PROPERTY AND POLITICS: A STUDY OF LANDED AND URBAN PROPERTY IX ENGLAND BJTfWLEN TIIE 18805 AND THE GREAT WAR.

A thesis presented for the degree of D. Phil, at the University of Oxford 3y Avner Offer
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ABSTRACT

'Tenure' is defined as a distinctive sub-set of property. The moveo2nts
of rent between 1870 and 1914 are then examined to see whether it was declining or increasing. Quantitative estimates of the magniirA'.ae of some tenures follow: property professionals, corporate bodies, groundovners, capitalists and mortgagees. The distribution of tenure underlay tenurial politics. Inter-tenurial relations were not unduly fractious; conflict focused on the incidence of taxation. Liberals and Conservatives held dogmatic views on the subject. Conservatives advocated State relief for local taxpayers. Liberals a tax on ground values. Rating policy between 1850 and 1906 is described: Conservative doctrine was politically at tract ive until a sectional restriction of State grants after 1895. Liberal doctrine originated in London in the 1860s, and was strongly marked by Henry George in the 1880s. Conservative parsimony alienated the main municipal pressure group in the 1890s at a time when towns were striving to meet the challenge of rapid expansion in competition with private capital, Property values were highly cyclical, and suffered a collapse in London between 1905 and 1910, Failing demand, higher interest rates and increased local taxation combined to produce this Edwardian property slump. Crises of local finance gave rise to ratepayer politics, exemplified in the London local, elections of 1907. After their Parliamentary election victory in 1906 the Liberals strove to implement their fiscal doctrine It reinforced an attack on groundowners which also drew upon romantic residues in English culture,
A remarkable 'land campaign' was mounted by Lloyd George in 1912-14. Concurrently he embraced a scheme for the taxation of laud values which
was unsound in conception, mismanaged in application and effectively resisted. In the 1914 budget he attempted to bring the rating question to a head, but was forced to abandon his programme even before the outbreak of the war.

ABSTRACT (II)

INTRODUCTION

Land and buildings are distinguished from other goods by a peculiar rigidity of supply. Their ownership has consequently taken special forir.s, collectively considered under the term tenure. This is no arbitrary dis-tinction. It was embodied in the Law of Property, in the practice of taxation and in the usage of politics. Tenure is narked out fro": other forms of o T.7nership in being less than absolute. Imperfections and over-lapping of ownership have stamped different tenures with special characteristics. Ignoring some finer distinctions, six important clusters of tenure stand out, and their vicissitudes form the subject of this study. PART I. DIMENSIONS OF TENURE
Was the share of rent in the national income destined to fall in
the process of economic growth, or was it destined to increase? The classical economists thought it would rise, their modern successors think it should decline. Historical evidence is paradoxical: occupiers of land £ad buildings payed more in the second half of the nineteenth century, but the owners got less. The difference was absorbed by a large increase in local taxation. Agricultural rents declined up to the war, and building rents rose. The rent of transport right-of-way rose even more, and so did raining royalties. Owing to the rigidity of supply, rent claimed a larger share of the national income during trade-cycle depressions, and a smaller share during booms, with consequent overcrowding (and vacancies) in the slump,
and housing shortages during booms.
The volume of trading in urban land and buildings, and the value
of urban property, follov/ed long swings of large amplitude in late-Victorian England, sustaining a large corps of professional and quasi-professional

property practitioners. A legal monopoly of land transfer secured a regular and substantial income for the legal profession and placed it, the solicitors 1 branch in particular, in a crucial position in the tenurial system. Solicitors mediated between other interests, handled a large proportion of the mortgage funds, and traded in property on their own and on clients' account. They were well-represented in local and central government. Auctioneers, surveyors and land agents shared the property market with the solicitors. The prosperity and even the number of prac-titioners fluctuated with the turnover of the property markec; a profound slump in the Edwardian period created a malaise among the weaker elements. Another, rather different, property profession were the Anglican parish clergy, whose fortunes were linked with the price of grain through the tithe rent charge. Last in a group of miscellaneous tenures dependent on income flows were traditional corporate bodies: Colleges, Inns of Court, the City Companies; a medieval relic characterised in many cases by inalienable tenure ('Mortmain') and still in possession of some five per cent of English tenure.

Ground property made up the traditional tenures of the aristocracy
and gentry. Its social distribution was top-heavy, particularly in the towns. A considerable contraction in the value of settled land was'recorded in the Edwardian and pre-war period. Most of the rent-paying land was subject to capitalist tenure. One-quarter of this tenure cluster v:as rural, the rest urban. In the towns, more than two-thirds was held freehold; less than 30 per cent was held on long leases from urban ground-owners. In their social distribution capitalist tenures were quite different from those of the ground-owners: capitalist proprietors were at once more numerous and less unequal. But their fragmentation was an obstacle to political mobilisation and small owners wera frequently invoked to defend large ones. Two interes-

ting sub-groups were owner-occupiers, quite numerous among the middle- and upper-class groups, and never entirely absent among the lower; and company property, held largely by utilities and railways. Up to a third of all realty was mortgaged. Ground-owner urban tenure was the least burdened, agriculture the most, and capitalist debt increased down the social scale. Except for a setback in 1911, building societies increased their assets; insurance companies and banks did not. Private mortgagees, who provided most of the funds, did not withdraw their investments for transfer overseas in the Edwardian period, despite diminishing returns at home; but new mortgagees were not forthcoming.
Tenurial interests were exposed, each in its own way, to the
vicissitudes of the property cycle and the results of government policy. As a widely diffused form of property, representing a third of the national capital, tenure was bound to be an important underlying factor in politics. Conflicts of interest between ground-owners and capitalists, and between owners and occupiers, created endemic tensions which were accentuated by
the cyclical movement of incomes and of property values. Tension was especially severe in the agricultural margins of the United Kingdom, in Ireland, Scotland and Wales, where it acquired nationalist undertones.
In England it did not assume major proportions. Two tenant-capitalist movements, the one agrarian, the other urban, attracted some notice in the 1880s. Inter-tenurial conflict found its outlet largely in another channel, in contention over the level of taxation and its incidence, and over the tenurial role of the state.
PART II. TENURE AND TAXATION, C. 1850-1900
Government, particularly local government, was a large 'sleeping
partner', appropriating almost a quarter of English tenure in taxes at the end of the Edwardian decade. Local taxation was one of the great issues of

Victorian parliamentary politics, a staple of local politics, and one of the keys of political identity, a factor in most of the great domestic issues of the time. Conservative doctrine emerged as a reaction to the repeal of the Corn Laws, and took the form of a demand for government grants to local authorities. Launched by Disraeli, the policy was managed by a strong agricultural lobby which took care, however, to acknowledge urban claims. Liberal doctrine, formulated in the 1860s, denied that tenure was inequitably taxed, and proposed to add to the ground-owners' burdens. This policy was a response to the problem of financing urban public goods: drains, roads, schools, etc., particularly in London.
On balance, Conservative doctrine was the more attractive politi-
cally until 1896, when Salisbury's government decided to restrict government subsidies to its own special clients, agriculture and the Church. Liberal doctrine was rejuvenated in the raid~1880s, due in part to the influence of Henry George and his followers. Without abandoning their moderate aims, Liberals gradually committed themselves to a complicated scheme for the separate valuation of buildings and sites.
PART III. MUNICIPAL ENTERPRISE AND PRIVATE CAPITAL

Town property was dependent for its value on the provision of muni-
cipal infrastructure, and municipal government gradually became a substantial property interest in its own right. The Association of Municipal Corpora-tions became a powerful lobby; its President, Sir Albert K. Rollit, a powerful leader. Although he was a Conservative M.P., Rollit frequently clashed x<7ith the Conservative government between 1895 and 1905. The great domestic boom of the late 1890s brought municipal corporations into conflict with private capital, eager to compete with the towns in the deployment of electricity and public transport. Salisbury's government sided with capital against the cities in the 'municipal trading' controversy around the turn of

the century. Agriculture and Church education were given aid, but civic demands for help in confronting the problems of housing, education and unemployment were rejected. Reluctantly, the Association of Municipal Corporations was driven into an alliance with the Liberals, contributing substantially to the general disaffection which led to the Conservative election defeat of 1906.

London, chosen for a detailed urban study, was already worth more
than all the agricultural land in England and Wales in the early 1890s. Auction sales records over twenty years were analyzed in order to find out the structure of tenure and the movement of property values. Ground-owners owned more than a third of London directly and their sway extended, in the form of leasehold tenure, over more than another third: Ix^ndon was a lease-hold city. Property values, particularly under leasehold tenure, dropped catastrophically in the Edwardian period, by some 40-50 per cent. This was accounted for by three main reasons: first, an increase in long-term interest rates had the effect of devaluing house property; secondly, there was a shortfall of demand due (a) to the diffusion of electric public trans-port, and (b) to a series of trade depressions which contracted disposable incomes; thirdly, local taxation increased more than 50 per cent between 1890 and 1905. Declining property values deterred new investment, depressed the house-capitalist interest and exacerbated housing conditions. Local
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taxation was meant to ameliorate urban conditions. Once it rose above a certain threshold, say one-quarter of the rent, it tended to produce the opposite effect. This was a fundamental dilemma of Edwardian social policy. The decline of the private house-capitalist created a need for substitutes. Ratepayers' associations expressed the property-owners' discontent.
These had been ephemeral, grass-roots associations. In the Edvardian period they were increasingly manipulated by utility and railway companies. Pre-

viously their politics had often been bipartisan; now they were appropria-ted by the Conservatives. The overthrow of the Progressives in the London County Council in 1907, in the face of a strong national swing to the Liberals, was a striking outcome of this trend.
PART IV. EDWARDIAN CLIMAX - LIBERALISM AND THE LAND, 1906-1914
The institutions of tenure were sublimated in collective culture
and the individual mind. These mental dimensions acquired a special poli-tical significance in the Edwardian period. To simplify, Toryism was associated with landed society, rural hierarchy and blood sports. Liberal-ism, cut off from the land, was heir to a romantic and transcendental conception of the countryside. Successive generations were conditioned to experience sublimity in nature by parental precept, poetry, patterns of recreation and the legacy of fundamentalist religion. Independently, a myth of lost rural harmony was cultivated by Liberal intellectuals. Cycling gave better access to the countryside and increased the friction between the two cultures. Politically, this ideology was expressed by measures for the preservation of commons and footpaths, access to mountains, allotments and small-holdings acts and town planning legislation. All were animated by an overt anti-landlordism. Such a brew of idealism and populism was often an ingredient of Conservative politics on the Continent. In England it was served up by the party of progress. Without being a true believer, David Lloyd George was an artful prophet. He could recognise a platform which was resonant, innocuous and cheap. Old-age pensions, the road fund and national insurance eased the burden of local rates somewhat. Financial constraints excluded further expenditure. The rural theme appealed to many Liberals, and promised to subvert the Tory rural constituency. Land Value taxation in the 'People's Budget' had a great symbolic value; it was also a belated (and rather mismanaged) response to municipal demands. Lloyd

George's great Land Valuation soon foundered in its own complexity, and
was paralysed by a hostile judiciary, Conservatives were genuinely worried by the Liberal rural initiative. They carried out their own 'land enquiries' and many sold off rural property. An effective rural campaign did not suffice to salvage Liberal electoral prospects. In his 1914 budget, the Chancellor embraced a bold policy of state grants to the towns, based on the separate valuation of sites and structures that the Land Valuation had carriec out. In its practical application the valuation was shown to be unsound and its management incompetent: Lloyd George was let down by the eagerness of the land valuers, in what became a dramatic climax of more than sixty years of tenurial politics.
CONCLUSION

The peculiar distribution and structure of tenure in England deter-
mined the institutional framework and many of the particular political issues in the process of urbanisation in Victorian and Edwardian England, It also determined their outcomes. Lack of funds was the fundamental obstacle to urban and rural amelioration; the will to raise the funds was lacking. Tenurial reform did not offer any short-cuts.

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11
PREFACE.

Jowett's apocryphal injunction 'never complain and never explain'
is not to be lightly laid aside. Yet readers must be alerted to a number of omissions. For reasons of space, one part of this study had to be left out: a section on the development of the law of property, of land registra-tion and the relations between the legal profession and the property market, made up of four chapters and now long completed. Legal developments,
while possessing great intrinsic interest, were only tangentially signifi-cant to the wider universe of landed and urban property (for an illustration, see my article 'The Origins of the Law of Property Acts, 1910-25,' Modem Law Review XL (1977), 505-22). It is therefore hoped that the structure is sound even with the legal wing temporarily closed. Important sectors of the field (especially town planning, building societies and working-class housing) are being tilled by other scholars, and could be safely excluded. Others still await their students. With so many potential ramifications the subject is truly vast and this study is offered as an instalment towards a more comprehensive view.
Financial support from the following institutions is gratefully acknowledged: the Anglo-Israel Association, the Hebrew University of Jerusalem, Merton College, and the Social Science Research Council. Professor R. Carr, the Warden of St. Antony's, and Professor F.M.L. Thompson have helped to arrange for research funds. St. Antony's College and Merton College have provided congenial yet challenging environments. Special thanks are due to the supervisors, Professors P. Mathias and F.M.L. Thompson, for patient guidance and counsel. N. Eilan and M. Zimmeck have provided technical assistance and advice beyond the call of duty. Friends and colleagues, too numerous to list, have shared their knowledge and given of their time. For technical, financial, domestic and moral support I am deeply in debt to Leah Offer, my wife.
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Ill

TABLE OF CONTENTS Page no.
Preface. ii
Abbreviations. iv
1. Introduction. 1 PART ONE; DIMENSIONS OF TENURE
2. Ricardo's Paradox and the Movement of Rents in
England, c. 1870 - 1914. 6
3. Property Professions and Corporate Bodies. 29
4. Dominant Tenures - Groundowners and Capitalists. 47
5. Mortgagees. 76
6. Tenurial Relations -'The 1880s. 88
PART TWO; TENURE AND TAXATION, C. 1850-1900
7. Local Taxation - Banners and Prizes. 96
8. The Country and the City in Parliament, 1850-1885. 103
9. Henry George and Local Taxation, 1885-1895. 118
10. Mr. Goschen's Finance, 1887-1892. 136
11. Doles for the Squire and Parson, 1895-1902. 143
PART THREE; MUNICIPAL ENTERPRISE AND PRIVATE CAPITAL
12. Municipalities and Conservative Policy, c. 1890-1906. 155
13. The London Property Cycle, c. 1892-1912. 191
14. The Edwardian Property Slump and Municipal Politics. 222
PART FOUR; EDWARDIAN CLIMAX, C. 1906-1914
15. Origins of the People's Budget, 1906-1909. 251
16. Romantic Impulse. . 262
17. Back to the Land. 281
18. The People's Budget and the Rural Land Campaign, 1910-1914. 294 /
19. The Urban Question Again, 1910-1914. 315

CONCLUSION 332
BIBLIOGRAPHY 335

IV

ABBREVIATIONS

A.M.C. - Association of Municipal Corporations.
AP - Asquith Papers.
App. - Appendix.
BL - Bonar Law Papers.
BLPES - British Library of Political and Economic Science.
Bodl. Lib. - Bodleian Library.
Brit. Lib. - British Library.
CAB - Cabinet Papers (PRO).
C.C.A. - Central Chamber of Agriculture CLA - Central Landowners' Association. CPT - Charles Trevelyan Papers.
EG - Estates Gazette.
GLC - Greater London Council Record Office.
IRAR - Commissioners of Inland Revenue Annual Report.
IRP - Inland Revenue Records (Somerset House and Savoy Court).
J.R.S.S. - Journal of the Royal Sta-tistical S o c i e t y.
Law Soc. Proc. & Resol. - Law Society, Proceedings and Resolutions of the Annu a1 Provincial Me e ting.
L.C.C. - London County Council (LCC in footnotes).
LG - Lloyd George Papers.
Lib. - Liberal.

LPDL - Liberty and Property Defence League.
LT - Land Taxes.
L.T.C. - Local Taxation Committee (C.C.A.).
M.B.W. - Metropolitan Board of Works.
M&D - B.R. Mitchell and P. Deane, Abstract of British Histori-
cal Statistics (Ca-bridge,
1962, rep. 1971).
POJ - Property Owners 1 Journal. Pr.P - Presented Papers (L.C.C.). PRO - Public Record Office.
SH - Small Holdings.
TLV - Taxation of Land Values. Trans. S.I. - Transactions of the Surveyors * Ins ti tut ionT
UCTLV - United Committee for the Taxation of Land Values.
WL - Walter Long Papers.
WP - J.C. Wedgwood Papers.
WR - William Runciman Papers.
WRO - Wiltshire Record Office
(Walter Long Papers).

Parliamentary Papers are cited in the forms recommended by P. and G. Ford, A Guide to Parliamentary Papers (3d edn. Shannon, 1972), pp. 71-3. Short titles have been used for sessional papers.

The term 'Radical' is used to denote the progressive wing of the Liberal party, The adjective 'radical' indicates an inclination to political extremes.

CHAPTER ONE; INTRODUCTION
the first man who, having enclosed a piece of ground, bethought
himself of saying 'This is mine, 1 and found people simple enough
to believe him, was the real founder of civil society.1
It is possible to imagine, like Rousseau, a society in which the disposal of land is free from strife. In agrarian and industrial societies however, the arrangements which govern the allocation of land to particular people (and people to particular parcels of land) are among the main determinants of social relations, economic activity and political power. This -/as true before the emergence of capitalist property in land and remains true in socialist societies, where it has been abolished.
'Property rights' may be defined as consisting of all enforcible claims, whatever their nature. Without prejudging the validity of the economic theory of property rights as developed by Chicago economists, some of
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their insights have a definite value for the present inquiry. Let us
define tenure .to signify such property rights as pertain to land and
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structures, follox^ing the lay construction of the term. Tenure, then, is any claim on land, buildings or other structures. It may be exercised directly by physical occupation or indirectly as a charge in money, labour or kind.
It applies not only to present benefits but also to expectations, extending not only in space, but forwards and backwards in time. Two qualities mark
it out: first, tenure is a condition of physical and moral subsistence.
It implies some control over a circumscribed territory, a degree of autonomy, however limited. Regulating the access to food and shelter, tenure is rooted in human needs: agricultural landlessness and urban overcrowding proclaim its denial. Likewise, the assertion of tenure is a persistent form of oppression.
A second reason for marking tenure off from other property is its rigid

1. Jean-Jaques Rousseau, 'A Discourse on ... the Origin of Inequality,' in The Social Contract and Discourses, ed. and transl. G.D.H. Cole (Every-man's edn. 1955), p.192.
2. From an extensive literature, see R.A. Posner, Economic Analysis of Lav (Boston, 1972), chap. 2 and E.G. Furoborton and S. Pejovich, 'Property Rights and Economic Theory,' Journal of Economic Literature X (1972),
1137-62.

