

The Parliamentary Crisis of 1909

✓ THE PARLIAMENTARY STRUGGLE PRECIPITATED BY LLOYD George's "People's Budget" extended over two years, from the date of the Budget announcement, in April, 1909, to the passage of the Parliament Bill in the House of Lords in April, 1911. The contest included the Lords' rejection of a money bill, two general elections, and a Liberal Party threat to create enough new Peers to secure passage of the Parliament Bill. The Conservative Party was finally compelled to recognize a popular mandate and to accept both the hated George land tax and reform of the Lords.

Henry George's ideas played an important part in this struggle, for as Lloyd George himself said, "It is perfectly clear that the one part of the Budget that attracts all this hostility and animosity is that part which deals with the taxation of land."¹ But there was a larger issue involved, for which land reform was merely a rallying point—the issue of "Peers vs. the People," of the "haves" against the "have-nots." As far back as 1882, Henry George, and later Chamberlain, had preached the doctrine that land ownership was a crime against nature and against God, and that the British worker should seize the land, through taxation. [The taxation of land values and the Parliament Bill were attempts to bring about by constitutional means the social reforms which George and others had preached.

In the Prime Minister's words, the Budget began "a ringing debate between wealth and poverty." Liberals, led by Lloyd George and Churchill, argued that Conservatives who opposed the Budget were angry rich men, trying to dodge their fair share of the national responsibility. Conservatives contended that Liberals had engorged

the Georgian doctrines and were bent on transforming Great Britain into a Socialist state.

The debate on the Budget and the Finance Bill lasted an unprecedented six months. Arguments focused on the land taxes, which were so drastically amended by the Lords that the original twenty-eight clauses occupying nineteen pages grew to forty-two clauses spread over forty-four pages.² But these amendments did not satisfy the Conservatives, for they were not crippling and the valuation provision could not be budged. By midsummer it was clear that the Lords were resolved to try rejection. To this end, Conservatives attempted to discredit the Bill; on a dissolution and general election caused by rejection they hoped for a return to power on a wave of anti-socialistic reaction.

Balfour opened the Budget debate in the Commons. The land taxes, he argued, threw an undue burden on the upper classes and were unreasonable in every respect. They were based on the Georgian theory that the private possession of land was robbery.³

"Unfair," "ludicrous," "unjust," "monstrous," "preposterous," and "impossible" were Pretymann's descriptions of the Bill.⁴ J. F. Remnant made much of the fact that Lord Advocate Ure was a "very ardent and active member" of the Scottish League for the Taxation of Land Values, formed to carry out the "principles of that fanatical land reformer, Henry George." The land taxes, he alleged, were the "thin edge of the wedge" which enabled the single taxers to "carry out the whole doctrine of Henry George, which is to tax to extinction not only rent but all rental value." Liberal leaders were not entirely committed to the Georgian principle, he claimed, but were being dragooned into supporting the land taxes because "a growing number of their followers are members of this Henry George League . . . The theories of Henry George are theories which ought not to be followed by this country."⁵ Another speaker asserted that with the passage of the Budget "the Patron Saint of England will have become Saint Henry George."⁶

Conservatives stressed other objections: The proposed measure would "involve a considerable inquisition into private affairs," it was approved by Socialists, the method of valuation was complicated, it was double taxation, it promoted "so-called social reform by means of the Finance Bill." Of these, only the last was cogent.⁷ The main Conservative objective apparently was to create dissension in Liberal ranks on the issue of Georgism.

This stung many Liberals to reply. Hart-Davies ridiculed the

idea that George had inspired the land taxes, for they did not even come close to George's ideal. Single taxers supported the Budget, he said, because of its valuation clause, which would permit future chancellors to increase the taxes on land.⁸ Another Liberal speaker evaded the issue, claiming that "the mere advocacy of taxation on unearned increment is older than Henry George or John Stuart Mill."⁹

The crux of the difficulty was that many Liberals wanted land reform along the lines advocated by George, but shied away from the label of Georgism. Their dilemma was emphasized in an exchange between the Attorney General, William Robson, and E. G. Hemmerde. Robson said that Cox had attacked George "as though he [George] had some supporters in this House, but I do not think he put that fact as being germane to the attack upon His Majesty's Government, because whatever may be said of us, we are not all supporters or advocates of Henry George."¹⁰

