and was not opposed by the Liberals in the two 1910 general elections. At the by-election which followed Edwards's death, Labour nominated a defender. The Liberal candidate, R. L. Outhwaite, was an especially keen land taxer, and made the issue the dominant question in his campaign. The Unionists evidently expected to win the seat on a split progressive vote. A cartoon in *Punch*, published while the campaign was in progress, showed the Liberal chief whip, the Master of Elibank, pulling at one end of the cow 'Electorate', and Ramsay MacDonald, chairman of the





Labour Party, pulling at the other. Each says, 'My cow, I think'. Seated between them on a milking stool and smiling, the Unionist candidate, says, 'My chance, anyhow.'²⁷ But matters did not turn out that way. Outhwaite was elected, joining Josiah Wedgwood, the equally enthusiastic Liberal land taxer who sat for the contiguous constituency of Newcastle-under-Lyme. The loss of Crewe by the Liberals at a by-election shortly after the Hanley victory and the loss of Midlothian in September could be explained by the intervention of Labour in constituencies where there had been straight fights in 1910.

The 1912 by-elections seemed to show that the cause of land value taxation, when well argued, was popular in a very wide range of constituencies. But, for reasons which still do not seem wholly clear, the land taxers' urgent purpose of getting the land valuation complete so that LVT could commence, was not achieved. Lloyd George himself must bear a share of responsibility for not keeping a close watch on how the valuation was proceeding.

Land campaign

There seemed little doubt that 'land' was a great popular issue, even though some of the more cautious Liberals were anxious not to press too hard or too fast with LVT. If 'land' could be presented in some other form, this might win a great deal of public support and create a prelude to the next general election. Thus a new 'Land Campaign' developed, which could be regarded as a sequel and extension to the great budget controversy.²⁸ In June 1912, an unofficial Land Enquiry Committee was set up by Liberals at the insistence of Lloyd George and with full support from Asquith. The chairman was Arthur, later Sir Arthur, Acland, a former Liberal MP. Members included Seebohm Rowntree, author of important studies on poverty in York, and some noted land reformers of various kinds, including Baron de Forest, C. Roden Buxton and E. G. Hemmerde. The committee reported in the following year, and in October 1913 a Liberal Land Campaign began, based on its findings.

Special attention was given to the plight of agricultural labourers,

The *Punch* cartoonist Bernard Partridge expected the competition between the Liberal and Labour candidates at the Hanley by-election to deliver the seat to the Unionists; in fact, the Liberal R. L. Outhwaite, who had fought the campaign mainly on the programme of land value taxation, was elected. (*Punch*, 10 July 1912)

who were by far the worst treated of all major occupational groups. A minimum wage was to be established, as had already been done for some other trades. Hours of labour would be regulated and adequate housing provided, where necessary by state action. Commissioners would receive the power to provide allotments and smallholdings, if necessary by compulsory purchase. Farmers would receive increased rights against landlords, including new protection against damage by game. Provision was made to ensure that the cost of increased labourers' wages would not be borne by the tenant farmer, but would be transferred to the landlord through reductions in rent. There was much more in the same vein.

Initial reactions proved highly favourable. 'Swindon was electric. I have rarely addressed such an enthusiastic meeting,' wrote Lloyd George to Percy Illingworth, the new Liberal chief whip, after one of the early meetings. 'Winston found the same thing at Manchester. His allusions to our programme were received with wild cheering.'²⁹

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Illingworth shared the Chancellor's enthusiasm. Reporting on proceedings at the National Liberal Federation meeting at Leeds a month or so later, he declared. 'The Prime Minister's speech last night was I think the best I ever heard him make. "Land" went like hot cakes at the delegates' meeting.'³⁰

The Land Enquiry Committee published its Urban Report in April 1914. It dealt with such matters as urban housing, land acquisition and urban tenures. It proposed a system of local rating which would allow considerable discretion to local authorities as to how far they applied SVR.³¹ Reactions were notably less enthusiastic than those given to the Rural Report; and how far it would eventually be solidified into government and Liberal policy was still uncertain.