3. There is also an obsolete legal usage. See F.H. Lawson, Introduction to the Law of Property (1958), pp.62-3.

and substantial character: it represents a large stock of durable wealth. Houses out-last generations of occupiers and cities retain their form after centuries of habitation. Land, structures and transport considered as a system are the capital under-pinning of society and the abundance and pattern of their distribution are indicators of social welfare. Poverty is conjured by the image of the slum and the mansion projects authority and affluence. The social and spatial distribution of tenure affects the internal balance of power in society. Studied over time, it provides a
clue to shifts in autonomy, security and sovereignty between society's component groups. Before the onset of machine industry, tenure embodied
the bulk of a nation's assets. If this was no longer true of Britain at
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the end of the nineteenth century, contemporary estimates still assigned more than forty per cent of the national wealth in 1885 to land and buildings, and a third in 1912. Buildings made up more than a quarter in both years. The institutions of tenure are often more durable than bricks and
mortar and tenure is constantly transferred as people inherit, marry and move; it is bought, sold and fought over. The ubiquity of tenure presents serious problems of measurement. Institutions of tenure are not all-pervasive in their sway and leave gaps where assets are not explicitly
and unambiguously owned. Rooms in a household, for example, are allotted in-formally, and costly benefits, such as roads and parks, are nominally free.
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Even where tenurial arrangements are explicit, they are seldom exclusive, i,e. vested unconditionally in a single proprietor. An owner-occupier of
an English suburban semi-detached shares tenure with his family, his party-wall neighbour, a buildin-g society and the rating and planning authorities. Some assets, ranging from village greens to national territories, are held on communal tenures and their disposal is determined by traditional usage or ad hoc in courts of law, Cabinets or even battlefields. This 'imperfect-ion' or 'attenuation 1 of tenures is one of their main properties..
The establishment, definition, enforcement and exchange of property
1. P. Deane and W.A. Cole, British Economic Growth 1688-1959 (2nd edn. Cambridge, 1967), tables 70 and 71, pp.271, 274.

rights gives rise to considerable frictions (or 'transaction costs') which are like sand in the gears of the economist's perfect competition. The fees of surveyors, land agents and- lawyers and the sinecures of judges and officials - all constituted 'transaction costs' of landownership in Britain at the end of the nineteenth century. So, in a sense, did the whole edifice of government, which moulded property rights through legis-lation, administration and taxation. The authority of professionals and officials was itself a species of indirect tenure. What was 'friction'
for the owner was a 'property right 1 of the lawyer or bureaucrat. The protection of tenure, as we shall see, was not costless; it imposed and infringed upon tenurial integrity.
'Tenure' is not an arbitrary invention, but was deeply embedded in nineteenth-century experience. 'Real Property' (or 'realty') led a separate legal existence with its own peculiar modes of inheritance, possession
and transfer. The income tax Schedule A ('lands, houses and messuages 1) and local government's category of rateable property provided other definitions. As the central regulating agencies of tenure, the fiscal and legal systems helped to preserve it as a separate category and disseminated its implications, associations and consequences to the farthest reaches
of polity and society, mentality and morality. An ample statistical record is yet another consequence. Scottish land, legal and fiscal organization remained distinct, and Scotland has therefore been excluded from detailed consideration.
The welter of tenures in England at the end of the nineteenth century sorts out into a number of distinct clusters. Each cluster shared similar legally-defined-and-sanctioned property rights; each deployed distinctive methods of appropriation; each had a characteristic social distribution and threw up organizations, pressure-groups and lobbies; each cultivated typical sets of values and attitudes. Ignoring for the moment the many finer distinctions and areas of overlap, the main clusters fall under the

1. See J. Williams, PjLi- n£LElj;'i of the Law o£ Real Property, ed. T.C. Wi11 iams (18th edn. ~1896)," pp". 1-35 .

following heads: (a) Property practitioners, a professional and quasi-professional corps of auctioneers, surveyors, estate agents and solicitors who mediated between other interests and primed the property markets, (b) Freehold groundowners, dominated by corporate bodies, the aristocracy and the wealthy. (c) Capitalist freeholders and leaseholders, mainly builders, house-landlords, traders, farmers and manufacturers. (d) Middle class mortgagees, lending directly or through solicitors, building societies and insurance companies, (e) Occupiers of housing (and consumers of rent-intensive coal, transport, food and beer), (f) Government, both local and national.
The clusters interpenetrated and interacted. Responding to the cycles
of the national and global economy, they generated social tensions and political antagonism. Property relations make up much of the texture of everyday life and lend themselves to artful evocation. The purpose of this study, however, is not to record all the ramifications of tenure but to establish, in the first part, its quantitative outlines; who owned, how exclusively and how much, in terms of broad tenurial sub-groups. The intangible satisfactions of tenure are kept in the background and money-values are used for measurement. In subsequent parts the structures, subdivisions and significations of tenure will be invoked to clarify its role in English politics from the 1880s (and earlier) until the Great War. The period spans one complete revolution of the building cycle and is long enough to observe two political generations grappling with similar problems. A tenurial thread ran through all the great domestic questions of Edwardian England: agriculture, industry and employment, education and religion, social welfare, urbanisation and defence. As the clouds gathered in the skies of Liberal England tenurial contention generated much of tha thunder; we shall try to place these contentions in a proper perspective. Before proceeding to subdivide tenure it must first be surveyed as a whole. The economic counterpart of 'tenure 1 is 'rent.' Economic categories do not occur in a void: they arise out of social realities. The nature, magnitude

PART ONE: DIMENSIONS OF TENURE

CHAPTER TWO: RICARDO'S PARADOX AND THE MOVEMENT OF RENTS IN ENGLAND,
C. 1870-1914

The theoretical distinction between Rent and other factors of production arose under a system of tenure in which the occupation of land and houses was divorced from their ownership. Alfred Marshall considered this distinction, historically, to be 'the deepest and most important line of cleavage in economic theory. 1 Was the relative share of Rent destined to fall in the process of economic growth, or was it destined to increase?
The accepted view appears to be that the classical economists thought Rent would rise, the neoclassicals that it would decline, and that the latter

2 have (so far) proved right. Ricardo's short essay, which constitutes chapter II of The Principles of Political Economy and Taxation, is the point of departure for all subsequent discussions of Rent. An inherently unequal endowment of nature lay at the centre of Ricardo's system. Rent arose out of the unequal fertility and location of different parcels of land and constituted the sum of their inequalities. Ricardo implied that in the long run, as population and wealth increased, landlords would be able to
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appropriate a growing share of society's product. Landlords did not create Rent, they merely appropriated it. Rent, he quoted Adam Smith, was 'a species of revenue, which the owner in many cases enjoys, without any care or attention of his own.' Ricardian Rent was a paradigm of inequality and privilege.
! A. Marshall, Principles of Economics (8th edn. 1920), p.636. Rent with a capital 'R' will signify the Ricardian usage, i.e. the Rent of the site alone, excluding improvements. In the lower case, 'rent' will stand for composite rents, payable for the capital fixed in structures and other improvements, as well as the land.
2. See e.g. Deane and Cole, Brit. Econ. Growth, pp.247-8 and P.H. Lindert, 'Land Scarcity and American Growth,' Journ. Econ. History, XXXIV (1974),
852-4.

3. D. Ricardo, On the Principles of Political Economy and Taxation, ed. P. Sraffa and M.H. Dobb (Cambridge, 1951), pp.70-72.
4. Ibid, p.203 ,

This agreed very well with political opposition to the dominance of
the landed interest, that gathered strength in the course of the nineteenth century. Remedies for Ricardian Rent fell under two main heads. Proposals to subject Rent to a special tax come first. Ricardo himself admitted Adam Smith's contention that 'Ground rents and the ordinary rent of land are, ... perhaps, the species of revenue which can best bear to have a peculiar tax imposed upon them.' Taxes on Rent were to become an element in the creed of the Liberal Party. A second, more radical class of remedies was meant to diminish Rent by altering the spatial configuration of society, moderating the gradient of rents and reversing the trend of urban concentration. Robert Owen's communities, the Chartist Land Company and Ebenezer Howard's Garden Cities all exemplified such notions. Their currency is reflected in Marx and Engels 1 omnibus radical programme in the Communist Manifesto of 1848, which embraced both remedies. Their first point was 'the abolition of property in land and the application of all rents of land to public purposes.' But for real equality to prevail (as they realized in a moment of Utopian insight) the second principle had to be applied; it was necessary to equalize the productivity of land and thereby convert it into a rent-free surface: 'combination of agriculture with manufacturing industries, gradual abolition of the distinction between town and country, by a more equitable distribution of the population over

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the country. 1 Towards the end of the nineteenth century Sidney Webb asserted the urban and centralist ethos of Fabian socialism when he said,
'To turn our back on the unearned increment and the machine industry seemed a poor way of conquering them. We had no faith in the recuperative qualities

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of spade husbandry, or in any devices for dodging the law of rent.'
But Ricardo had qualified his prediction that rents were bound to rise.
This was only necessary in the long run. Technical improvements could

1. JCbi^. p.204.
2. K. Marx and F. Engels, 'Manifesto of the Communist Party,' Selected Works (Moscow, 1969), i, 126, 127.
3. S. Webb, a lecture on 'Socialism: True or False 1 (Jan. 1894), quoted in B. Webb, Ou£jPari ?]£r_Ghi£ (1948), p,106. See also S. and B. Webb, The History of Trade Unionism, 1666-1920 (1920 edn.), pp.162-3.

8

postpone the day, and even induce a diminution of rent. Ricardo was thinking

mainly of improvements in farming technique, and these are unlikely to have

such an effect when introduced piecemeal; his numerical examples and under

2 lying assumptions have been effectively criticised. But Ricardo T s argument

in its generalized form holds true:

. . . whatever diminishes the inequality in the produce obtained
from successive portions of capital employed on the same or on
new land tends to lower rent; and ... whatever increases that
inequality, necessarily produces an opposite effect, and tends
to raise it.-*

The class of innovations most likely to have an equalizing effect across

the whole of the rent-surface are improvements in transport. The proposition

that technical improvement would depress rents came to be regarded as

1 Ricardo's paradox.'

John Stuart Mill subjected Ricardo's paradox to an exhaustive scrutiny

and rejected it firmly. He went on to incorporate this verdict in a Radical

political programme. Speaking from the chair at the inaugural meeting of

the Land Tenure Reform Association in 1871, he said that,

Land is limited in quantity while the demand for it, in a
prosperous country, is constantly increasing. The rent,
therefore, and the price, which depends on the rent, progress-
ively rises, not through the exertion or expenditure of the
owner, to which we should not object, but by the mere growth
of wealth and population. The incomes of landowners are rising
while they are sleeping, through the general prosperity produced
by the labour and outlay of other people.

Mill proposed that all future increment be appropriated by the State.

Mill's theory of Rent inspired the land reform movement which emerged in

Britain in the 1880s. It possessed Henry George in the grip of revelation,

and informed the social criticism of the first Fabians. 'The Unearned

Increment 1 became a persistent undertone of Liberalism and the doctrine was

finally applied, with spectacular political results, in the land taxes of

1. Ricardo, £p. cit . pp. 79-80.
2. See D.P. cf'Brieii, The Classical Economists (Oxford, 1975), pp. 126-31.
3. Ricardo, op. crt_. p. 83.
4. See J.S. Mill, Principles of Political Economy, ed, W.J. Ashley (1909),
p. 718; Marshall, Pr inc 1 p l_e s , p. 837.
5. Mill, Pi -pJeJL, pp.70"T-4," 715-24.
6. Land Tenure Reform Association, Report of: thr- Inaugural Public KG e ting. .__. (1871), pp. 9-10.
7. Henry Georg?. , Progresj>_ and P_over_ty (1880, Everyman's edn. 1911), p. 121; A. M.McBriar, I^jbjt^ltoiTT^ Hies (Cambridge > 1962) , pp. 29-47

the 'People's Budget 1 of 1909. Lloyd George's budget speech paid an explicit tribute to Mill.
But academic opinion had moved away from Mill in the 1880s and Henry
o

George was given a cool reception by English economists. Alfred Marshall, speaking in Bristol in 1883, said that 'So long as the population is not excessively thick., it is counterbalanced by the advantages for manufacturing
o

and other purposes arising from the closeness of population.' In the Principles he eventually added that 'Ricardo's paradox as to the possible effect of improvements on the rent of land is applicable to urban as well as agricultural land. 1 In his last public lecture, in 1883, Arnold Toynbee denied Mill's contention that rents were on the increase and Robert Giffen confirmed their decline. A relative decline of agricultural rents, at
any rate, has remained the textbook view, while total rents have not received much attention. But given a decline in agricultural rents, what happens to urban rents? Theory gives no firm prediction and the question increases in importance as urban rents begin to predominate. To sum up,
two different views can be traced to Ricardo. The first, which Mill took up, proceeded from the pessimistic classical view: Land was limited and the share of Rent would rise. The second, optimistic view, grounded in Ricardo's paradox, suggested that technical innovation and economic growth could curtail the share of Rent. Let us now proceed to test these views against historical evidence.

II

Disregarding the rent attributable to minerals, transportation systems
and certain classes of industry (iron-, gas- and water-works), the main source for Victorian and Edwardian rents are the assessments of income from land, houses and other real property carried out for Schedule A of the

1. 4 H.C. Deb. 5s. 29 April 1909, col. 536.
2. See C.A. Barker, Henry George (New York, 1955), pp.389-94.
3. 'Progress and Poverty,' "Daily Bristol Times and Mirror, 27 Feb. 1883, 6.
4. Marshall, Principles, p.83 1.
5. A. Toynbee, "Progress and Poverty": A Criticism of Kr, Henry George (1883) p.28; R. Giffen, The Growth of Capital (1889), pp.47, 111-3.

10

Income Tax and for Inhabited House Duty every three to five years. 'A true index of the rise & fall of values, both positive and relative - the best in my opinion that we have,' wrote one authority in 1895. 'Perhaps the most stable and consistent of all the income tax statistics, reliable and eminently suitable for purposes of comparison with reference to

o different periods of time,' wrote another in 1916. Table I (Appendix

2.1, p.25 below) describes the movement of composite rents in the United Kingdom from 1855 to 1910, newly compiled and interpolated. It is a record of the g_ros_s_ income receivable by landlords, and may be compared with a series for net rents (i.e. excluding maintenance, repairs and empties,
but not depreciation) published by C.H. Feinstein. This latter saries indicates a decline in the share of Rent from about 15 per cent of total domestic income (at factor cost) in 1855 to some 13-12 per cent around the 3
end of the Edwardian period, a trend in keeping with Ricardo's paradox.
In order to go further, it is necessary to break rent down into sorae of its component parts.
Figure 2.1 describes the secular and annual movements of composite
rents as a percentage of the national income. Composite rents in the United Kingdom as a whole declined approximately one-fifth in fifty-six years (from 18.4% of the total domestic income in 1855 to 14.9% in 1910, on secular trend). Scotland and Ireland (together) declined by some 40 per cent. In England (Wales also comes under this head) the decline was rather less pronounced: between one-seventh and one-eighth (from 14.4% to 12.5% of UK GDP). England's share of United Kingdom rents increased from 78 to 84 per cent. Annual rent movements were marked by substantial undulations with an amplitude, particularly in the 1870s, as large or larger than the underlying secular trend and conforming inversely with the ordinary trade

1. Bodleian Library, Add. Ms. Eng. Hist, c.695, Milner Papers, Alfred Milner to George Shaw-Lefevre, 9 Dec. 1895.
2. J. Stamp, Brv^Lsii Incomes and Prop_er_ty_ (1916), p.37. Chapters I-IV con-tain a detaTled evaluation of this source.
3. C.H, Feinstein, National Income, Expenditure and Output: of the United Kingdom (Cambridge7T^T","^able" 1 col. 6, pp. T4-T5. See also"pp. 166,
168 and 180. Utilising similar sources, Prof. Feinstein's series differs from those in the present study in details of compilation.

11

20%to

PER CENT
OF
GROSS
DOMESTIC
PRODUCT

15%

10%

1

\ / \ /

V

D.

o
o

E.

i i i i_lii i i i i ii_i_' i i i i
1860 1370 1880 1890 1900 191

FIG. 2.1. COMPOSITE RENTS AS A PERCENTAGE OF G.D.P. AT FACTOR COST, 1855-1910

A. Gross rent (excluding rates), UK, (See Appendix 2.1, table I, col.2).* B. Land and Building rents, England and Wales (App., table I, cols. 3 and 4)-* C. Building rents, England and Wales (App. table I, col. 4).
D. Agricultural rents, England and Wales (App. table I, col.3).
E. Commercial and Industrial rents (App. table II, col.4 minus-col.3). G.D.P. - Feinstein, ylat. Income, pp.T4-T5, col.9.

And least-squares trend line.

12

cycle. Rent increased, in percentage terms, when national income fell, and decreased when it rose. Viewed- another way, rent levels remained rigid in the face of trade-cycle fluctuations. We shall return to consider this attribute in more detail.
Of the two main components of rent in England and Wales, agricultural
land (D.) declined consistently except for a period in the 1870s when the national income stagnated. The rent of buildings (C.), on the other hand, increased very substantially during the same decade, from around 7 per cent to about one-tenth of the domestic income of the UK. About one-quarter of this represented the value of buildings used solely for manufacture, commerce and public services. So the rent of agricultural land bore the brunt of the secular decline. This is a commonplace of economic history and a vindication of Ricardo's paradox.
Three major claims were made on the gross rent (disregarding taxes for
the moment). The first was the capital outlay and running costs of the buildings and other improvements. Annual interest charges made up a second kind of claim. Ricardian site-Rent was the third, theoretically the residual claim. Figure 2.2 represents an approximate estimate of the relative magnitude of the three claims. It applies to dwellings alone,
a fraction that accounted for 61-64% of all premises, and for 36%, rising to 48% of the gross rent in the UK, between 1877 and 1910.
«

Take the cost of the fabric first. The notional cost bf replacing the existing stock, on an annual basis, is the statistic required. Capital outlay, maintenance, management and repairs are separate elements in theory but difficult to separate .in practice. Annual depreciation and retirements have been estimated by C.H. Feinstein. Depreciation (at current prices) fluctuated at between 11 and 14 per cent of the landlords' aggregate effective rent. Retirements accounted for another 2-7 per cent. Dwelling alterations and repairs to a value of f.25 millions were reported.to the
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Census of Production of 1907, about 20 per cent of the dwelling rents for

1. See Figure 2.2 for sources.
A.K. Cair across, Home -<\ nd For p. i vnI n ej^JTiervtL (1953), p.110.

PER CENT 100%
OF
LANDLORDS' 90%
EFFECTIVE

80%

70%

60%

50%

40%

30%

20%

10%

« w «

1 I I I 1

13

100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

1880 1890 1900 1910

FIG. 2.2. FRACTIONS OF DWELLING RENT, THE UNITED KINGDOM 1876-1910.