Hemmerde rose to defend George. He preferred to have some part of George's "insanity to the full measure of the sanity of some of his critics" because "to get up in an assembly such as this and talk as though Henry George had had no influence on the Government's proposals is as foolish as to suggest that he is responsible for the whole of them . . ." The British owed George a debt which "we will in the future to some extent try to repay by following the principles which he taught . . ." ¹¹ For the first time, George was defended from the floor of the House by a man who claimed not to have "swallowed all the doctrines of Henry George." Support came from another quarter. Snowden argued that George, "one of the greatest men of the last century," was not a land nationalizer but a fierce opponent of that principle.¹²

References to George in the Budget debate by Liberals and Labourites showed that their union on land-tax support was due more to a desire to get back at the landlords than a belief in the virtues of the single tax. Unionist newspapers and weeklies joined the opposition in attributing what they thought were vicious features of the Budget to Henry George's influence. The tenor of editorial opposition to land taxes can be found in phrases they used: "crude and revolutionary ideas of Henry George," "doctrine of ransom," "crackbrained panaceas of Rousseau and Henry George," "deliberate attempt to introduce Mr. Henry George's theories in place of the principles of law which all civilized nations have hitherto accepted."¹³

Comments on the land tax in the *Outlook* never deviated from the Conservative line.¹⁴ The land taxes were "vicious," "precedent

for full-blooded Socialism," "expansible," the "most novel" and "least defensible" feature of the Budget, a "most dangerous menace to the constitution of the realm." Snowden's approval of the taxes proved that fighting the Budget would be fighting Socialism. The cost of valuation with respect to taxes collected would be in the ratio of thirty-one to one.

The land clauses showed that Lloyd George was less logical than his "crochet-ridden . . . American namesake . . . Quoting verbatim from *Progress and Poverty*, he does not seem to grasp the fact that a Nasmyth hammer was not devised for chipping eggs, and that proposals based on single tax lines of reasoning must stand or fall with the acceptance or rejection of that theory."

The land clauses in the Budget represented "tacking," commented the *Outlook*, and that would justify rejection by the Lords. Rejection would be "cordially welcomed and endorsed by all classes of the community throughout the kingdom." The agricultural laborer was now "fed up with Socialism," it said; in a Budget election he would vote against the Liberals and return the Unionists to power.

The Liberal defense was mainly an attack on landlords, who were held up as enemies of the people. In a speech to the annual meeting of the National Federation in July, 1909, Asquith claimed that the Unionists and their landowning friends were not interested in reason, but in keeping what did not belong to them. They opposed land valuation because of "an uneasy conscience that this class of land is at the present moment very much undervalued, and an uncomfortable apprehension that if it ever comes to be valued for these taxes at its true market value, that valuation may possibly be taken advantage of for some other purpose."¹⁵

What Asquith stated mildly and reasonably, Churchill shouted loudly and provocatively. At Dundee, he described England's greatest danger as "the separation of the people from the land," a condition which was linked with "the poverty in our great cities."¹⁶ The issue did not lie in the land taxes, but in the Lord's rejection of a money bill. He gave his audience the watchwords: "Full steam ahead," and "Let them stand aside. That is all we have to say."

On the same day, the Dundee *Advertiser* editorialized: "The Budget takes from those who have riches to spare on the just principle that contributions should be made to the State in some proportion to what is enjoyed under the protection of the State." To Liberals, George's doctrines of "confiscation" and "plunder" had become respectable.

In Edinburgh, Churchill ridiculed the Unionist charges by claim-

ing that the taxes were mild and far from revolutionary, for they took toll of only one fifth of the unearned increment in land. "And that," he announced ironically, "is robbery, that is plunder, that is communism and spoliation, that is the social revolution at last, that is the overthrow of civilized society, that is the end of the world foretold in the Apocalypse!" Lansdowne and "his landlordly friends" had better beware how they minced the Budget, for they would either have "to eat their own mince" or risk chastisement from the electorate.¹⁷