What seemed clear in the summer of 1914 was that the land taxes proposed in Lloyd George's budget of 1909 had started a chain of events which was still very far from complete. There were plenty of signs that not only the Liberals but their Unionist opponents as well were now thinking of reforms, largely tied up directly or indirectly with land, which were much more extensive than had been generally visualised half a dozen years earlier. The land taxes had played a major part in that shift.

Not with a bang ...

The end of the Lloyd George land taxes is intimately bound up with the fate of the Liberal Party in the early aftermath of the 1914 war, and neither story can be properly understood without considerable reference to the other. The complex politics of the 1914 war are mainly outside the present account. Suffice here to say that when Lloyd George formed a coalition in December 1916, Asquith and his closest associates were omitted, although a serious and confidential attempt was made to incorporate them towards the end of the war.³² When the fighting ended in November 1918, Lloyd George was prime minister of a three-party coalition government which still did not include Asquith or his immediate followers. Almost immediately, a general election was called. The Labour Party broke away from the government and operated thenceforth in complete

independence. As the election campaign developed, Lloyd George and the Unionist leader Bonar Law issued letters of support, commonly nicknamed 'coupons', to the candidates whom they favoured. For reasons which are peripheral to the present story, most recipients of the 'coupon' were Unionists, but quite a lot were Liberals and a few were members of smaller parties.

When polling took place, the coalition's nominee was usually successful. Of the elected 'coupled' candidates, 332 were Unionists, 132 Liberals and 16 members of other parties. All those leading Liberals who had not received the 'coupon', including Asquith, were defeated, but thirty lesser fry scrambled home. Forty-eight 'uncoupled' Unionists, sixty Labour and eighty-nine others, mainly from Irish parties, were also victorious. Lloyd George remained prime minister, but the large majority of his putative supporters was now Unionist.³³

At the time of the general election, Liberal headquarters were firmly in the hands of Asquith and his associates. They had not formally condemned the coalition, explicitly stating the Liberal candidates 'should be free to promise support for the coalition government' on certain conditions. After the general election, however, big differences began gradually to appear among Liberal MPs, which corresponded roughly, though not exactly, with receipt or non-receipt of the 'coupon'. On 3 February 1919, a meeting of twenty-three Liberal MPs who were considered not to be supporters of the government was convened. Thereafter, most of them acted as an opposition group.

Unionists still deeply disliked the 'land taxes', and the valuation even more so. On the other side, many people who had supported the famous budget palpably wished to see taxes and valuation revised considerably. On 25 July 1919, it was announced that a Select Committee had been appointed 'to enquire into the present position of the [Land Value duties and valuation and to] make recommendations with regard to their retention, alteration or repeal.' A coalition Liberal, Sir Thomas Whittaker, who had sat in parliament since 1892 and had published a book on the land question, was chosen as chairman. Other members of the committee

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were seven Unionists, two coalition Liberals, two non-coalition Liberals and two Labour. The Select Committee soon disagreed on its terms of reference, and at the end of October adjourned for a fortnight.³⁴ In the course of that fortnight, Whittaker died, and a by-election was mounted in his constituency, Spen Valley.

The Spen Valley by-election greatly exacerbated divisions among Liberals. Although Whittaker had received the 'coupon', the local Liberal Association nominated Sir John Simon, who had been a minister before the war and ranked as an 'Asquithian', as candidate. To this the coalitionists retorted by nominating a certain Colonel R. C. Fairfax. Nobody in politics seemed to know much about Fairfax, but he was described as a coalition Liberal, though he used the local Unionist office as his headquarters. This was the first by-election since 1918 at which two candidates described as Liberals opposed each other. Labour also nominated a candidate. In the event Labour was elected with a small majority over Simon, with Fairfax trailing third.