A. Striped area: Pure Rent, A = D + B + Repairs (at a constant 20 per cent) B. Interest charges on the dwelling stock (imputed at a rate equal to the yield on Consols + one per cent).
C. Gross Capital Formation, Dwellings.
D. Depreciation and retirements of dwelling stock.
All variables are in current prices.

Sources: Landlords' Effective Rent: See Appendix 2.1, table II, col..2 and notes. Data for the other variables can be found in Feinstein, Nat. Income, pp. T85-6, T103-6, tables 39, 46 and 47. Prof. Feinstein has very kindly provided revised figures in typescript. The differences (except for B) are not large, and the data may be subject to small further revisions.

that year. This level agrees with at least one set of actual accounts. At

one-sixth, Local government and income tax deductions were somewhat lower,

but if management, insurance and periodic renovations are taken into account,

2 20 per cent of the rent would seem a reasonable magnitude. Precision in

1. In 16 properties comprising 109 working-class dwellings in South London current repairs (excluding capital repairs, fire insurance, management etc.) as a percentage of gross income came to 19.5 per cent. See H. Griffin, 'Weekly Property as an Investment,' Transactions of the Surveyors' Institution XXVI (1893-4), 351-9-
2. Local authority allowances were often on a sliding scale, and frequently exceeded one-sixth. See W.C. Ryde.; The Lav/ and Practice of Rating (3rd edn. 1912), pp.241-2, 909. Compounding allowances raised the level even higher.

14

this matter is impossible, but taking depreciation, retirements and repairs together, somewhat more than one-third of the annual rental of dwellings could be ascribed to the cost of Reproducing and maintaining the physical fabric of dwellings in the U.K. A check on this magnitude is given by the amount of annual capital formation, also plotted in figure 2.2, which, on average, fell short of one-third.
Going beyond dwellings, C.H. Feinstein's series for 'other buildings
and works' are difficult to compare with gross rents without arbitrarily including (or excluding) such categories as railway permanent way or local authority works. But once a decision is made one way or the other, the combined series (with dwellings included) display similar time-profiles
of capital formation and depreciation, at roughly comparable levels (± five to seven per cent). For agriculture, a contemporary authority suggested '25 per cent [of the rent] as a fair average figure for the cost of repairs and improvements in this country.' This may well have been overstated. After 1912 landowners failed to take advantage of a 25 per cent income tax 2
allowance for which they had pressed the Liberal government.
The second main claim on the gross rent, and for some periods the
largest, was the annual interest charge on the stock of buildings and-improvements, Ricardian site-Rent was merely the third, residual claim. But it is not easy to separate the two; indeed, the case for grouping them together was gaining acceptance in the 1880s. 'That which is rightly regarded as interest on 'free 1 or 'floating 1 capital,' wrote Alfred Marshall in 1890, '... is more properly treated as a sort of rent - a Quasi-rent - on old

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investments of capital. 1 . One way of imputing the interest charges on the

1. R.J. Thompson, 'An Inquiry into the Rent of Agricultural Land in England and Wales during the Nineteenth Century,' Journal of the Royal Statistical Society LXX (1907), 604.
2. See, e.'g. P.R.O. Cabinet Papers CAB 37/101/129, D. Lloyd George, 'Proposal to Allow Property Owners to be Assessed under Schedule D
instead of under Schedule A,' 17 Sept. 1909; Stamp, British Incomes, p.63. But the Inland Revenue may have been obstructive. See CAB 3/'/119/55,
Lord Crewe, ['Taxes on Land'] , 21 April 1914, p.2.
3. Marshall, op. cit. 'Preface to the First Edition,'

15

gross rent is by estimating the notional cost of taking out a mortgage on all dwellings. In more technical terms, this was the opportunity cost of re-financing the dwelling stock at'current prices and interest rates. Figure 2.2 incorporates the result of such an exercise. The interest level chosen is one per cent above the yield of Consols. In the 1870s interest charges, estimated this way, had risen to more than 35 per cent of the gross rent, coming down to 24 per cent in the 1890s and rising to around 30 per cent in the Edwardian period. When capital, maintenance and interest charges are added up, the pure Rent residual for dwellings can be seen to have increased from over twenty to more than forty per cent of the landlords' gross rent between 1877 and 1895, settling at somewhat more than one-third in the Edwardian decade.
Edgar J. Harper was Assistant Valuer to the London County Council in
the 1890s and one of the central personae of this study (see chap. 9 below, p. 133). His department carried out an assessment of London site values, which was published in 1898. It agrees with Figure 2.2 in placing the

2 pure site Rent at about one-third of the annual rental. Other contemporary

estimates tended to fall into two groups. 'Moderate 1 estimates made, e.g^
by L. Chiozza Money, followed Harper and placed site Rents at between-one-quarter and one-third. The more extreme followers of Henry George put the
3
site value twice as high, at 60 to 70 per cent. The present study (see figure 2.2) would seem to lend support to both views. On a narrow inter-pretation of 'site value', i.e. the pure Ricardian Rent alone, the 'moderates' are vindicated. If the quasi-rental interest charges are added, however,
then the total surplus comes closer to the sir.gle-taxers' two-thirds.
Another way of reconciling the two views is that ground rents were capitalized
1. In Glasgow, "the rate on first mortgages was generally 1% above the rate on Consols...", Cairncross, crp_. cit. p. 35. J. Parry Lev/is, Building
Cycles and Britain's Growth (1965), pp.152-4, indicates that interest
rates were fairly stable around 4 per cent, and that demand was regulated
by limitations of supply more than interest rates.
2. 34.6 per cent of the Gross rental in the London County area. See London'S tat is tics VITI (1897-8), 208-11.
3. Stamp, Brjj:ish J.ncoTues, pp,344-54 for a critical survey of the debate.

16

at 22-25 times the Rent, whereas buildings alone at no more than 12-14 times the rent. So if pure Rent claimed one-third of the composite rental income, it could account for 60 per cent or more of the selling (i.e. capital) value of site and buildings together.
So far we have examined landowners' gross and net rents, and. their
share of the national income. This was not the same as the national expenditure on rent, since the Schedule A valuations used excluded 'tenants' rates and taxes' (local rates and inhabited house duty) that formed a significant element of rental outlay. This omission tends to mitigate
2 the actual increase that took place. Population size and building vacancy rates have also to be taken into account. Figure 2.3 describes the move-ment of rents per head in England between 1870 and 1910. The topmost
curve describes the movement of the aggregate rent, the central curve shows the rent of all buildings, and the bottom curve refers to 'residential' buildings alone (i.e., including residential shops, lodging houses, hotels etc.). The curves are plotted against 16, 13 and 10 per cent respectively, of the gross domestic product per head. Rent per head in current prices showed a constant increase, except during the 1880s, when the aggregate rent curve remained stable owing to the decline of agricultural rents (rents would have actually declined somewhat in constant prices in the 1880s).
The most marked increases took place in the 1870s and the 1890s. A remarkable increase in the outlay on rent as a proportion of the product per head occurred in the 1870s. The rent of buildings, for example (the middle curve) rose by some 30 per cent, from about ten per cent of the national product per head to the 13 per cent range. A similar shift occurred in the other curves. After 1880 rent per head moved generally in line with the

1. See Estate Duty valuations, Inland Revenue Annual Report (hereafter IRAK); P.P. 1914 XXVI, pp.32-3. The latter multiplier refers to rent-charg'ed" buildings; leasehold multipliers were even lower, depending on the
unexpired terra. Ground Rents in London c.1890-1912 stood much lower than one-third of the gross rent, so lessees probably appropriated part of the site Rent. For details, see chap. 14 below, p.230
2. E.g. in B. Weber, 'A New Index of House Rents for Great'Britain, 1874- 1913,' Scottish Journal oj: Political Ecoao-qy, VII (1960), 232-7.

17

RENT
PER
HEAD

£8

£7

£6

£5

£4

£3

/A/
\ I V \

I I I L 1 t I 1 I I I I I 1 I I I I I I I I I I 1 l I I I I I i I I I I I I t I
1870 1880 1890 1900 1910

FIG. 2.3. GROSS RENTS (INCLUDING RATES) PER HEAD, COMPARED WITH THE UK GROSS

DOMESTIC PRODUCT AT MARKET PRICES (SOLID AND BROKEN LINES, RESPECTIVELY),

ENGLAND AND WALES 1870-1910.

A. Land and Buildings rent, compared with 16 per cent of GDP per head.
B. Building rents, compared with 13 per cent of GDP per head*
C. Residential rents, compared with 10 per cent of GDP per head.

Sources; GDP at current market prices, Feinstein op. cit. p.TIO, table 3, col. Population - B.R. Mitchell and P. Deane, Abstract of British Historical Statistics (Cambridge, repr. 1971 ; herea'fter M&D), pp.9-To"!(A) - Appendix 2.1, table I, col.3 + col.4. See also table II, notes on Vacant Properties and on Rates. (B) - App. table II, col.3 and note on adjustments. Years 1870-5 extrapolated on basis of App. table I, col.4. (C) - App. table II, col.4 and note on adjustments. 1870-5 extrapolated.

national product per head, but with smaller trade-cycle fluctuations. Rent

per head remained stagnant in the depressions, but did not fall as much as

the product per head; it increased in the upswing of the trade cycle, but

not as much as the product per head: thus demonstrating the proverbial

'stickiness' of rents. Owing to this short-term inelasticity rent claimed

1. Which was not due to triennial or quinquennial measurement. The Scottish series, annualvrevised, showed the same attribute.

18

a larger share of the product during trade-cycle slumps, and thus acted to depress other demand. For the poor and out-of-work this would necessitate more crowding or inferior accommodation, while the vacancy rate increased. In a trade-cycle boom (like the one in the nineties) the excess of demand was bound to reduce vacancies and create housing shortages .
Ill

In the Victorian era, the British margin of cultivation was pushed to
the edge of American cornfields and the British urban fringe ran through the suburbs of colonial and American towns. Railways, both suburban and trans-continental, were the posthumous realisation of Ricardo's paradox; steam-ships as well. Observing these developments in the early 1880s, Arnold Toynbee believed that,
As the means of communication improve, we add more and more to the
supply of land available for satisfying the wants of a particular
place; and as the supply increases, which it is likely to do to
an increasing extent, the price of land must fall.
With Rent on the decline, there was no profit in Henry George's proposal for its extinction: 'The loss and damage of such a revolution would not be adequately repaid.' He was not so sure that urban rents would fall, but suggested that 'further inventions in the means of locomotion and the greater use of electricity may result in causing greater diffusion of population.' How far was his optimism justified?
As we have seen, Mill's prediction that rents would rise was borne out
in the case of building rents, but mainly during one decade, the seventies: the period in which his own political initiative took place. Thereafter building rents retained a stable share of the national product, with the trade-cycle fluctuations already noticed. Overall, however, rents began a relative decline after the mid-1880s. The secular decline of rent is normally seen as a result of the shift away from agriculture, which uses land extensively, into manufacturing and the services, which have smaller land

2 requirements. The rise of urban rents in the seventies can be explained

1. A. Toynbee, Lectures on the Industrial Revolution in England (1884), p. 136
2. Lindert, 'Land Scarcity,' 862-4.

19

away as a temporary reversal of the trend, due to an expansion of land-extensive house-building during a spell of economic stagnation. But this view needs to be qualified: first, although domestic farm rents began to decline in the seventies, much of the rent was merely transmitted overseas
to pay for imported food. Secondly, the relative increase of building
rents was not reversed, and did not return to its pre-1870s level.
As Toynbee pointed out, the improvement of communications increases
the supply of land. Conversely, a decrease in the pace of transport innovation and diffusion will push rents upwards, as population grows and land becomes scarce. Railways began to show diminishing returns in the 1870s, and the building boom was not accompanied by any decisive improvement in urban transport. This may help to account for the increase in urban rents during that decade. The opposite effect could be observed in London in the 1900s, when the population of the Metropolitan County and its rent both stagnated, in no small part as a result of the rapid electric traction systems installed
2
in the Edwardian decade, On the whole, however, real property was gradually devalued in relation to the national product after the 1880s and even the rents of buildings, overwhelmingly urban, failed to increase their share markedly.
Where did Mill's projected growth in the share of Rent disappear then? Transport revenues, and railway profits in particular, included considerable
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sums that ought to enter into any calculation of nineteenth-century Rent. Indeed, up to 1862 railways and canals were assessed to Schedule A. For one thing, transport ties up a large amount of land. F.M.L. Thompson has
written that 1... in the year of peak horse population, 1902, there were something like 3^ million in Britain.... scattered over the world, some 15
o

million acres were set aside for the sustenance of the British herd*. This was equivalent to almost half the land surface of England. The railway, in

1. R.J. Irving, 'The Profitability and Performance of British Railways, 1870- 1914,' Econ. Hist. Rev. 2nd ser, XXXI (1978), 46-7.
2. Discussed in chapter 13 below, pp. 215-16.
3. F.ll.L. Thompson, VictgjrjLajn England : The _Hprse-Drawn Society (University of London Inaugural lecture, 1970), p. 19.

20

this respect, appears to have been an improvement. Still, railway land acquisitions from 1831 to 1910 came, to £185 millions, adding up to approximately eight per cent of the value of landed and urban property in

2 the UK in 1910. As another measure of their value, railways constituted
3 8.9 per cent of the rateable value in England in 1899. To sum up, the
profits of capital in railways are difficult to separate from what was in effect a monopoly Rent for a privileged right-of-way. Out of average
working receipts of £116.9 millions between 1908 and 1910, £43 millions

4 were assessed as profits. The land component in railway investment came
to about 15 per cent of the total capital outlay. Calculated this way,
the net Rental was £6.15 millions in 1910. At five per cent of the cumulative value of railway land the Rent came to £9.25 millions in 1910. Roads also captured a large share of the land surface. For example, public roads accounted for one-fifth of the London County Council area in the 1900s.
But roads were- financed (through the rates) out of the rent, and much of their benefit flowed back into the rent, so their contribution is largely captured by the aggregate rent series.
Transport sets free even more land than it ties up. Time and space are substitutes and time-savings can be traded off for extended access. The land resources liberated by transport must have been sufficient to repay a considerable part (difficult to quantify) of the capital invested in canals and later in railways. Thus, these resources were instrumental in creating the railway system: the bounty of virgin wheatlands paid for American railx^ays; surburban land-hunger sustained London's commuter railways. Total working receipts of the railways in the United Kingdom grew from an average

1. Cumulated from B.R. Mitchell, 'The Coming of Railways and United Kingdom Economic Growth,' Jnl. Econ. Hist. XXIV (1964), 335-6, Appendix Table 1.
2. Each year's land purchase was expressed as a percentage of aggregate property values (gross rent multiplied by 15). The annual percentages
add up to 7.9 per cent.
3. Stamp, British Incomes, p.30.
4. Railway receipts, see M&D, p.226- Railway profits, Stamp, op-, cit^. p.
221.

5. H.J. Dyos and D.H. Aldcroft, British Transport (Penguin eon. 1974), p.207.
6. See chap. 13 below, p. 208.

21

3.49 per cent of total domestic income in 1855-9 to 6.32 per cent in 1908-12. The decline of rent and -the growth of railways are of comparable magnitudes in the second half of the nineteenth century. Which is not to say that the latter is the cause of the former. Rents declined as much because of overseas railways as of domestic lines. But domestic railways may have pre-empted that relative growth of building rents that failed to materialize in the last three decades before the Great War. Much of the same applies to canals and docks, whose profits increased 82 per cent more than the increase of GDP (at factor incomes) between 1855-9 and 1910-14 (from £0.89 millions to £4.29 millions). 2
It is possible to argue whether mining royalties are rents or Rents. Between 1910 and 1914 mine Rents and royalties fluctuated, at £6-£7 millions a year, around one-third of mining profits (see table 2.1). This constituted up to 2.5 per cent of the aggregate gross rent. Most of this Rent had been -created in the previous half-century. Taking Rents at one-third of the profits mining royalties as a proportion of the national income were almost multiplied by three (from 0.24 per cent in 1857/8 to 0 .68 per

4 cent in 1910/11), at a time when other Rents were stagnating or declining.

Such a spectacular rise could not fail to be conspicuous in a sector where working conditions were severe and capital confronted labour with particular ferocity. Quarries, in the same category, increased their profits one-third more than the increase in the total domestic income between 1857/8 and 1910/11. Profits amounted to an average £1.25 million between 1908 and 1910, but the proportion of Rent is difficult to gauge. Land and fixed capital occupied by ironworks, gasworks, waterworks and a number of minor users (e.g. cemeteries) was also outside the Schedule A valuations. The

1. Working receipts, M&D, p.226. Total domestic income, see Feinstein, Nat. Income, Table 1, p. T4.
2. Feinstein, O£. cit^. Table 1 pp. T4-5. Canal profits, Stamp, British Incomes, p.220.
3. See Marshall, Principles, pp.438-9.
4. Sources as in note 2.
5. Stamp, ojp. cj.t. p.220-1.
6. Ibid. pp.221-6-

22

TABLE 2.1. MINING ROYALTIES IN THE UNITED KINGDOM, 1909-1913 (£s million).