As the time for decision came in the House of Lords, Churchill's language grew more abusive. When the rumor was circulated that the *Times* and the *Daily Telegraph* had received "positive information" that the Lords would reject, Churchill asked whether the Liberals' toil on the Budget was to be "swept incontinently out of existence by a House of hereditary Lords (laughter) a small proportion of whom, no doubt, have some general acquaintance with the provisions of the Budget, but the vast majority of whom . . . have certainly not taken the trouble to read this Bill they are about to destroy." If the Lords dared commit this "presumptuous contumely," Churchill awaited with confidence the moment when the people would "defend against invasion and insult the primary rights and freedoms of their race."¹⁸

Four days after this speech the rumor was verified. On November 17, Lansdowne, leader of the Unionist Peers, arose in the House of Lords and announced: "I beg to give notice that on the motion for the second reading of the Finance Bill I shall move: 'That this House is not justified in giving its consent to this bill until it has been submitted to the judgment of the country.'"¹⁹ When the Earl of Crewe moved the second reading a few days later, Lansdowne made his motion, and the crisis was at hand.

Balfour pleaded against the rejection, asserting that, although the motive for the land taxes sprang from "class hatred and class jealousy," they should not be swept aside in this fashion. Rosebery, who had deserted the Liberals because he thought the Budget was "the beginning of Socialism," announced he would not vote for rejection; he was confident that the land taxes would be unworkable.²⁰ But the Lords would not listen. Nor did they heed the Liberal, Denman, when he tried to convince his fellow Peers that they protested too much about the sacred rights of property. They were as guilty of arousing class hatred as were the Liberals, said Denman, citing as an example the remark attributed to the Duke of Beaufort that "he would like to see Mr. Winston Churchill and

Mr. Lloyd George in the middle of 20 couples of foxhounds." He advised the dukes to follow the hint of Hiram Howell, a Tory candidate for Parliament, who had remarked: "The Lancashire workingmen are sick of the cry of 'Property, property, property,' and he wished that someone would give the dukes a hint, if they had not already done so, to put away their pocket handkerchiefs."²¹

On November 30, Lansdowne's motion carried, 350 to 75. Liberals in the House of Commons met the challenge. On December 3 Asquith moved the famous resolution: "That the action of the House of Lords in refusing to pass into law the financial provision made by this House for the service of the year is a breach of the Constitution and a usurpation of the rights of the Commons." The resolution was carried, 349 to 134, Parliament was dissolved, and a general election was set for January 14, 1910.

The campaign which preceded the general election was short and bitter. Such issues as the prerogatives of the Peers and the land tax stirred the deepest prejudices.

Asquith lent a firm and moderate tone to the Liberal debate in a speech at Albert Hall, London, December 10. He recited the record of the past four years to show how the Lords had blocked virtually every major Liberal bill. The Prime Minister stigmatized them as "rabidly partisan," "a body which has no pretensions or qualifications to be the organ or the interpreter of the popular will." Cries of "Shame," and "Out with them" came from the audience when Asquith charged that because of the land taxes, which took from the rich their fair share of the cost of social legislation, the Budget had been "rejected in a week, and at a single blow, by the House of Lords."²² It was an appeal to class prejudice: Liberals wanted to tax the unearned increments of the well-to-do; Conservatives wanted to tax the food of the poor.

This speech established the letter but not the spirit of the Liberal campaign oratory. The Budget and the land taxes and valuation were defended as providing for sweeping social reforms which would benefit the poor, *exactly Henry George's proposal in the 1880's*. Even moderate politicians found it difficult to present the case reasonably, but neither Lloyd George nor Churchill, chosen to head the Liberal electioneering, were moderate by inclination or temperament. Their oratory was melodramatic in the extreme.

The landed gentleman was little more than a beast with a "greedy paw."²³ Churchill called him a feudal relic, an inveterate foe of social reform, cynical, opportunistic, moved solely by self-interest,

obeying in his parliamentary role the "pressure of the rich man's press" and the "sinister compulsion of the drink traffic."²⁴ A vote for the Conservatives would be a vote for taxes "on bread and meat instead of on incomes and land values."²⁵ It would be a vote against the British Constitution: The House of Lords wanted "to put a stone on the track and throw the train of State off the line . . ."²⁶ Churchill argued that justice, usefulness, and service to one's fellowmen were the only criteria which could justify private property in land;²⁷ that land monopoly is the source of all other monopoly;²⁸ that because land was "a necessity of human existence," "limited in extent," and "fixed in geographical position," its monopoly was detrimental to public interests.²⁹ The landlord who lived off his unearned increment was playing a "dog-in-the-manger game."³⁰ Churchill's arguments in favor of the taxation of land values and the Budget closely paralleled those of *Progress and Poverty* and George's speeches.