Not long after Spen Valley polled, another Liberal MP died. Sir John M'Callum of Paisley had not received the 'coupon', but had been returned in a very close contest, with fewer than 400 votes separating three candidates. The local Liberals chose Asquith himself as candidate. On 12 February 1920, Asquith was victorious with a fair margin over Labour, with an obviously unsuitable Unionist a bad third. The net effect of these two by-elections was to make the Liberal schism almost total.

Meanwhile, the Select Committee which had been looking at the land taxes continued its work, but soon ran into complete deadlock.³⁵ Among the evidence offered was a submission of evidence by Dundas White of the United Committee for the Taxation of Land Values, recommending that a tax on the value of all land should be substituted for the existing duties. One section of the Select Committee declared that it would resign if this evidence was admitted, the other that it would resign if the evidence was not admitted. The Select Committee could do no more than publish the evidence already received from others.

The next stage in the story was the budget statement by the coalition Unionist Chancellor of the Exchequer, Austen Chamberlain, on 19 April 1920. The government proposed to repeal the land value duties, to forego the collection of arrears, and to refund the duties paid. In the course of his budget speech in April 1920, Chamberlain proposed abolition of both the land value duties and the valuation. On its face, the argument was clear-cut. The duties, he said, 'have produced hardly any revenue, and ... are, with the exception of the mineral rights duty, either wholly or partially in abeyance'.³⁶ The mineral rights duty could survive as a separate tax. As for the valuation, it referred to values as at 30 April 1909, and with the repeal of the duties it no longer had fiscal significance. Here we may observe that nobody – certainly not Lloyd George – had ever intended the duties to produce much revenue. A serious implied criticism of the valuation was that it referred to a particular date, far in the past. Land values, as everybody knows, are constantly changing, and any useful valuation requires frequent, certainly not less than annual, revision.

On 14 July 1920, the Committee of the Whole House voted separately on a proposal to terminate the valuation; a proposal to repay the duties; a proposal to cease the increment value duty; a proposal to terminate the reversion duty and a proposal to terminate the undeveloped land duty. In these votes, the numbers supporting the government view ranged from 193 to 220, the numbers to the contrary from eighty to ninety-one. Predictably, all, or almost all, of the Unionists voted with the government, and all the Labour and 'Asquithian' members voted against it. The most remarkable feature of the divisions was how the coalition Liberals split. The number supporting the government view ranged from twenty-four to thirty-two, the number voting against it from nineteen to twenty-five. On the repayment issue, those opposing the government even exceeded its supporters by one vote.³⁷ Thereafter the Finance Bill soon proceeded to formal enactment.

The irony of the situation was complete. Lloyd George, head of the government at whose instance the duties and the land valuation were

repealed, had been the instigator of the same duties and valuation eleven years earlier. We may only speculate as to what were his real thoughts on the matter. In the debate which followed Austen Chamberlain's budget speech, Asquith proposed that the epitaph on the duties should be 'not *Requiescat* but *Resurgam*'. Some time, perhaps, we will see the Day of Resurrection.