(1),a
YEAR

1909
1910
1911
1912
1913

(2),b
PROFITS

19.67
20.56
20.90
21.51
20.83

(3) c
RENTS &
ROYALTIES

6.76
6.76
7.03
5.78
7.38

Fiscal Year starting in April. Col. (2): average of this and the two preceding years.
Including quarries but excluding iron mines. Quarry profits fixed at 1911 level (£1.25 millions) after that year. See Stamp, £p_. cit. p.221. Mineral Rights duty assessment multiplied by 20 (the duty was 5 per cent). See IRAR, 1913; P.P. 1913 XXVIII, pp.146-8 and IRAR, 1914;
P.P. 1914 XXXIV, pp.151-2.

TABLE 2.2. ANNUAL VALUE (RENT) OF PROPERTY RATED, BUT NOT ASSESSED FOR SCHEDULE A (I.E. RAILWAYS, MINES, IRONWORKS. QUARRIES, WATERWORKS, GAS-WORKS AND MISCELLANEOUS PROPERTIES) IN ENGLAND AND WALES, 1875-1899. (£s million).

FISCAL
YEAR

GROSS
ANNUAL_
VALUE'

GROSS ANNUAL VALUE
AS A PERCENTAGE OF
SCHEDULE A RENT a

1875-6

1880-1

1885-6

1890-1

1895-6

1898-9

15.606

21.688

26.118

27.574

31.835

35.142

11.4

14.2

14.0

16.0

18.1

18.9

per cent

per cent

per cent

per cent

per cent

per cent

Source; IRAR. Last row, Stamp, British In c ome s, p.30 Local assessments were 5-10 per cent lower than income tax assessments. Ibid, p.29.

a. Exclusive of local rates.

23

approximate value of rent outside Schedule A assessments is shown in table 2.2.

IV

Alfred Marshall expressed the view that,
Probably more than three-fourths of the whole benefit [England]
has derived from the progress of manufactures during the
nineteenth century has been through its indirect influences in
lowering the cost of transport of men and goods, of water and
light, of electricity and news: for the dominant factor of
our own age is the development not of the manufacturing, but
of the transport industries.
But Ricardo's paradox, whatever its effect on agricultural rent, could not fully contain the growth of urban rent in the last third of the nineteenth century. Figure 2.4 displays the main conclusions of this chapter. Urban rent (B.) increased its claim on the national income quite considerably between 1870 and 1885, with a corresponding gain for the owners. An even greater increase is registered if the rent of railways, docks, canals, quarries, mines, gasworks etc. (A.) are taken into account. Pure Rents (see figure 2.2) also expanded during this period, Then, for a decade, from about 1886 to 1896, the share of urban rent remained constant. Come the economic expansion of the late 1890s, the landlord's and the occupier's experiences began to diverge. First, the share of rent decreased as the economy boomed. Then, after the turn of the century, economic growth levelled off, but occupiers' rent continued to grow quite steeply. But the increment (a large part of it 'unearned increment') was not appropriated
by the landlords. It was largely creamed off by the State, and by local government in particular. At the end of the Edwardian period, pace Henry George, government was taking fully 23 per cent of the occupiers' rental

2 outlay in taxation. Inasmuch as this was spent on roads, parks, sewers and

1. Marshall, op_. cit. pp.674-5.
2. Local and national taxation of Schedule A tenure (England and Wales) in 1910 made up as follows: Local taxation; (80% of local rates, i.e. excluding the approximate value of railway, mining etc, rates) - £52.3M. National taxation: Income tax Sch. A (85% of UK total) - £7; 91-'; Estate Duties -
£2.4M; Inhabited House. Duty - E1.7M; Stamp Duties - £1.4M; Land Tax -
£0.6M; TOTAL - £1.4.OH. TOTAL RENTAL: (Sch. A rents, plus local rates and Inhabited House Duty added) - £287i'l7 SOURCES: IRAR, 1911, 1912; M&D, p. 415; Appendix 2.1, table I, cols, 2 and 3.

24

RENT £8
PER
HEAD

£7

£6

£5

£4

£3 -

I I I I I > I I I I t

£8

£7

£6

£5

£4

- £3

1870

; I I I I i M I I l I 1 I I I l l_____ 1880 1890 1900

i I I i i i I i i i I I I
1910

FIG. 2.4. RAILWAYS AND MINES ETC., RENTS, RATES AND GDP PER HEAD, ENGLAND

AND WALES, 1870-1910.

A. Property rated, but not assessed to Schedule A (i.e. railways, mines, canals, docks etc.) including rates, added on top of B.
B. Building rents, including rates.
C. 11.5 per cent of GDP per head at current market prices.
D. Building rents, less rates.

Sources: A. Table 2.2. Undervaluation was corrected by a factor suggested by Stamp, op.' cit. p.29 (3.6-11.3 per cent), and rates were added. B. Appendix 2.1, table II, col. 3 and note on adjustments. Years 1870-5 were extrapolated. C. Feinstein, Nat. Income, p. T10 table 3 col. 5. D. Appendix 2.1, table II col, 3, adjusted for vacant properties. 1870-5 extrapolated.

other urban improvements, it may be viewed as a collective application of Ricardo's paradox. Viewed from the end of the Edwardian decade, urban rent

had both increased and declined at the same time. Occupiers had to cope

with a substantial increase in rental outlay; while landlords saw their share of the rent enter into relative decline, and pure Rent also contracted.

26

(1)

1891
1892
1893
1894
1895
1896
1897
1898
1899
1900

1901
1902
1903
1904
1905
1906
1907
1908
1909
1910

(2)

205.4
206.9
208.4
210.6
213.1
216.8
221.5
224.4
230.3
235.8

241.8
247.2
253.0
257,
261,
264,
267,
271,
274.8
277.9

,5
,2
,7
,7
,1

(3)

40.871
40.434
39.997
39.520
39.936
38.366
38.797
37.227
37.124
37.255

37.150
37.074
36.999
36.984
36.969
36.954
36.939
36.924
36.909
36.854

(4)

126
123,
130
133,
136,
140,
144,
148,
153,

578
432
285
274
243
321
400
478
724
158.960

163
168
173
177
180,
183,
186,
189,
193,

934
899
866
238
609
734
858
982
106
196.196

Notes

a. Fiscal year beginning in April. Since the assessment and objection procedures were normally completed within the calendar year (see, e.g. London Statistics, XII (1901-2), ciii-iv) no adjustment to calendar year
has been made.

b. Income tax gross Schedule A assessment, with the following modifications:

1. England* Total of Cols. 3 and 4 in this table.
2. Scotland. Less landlords' rates (source: IRAK, 1869-1900; extra-polated to other years).
3. Ireland. The assessment was increased by up to 30 per cent, following Stamp, Brit i sh Income s, pp.158-9.
4. United Kingdom. Less Schedule A 'Other Property 1 (manors, fines, certain tithes and sporting rights etc.), to avoid double counting. Added:
i. Schedule D 'Other Concerns' (Markets, Tolls, cemeteries%,
Fishings in the UK and Sporting rights in Ireland) excluding
salt works.

ii. Schedule D 'Other Profits' (furnished lettings, wayleaves etc.).
The total of the last two categories was about 1.5 per cent of the gross rent in 1910. (See Stamp, op. cit. pp.44-8, 226 and 229). To compensate for undervaluation, assessments were increased by 5 per cent (1885-61), 4 per cent (1862-4) and 3 per cent (1865-7); see Feinstein, Nat. Income, p. 166. Central government property has not been included.
c. Income Tax Schedule A 'Lands' gross assessments. Includes farmhouses arid tithes. Interpolated from valuation years (Stamp, op. cit. pp. 31-36d). Les.° rates on tithes (£340 thousand a year before 1870, and as recorded i,i IRAR thereafter),
d. Income tax Schedule A 'houses and messuages' gross assessments, separately interpolated for London and the Rest of England from the different valuation years.

28

e. Includes residential shops under £20 annual value.

Adjustments

In order to produce figures 2-4, the following adjustments were made
to the table.

1. Vacant Properties

A series for Scottish vacancies is available in the income tax returns
for the whole period. Owing to the valuation system used (see Stamp, op. cit. pp.63-4) it undervalued vacancies. An English series is only available after 1900, but is generally accurate. To extrapolate the English series backwards the Scottish series was projected according to the following empirical formula, which approximates the relation between the two in the period 1900-1913.

Y - Y i

Xi ~ X1900/l yv
v L l900/l

Where X represents English vacancies, Y stands for the Scottish vacancy series, and i is the year. The Scottish series was then multiplied by 1.3 to compensate for under-valuation and bring it up to English magnitudes.

2. Rates and Inhabited House Duty

Inhabited House Duty paid was taken from IRAR. Rates were taken from Mitchell and Deane, op. cit. pp.414-5 and 422, and modified in the following ways.
a. For all series, a percentage of rates attributable to property not
assessed for Schedule A and Inhabited House Duty (i.e. railways, mines etc.) was deducted, according to the proportion of such property in the total rateable value for England (source: IRAR).
b. For building rent series in England, £3.2 millions were deducted to represent the value of agricultural rates (£1.6 millions after 1896). This magnitude is indicated, by the size of the rate support grant of the Agricultural Rates Act, 1896.
c. For dwellings, the ratio of dwellings to all premises was used to
apportion the rates.

29
CHAPTER THREE; PROPERTY PROFESSIONS AND CORPORATE BODIES
Our breakdown of tenures begins with a miscellaneous collection of imperfect tenures, held by solicitors, property practitioners, clergymen and corporate bodies. What all these groups had in common was restricted control over the principal., and a dependence on commissions, fees, tithes and other forms of rent-charge.

Solicitors
Of the eighteenth-century attorney, his historian has written that 'perhaps the greatest single source of business and of profit was his concern with landed property, and all the problems it involved.' A heavy reliance on land and house business continues unbroken to this day. In 1968 the Prices and Incomes Board found that 55.6 per cent of solicitors' 2
incomes were directly attributable to conveyancing. At the root of this remarkable continuity was the system of private conveyancing, which placed the process of land transfer almost exclusively in the hands of the legal profession. When compulsory registration of title was established in

3 London in 1897, solicitors retained a virtual monopoly of access to it.

Almost sixteen thousand solicitors were active in England and Wales in 1900, and the average self-employed solicitor expected to earn about £420 a year

4 in the Edwardian period. As we shall see, land transfer fees would account for about one-half of those earnings.
The land transfer monopoly was much more valuable to the profession
than the aggregate of transfer fees. In a notoriously imperfect market it gave solicitors privileged access to current information on property values

1. R. Robson, The Attorney in Eighteenth-Century England (Cambridge, 1959), p.84. See p.78ff.
2. National Board for Prices and Incomes, Report No.54. Remuneration of Solicitors; P.P. 1967-8 Grand. 3529 XXVII, table 15, p.49.
3. See 'Preface,' above, p.ii.
4. Sixty-nine solicitors advertising for partnerships and practices in the Law Society Registry (an advertising monthly) in 1902, 1906 and 1909
had an average income expectation of £419 a year (standard deviation
208).

30

and placed them in an ideal position to serve as brokers between buyers and sellers, auctioneers and surveyors, builders and financiers. 'Many lawyers are half land agents, many -land agents are half lawyers, 1 wrote a legal journal in 1903. As entrepreneurs, mortgage brokers, trustees, executors and property managers solicitors operated on their own account on a large scale. In local government their contacts and expertise were both a lever for election and appointment, and an inducement to put them

2 to good use. Town clerkships were practically a professional preserve;

the local offices listed after the names ift the Law List testify to a pattern of successful and continuous involvement in local government and solicitors were remarkably visible among occupation groups on municipal
3
councils. The solicitors' stake in real estate was essentially a charge on the property market, secured through the conveyancing monopoly. Solicitors' tenurial incomes depended directly on the turnover of the property market, and the latter conformed to the 'urban cycle, 1 a long cyclical movement which characterized urban growth in the nineteenth century

4 both in Britain and overseas. The last phase of the cycle, from the early 1890s to the Great War can be followed in the Stamp Duty statistics, which begin in 1894. Figure 3.1 shows the movements of the property market in England, broken down to its component elements. Aggregate turnover rose
1. Land and Law no. 1 (Feb.-March 1903), 1.
2. For London, see D.H, Reeder, 'Capital Investment in the Western Suburbs of Victorian London,' (Leicester Univ. Ph.D. thesis, 1965), pp.202-13, 246-51. C. Fenby, The Other Oxford (1970), based on the memoirs of
Frank Gray,a successful solicitor, businessman and author, gives an interesting description of the interaction of real estate, legal
practice and local politics in Oxford before the Great War. See pp.
62-77.

3. R.G. Law-son, 'The Profession and Public Opinion, 1 Law Society Proceed-ings and Resolutions of the Annual Provincial MeetTng XXIX (1903),
220, gives the number of solicitors on various town councils.
Solicitors made up 11.1 per cent of Birmingham town council in 1902 and 6.1 per cent in Leeds (14.2% and 12.5% respectively in 1912). See E.P. Hennock, Fit and Proper Persons (1973), pp.44, 206.
4. See M. Gottlieb, Long Swings in Urban Development (New York, 1976), which contains a bibliography-

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31

1895 1900 1905 1910

FIG. 3.1. PROPERTY MARKET TURNOVER IN ENGLAND AND WALES, 1894-1913. (A) Conveyances and Leases. (B) Mortgages.
(C) Leases. Source; IRAR, stamp duties. See table 3.3,
App. 3.1, p. 45 below.

INDEX, 1900 = 100
110

20

10

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1895 1900 1905 1910

FIG. 3.2. SOLICITORS' LAND TRANSFER FEES A!TD THE GROWTH OF THE PROFESSION. (A) Net mean land transfer fee per head. 1900= £298. (B) Annual percentage growth of the profession. 3 year moving average. 1900 = 0.9%. Source: IRAR, stamp duties and practising licences.

32

from £230 millions in 1894 to a peak of £394 millions in 1899. In 1900
the cycle turned and the decline continued steadily down to £223 millions in 1912. At the top of the boom, in 1898, the value of sales and leases alone was £229 millions, only £11 millions short of domestic exports.
A small percentage of this turnover was deflected to the solicitors' profession as land transfer fees; a measure is provided by the solicitors' remuneration scale, established in 1881. This was a sliding scale, changing with the value of the property and falling much more heavily upon small properties. In order to arrive at a mean percentage, some notion of the distribution of values is required. A number of distributions compiled by the Land Registry indicated a weighted average conveyancing fee of between

2 1.9 and 2 per cent of the aggregate value of the property. Both the distribution of values and the scale fees remained constant during our period.
1.9 per cent of the turnover of the real property market gave 16,455 practising solicitors some £5.4 millions in transfer fees to share in 1905 or about £328 gross per head. Overhead costs were claimed (in 1917) to have

3
been in the order of 35 per cent before the War. Applying this figure brings the income per head to a net figure of £213 a year. Compared to
the earning expectations of salaried solicitors (about £150 a year) and solicitors in private practice (£350-£450 net in London) this order of

1. See Appendix 3.1, below , p. 45.
2. Joint vendor's and purchaser's solicitors' fee. Five separate distrib-utions, comprising a total of 15,107 dealings in London and Yorkshire between 1892 and 1914. Sources: (a) Land Registry. Systems of Registration of Title in Germany and Austria Hungary. Report, Pt. I;
P.P. 1896 C. 8139 LXXXIV, pp.207-8. (b) Land Registry, Statistical
Dept. MSS., 'London Dealings 1875 Act, Percentages of Various Values,'
Oct. 1908, (c) LOG. cj.t_« 125/1, 'First Registration Values,' 13 June
1913. (d) P.R.O. Land Registry LAR 1/81, C.F. Brickdale [Chief
Registrar], 'An Estimate of the Annual Saving to the Nation ... from the establishment of General Registration of Title under the Land Transfer Acts,' 25 March 1919, p.l.
3. P.R.O. Lord Chancellor's Office LCO 2/423, S. Garret [president of the Law Society] to Lord Finlay [the Lord Chancellor], 17 Nov. 1917.
4. Ninety-nine solicitors advertising for employment in the Law Society Registry in January and July 1902, 1906 and 1909 asked for a mean
s"alary of £146 (standard deviation 54).

33

magnitude (say fifty per cent of all earnings) provides a crude index of the importance of land transfer to the profession. It excludes conmissions and indirect benefits. Needless to say, the business was not shared out equally, but however distributed, the fluctuations of such a major source of income were bound to have a large impact on the prosperity of the profession. The property market underwent a substantial slump in the Edwardian period, and there was no way for the size of the profession to adjust rapidly, so the contraction of the market was transmitted to the average practitioner's conveyancing income (figure 3.2). The index of
a year's average land transfer fees rose from 62 in 1894 to 104 in 1898, and then fell to 55 in 1912. The growth of the profession also followed the market trend. It climbed (on a three-year moving average) when the market rose in the 1890s and came to a standstill at the bottom of the slump, after 1910. An acute sense of discomfort reverberates through the records of professional meetings in the Edwardian period, and the President of the Law Society presented a dark view of professional prospects in 1912: Do we not hear of solicitors leaving the profession? Do we
not frequently hear fathers bewailing the fact that they have
put their sons into their business? Gentlemen, is £120 or
£130 or £140 a year to be the end-all of a solicitor's
profession? Do we not constantly find that the work is
decreasing and remuneration is becoming smaller?!

II

Property Practitioners
An introduction to auctioneering advised would-be practitioners in
1909 that 'such business is usually in the hands of solicitors, and, therefore, a beginner will do well to secure an early introduction as

2 possible to so useful a body of men. 1 Solicitors predominated among the

quasi-professional corps of general practitioners, the auctioneers, valuers, house-and-land agents who primed the circulation of the English property market. The property market also gave work to a host of more specialised

1. Presidential Address, Law Society Proc. &JResol. XXXVIII (1912), 28.
2. 'A Chartered Surveyor,' Auctioneering as a Profession (1909), p.55.

34

architects, civil engineers and surveyors. A specialist press, dominated by three substantial specialist weeklies vied for this custom: the

2 Estates Gazette (established 1857), the Land Agents' Record (est. 1879,

with an agricultural bias) and the Property Market Review (est. 1893 and merged with the Estates Gazette in 1913). A vast traffic of advertising spilled over and helped to sustain the daily press. Property dealing had its share of worthies, the equivalents of Galsworthy's Swithin Forsyte, whose potted biographies and full-paged portraits graced the pages of the Estates Gazette. It also had its share of quacks: anyone could set himself up as a house agent or valuer, subject only to a small yearly licence fee.