Lloyd George's speeches resembled those of George in another way; they were full of the piety of religious dissent, and of sympathy for the poor. Unlike Churchill, Lloyd George had the Welshman's hatred for the English landlords, which lent an angry and contemptuous tone to every word he said about them. The leasehold system was "blackmail";³¹ landlords and Peers were "shabby rich men" who in business transactions used "every trick and chicanery of the law."³² Unionists were "hypocrites" and "Pharisees";³³ they really wanted to diminish "the workman's store to feed his child" in order that "the estate shall be preserved for the landlord's heir."³⁴

The Lords were biased in favor of the Church of England; as with the Budget, they blocked religious reform which favored non-conformity. In fact, the Peers put Methodists and poachers in the same classification.³⁵ In Chapel terms, Lloyd George pictured himself as the Liberal shepherd who was ready to lead his sheep to "better pastures than they are on now," the better pastures of social security, of which the taxation of land values was a mere beginning.³⁶ He was "one of the children of the people. I know their trials; and God forbid that I should add one grain of trouble to the anxieties which they bear with such patience and fortitude."³⁷ His duty and that of Liberalism consisted of "picking up the broken, healing the wounded, curing the sick, bringing a little more light, comfort, and happiness to the aged."³⁸

Churchill and Lloyd George were supported in their electioneering by the Budget League, organized by Churchill, R. B. Haldane, and Norman Henry in December, 1909. The chief propaganda

effort of this organization was the book, *The Budget, the Land, and the People*, with the subtitle "The New Land Taxes Explained and Illustrated."

According to its anonymous authors, the taxation of land values would do more than secure to the public a part of the land values created by the public. It would also "bring an extension of freedom to produce as well as to exchange, an elimination of those conditions which at present restrict the opportunities to work and close the avenues to wealth, enrich the few at the expense of the many, and cause injustice and obstruction in the industrial system . . . The Taxation of Land Values, by opening up fresh opportunities for the profitable expenditure of labour and capital, will tend to bring fresh chances to all of earning their livelihood. The right to work, and to enjoy the fair and full fruits of work, is the demand which is becoming more and more insistent."³⁹

Conservatives were on the defensive in their campaign, and therefore at a disadvantage. Balfour outlined the nature of the Conservative reply in his speech to the electors of the City of London when he opened the campaign.⁴⁰ He claimed that Liberals "wished the Commons to be the uncontrolled master of the fortunes of every class in the community; and that to the community itself no appeal, even on the extremest cases, is to be allowed to lie." The land-tax clauses in the Budget were an extreme case: The only way the Lords could consult the wishes of the people was to force a general election by rejecting the Budget. Balfour indicted Liberalism as a danger to the realm. Taxation of land values was "the first installment of a Socialist Budget"; the Liberal land-tax program was driving money out of the country. His most serious charge was directed at the "origin of the [land tax] proposals and the principles on which they have been defended." The origin of the proposals was, of course, Henry George, whom Balfour thought of as a mistaken but high-minded idealist. Liberals had adopted George's proposals, but neglected to adopt his principles also: "they have some vague idea that private ownership in land is a thing to be discouraged. They do not think it [ownership of land] criminal like Henry George, they only think it a little discreditable. The man who chooses to indulge in a taste so perverted may legitimately be made to suffer . . . The earth is the Lord's and therefore, in a well constituted society the rents should go to the Chancellor of the Exchequer."

But no Conservative was a match for either Churchill or Lloyd

George. The Conservatives suffered from another handicap: The Liberal claim that taxation of land values "soaked the rich" for the benefit of the poor was a popular cry; whereas Conservatives were forced to defend the status quo and the principle of slow and gradual change in social and economic reform. The Unionist accusation that Liberal arguments in favor of the "Red Budget" "gave an immense stimulus to class consciousness and class hatred" contained more than a grain of truth.⁴¹

The Case Against Radicalism, subtitled "A Fighting Brief for Unionist Candidates, Agents, and Speakers," was the Conservative campaign guide. It presented a history of the House of Lords, a description of its personnel in 1909, and an analysis of its legislative function; from this it followed that the Peers were actually more representative of the nation than were the Commons,⁴² and that the House of Lords in its present form was necessary for the national welfare.