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- 1 R. C. K. Ensor, *England 1870–1914* (OUP, 1966), p. 334.
- 2 Henry George, *Progress and Poverty*, London 1911 edn., p. 142.
- 3 Many years later, Asquith explicitly denied that he was a single taxer, and a similar denial was made on behalf of Lloyd George. Asquith at Ladybank 5 Oct. 1912; George Lambert at Chawleigh, 7 Oct. 1912. *Liberal Magazine* 1912, pp. 618, 578.
- 4 *Land Values*, March 1906; *Liberal Magazine*, 1906, pp. 64–5.
- 5 Anver Offer, *Property and Politics 1870–1814* (CUP, 1981), pp. 249, 322.
- 6 A. K. Russell, *Liberal landslide: the General Election of 1906* (Gazelle Book Services Ltd, 1973), p. 65.
- 7 See discussion in Ian Packer, *Lloyd George, Liberalism and the Land* (Royal Historical Society, 2001), pp. 54–7.
- 8 *The Government's Record 1906–1913* (Liberal Publications Department, 1914).
- 9 *Liberal Magazine*, 1909, pp. 232–9.
- 10 Lloyd George to Chalmers, 5 Sept. 1908. PRO IR 73/2. 16.
- 11 PRO IR 73/2.
- 12 PRO CAB 37/97, 10 (Asquith, 26 Jan. 1909), 16 (Lloyd George, 29 Jan. 1909).
- 13 *Liberal Magazine*, 1909, pp. 227–31.
- 14 *Liberal Magazine*, 1909, pp. 280–3, 613–17.
- 15 Harcourt to Runciman 24 Mar. 1909. Runciman papers, University of Newcastle upon Tyne.
- 16 At Yorkshire Union of Agricultural Clubs, 23 Feb. 1911. *Land Values*, xiii, p. 146.
- 17 Roy Jenkins, *Asquith* (HarperCollins, 1964), pp. 96–7.
- 18 Austen Chamberlain, House of Commons, 29 Apr. 1909; *Morning Post*, 1 May 1909; *Outlook*, 1 May 1909; *Daily Mail*, 30 Apr. 1909; *Morning Leader* 30 Apr. 1909; *Reynold's*, 2 May 1909. *Land Values* supplement, June 1909, pp. xx–xxii.
- 19 Winston Churchill's views at the time – from which, apparently, he never resiled – were published in 1909, and republished many years later with a new introduction by Cameron Hazlehurst, as *The People's Rights* (Hodder & Stoughton, 1909; Jonathan Cape Ltd, 1970).
- 20 LPD Leaflet No.2263, 1 Dec. 1909. Pamphlets and Leaflets 1910, Liberal Publication Department.
- 21 LPD Leaflet No.2262, N.D. Pamphlets and Leaflets 1910, Liberal Publication Department.
- 22 Packer, *Lloyd George, Liberalism and the Land*, pp. 50–2.
- 23 Sir Edgar Harper, *The Lloyd George Finance (1909–10) Act 1910: its errors and how to correct them* (International Union for Land Value Taxation and Free Trade, 1929).
- 24 *Land Values* is now continued as *Land and Liberty*; the United Committee continues as the Henry George Foundation.
- 25 *Land Values*, xiii, February 1912, pp. 214–15.
- 26 *Land Values*, xiii, July 1912, p. 84.
- 27 *Punch*, 10 Jul. 1912.
- 28 See *Liberal Magazine*, especially 1913, pp. 622–40, and Offer, *Property and Politics*, p. 371 et seq.
- 29 Lloyd George to Illingworth, 24 Oct. 1913. Lloyd George papers (HL) C/5/4/7.
- 30 Illingworth to Lloyd George 28 Nov. 1913. Lloyd George papers (HL) C/5/4/8.
- 31 *Liberal Magazine*, 1914, pp. 276–84.
- 32 Memorandum of meeting with Lloyd George, 24 Sept. 1918, Elibank papers, National Library of Scotland 8,804, fos. 193–6.
- 33 Somewhat different figures are given in some works of reference. These figures are explained in Roy Douglas, *A classification of the Members of Parliament elected in 1918*, Bull. Inst. Hist. Res. xlvii, May 1974, pp. 74–94.
- 34 *Liberal Magazine* 1919, 426; *Daily News*, 30 Oct. 1919.
- 35 This is not explained in the Parliamentary Paper, Cmd. 556, but is explained in *Land and Liberty*, xxi, May 1920, p. 391.
- 36 *Liberal Magazine*, 1920, p. 198.
- 37 See the classification in *Land and Liberty*, xxi, August 1920, pp. 462–8. *Liberal Magazine*, 1920, p. 294, gives the smaller votes on the motion to repeal all the duties, but does not provide an individual classification of the MPs.