Occupational boundaries were not strictly observed and professional associations only embraced a minority, so the return of licences is the
best guide to the number of practitioners. There were fewer auctioneers
and estate agents than solicitors in England and Wales: 11,075 of the

4 former against 16,845 of the latter in 1910. If bankruptcy is any guide, they were also lesser men. The (hypothetical) average bankrupt solicitor was in debt to the tune of £7748 between 1891 and 1913. The insolvent auctioneer or estate agent only owed a fifth as much, but was twice as likely to fail. The number of licences fell by about 8 per cent during the 1880s, possibly reflecting the agricultural depression; it rose some 13 per cent in the 1890s, in the wake of the property boom and thereafter, in line with the

1. A list of occupational and professional groups is given in the Institute of Auctioneers and Estate Agents Yearbook, e.g. (1913), 494.
2. See F.M.L. Thompson, 'The Land Market in the Nineteenth Century, 1 Oxford Economic Papers IX (1957), 294-6 for the origins of the E_s^tat_e_s Gazette.

3. £10 for auctioneers, £2 for appraisers and house agents.
4. Auctioneer and House agent licences, Commissioners of H.M. Customs and Excise. 1st Report; P.P. 1910 Cd.5302 XXII, p.67, tables 67-8. Solicitors, see fig. 3,2, p. 31 above.
5. Solicitors, standard deviation(s) = £4321); Auctioneers & estate agents mean debt £1731 (s = 500). Mean bankruptcies per year: solicitors 40
(s = 9); auctioneers etc.. 56 (s = 10). Calculated from Board of Trade Annual Reports under Section 131 of the Bankruptcy Act, 1896-1914.
e.g. P.P. 1914 (413) LXVII, Annex Mo. VI, pp.65-6.

35

solicitors' rate of growth, remained stagnant up to 1910.
Like the solicitors' incomes, property practitioners' remuneration
was made up of two elements: service fees and trading commissions. The
fee level for most services (i.e. auction and valuation) was approximately double a single solicitor's fee: about 2-^ per cent on small and medium

2 properties. Commissions, of course, are impossible to estimate. It is

only possible to suggest an order of magnitude for the property practitioners' cut. Five to ten per cent (say seven per cent) of all property market turnover (except mortgages) is a reasonable guess; this to cover both
fees and commissions, solicitors as well as surveyors, estate agents,
valuers and auctioneers. Table 3.1 sets out the result. The reader may vary the percentage without altering the pattern: in 1910, compared with
the beginning of the Edwardian decade, a slightly increased body of practitioners was chasing after a much reduced volume of work.
TABLE 3.1. PROPERTY PRACTITIONERS AND SOLICITORS IN ENGLAND, 1900 and 1910; THEIR INCOMES, ASSUMING A SEVEN PER CENT SHARE OF THE PROPERTY
MARKET TURNOVER. 3

Year ending Practitioners Property 7% of Mean
31 March (of which market turnover annual
Solicitors) turnover income
(sales & leases)
1900 26,773 £217M £15.2M £567
(15,948)
1910 27,920 E142M E9.9M £355 (16,845)
'One class of business eagerly sought after, and considered a great
asset in a business, is that of rent-collecting,' the prospective auctioneer was advised in 1909. In a cyclical, seasonal competitive sector, the steady flow of rent-collection and property management income was a useful counter to uncertainty. 'Owing to the trouble of management which it involved,

1. IRAR> 1380-1905, Excise (B.) tables; Note 4 above, and figure 3.2 above.
2. Cf. e.g. The Auctioneers' and Estate Agents' Institute, Yearbook and Diary_ (1913), 344ff.
3. Source: Inland Revenue and Customs and Excise Annual Reports.
4 , Auictioncering^Ji s a ProJ^ejssion, p ,52.

36

weekly property could hardly be called an investment, but really almost

amounted to a business, 1 said a practitioner at a Surveyors' Institute

meeting in 1893. It was undertaken by agents, he added; people in the

country invested through him and never saw their properties from year's end

to year's end. An advertisement in the Land and House Property Yearbook

for 1900 announced that 'Messers. Philip and George Geen relieve the owner

2
of all trouble, and help to keep the tenants in good humour. 1 They

charged five per cent of the rent for their trouble, and undertook repairs

as well, another source of steady profit. Whether the growth of this line

of work was sufficient (together with eviction, foreclosure, distrain and

other slump business) to compensate for the collapse of the property market

after 1905 is not clear.

Ensconced in its impressive headquarters in Russell Square, The

Auctioneers' Institute sometimes paraded an air of nonchalant confidence.

'Its position is assured, 1 declared the President in 1908, 'its high ideals 3
are common knowledge.' Inside the building, however, prominent members

were giving vent to their disquiet. James Boyton, a member of the Council

of the Institute, of the L.C.C. and later a Conservative MP, complained,

4 one month later, about the intensity of competition,

The great trouble we are in these competitive and hard times is
this question of fees... knowing the great cutting that is going
on, and the small fees daily being taken for valuation, in the
future there should be a greater endeavour on the part of the
profession to stand shoulder to shoulder in order to maintain a
proper standard of fees, which at the moment are a disappearing quantity.... of course, I do not want to suggest that in any way
we should be a Trades Union.

A closed shop was out of the question owing to the superior attitude adopted

by the solicitors, whose President, in his address to the Law Society in

1. Harold Griffin, in the discussion of his paper 'Weekly Property as an Investment,' Trans. S.I. XXVI (1893-4), 375-6.
2 * Land and House Property Yearbook, IX (1900), iii.
3. A,G. Dilley, 'Presidential Address, 1 Auctioneers' Institute (14 Oct. 1908), 9-10.
4. In a discussion of a paper by E.H. Blake, 'Mortgages - Some Notes on Law and Practice,' Auctioneers' Institute (11 Nov. 1908), 36. More on the keenness of competition, see Auctioneering as a Profes.sion, pp.5-
15.

37

1909, accused other practitioners of professional trespass. The President 2
of the Auctioneers' Institute felt bound to reply that,
any interference with the work of a solicitor would be
deprecated by all of us, but I am also entitled to say
that we on our part sincerely hope that the Solicitors,
with whom we are, and always have been, on such excellent
terms, will take care not to so unduly expand as to
interfere with the legitimate work of our profession.
The Law Society presented other self-styled 'landed property practioners 1 with an ideal they could aspire to. The Auctioneers copied the solicitors' three-tiered examination system in 1891 and the surveyors adopted it in

3 1913. If the other practitioners were powerless against the solicitors,

at least they could try to regulate their own part of the pasture. A
common front was mooted in 1907 and after prolonged negotiations the Auctioneers' Institute amalgamated in 1912 with the Estate Agents'
Institute with the express purpose of establishing the statutory registration of all those dealing with real property.

Ill
Anglican Clergy
The parish clergy may be considered as another kind of 'property profession.' In numbers, social function, status, tenure and average income, they were not entirely unlike the solicitors. Like the latter, they had a role to play in the maintenance of landed society, and their own maintenance was largely a charge on landed property. About twelve thousand Anglican clergymen (in England alone) made up a class of 'resident landowners' who mediated between the upper and lower orders and subsisted (at an average

1. W.H. Winterbotham, 'President's Address,'Law Soc. Proc. & Resol, XXXIV (1909), 42.
2. A.G. Watney, 'Presidential Address,' Auctioneers' Institute (20 Oct. 1909), 12.
3. They did not become a condition of membership of the Auctioneers' and Estate Agents' Institute until 1921. See D.H. Chapman, The Chartered Auctioneers and Estate Agents '_Institute . A ShortHistory (1970) , pp. 29, 6l-2~. For Surveyors, F.M.L. Thompson, Chartered Surveyors: the Growth of a Profession (1968), pp.186-187.
4. Chapman, Char t e r e d Auctioneers, pp.18-20.

38

£300 a year) mainly on rent-charges into which tithes had been commuted in 1836. Theirs was a localised tenure, a fixed charge on the realty of the parish, indexed to the price of grain in the previous seven years and assessed, for income tax, under Schedule A. In 1886/7 the aggregate commuted tithe in England and Wales amounted to £4,054,407, representing

2 2.2 per cent of Sch. A rental (inclusive of rates). The grain-price index stood at 87.4 in that year (1836 = 100), and having fallen from a peak of 112.8 in 1875, it continued to decline until 1901 (66.5), rising into the low 70s in the years before the war, and giving the parish clergy a little more than three million depreciated pounds to share between them

3
in the Edwardian decade. The historian of Church finances has called
it 'the Church's worst financial crisis since the middle of the sixteenth

4 century.' What is more, the tenurial character of their rights saddled

the clergy with particularly heavy taxes.
Tithe rent-charges were subject to local taxation on their full value, often greatly in excess of the incumbents' disposable income, which was reduced by stipends for curates and other commitments and obligations.
In 1887, for example,'Tithe rates came to £357,000, representing a local income tax on the clergy of some 8.7 per cent of their tithe incomes (national income tax stood at a mere 3.3 per cent).' Representatives of the 'Tithe Rent-Charge Owner Union and Church Property Defence Association* persuaded the Royal Commission on Local Taxation in 1899 that there was
'no other class of ratepayers whose basis of assessment results in the
1. James Caird, The^Landed Interest and the Supply of Food (4th edn. 1880), pp.135-6.
2. Return of all Tithes commuted....; P.P. 1887 (214) LXIV, p.294. Only 59.5% of the tithes were payable directly to parochial incumbents.
16.8% was payable to Clerical appropriators, 18.9% to Lay Impropriators, and 4.8% to Schools and Colleges. About £260,000 worth of tithes had
not been commuted. See n. 5, below.
3. The index was published in Crock ford '^Clerical D i r e c t o r y.
4. G.F.A. Best, Temporal Pillars (Cambridge, 1964), p.471.
5 - IRAR, 1888; P.P. 1888 XXXIV, Appendix, p.xx.

39

contribution of so large a proportion of income towards local taxation.
o

A rebate of half the rates was granted in 1899. The church, which sheltered a host of individual appropriators, was also the archetypal corporate landlord.

IV

Corporate Bodies
Corporate tenure was a medieval relic. Corporations were inuiortal
legal personalities and their exemption from feudal obligation excited the jealousy of the nobility. In 1273 Edward I enacted the statute De Viris Religiosis to prevent the transfer of land into the 'dead hand' (Mortmain)
o

of religious orders, an act followed by many others to the same effect.
By the eighteenth century the distrust of religious bodies and the dislike of deathbed bequests had not abated, and was augmented by next-of-kin fears of disinheritance. A Mortmain Act was passed by large majorities in 1736, forbidding the bequest of land to corporations, and the principle was

4 retained in amending legislation in 1888 and 1891. Yet the Acts were evaded by secret trusts and by special Acts of Parliament, and the Crown granted a steady stream of exemptions, an average three every two years between 1837 and 1887. The abuse of Charities and individualist hostility to corporations gave rise to a certain amount of reforming zeal between the 1860s and the 1880s, notably from W.E. Gladstone; he attempted to tax them in 1863, and succeeded in imposing an annual corporation duty, in lieu

1. Local Taxation . Roy. Cornm . 2nd Rep. Valuation and Rating in Respect of Tithe Rentcharge; P.P. 1899 C.9142 XXXV, p.29. See pp.26-29 and
chap. 11 below, p,
2. The Tithe Rentcharge Act, 1899. See Crockfork's XXXII (1900), xvii,
3. Texts printed in L. Shelford, A Practical Treatise on the Law of Mortmain (1836), Appendix, p.809ff. The book is a lode of charity lore.
4. G.L. Jones, History of the Law of Charity (Cambridge, 1969), pp.109-113. For the Mortmain and Charitable Uses Act, 1891, see T.B. Chilcott,
The Law of Mortmain (1905).
5. See W.F. Finlason, An Essay on the History and Effects of the Law of Mortmain.... (1853), pp.86-7, 191.
6. Return of Licences to hold lands in Mortmain granted to Bodies Corporate during the present reign; P.P. 1888 (348) LXXX, 689-

40

of probate duties, in 1885.

Towards the end of the nineteenth century the property structure of

corporations still reflected their pre-industrial origins: their wealth

was still overwhelmingly held in land. In 1882 they held some 4.5 per

2 cent of all agricultural land in England and Wales. The two great Charity

surveys, compiled around the end of the first and third quarters of the

nineteenth century, gave comparable magnitudes for the contribution of land

to their incomes, of 72 and 66 per cent respectively; part of the residue

3 was invested in mortgages. Non-charitable corporations derived 90 per cent

of their incomes from realty in 1887. In 1902 70.8 per cent of the

charitable exemptions from income tax were still assessed to Schedule A.

The Crown revenues from the Duchies of Cornwall and Lancaster, and the

incomes of Oxford and Cambridge colleges, also derived largely from

agricultural and urban rents. The Ecclesiastical Commissioners reduced their

dependence on rents from 91.0% in 1885 to 72.3% in 1914, but kept a large

stock of mortgages.

1. See Sir Arthur Hobhouse, The Dead Hand (1880). Hobhouse campaigned against both settlements and bequests; see e.g. p.viii; L.T. Hobhouse and J.L. Hammond, Lord Hobhouse; A Memoir (1905), pp.26-32; J. Morley, The Life
of William Ewart Gladstone (1903), ii, 65-6; J.F.B. Firth, Reform of
London Government and of City Guilds (1888), pt.III, p.90ff; see also
297 H.C. Deb. 3s. 30 April 1885, 1153-4, 1192-8. For a recent account,
see D. Owen, English Philanthropy 1660-1960 (Cambridge, Mass. 1965), pp.322-329.
2. See Abstract of a Return of all Real Property held in Mortmain or for Charitable, Public or Perpetual Uses...; P.P. 1882 (274) L, p.2.
3. The General Digest of 1840 was compiled between 1819 and 1337; the General Digest of 1876 was compiled between 1861 and 1867. The total
income in 1876 was £2.2M. See Endowed Charities. Explanatory Memorandum and Tabular Summaries [of the General Digest of Endowed Charities] ; P.P. 1877 (261) LXVI, pp.13-22.
4. Return of the Produce of the Corporation Duty for the Year 1886-7...; P.P. 1887 (195) LXVI, 341.
5. IRAK, 1903; P.P. 1903 XIX, pp.181, 192.
6. The Duchies of Cornwall and Lancaster, and the Crown Woods and Forests produced a total £803,274 in the years of account ending 1906; P.P. 1907 XLVII, 140, 148, 552, 554. Oxford and Cambridge Colleges were earning approximately £526,400 in 1903, 93% of which came from land, houses and tithes. See J.P.D, Dunbabin, 'Oxford and Cambridge College Finances 1871-1913' Econ. Hist. Rev. 2nd ser. XXVIII (1975), table 4, p.638.
7. Best, Temporal Pillars, Appendix VII, Table B, pp. 553-4, col. 1 as a percentage of col. 3.

41

The corporate institutions of pre-industrial England still maintained
a considerable foothold on British soil in the last third of the nineteenth century; enough to give them some five per cent of the Schedule A rental. Functionally considered, they fell into three broad groups: oldest and most firmly established were the Monarchy, the Church, the Oxford and Cambridge colleges, the old public schools, the Inns of Court, the City of London and the Livery Companies, the Clubs, learned societies and academies of the arts. All were committed in their various ways to the preservation and development of upper class codes and culture, symbols and values, means of coercion and modes of control. For these purposes, Landed property provided both financial resources and an environment of elaborate dignity; in the emphatic surroundings of cathedrals and quads religious and secular priesthoods officiated in the rituals of status and class,- while middle-class recruits to gentility absorbed the ethos of the old landed and professional elites and made their own contributions to its evolution.
A second category of charities and trusts was not designed for the use
of the upper classes themselves but provided resources and facilities for the discharge of paternalist and philanthropic social obligations. About £2.2 millions a year were available for such purposes in the 1870s, of which roughtly 42 per cent were earmarked for indoor (25%) and outdoor (17%) relief of poverty. Education received 35%, religion 11%, medicine 9% and

2
public amenities 3%. It was this category of benefaction which was most open to the abuse of frivolous or misdirected applications, and most subject

1. The gross annual value of the property of ecclesiastical and educational corporations, of municipal corporations and of 'other corporate bodies' assessed to Schedule A in England and Wales in 1870 was £6.234 millions
(5% of Sch. A rental). See Return showing the Gross Annual Value of Property assessed to Income Tax under Schedule A for the Year 1870 belonging to ... Corporate Bodies; P.P. 1872 (122) XXXVI, 145. Another return, not strictly comparable but covering essentially the same
ground, totalled £8.79 millions of rents in 1882 (5.6% o£ Sch. A.). See Abstract of a Return of All Real Property held in Mortmain or for Charitable, Public or Perpetual Uses...; P.P, 1882 (274) L,445, and Appendix 2.1 above, Table I.
2. Endowed Charities; P.P. 1877 (261) LXVI, pp.13-15, Table II.

42

to the whims of long-deceased donors. A third class, of more truly social tenures, was made up of the schools', the parks, the libraries, the hospitals and other expressions of municipal responsibility. Their share of real estate in England only amounted to some £0.7 millions a year in 1870, a mere 0.6 per cent of the Schedule A rental and 12.2 per cent of all corporate property. It was this category that was to witness the most remarkable growth. Friendly societies of a benevolent character and trade unions were debarred from owning more than one acre of land, but still managed to keep about a third of their assets in realty (mostly mortgages)

2 in 1877, a proportion which rose to more than 50 per cent by 1910.

For corporate bodies holding land in perpetual tenure capital value mattered less than the stream of income. Table 3.2 summarises the movement of corporate and social rents in Britain in the two decades preceding the first World War. Almost all the tenure of traditional non-charitable corporations belonged to London bodies, and was divided between them as follows: the City Companies had about one-half (51%), the City Corporation itself under a third (28%), The Inns of Court and the Law Society had 8%
and the London clubs 7%. The figure only includes the incomes not applied
3 .
to 'charitable 1 purposes. Like the Oxford and Cambridge colleges, and unlike the Ecclesiastical Commissioners, the London patriciate just managed

4 to keep its share of the nation's landed income. As appropriators of tithes,

1. Corporate Bodies; P.P. 1872 (122) XXXVI, 145.
2. Trade Union Act 1871, section 7; Friendly Societies Act 1875, section 16. The proportion of mortgages in the assets of friendly societies in
England in 1877 was 25.1%, land and houses made up another 4.9% of a
total £12. 7M. P.J.H.J. Gosden, Self -Help (1973), tables 4.1 and 4.2, pp.
91 and 94-5. By 1910 .the total had risen to £60. 2M, of which £33M were invested in mortgages, land and buildings. See Registrar of Friendly Societies. Reports... 1911; P.P. 1912-13 (123-XII) LXXXII, p. 13, table
3. Return of the Produce of the Corporation Duty for the Year 1886-7...; P.P. 1887 (195) LXVI. 341.
4. For Oxbridge, see Dunbabin, 'College Finances,' 646-7. It does not imply, as he says, that they enjoyed 'an untypical prosperity in the
years before the First World War'; the share of tenure in the national income actually declined somewhat in those years. See chap. 2 above,
fig. 2.1 , p. 11.