Conservatives, however, could not resist descending to a more practical defense: The Peers, by rejecting the land-tax bills of 1907 and 1908, the Education Bill in 1906, and the Licensing Bill in 1908, had saved taxpayers more than five million pounds.⁴³ This delighted the Liberals, who were fond of picturing the Lords as wealthy tax-dodgers.

When it came to the taxation of land values, Conservatives made feeble attempts to combat the principle by logic. Most of their arguments were designed to appeal either to the elector's cupidity or to his fear. The cost of valuation would be disproportionate to revenue; the tax would strike a blow at savings, which were secured by land investments; it would result in shoddy building construction or no construction at all.

Mainly, Conservatives relied on the psychology of fear, which had been successful in the past. Electors would be determining "the fate of the country," for the Liberal Party had "bartered its historic traditions for a mess of Socialistic pottage." And a Liberal victory would mean "the commencement of a revolutionary era."

In the case of the Budget, the Unionists warned that behind the land taxes lurked an unacknowledged but nefarious purpose. This could be deduced because the taxation of land values was derived from the principles of Henry George. Under the caption "The Inner Meaning of the Land Clauses," the Conservative campaign guide "proved" that the land tax was merely the starting point of a more serious attack on private property, by quoting a passage from *Progress and Poverty*: "We already take some rent in taxation. We

have only to make some changes in our mode of taxation to take it all." This was exactly the view taken by Lloyd George; in September, 1906, at Llanelli, he had referred to land nationalization in the following terms, "That must come, but you must proceed by easy stages."⁴⁴ "Easy Stages," reasoned the Conservatives, unmasked Lloyd George's intention of increasing the land taxes until they reached the Georgian ideal. *The Case Against Radicalism* buttressed this charge with quotations from leading Radicals and Socialists who believed that the whole of the land rent belonged to the people.⁴⁵ Conservatives accepted without question the flat assertion made by Wedgwood that "the author [of the Budget] was Henry George."⁴⁶

On and on the argument went. George was a Socialist: therefore Liberals intended to socialize the country by means of the taxation of land values. One of the more active Conservative journalists, G. E. Rainie, wrote *The New Land Tax* to prove this reasoning. He quoted Webb to show that whatever the rate at the beginning, there was nothing to prevent a rise to twenty shillings in the pound. It was "as plain as a pikestaff that sooner or later the Government that begins with the assumption that value is a social product must continue with the taxation of all values and with their appropriation on precisely the same lines."⁴⁷ He wrote commiseratingly of "3,000,000 victims" of the new tax, the people who had bought land at high prices.

The polling began in January, 1910. The vote was essentially a referendum on the land tax, with "haves" opposed to "have-nots," Socialism and Radicalism confronting Conservatism. The verdict was cloudy; the Liberals returned 273 candidates, the Conservatives, 271; the remainder were Labourites or Irish Nationalists.

Redmond, an Irish Nationalist, insisted that a Parliament Bill muzzling the Lords be given precedence over the Budget,⁴⁸ and relented only when Asquith agreed to press both measures concurrently. The Parliament Bill had its first reading in Commons April 14, 1910, and the 1909 Budget was reintroduced on April 20. The Budget passed without a division in the House of Lords on April 28 and received the Royal Assent on the following day. But tempers still ran high. When Edward VII died on May 6, 1910, Liberals, because they had been "aiming at property and the throne, disrupting the Empire, and threatening religion," were charged with responsibility for his death. During the King's lying-in-state, the Prime Minister and his cabinet were hissed in the streets.⁴⁹

The Parliament Bill ran into unexpected snags. The King's death delayed its passage through the House, and a group of Radicals headed by Charles Dilke insisted that the Government had not obtained a mandate for the reform or the reconstruction of the House of Lords.⁵⁰ The Peers naturally concurred. Accordingly, another general election was held in December, 1910, on the question of the Lords' veto. Liberals won their second victory in less than twelve months, and on May 23 sent a bill to the House of Lords. By July it was back in the House of Commons, so drastically amended as to render it ineffective. The Bill was reintroduced in the Lords with a threat that sufficient Peers would be created to pass the measure. Many of the Peers abstained from voting, and the measure passed by the narrow margin of seventeen votes, 131 to 114. The road leading to the Georgian Utopia based on the land tax seemed now to be free of obstacles.