43

TABLE 3.2. CORPORATE AND SOCIAL RENTS IN ENGLAND AND WALES, 1895-1910.

(In £ millions and as a percentage of Sch. A. net of rates).

YEAR1

1895

1900

1905

1910

(1)
NON-CHARIT-
ABLE CORPOR-
ATIONS. 2

EMil.

0.70

0.78

0.85

0.90

%Sch.A

0.40

0.40

0.39

0.39

(2)

CHARITIES,
HOSPITALS ,
SCHOOLS 3

EMil.

4.44

5.06

6.91

8.06

%Sch.A

2.52

2.58

3.18

3.46

(3)

ECCLESIASTICAL
COMMISSIONERS4

EMil.

1.51

1.59

1.71

1.81

%Sch.A

0.86

0.81

0.79

0.78

(4)

TOTAL5

EMil .

6.65

7.43

9.47

10.77

%Sch.A

3.77

3.79

4.35

4.62

1. Fiscal year starting April, except col. (3), which is for the year ending on the 1st of November.
2. Source: corporation duty, IRAR. Net revenue multiplied by 20, with 10 per cent deducted for the value of personalty. See Produce of Corporation Duty; P.P. 1887 (195) LXVI, 341.
3. Source: Total Sch. A Exemption in respect of Charities, Hospitals, Schools etc. IRAR. Multiplied by 1.2 to restore repairs deduction and adjusted for change of system in 1900 (multiplied by 1.45 in 1895). See Stamp, British Incomes, pp.65-6 and IRAR 1901; P.P. 1901 XVIII, p.118.
4. Source: Ecclesiastical Commissioners Annual Reports, P.P.
5. Schedule A source: Appendix 2.1 above, table 1 cols. (3) and (4).

these institutions overlapped to some extent with the parish clergy. The

Ecclesiastical Commissioners actually performed rather better than the

rest: they lost about 10 per cent of their share of the national rent while

branching out into other assets, probably on the proceeds of land sales:

2 their London estates were well situated for capital gain.

Schools, hospitals, parks, colleges and Universities, almshouses and

asylums, as well as land endowed for these uses, fell, for the purpose of

exemption from income tax, into a single Inland Revenue category (table 3.2,

col. (2)), irrespective of whether they were financed by philanthropy or

by local government, provided they did not accept fees or make a profit, and

1. Non-incumbent appropriators took 40% of the tithe. See note 2, p. 38 above.
2. See p. 40 above ; and Best, Temporal Pillars, p.471.

44

were not overtly religious institutions. The Inland Revenue drew a line between good works and public works: no exemption was given to sewers, gasworks, town halls and the like; the transport, sanitary and administrative infrastructure will appear in later chapters.
Owing to the agricultural depression, the valuable corporate estates
of the 1860s had become white elephants by the mid-1880s, difficult to let

2
and impossible to sell. The return of 1870 (which gave corporate and
social tenures 5 per cent of Sch. A. rental) is not strictly comparable with the table 3.2 figures for 1895 (3.7%). Nevertheless the latter year's percentage appears unduly low in comparison, and possibly reflects the heavy reliance of charities and corporations on agricultural land. Between 1895 and 1910 the share of social tenures grew by 20 per cent, bringing it closer to the levels of the 1870s. A high tide of urban land values in
the 1890s, a revival of agriculture in the 1900s and most important, the expansion of municipal education, are the most likely explanations for the increase. Our progress, which began with attenuated and indirect forms
of possession, now proceeds to individual tenures, where the appearance
and reality of possession were less ambivalent.

1. T.C. Jarvis, Income Tax (1912), pp.22-3; J.H. Redman, Pratt and Redman's Income Tax Law (10th edn. 1923), pp.49-50. Of more than 300 applications for charitable status rejected between August 1887 and July 1888 the
great majority were for religious endowments. Income Tax on Charities.
(3) Claims Rejected; P.P. [H. of Lords] 1888 (289) XIX, p.LOff.
2. The metaphor was used by Lord Salisbury in his Newport Speech, 7 October 1885. The Times, 8 October 1885, p.7d.

45

APPENDIX 3.1. TABLE 3.3. PROPERTY MARKET TURNOVER IN ENGLAND AND WALES, 1894-1914 (In rounded £ millions).

YEAR

Ending March

1894
1895
1896
1897
1898
1899
1900

1901
1902
1903
1904
1905
1906
1907
1908
1909
1910

1911
1912
1913
1914

CONVEYANCES

105
117
134
184
197
192
187

168
161
162
151
133
134
127
129
112
117

103
106
111
114

"MORTGAGES

104
104
114
148
164
171
168

173
147
151
143
123
118
115
116
111
100

96
92
95
98

LEASES

21
23
27
36
32
31
30

28
29
29
30
28
28
26
27
26
25

25
25
27
25

TOTAL

230
244
275
368
393
394
385

369
337
342
324
284
280
268
272
249
242

224
223
233
237

SOURCES; IRAR, 'Stamp Duties,' e.g. IRAR 1912; P.P. 1912-13 XXIX, table 51, p.61. Rates in force are listed in table 45, pp.52-4.
RELIABILITY AND SIGNIFICANCE:

1. General. The series used omit small classes of stamps incident on realty (on agreements, settlements, unclassified documents and . adhesive revenue stamps) amounting to 4.1 per cent of the total in 1912. A category of 'blank instruments' was merged with the others in 1909. Previous to that year its components were apportioned to their respective categories.
2. Conveyances. This was the most straightforward conversion. The duty was 0.5 per cent of the consideration up to the year 1909, when it was doubled for all dealings of more than £500.
3. Mortgages. The standard rate of duty was 0.125 per cent, but stamp duty returns also included unspecified sums due to equitable mortgages (at 0.025%) and reconveyances of mortgages at the same rate. Low-security equitable mortgages we're not a very popular form of credit (B. Campion, 'Bankers' Advances upon Title Deeds to Landed Proprietors, Pt. I,' Journ. Inst. Bankers XXVII (1907), 45-9), and reconveyances do not count as mortgage flows. The effect of including equitable mortgages at the standard rate (0.125%) is to deflate the total flow, and the inclusion of reconveyances has the effect of inflating it, so they partly cancel each other out. More disruptive was the practice of securing short-tern business credit on the collateral of land and houses. These loans are indistinguish-able from other mortgages in the returns, but we have estimated then at about 20 per cent of the total (see chap. 5,PP-82-3 below), so the mortgage curve in fig. 3.1 is best read from the "leases' curve upwards, and not from the base line.
4. Leases^ Short-term agreements were stamped at a very low rate and

46

do not, on the whole, figure on the curve. For periods of over a year, a sliding scale was charged on the rent. We have assumed the aggregate to be equivalent to the duty on sales, i.e. 0.5 per cent. Leases granted for a consideration rather than a rent were charged at this rate. Rates were doubled in 1909 and the gap was bridged by extrapolation.

47
CHAPTER FOUR: DOMINANT TENURES - GROUNDOWNERS AND CAPITALISTS

Sources
There is no readily available source of evidence on the income dis-tribution of the main tenures of possesion, but it is possible to estimate their capital values. The tax system embodied a rough-and-ready social analysis and death duty returns (in the IRAR) give two different breakdowns of real property tenures in the United Kingdom in the years leading up to the Great War. The first of these begins' in 1896 and shows the distribution of property between tenures; the second starts in 1904 and shows distribution by wealth. The series are not comprehensive; charitable and public institutions, the Crown, local government, partnerships and joint-stock companies are not represented. Except for the latter, all these categories are considered elsewhere in this study.
Joint-stock realty was embodied in company shares, which fell under personalty in the death duty returns. Most of it belonged to railway, mining and other non-Schedule A companies, already dealt with in chapter 2. In 1870 the rental of joint-stock company realty was about £2 millions,

2 only 1.6 per cent of the total Schedule A rental for that year. Much of

this must have been tied public houses outside London; the majority of London pubs were subsequently acquired by the Breweries between 1895 and

3 1902. Multiple-grocery companies, which began to proliferate their shops

in the same period, preferred to operate from rented premises. The share of joint-stock companies would have risen substantially by the 1900s,

1. E.g. IRAR, 1906; P.P. 1906 XXVI, 'Estate Duties. 1 First distribution, table XC, pp. 110-1; second distribution, table LXXXII, pp. 96-7. The first distribution's totals are some 10 per cent higher than those of
the second, owing mainly to a more inclusive definition of 'realty. 1
See p. 68 below, note 1 , for details.
2. Schedule A. Corporate Bodies assessment; P.P. 1872 (122) XXXYI, 145.
3. D.M. Knox, 'The Development of the Tied House System in London,' Oxford Economic Papers, X (1958), 68, 71, 73, 77-8.
4. P. Mathias, Retailing Revolution (1967), pp. 58, 64, 65, 78, 152.
5. Stamp, British Incomes, p. 75.

48

and there are sketchy reports regarding the scale of private company tenure in the Edwardian period. But the bulk of real property still vested in private individuals, and these owners are the subject of this chapter.
The death duty sample was not an entirely accurate proxy for the prevailing distribution of property, and contemporary attempts to project it with a 'multiplier' on the whole population did not neet with

2 conclusive success. Exceptional lumps of wealth were thrown up by very large estates, increasing the variance of the series. In 1902 the effect was so marked that it has had to be smoothed out of some of the tables 3
x^hich follow. Not all data were equally reliable. Debt liabilities,
for example, were real quantities, but other figures were only valuations approved by Inland Revenue. Owing to the imperfection of the property market any valuation other than an actual sale was to some extent arbitrary. 'You just fired your shot in the dark and stood to your guns the best way you could, swearing you had hit the very bull's eye, whether you knew it or not,' is how one practitioner described it. Lloyd George's 1910-15 Land Valuation revealed substantial death-duty under-valuation;
It is only hoped that valuers were consistent in their bias. Tax avoidance (discussed below) introduced yet more distortions. To sum up, the death duty sample is best considered as giving an order of magnitude,

1. 30.7 per cent of the aggregate rateable value in Birmingham, Leeds, Liverpool, Manchester, Sheffield, West Ham and the Borough of Holborn were occupied (i.e. not necessarily ovmed) by 9280 corporations, joint-stock companies and other companies in 1906 (including, presumably, charities and local -authorities). See Boroughs (Rateable Value) Return; P.P. 1906 (215) CII, 345. The rateable value of public utilities in
London in 1910 was 11.3 per cent of the x-rhole (of which 72 per cent
was occupied by private companies). See London Statistics XXI (1910-
11), 582-5.
2. See B. Mallet and H.C. Strutt, 'The Multiplier and Capital Wealth,' Journ. Roy. Stat. Soc. LXXCIII (1915),555-99.
3. Possibly occasioned by the death of William, sixth Earl Fitzvilliam (1815-1902) who was valued at £2.882 millions. See W.D. Rubinstein,
'Men of Property:The Wealthy in Britain 1809-1939,' (Johns Kopkins
Univ. Ph.D. thesis, 1975), p. 536.
4. J.J. Done,'Valuations for Mortgage, 1 Trans. S.I. XXXVIII (1905-6), 79.
5. See 52 H.C. Deb. 5s. 22 April 1913, D. Lloyd George, col. 276.

49

not as an indicator of year-to-year trends, so for most purposes the time-series have been averaged and converted to percentages. When all
is said, however, the analysis makes a substantial improvement on previous knowledge, derived mainly from the 'New Domesday 1 of 1873.

II
Groundowners.
This cluster embraced the traditional tenures of the landed
aristocracy and gentry, of the arriviste emulators of their values and
o

life-style, and of a fringe of other social groups (the tern 'landowner 1 conveys the same meaning, but had a wider application). One possible definition of the cluster's core is given by the incidence of settled land. Family settlements were meant to keep estates intact from generation to generation and to endow them, in the words of F.M.L. Thompson, with a

3
'semi-corporate' quality. The integrity of estates could be legally secured beyond the lifetime of the occupier as far forward as the majority of the heir's unborn son. The life-tenant's powers of sale were greatly extended by the Settled Land Act of 1882; the tenure was still ubiquitous at the turn of the century, but was definitely on the decline. Table 4.1 shows the magnitude of capital passing at death, and the respective shares of realty and of settled land. An average £305 millions passed every year between 1898 and 1914; Realty decreased its share of the total from-about 29 to 23 per cent.Settled estates dropped about a third of their share of realty, from approximately 32 per cent of all land and houses in 1898 to about 21 per cent in 1914. Defined this way, the 'hard core 1 of ground-owner tenure contracted from one-third to one-fifth of all tenure and estates passed out of settlement, gradually at first, and more rapidly
after 1909.

1. As analysed by J. Bateman, The Great Landowners of Great Britain and Ireland (4th edn. 1R83)» PP 495-528.
2. F.M.L. Thompson, English Landed Society in the Nineteenth Century (1963), passim.
3. F.M.L. Thompson, Hampstead: Building a Borough, 1650-1964 (1974), p.369. See also Thompson, Landed Society, pp.66-69.
^. See Williams, Real Property, Chap III.
5. see I.E. Scrutlo'n, Land in Fetters (Cambridge. 1886),, pp. 134-9

51

The apparent shift away from tenure in general and from settled land
in particular was compounded of a number of factors. The total capital subject to duty increased by a mere average 0.5 per cent a year between 1898 and 1914, rather less than the rate of growth in the economy. Two reasons are (a) the remarkable decline in the crude death rate (from 17.5 to 13.8 per thousand between 1898 and 1913) and (b) a general decline in
2
the value of tenurial, gilt-edged and other 'strong' securities. What about tax evasion? This is perhaps best regarded as a constant, although increased death duty rates after 1910 created new incentives. How far was the duty avoided by gifts inter vivos? Stamp duties were inposed on such transfers in 1910, and revealed an irregular flow of gifts (2.6% of realty passing at death in 1911, 5.3% in 1913, 3.0% in 1914). 3 A large variance was the signature of large estates, which were the most likely evaders of the tax. So the effect of avoidance should be borne in mind: it is to underestimate the concentration of realty in large estates by 2-5 per cent in relation to all tenure. Trusts were another popular refuge, and it was estimated by the Inland Revenue in 1919 that 12 to 15 per cent 4 of property in the hands of individuals was settled or in trust, Tenurial investments, particularly ground rents, were very popular with

trustees.

Another factor underlying the apparent decline of tenure was the
general fall in urban property values, which occurred during the Edwardian decade. Inland Revenue Valuations, which reacted only sluggishly to market trends, showed a decline of 20.4 per cent in the Years Purchase(YP)

1. M&D, p. 37.
2. See A Stockbroker, 'The Depreciation of British Home Securities,'
Econ. Journal XXII (1912), 219-30.
3. IRAK, e.g. P.P. 1912-13 XXIX, 'Stamp Duties,' table 51, p.61
4. P.R.O. Inland Revenue IR 63/86, Board of Inland Revenue, 'General Capital Levy,' 19 May 1919, f.276.
5. See e.g. C.R. Dowsett, Buy English Acres (1905), p.31. This despite legal discouragement; see R.D. Urlin, A Handy Book on the Investment of Trust Funds (3rd edn. 1902), p.17.

52

of ground rents between 1898 and 1914, and of 14.1 per cent in the YP
of freehold house property and business premises. The trend of London property prices, reviewed in Chapter 13, points to a much greater decrease, In a review of the property market in 1910, the Surveyor J.G. Head observed to an audience of auctioneers, that,
Unhappily there will be no difficulty in every one of us
recalling instances of land, houses, shops, factories, or
some other form of property having fallen thirty per cent
or even fifty per cent, below the value at which it stood
ten years ago. Throughout the country, in large city or
small town, you hear the same story of. low prices and few
buyers. My own experience is chiefly among town properties
.... I understand that in some districts farm lands have
shown a surprising recovery in value.2
Agricultural land valued for estate duty rose in YP by about a fifth (from 17.0 in 1895-6 to 21.64 in 1913-14), not enough to compensate
3
for urban declines. Yet another interpretation is compatible with these contradictory trends: sales of tenure by groundowner rentiers to active farmers and capitalists (who were presumably younger) or, in the case
of urban land, to trustees and companies; such transfers would postpone the appearance of property in the estate duty returns. F.M.L. Thompson's observation of a surge in the sale of large estates after 1910 accords

4 with this explanation. It is too early, at this stage of the study, to

pronounce a verdict. One conclusion is nevertheless clear: whether for fiscal, economic, social or political reasons, private tenure assumed a lower profile in late Edwardian Britain, and settled estates contracted considerably.

1. See IRAK, 1906; P.P. 1906 XXVI, table XC, pp. 110-1; IRAK, 1914; P.P. 1914 XXXVI, table 28, pp. 32-3.
2. J.G. Head, 'The Property Market - Retrospect and Outlook,' Auctioneers' Institute (12 Jan. 1910), 42.
3. See note 1 above.
4. Thompson, Landed Society, p.322 ff.

53

A second definition of groundowner tenure arises from function, not

form. It refers, as the appelation suggests, to the agricultural and

locational value of land, and embodies the classical-economic distinction

between land and capital. The landowner farmed out the economic

opportunities (and risks) to agricultural and urban entrepreneurs: they

provided the skills, management and working capital, and he took the residue,

The cleavage was never, in practice, complete. Aristocrats developed mines,

docks and canals, others farmed on their own account and urban groundowners

were not completely immune from the risks of urban development; but the

exceptions do not upset the rule. Traditional tenurial arrangements still

dominated the countryside: 87 per cent of the holdings in England were cul-

p tivated by tenants in 1908. 320,000 farm tenants rented the land and the
3
fixed capital from 10,000 - 15,000 groundowners. After a period of strife

in the late 1870s and early 1880s the two interests increasingly presented

4 a common agricultural front in England. In Wales and Scotland relations

were more troubled; Ireland was in a class of its own. Some 40,000 land-

owning small-holders and peasant proprietors in England assumed an

ideological significance out of all proportion to their social or economic

importance. After the severe depression of land values and income in the

1880s the bottom was touched in the mid-1890s and the Agricultural Rates

Act (1896) marked the start of a modest revival.

1. See, e.g., J.T. Ward and R.G. Wilson,(eds.), Land and Industry
(Newton Abbot 1971).
2. In 1908 the percentage of land 'rented or mainly rented 1 in England was 87.6%.the percentage of holdings in the same class was 86.1%.
Not all the residue belonged to peasant-proprietors; some was farmed directly by groundowners. The proportions had not changed appreciably
in 30 years. See Agricultural Statistics, 1908; P.P. 1909 Cd 4533 CII,tables 11-13, p. 70ff; Small Holdings. Sel. Cttee Report.
P.P. 1889 (313) XII, Qu.4975 (Jesse Collings) and Appendix no.6,p.503.
3. 321,192 'rented and mainly rented' holdings in England in 1908. Agricultural Statistics, 1908, Pt.I, table 12 p.72. There were 13,802 owners of 300+ acres in England and Wales in 1873, and the structure
of ownership had not changed much. See Bateman, Great La adowners, p.515.
4. See chapter 6 below, p.89 > and Part II below, passim.
5. 43,391 'owned and mainly owned' holdings in England in 1908, including groundowner 'home farms'. The impact of agrarian ideals will be considered in Chapters 17-18 below.
6. See H.A. Rhee, The Rent of Agricultural Land in England and Wales (1949), diagram II, p.48. But see fig 2.1 above, D.

54

Compensating for the decline of agricultural property was the
prospect of a change of use, from farmland to urban land and later on, from residential to commercial uses, Capital gains were potentially of one order of magnitude in the first instance and one more in the second.
For example, the conversion of farmland to building land on the outskirts
of Birmingham in the 1750s increased its value from six to twelve times,
and the rateable value of an acre in the City of London was about fifteen times as much as the average'for London as a whole in 1912. Let us
call such realised gains a conversion rent; this was the great prize
which urbanisation offered to the traditional owners of the land. Conversion rent, however, was not a macro-economic gain. It was necessary if groundowners x<rere to retain their share of national income.
Charles Henry Sargant, who was a lawyer and a spokesman for the
groundowner interest in London, described the preliminaries to land

2
conversion in 1886.
As London, or one of-greater provincial towns, gradually spreads its network of houses over a larger and larger area, the owner of land lying for the time being on their outskirts is placed in a position
of considerable perplexity and anxiety.... he has probably received
and rejected numberless tempting offers from land speculators, land companies and others, to purchase his land at prices which would yield him an income many times the rent he has been receiving from
his agricultural tenants. And now, having preferred to forgo a
large portion of this income, in the expectation of the ultir^ate
profit to be derived from personally superintending the development
of his land as a building estate, he finds a good deal of difficulty
in deciding how best to realise this profit.
There were a number of methods to choose from. First, the owner could sell the freehold outright and pocket the increment. The rent was then cut away from the site and set free to find its best return in the general pool of private capital. In other words, it ceased to be a distinctive land rent. Secondly, the owner could retain an interest in the land by clamping a rent-charge on the. property at the time of sale, or, what amounted to the same thing, granting a very long lease, of nore than 100 and normally closer to 1000 years. The 'conversion rent' was appropriated

1. Birmingham - C.W. Chalk 1 in, The .Pj^/JV^rtg^J^^ov/ns^^^ Gcoraian E.-.21 an (1974),p.145. London - London St_ati_stJ£S_ XXIII (1912-13) ,46-7,667.
2. C.I1, Sargar.t, GJTCH.UKI--Rents a'nT~Buildlr;g Leas_ej (1886),pp.9-10.

55

as a perpetual annuity, secured on the value of the land and the buildings, Or he could create so-called 'short' building leases, of anything from around fifty to ninety-nine years, with the right of re-possessing the land (and the buildings erected upon it) when the lease fell in. The groundowner received a ground-rent annuity or a lump sum, or sometimes both, and the opportunity to reclaim the conversion rent every two or
three generations. These arrangements demonstrated a robust commitment
on the part of the groundowners to the persistence of property relations far into the distant future, and bound them to a permanent stake in the urban landscape.
The regional distribution of urban tenures at the end of the nineteenth century reflected the patterns established in the eighteenth century and earlier. An archaic system of leases for lives persisted in Devon and Cornwall and 'feu duties', a form of rent-charge, prevailed in Scotland. The distribution of urban tenures in England and Wales was described and mapped in evidence presented to the Select Committee on Town Holdings
in the 1880s and brought up to date by the Liberal Urban Land Enquiry of

2 1914, whose map is reproduced on page 56 . Freehold, the majority tenure, was to be found in some proportion in most towns. It was dominant in the Northern, Midland and Eastern counties. Perpetual leases and chief-rents (sometimes known as 'fee farm rents') prevailed in Lancashire, some towns in the North and in Bristol. Short leases were dominant in Jarrow and Newcastle (corporation leases), Sheffield, Southport, Birmingham, Grimsby,

1. For the eighteenth-century origins of the urban tenure system, see, for the provinces, Chalklin, Provincial Towns, passim. There is an
extensive literature on the formation of urban estates in the nineteenth century; see titles in bibliography by Dyos, Reeder, Olsen and Thompson.
2. Select Committee on Town Holdings. Ev. and Append.; P.P. 1887 (260) XIII, pp. 664-816; tenure map of England and Wales, opp. p. 816.; Report and Ev.; P.P. 1889 (251) XV,pp. 6-9. The Land; The Report of the Land Enquiry Committee (1914), ii. Urban, 348-52.

57

Oxford and in the South, the West and South Wales. Liverpool was partly short leasehold and in London, as we shall see, some two-thirds of the buildings were subject to this tenure.
Ill
Capitalists.
House-landlords, traders and shopkeepers, publicans, small master artisans and large manufacturers all fall under this heading, which is sanctioned by contemporary usage. Most of the rent-paying land in domestic and commercial use was subject to capitalist tenure. Bateman counted 825,272 proprietors of up to ten acres in England and Wales in 1873 (outside the metropolis) and in London, forty years later, there were 38,200 owners. But the number of tenurial capitalists was larger. Bateman did not count leasehold proprietors, and leasehold accounted,
as we shall see below, for approximately one-fifth of UK urban tenure, most of it in small units and most of it in England. So there must have been rather more than a million proprietors. In 1894 there were 1.209 million properties in England and Wales, the owners of which earned
2
less than the taxable income (£160 a year); in 1909 there were said

3 to be 2.5 million of these 'small fry 1 in Britain. Each proprietor

owned an average seven or eight units: there were 7.8 million houses and other premises in England and Wales in 1909, and about 9.1 million 'hereditaments' (i.e. tenurial units),. More than a million proprietors barely deserved to be called 'capitalists'. The average annual value of tax-exempt property was merely £9 a year. This characteristic of capitalist tenure was of great importance: urban property was held, for the most part, in small parcels by a multitude of small and niediun-scale owners. This house-owning multitude (between, say, one-seventh and

1. Bateman, Great Landowners, p. 515 and Chap. 13, p. 208 below.
2. Stamp, British Incomes, p.67.
3. Inland Revenue, Sir Robert Chalmers 1909 Budget Papers, Income Tax volume, G.R. Harrison to [?] Fisher, 16 June 1909. This was the
number of properties, not owners.
4. Houses and Premises from Inhabited House Duty figures, M&D, p. 237. 'Hereditaments,' - see P.R.O. CAB 37/117/96, Inland Revenue, [Taxation and Rating of Site Values], 24 Dec. 1913, p. 10.
5. Stamp, British Inco^.o.s, p.6'7.

58

one-tenth of all households) let out their properties at rack-rent, or occupied their own shops, dwellings, workshops and factories.
A reliable figure for the scale of owner-occupation is difficult
to come by, but it is genrally thought to have been low (a recent study quotes an unsupported figure of 10.6 per cent in 1914). House-ownership was rare among the working classes but not uncommon among middle-class occupiers, if only because a great many business premises doubled as dwellings. Twenty-three per cent occupation by (leasehold) owners on the Russells 1 Bloomsbury estate in 1889 was claimed to be a typical figure. In Cardiff, owner-occupation of the most highly valued dwellings (more than £35 rateable value a year) rose over one-quarter in 1884 and in the best ward of Leicester it was 17.3 per cent during

2 the same period. House-ownership was an aspiration of well-paid
3 workers in regular employment. In the 1850s William Kenrick said that
4 one-fifth of the workers in his hardware firm were freeholders; a few

of the skilled legal copiers interviewed for Charles Booth's survey in London were house-owners. West Yorkshire and Tyneside, where the building society movement was better developed, appear to have had a higher proportion of home-ownership. ? In Oldham,' said the preamble

1. M.J. Boddy, 'The Structure of Mortgage Finance: Building Societies and the British Social Formation,' Trans. Inst. Brit. Geographers
new ser. I (1976), 60. See also M. Bowley, Housing and the State 1919-1944 (1945), p.85.
2. Bloomsbury, see Town Holdings. Sel. Cttee. Report; P.P. 1899 (251) XV , pp. 9-10, 35; Cardiff, see M. Daunton, Coal Metropolis: Cardiff 1870-1914 (Leicester, 1977), p.108; Leicester, see R.M. Pritchard, Housing and the Spatial Structure of the City (Cambridge, 1976),p.71,
3. For Barrow, see E. Roberts, 'Working-Class Standards of Living in Barrow and Lancaster, 1989-1914,' Econ. Hist.Rev. 2nd ser. XXX (1977),
318. For an analysis, see Daunton, op. cit. Chap.7.
4. R.A. Church, Kenricks in Hardware; A Family Business 1791-1966 (Newton Abbot, 1969), pp. 277-8.
5. Charles Booth Papers (BLPES), B152 (Survey of legal occupations
by G.H. Duckworth), Interview with J. Brown, March 1896, f.108.
6. See C.F. Saunders, 'Building Societies in the United Kingdon: What They have done, and what They are doing, ' Building Societies Gazette,
1 Jan. 1915, 2.

59

to the Unionist housing bill of 1912, 'out of 33,000 inhabited houses, over 10,000, or about a third, are owned, or in the course of being purchased by artisan proprietors.' The South Wales coalfield apparently had a very high incidence of working-class home-ownership, coming up to 60 per cent in some localities, and Cardiff had an overall 2
percentage of 9.6 falling to 7.2, between 1884 and 1914. Six hundred and eight working-class house-owners in turn-of-the-century York (occupying almost six per cent of working-class housing) were headed by 120 widows, 30 spinsters and 58 retired men, and tailed by eight labourers.

Capitalists' tenurial profits came mostly out of plant, i.e.
dwellings and commercial structures; the latent value of the land would have largely been anticipated by 'conversion rents' of past and present groundowners, and by mortgage interest charges. W.W. Cowcher was an Oxford tax inspector who read for a part-time B.Litt and submitted a thesis on the incidence o-f local taxation in 1914. His witty but muddled dissertation included a survey of the impact of rent on retail profits in Oxford, based upon privileged knowledge. The variation he found shows
how difficult it is to generalise about the importance of tenure. Rents
in his sample of 72 shopkeepers ranged from 6 per cent of the profits to 180 per cent with a mean of 35.9% and a median of 23.8%; he could discern no relation between rents and profits.

1. Housing of the Working Classes (No. 2) Bill ; P.P. 1912-13 (311) II, 718, 'Memorandum,' See also A. Shadwell, Industrial Efficiency (one-vol.
edn. 1909), p.63. Also chap. 19 below, pp.319-20.
2. Daunton, op. cit. p. 108.
3. B.S. Rowntree, Poverty; A Study of Town Life (4th edn. 1902), p.166.
4. W.B. Cowcher . ' A Dissertation upon the Incidence of Local Rates
and Taxes upon the Unearned Increment of Land, 1 (Oxford Univ. B. Litt. thesis, 1914), Apprendix, table 6 and notes (n.p.).

60

Dwelling-house-capitalists were a more markedly tenurial class than high-street traders. A little less- than two-thirds of all house-property was made up of dwellings (an average 61.9% in Great Britain between the assessment years 1894 and 1911), another 15.4% of residential shops, hotels and pubs. If the capitalist was a freeholder, he stood to make a gain from secular rises in property values, provided the
trend went his way (it sometimes declined strongly over five to ten year periods). If he was a leaseholder, there were only short-term .gains and personally created goodwill; the rest was appropriated in ground-rents; depressions in value could not be shifted back to the owner. Groundowners secured an income and capital gains from the very act of possession; capitalists had to rely on judgement, skill, exertion
and luck.

Property investments were nicely graded by risk: sound middle-class freehold property was in greatest demand and the same kind of leasehold only slightly less so. Investors were warned off working-class housing,

2
particularly weekly property. On the whole, they heeded the advice, and the middle and upper-class households who occupied the top 15 per cent
of houses, commanded more than half of the country's housing resources: Any cut-off point is arbitrary, but the exemption limits of Inhabited House Duty (less than £20 annual rental net of rates) would take in the
«

vast bulk of working- and lower middle-class housing in Britain. Allowing for higher rents and multiple occupation, £41 would be a comparable figure in London. In 1904 (an assessment year), 6.11 million dwellings in this class made up 85 per cent-of the housing stock in Britain, but only

1. Inhabited House Duty Figures, M&D, p. 238.
2. Dowsett, Buy English Acres, pp. 32-3.

61

45.4 per cent of its value (27.5% of the annual value of all buildings, residential, commercial and industrial) - figures which highlight the unequal distribution of accommodation. The notional returns on working-class property could be high (see chapter 13 below , figure 13.6) but required a special kind of application. A London house-agent wrote in 1886 that 'Investors of the better class will not touch a kind of property which brings them into such unpleasant relations with a class o below them.'
Landlords and agents, equipped with a. special knowledge of their terrain, manned the trenches of the class war. It was not a game for the tender-hearted. 'Small capitalists, by personal attention night make it more profitable than others who employed even experienced and careful agents ... larger capitalists had better leave it alone, 1 said an estate agent (W.H. Hudson) at a discussion at the Surveyors' Institute in 1893.' He did not think that such a rate of interest as
8 per cent would repay anybody for the trouble and anxiety of such

3 property.' 'The margin of profit would rapidly disappear in the event of either the sanitary inspector or the freeholder making himself at all unpleasant, ' observed another participant. Lickcheese, the enterprising rent-collector in Bernard Shaw's Widowers' Houses (1892) exemplified the same predicament. Sartorius, the capitalist, explained to Trench, his mortgagee:
What Lickcheese did for me, I do for you. He and I are alike intermediaries: you are the principal. It is because the
risks I run through the poverty of my tenants that you exact
interest from me at the monstrous and exorbitant rate of seven,
per cent, forcing me to exact the uttermost farthing in my
turn from the tenants,5

1. IRAK ;P.P.1905 XXIV, Inhabited House Duty, tables CXLVII and CLVII, pp. 172, 130.
2. Sargant, Ground Rents, p.94.
3. H. Griffin, 'Weekly Property as an Investment, 1 Trans. S.I. XXVI (1893-4), discussion, 364-5.
4. LOG, cit. J.H. Sabin, 370
5. G.B. Shaw, Plays Unpleasant (Penguin edn. 1946), p.72

62

The stigma carried into the property world. An Estate Gazette
leader pronounced in 1894 that 'assuredly there is no real reason
why anyone should be ashamed of the possession of weekly rents. That class of property has no doubt fallen somewhat into disrepute, owing to the manner in which greedy speculators and ignorant and indifferent owners have exploited it.'
IV
Distribution between tenures
Death duty valuations indicate that capitalists owned most of the value of land and buildings, but an imperfect groundowner tenure still extended over some two-thirds of all realty. Figure 4.2 makes the point more graphically, showing the average percentage passing at death in each tenure between 1896 and 1914 (in the UK). Freehold buildings (col. 1; 44.4%) and leasehold buildings (col. 2; 13.2%) were typical capitalist tenures. Building land (col. 3; 1.7%) was transitional:
it is an almost pure instance of conversion rent and therefore falls,
by definition, into groundowner tenure. Ground rents (col. 4; 8.4%)
were overwhelmingly urban, though Scottish feu duties extended into the countryside. An assortment of other ground property (col. 5; 5.3%)
also falls into groundowner tenure: coal, timber and sport; manorial
dues and fines; reversions, expectancies and other residual and contingent interests. Agricultural land (col. 6: 26.4%) made up just more than a quarter and Irish tenant right (col. 7; 0.5%) was a tiny residue. Capitalist tenures (cols. 1 and 2) added up to more than half of the
total tenure, an average 57.6% between 1896 and 1914. The value
of property under outright groundowner tenure (building land, ground
rents and property, agricultural land - cols. 3-6) was rather less than one-half, i.e. 41.9%. But if we add up ail the tenure subject, however

lt Estates Gazette (hereafter EG), 4 May 1894, 480.

63

FIG. 4.2. DISTRIBUTION OF TENURES IN THE UK, 1896-1914 (mean percentage) From death duty valuations.

(b)

(a)

44.4% 13.2% 1.7% 8.4% 5.3% 26.4% 0.5"

(1)

(a)
FREEHOLD

and (b)
RENT-
CHARGED
BUILDINGS

(2) (3) (4) (5) (6) (7) LEASEHOLD BUILDING
BUILDINGS LAND

GROUND- OTHER
RENTS GROUND
and
CHARGE S J

PROPERTY'

AGRICULTURAL IRISH
LAND TENANT
RIGHTS

SOURCES: IRAR 1906 and 1914; P.P.1906 XXVI, table XC, pp. 110-1 and
P.P. 1914 XXXVI, table 28, pp. 32-3. See table 4.2, Appendix 4.1 below.

1. Ground rents, chief rents, fee farm rents, feu duties, ground annuals, rent charges, tithe rent charges and cessers of annuities, all constituting periodical charges on tenurial property.

2. Mines, minerals, quarries, timber, interests in expectancy, sporting rights, proceeds of sale of settled realty, and miscellaneous,
including brickfields, common and manorial rights and property not defined.