NOTES TO CHAPTER 11

1. David Lloyd George, *The Lords, the Land, and the People*. London: Hodder and Stoughton, 1909, p. 31.
2. Frederick Verinder, "The Finance Bill of 1909," *Land Values*, December, 1909.
3. "Special Budget Supplement," *Land Values*, July, 1909.
4. *Ibid.*
5. "Finance Bill Supplement," *Land Values*, July, 1909.
6. *Ibid.*
7. The following articles in *Land Values* present a digest and summary of debates in the House on the Budget: "Special Budget Supplement," June, 1909; "Finance Bill Supplement," July, 1909; "Finance Bill Supplement," December, 1909.
8. "Finance Bill Supplement," *Land Values*, December, 1909.
9. *Ibid.*
10. "Finance Bill Supplement," *Land Values*, July, 1909.
11. *Ibid.*
12. "Special Budget Supplement," *Land Values*, June, 1909.
13. *Land Values* printed a selection of newspaper comments on the Budget and the Finance Bill in "Special Budget Supplement," June, 1909; and in "Press Comments on the Finance Bill," July, 1909.
14. See the following articles in the *Outlook*: "Mr. Lloyd George's Budget," May 1; "The Penalties on Land," May 8; "The Budget in Parliament," May 8; "The Two Georges," May 15; "Budget and People," May 22; "The Lords' Course of Action," May 22; "Taxes on Hope," May 29; "Plunder and Blunder," June 5; "Radicals and Land," June 12; "The Juggle with Land," June 19; "The Tactics of Revolution," June 26.
15. H. H. Asquith, *The Land Values Tax*. London: Liberal Publication Department, 1909, p. 7.
16. *Dundee Advertiser*, October 20, 1909.

17. Winston Churchill, *Liberalism and the Social Problem*. London: Hodder and Stoughton, 1909, p. 330.
18. Speech at Colston, November 13, 1909. Reported in *Land Values*, December, 1909.
19. *London Times*, November 18, 1909.
20. "Condensed Report of the Budget," *Land Values*, January, 1910.
21. *Ibid.*
22. "Mr. Asquith in Albert Hall," *Land Values*, January, 1910.
23. Winston Churchill, *The People's Rights*. London: Hodder and Stoughton, 1909, p. 27.
24. *Ibid.*, p. 9.
25. *Ibid.*, p. 22.
26. *Ibid.*, p. 44.
27. *Ibid.*, p. 70.
28. *Ibid.*, p. 88.
29. *Ibid.*, p. 92.
30. *Ibid.*, p. 100.
31. Lloyd George, *op. cit.*, p. 39.
32. *Ibid.*, p. 44.
33. *Ibid.*, p. 45.
34. "Mr. Lloyd George in Walworth," *Land Values*, June, 1910.
35. Lloyd George, *op. cit.*, pp. 64-68.
36. *Ibid.*, p. 54.
37. *Ibid.*, p. 40.
38. *Ibid.*, p. 49.
39. Budget League, *The Budget, the Land, and the People*. London: Methuen and Company, 1909, pp. 91-92. With a preface by David Lloyd George.
40. "Land Values Supplement," *Land Values*, January, 1910.
41. "The Gaderene Policy," *London Observer*, June 23, 1912.
42. National Union of Conservative and Constitutional Associations, *The Case Against Radicalism*. London: 1909, p. 325.
43. *Ibid.*, p. 340.
44. *Ibid.*, p. 121.
45. *Ibid.*, pp. 122-24.
46. *Ibid.*, p. 122.
47. G. E. Rainie, *The New Land Tax*. London: London Municipal Society, 1909, p. 79.
48. J. A. Spender and Cyril Asquith, *Life of Herbert Henry Asquith*. London: Hutchinson and Company, 1932, I, p. 272.
49. *Ibid.*, p. 283.
50. *Ibid.*, p. 272.