64

imperfectly, to groundowner tenure, the boot is on the other foot. Leasehold tenure (col. 2) was subject to loose groundowner control and rent-charged buildings (col. Ib) to even looser groundowner tenure. Together with straightforward groundowner property they bring the groundowner class of tenures, both full and attenuated, to some 62.9% of all tenure. Undiluted capitalist tenure (col. la) came to little more than a third (37.1 per cent).
Groundowners (fig. 4.2, cols. 3-6) remained a rual interest: about two-thirds of their land values were derived from agriculture (col.6) and only a third or so came from ground rents and ground property (cols. 3-5). Socially, the tenure was not all of a piece; it carried a sizeable fringe of peasant farmers and small owners of ground rents
(of whom more below). In the towns, due to the overlap of tenures in many houses, the tenure of buildings was not distributed in the same way as urban tenures overall. Figure 4.3 shows that 61 per cent of urban buildings were freehold (col. 1) and another 12 per cent were subject to rent-charges (col.2); twenty-seven per cent were held on short leasehold (col. 3). The Liberal Land Enquiry of 1914 arrived at similar conclusions for England and Wales, using Town Holdings Committee returns.

Figure 4.4 shows the breakdown of urban tenures, not buildings.
»

It is a distribution of rights, not bricks and mortar. The direct groundowner claim (col. 5) amounted to only 9 per cent, possibly a little

1. They estimated the incidence of dwelling tenures on the population (a somewhat different measure)^ as follows:
Substantially more than one-half of the urban population of England
and Wales is living under ordinary freehold tenure; about one-
twentieth under freehold subject to some form of perpetual annual payment; somewhere about one-tenth under long leasehold; and rather under one-third on short leasehold.
(The Land , ii, 349).

65

FIG. 4.3. TENURE OF BUILDINGS IN THE UK, BY VALUE, 1896-1914 (mean percentage).

60.7% 11.9% 27.4%

(1) (2) (3)
FREEHOLD RENT- LEASEHOLD
BUILDINGS CHARGED BUILDINGS
BUILDINGS

Source: Death duty valuations. See table 4.3, Appendix 4.1 below,

FIG. 4.4. URBAN TENURES (INCLUDING SITE TENURES) IN THE UK, BY VALUE, 1896-1914 (mean percentage).

57.8% 10.4% . 20.2% 2.6% 8.9%

(1) (2) (3) (4) (5)
FREEHOLD RENT- LEASEHOLD BUILDING GROUND
BUILDINGS CHARGED BUILDINGS LAND RENTS
BUILDINGS

Source: Death duty valuations. See table 4.4, Appendix 4.1 below,

66
more (a different calculation gives 10.1% between 1904 and 1914, and 10.9% for 1904-12). But their committment was much wider, and imperfect groundowner tenure extended its sway over more than 40 per cent of all urban property rights (cols. 2-5). In other words, ground-owner tenure was exposed to social and economic friction out of proportion to its actual share of the tenurial cake.
The next figure, 4.5, describes the social distribution of tenures:
at the beginning of the twentieth century agricultural landowners were still a much more affluent class than urban capitalists house-owners,
and urban groundowners were the most affluent of all. Profiles of the three tenures in figure 4.5 show their breakdown by wealth of owner
(the total wealth of the proprietors, not their landed wealth alone).
None of the tenures was entirely homogenous in respect of social class, which is the reason for speaking of 'clusters'; the profiles are distinct enough, however, to form separate entities. Groundowners (curve 4) come out as a distinctly wealthier (and by inference, upper-class) group. Only 17.1 per cent of urban ground rents were owned by persons worth less than £10,000 and 38.8 per cent by estates of less than £50,000. Urban house owners (curve 1) were just as distinctly middle-class. 58.9 per cent of their assets belonged to owners leaving less than £10,000 and a full 82 per cent to owners of less than £50,000. Only a small share of the value of buildings (18 per cent) was held by the rich (i.e. owners of more than £50,000), a large part of it, no doubt, as industrial premises and as town and country residences for their own occupation.

1. In fig. 4.2. a proportion of col. 5 ('other ground property') was also urban. The higher figures are based on a different series,
and excluded some residual rights. See the next note below.

67

FIG. 4.5. PERCENTAGE OF TENURES HELD BY PROPRIETORS OF DIFFERENT WEALTH, UK 1904-1914 (mean).

CUMULATIVE
PERCENTAGE
100~

£500 £1000 £10,000
PROPRIETORS VALUED LESS THAN

£50,000 £.1M £.25M £.5M £1M

Legend;
(1) House Property and Business Premises.
(2) All Tenures.
(3) Agricultural Land.
(4) Ground Rents.

Source 1 Death duty valuations. See table 4.5, Appendix 4.1 below,

68

Agricultural groundowners (figure 4.5, curve 3) had greater
affinities with the urban groundowners than with urban capitalists, a resemblance even more pronounced in view of the lower wealth threshold of gentility in the countryside. Settled estates, with approximately a quarter of all realty, have provided us with one definition of the core of groundowner tenure (see p. 49 above). Let us now venture another definition: all realty owned by estates valued at more than £50,000. Agricultural land and ground rents in the possession of these big estates amounted to 14.5 per cent of all realty (mean, 1904-14); if house-property and business premises are added, the total comes, like settled estates, to about one-quarter (24.9 per cent) of all tenure in the United Kingdom. This was the share of tenure held by the wealthy (defined as owners of more than £50,000).
The social distribution of house-capitalist and agricultural tenure
did not change significantly in the last decade before the first World

2
War. Not so urban ground rents, the rich man's tenure,which showed signs of social dilution. The proportion of ground rents belonging to estates of more than £50,000 decreased on trend from about three-quarters (72.9%) in 1904 to one-half (49.5%) in 1914. 3 Traditional owners apparently began to transfer their holdings into other forms of property. Thus, for example, in December 1902, the Duke of Kensington [sic]
disposed of £560,000 of London ground rents at one sale, of which the

1. Ground rents were 4.1 per cent. These data, and subsequent tables, are based on the second of our death duty series (seep. 47 above).
It gives slightly lower totals of tenure because residual ground
property (col. 5 in fig. 4.2) was transferred into an undifferentiated general-purpose category ('other property 1). The mean covers a shorter and later period (1904-14) and therefore reflects the shift away
from tenure. Tenure shares in this source are as follows (fig. 4.2
data in brackets): Agricultural land - 28.2 per cent (26.4%) ; House property and business premises - 64.5 per cent (59.3%); Ground rents -
7.3 per cent (8.4%). They are derived from the totals, table 4.6
below, with differences due to rounding.
2. Compare the variances, table 4.7, Appendix 4.1 below.
3. Least-squares trend. The series has the typical large variance of the large owners' fractions. Mean = 61.2, std. dev. = 11.2 (this is
the inverse of row 8, col.3, table 4.5, App. 4.1 below).

69

FIG. 4.6. TENURE AS A PERCENTAGE OF ALL PROPERTY IN THE UK, AT DIFFERED LEVELS OF WEALTH, 1904-1914 (mean).

PERCENT
OF ALL
PROPERTY

60%

50%

40%

30%

20%

10%

_ L _L J__L

All Tenures

Buildings"

_ L
£100 £500
to to
£500 £1000
NET WEALTH

1 10
to to
10 25
IN £1000s

25 50 75 100 150 250 500
to to to to to to to
50 75 100 150 250 500 1000

Source: Death duty valuations. See table 4.6, Appendix 4.1 below.

1. Col. 2, table 4.6": 'House Property and Business Premises'

70

Estates Gazette proclaimed that it 'creates a record in the annals of
the land market. 1 Three years later a portion of the Burrage estate, Woolwich, 'which comprises nearly 4000 properties, extends to 400 acres
and has boundaries along 20 miles of streets near the royal arsenal' obtained £553,450 in four sales of ground rents. The Estates Gazette, again taking the long view, hailed it as 'a sale the like of which has not been

2 equalled in England for over half a century.'
Figure 4.6 shows the urban middle class to have been more truly a
landed interest than the rich. Small capitals vjere more strongly cocciitted to tenure than large ones. Among the small and middling farmers, capitalists and professionals who left estates of between £1000 and £10,000 realty was the largest single asset, accounting for almost a third (30.7%) of all
3
property; a quarter (24.6%) was in bricks and mortar. Figure 4.6 describes how the proportion of realty increased as affluence decreased. It touched 50 per cent among the smallest proprietors; the British peasantry was predominantly urban. Together, the small and medium owners (up to £10,000) held almost half of all tenure (47.7%). The number of proprietors in each class gives a general idea of the social stratification of property. For every patrician worth more than £50,000 there were 116 smaller men of property, of whom four possessed between £10,000 and £50,000 and thirty-eight between £500 and £10,000. Seventy-four had less than £500 to their names. If property practitioners and mortgagees are taken into account, the tenurial interest of the small and medium bourgeoisie is seen to have been even more substantial. Tenure presented a dual aspect: a sizeable number of house-proprietors, together with large concentrations of land in a few groundowner hands. Before going on to consider the implications, there is one more tenure to consider.

1. EG, 3 Jan. 1903, 12.
2. EG, 30 Dec. 1905, 1162;
3. See Appendix 4.1, table 4.6, cols. 2 and 4, row 6 t p. 74.
4. Appendix 4.1, table 4.5, col. 4, row 6, p. 73.
5. Nean, 1904-14, from IRAK; P.P. 1914 XXXVII, table 18, p. 20.

73

TABLE 4.5 (SEE FIG. 4.5). PERECENTAGE.OF TENURE HELD BY PROPRIETORS OF

DIFFERENT WEALTH, THE UK 1904 - 1914 -(MEAN). Based on the gross capital

passing at death.

CUMULATIVE PERCENTAGE

Row PROPRIETORS
No. VALUED UP TO

1. Insolvent
Proprietors

2. £100-£500(Gross)

3. £100 CNet)
4. £500
.5. £1000

6. £10,000
7. £25,000
8. £50,000

9.. £75,000
10. £100,000
11. £150,000

12. £250,000
13. £500,000
14. £1,000,000
15. More than
£1,000,000

(1)

Agricultural
Land

(2.2) 2

3.2

. (4.1)
5.7
8.2

27.6
39.2
50.5

58.1
64.7
72.0

80.8
88.8
95.7

House Property
and
Business
Premises

(2.2)

5.7

(6.6)
12.1
20.6

59.8
73.3
82.0

86.0
88.4
91.3

94.1
97.2
98.9

(3)
Ground
Rents

(2.2)

2.3

(3.2)
3.5
4.2

17.1
27.9
38.8

45.1
49.7
55.7

65.7
76.4
90.4

(4)
All
Realty

2.2

4.7

5.6
9.7
16.0

47.7
60.4
70.0

75.2
78.2
83.2

88.2
93.2
97.2

100.0 100.0 100.0 100.0

1. Proprietors are ranked by their net wealth (both real and personal), unless otherwise indicated. The cumulative percentage, however, refers to gross values.
2. Figures in brackets are extrapolated from 'All Realty 1 figure.

SOURCE: IRAR, 'Estate Duties;' e.g. IRAR 1914; P.P. 1914 XXXVI, tables 20, 21, 30, pp. 22, 23, 35. For dispersion data, see table 4.7 below.

76
CHAPTER FIVE: MORTGAGEES

Legal mortgage was the most common lender's tenure. In return for
a loan, the full legal title was conveyed to the mortgagee. The deed specified repayment in six months' time, and after those had elapsed, the lender could call the loan in, subject to three months' notice.
The borrower was entitled to repay the loan and regain his title at any time, subject to six months' notice or a fine of six months' interest
in lieu. This right, the 'equity of redemption,' was itself a marketable tenure and its value was the difference between the market price of the property and the outstanding value of the loan. Custom limited the advance to two-thirds of the estimated value of the property; if the market value declined below the amount of the loan, the 'equity of redemption' became negative and the borrower lost the incentive to repay. The flow of mortgage loans was highly correlated with the cycle of
new constructron. A new building had to be financed at least twice:
the builder needed short-term credit to construct, the landlord required long-term credit in order to purchase. Figure 3.1, chapter 3 above
(and table 3.3, col. 2) show the magnitude of mortgage lending, and
its close correlation with the turnover of the property market. Mortgage lending was also well correlated with the number of new houses in

2 Great Britain, as caluculated by B. Weber. The stock of mortgages can
k

also be estimated from the mortgage debts of the deceased, 'as recorded in the death duty returns. Fractions can be assigned to agricultural, ground-
rent and urban capitalist tenures, and mortgage debtors can be ranked by wealth. Figure 5.1 presents the substance of this information, and table
5.1 lists it in greater detail.

1. E.H. Blake, 'Mortgages - Some Notes on Law and Practice, 1
Auctioneers' Institute (11 Nov. 1908), 13-28.
2. The correlation coefficient between the number of new houses (Great Britain) and the flow of mortgages (England and Wales) between. 1893 and 1913 was
r = 0.82. Sources: Weber, see M & D, p. 239, table 4; Mortgages -
table 3.3 above, p. 45 » 'Mortgages' column.

77

FIG. 5.-1. MORTGAGE DEBT AS A PERCENTAGE OF TENURES IN THE UK, 1904- 1914 (mean).

Top figure;

PERCENTAGE OF ALL TENURE

Bottom figure;.

PERCENTAGE OF DEBT

External figure;

PERCENTAGE OF TENURE
SECURING THE DEBT

(APPROXIMATE)

41.1%

64.5%

37.8%

Shaded area - Mortgage debt.

Broken line - Mortgaged tenure

15.6%

Agri- House Ground
cultural Property & Rents.
Land. Business
Premises.

Sources; Death duty valuations, gross and net capitals passing at death, IRAR 1904-14, e.g. P.P. 1914 XXXVI, tables 20, 21,
30, pp. 22, 23, 35. See table 5.1 below.
Note; For the differences between percentages in this figure and in figs. 4.2 - 4.4, see p. 68 , n.l , above.

79

Table 5.1 shows that mortgage debts amounted to an average one-quarter (25.9%) of the value of tenure in the UK between 1904 and 1914 (col. 4, bottom row). This means that more -than a third of land and house property was mortgaged, since advances did not exceed two-thirds of the value. Smaller proprietors were more deeply in debt: mortgage liabilities tapered off from 30.6 per cent among owners of between £500 and a thousand pounds, down to about 15 per cent among those with more than £50,000. Agricultural property was the most heavily encuirbered
(27.4 per cent); buildings a little less (25.2 per cent). Ground rents carried less than half this level of debt, only 10.4 per cent. Not only were they concentrated in the fewest hands, they were also the least encumbered of all tenures, a fact which underscores their windfall origins. For rich proprietors, of more than £100,000, the size of the debt varied considerably from year to year, without revealing any clear upwards or downwards trend. This only reflected the small numbers and the divergence of circumstances among the wealthy: even a fairly comprehensive sample, such as this, does not make it possible to generalize about them. In some years, the returns showed no landed debt at all among the wealthy; when in debt, however, their aggregate liabilities rarely rose above the national average.
Insolvent owners accounted for 2.2 per cent of all tenure (see
table 4.5 above). Oddly, and in common with the nearly-solvent owners
of less than £100, they had by far the largest stake in realty: more than half their assets were invested in tenure, compared with about one-quarter for all proprietors (see table 4.6 above). So much for the folk wisdom emanating from the property press, which never tired of repeating that nothing was safer than bricks and mortar: 'Land, it has been said most truly, is the basis of all security,' wrote the Estates Chronicle on the first page of its first issue, on 15th April 1898. Edwardian experience was at variance with its intuition, as the figures demonstrate. The assets

80

of the average bankrupt were rather less than half the property of his solvent contemporary (£1879 compared with £4557). In Edwardian Britain tenurial proprietors, particularly small ones, were the ones cost liable to be ruined: the over-extended builder, the under-capitalised freehold shopkeeper and farmer, or the profligate groundowner. In 1908, a fairly typical year, the list of bankrupts was led by grocers (724), followed by builders (505), farmers (368) and publicans (339) , and overshadowed only by the members of that peculiarly Victorian and Edwardian .class, 'miscellaneous and no occupation 1 (1278; the total number of failures
was 8,12s). 1
Legal mortgages made up a stable core of long-term credit at a
moderate rate of interest, advanced as perpetual annuities and discharged at the borrower's convenience. If a loan was called in, there was time enough to arrange another. Even in a slump ' there JwasJ no difficulty
2
in obtaining reasonable advances on good landed securities. 1
Groundowners borrowed to finance agricultural improvements, mining and industrial investments, family jointures and portions, and conspicuous

3 consumption. A classic instance were the debts incurred by W.E. Gladstone on the security of Hawarden, to salvage a disastrous mining venture and keep up family appearances. ' I earnestly entreat, 1 wrote the Prime Minister

1. Their respective liabilites were as follows: gocers (£446,252), builders (£603,151), farmers (£383,629), publicans and hoteliers (£365,547);total (£11,368,396). 38 solicitors accounted for £261,546 placing them almost five times above the average. The time-pattern
is very interesting: The highs of bankruptcy were closer to the urban-cycle peaks than to the troughs for both builders and solicitors.
See Bd. of Trade. Bankruptcy Acts. Annual Reports, e.g. 31st Report;
P.P. 1914 (413) LXVII, Annex no. IV.
2. Blake, 'Mortgages, 1 13.
3. On aristocratic indebtedness, see F.M.L. Thompson, 'The End of a Great Estate,' Econ. Hist, Rev. 2nd. ser. VIII (1955), 36-52; D. Spring, 'English Landownership in the Nineteenth Century: A Critical Note,'
loc. cit. IX (1957), 472-84 and D. Cannadine, 'Aristocratic
Indebtedness in the Nineteenth Century: The Case Re-opened, 1 loc. cit. XXX (1977), 624-50.

81

to his son on the 23rd October 1882, 'that you will never, under any circumstances, mortgage any of your land. 1 Adding to this, on the 3rd
of October 1885, that ' to mortgages I am greatly opposed ... as a general rule they are mischievous, and in many cases, as to their consequences, anti-social and immoral.'

Tenurial capitalists sunk much borrowed money into dwellings and
business premises - 65 per cent of all mortgages were secured in this
way (see fig. 5.1). In Glasgow, 90 per cent of the dwellings were

2 estimated to be mortgaged in 1915. Second and third mortgages were also
3
available, with less security for the lender but a higher return. Credit was readily available to builders and developers to bridge the period

4 between the initiation of housing projects and their successful disposal. Yet another form of mortgage, often a less binding 'equitable mortgage, 1 was the revolving credit provided by banks to manufacturers and traders on the collateral of plant and premises.
Assuming that entrepreneurial vitality declined with age, it is likely that long-term, inter-generational legal liabilities made up most of the mortgage indebtedness at death, with a smaller share than normal for overdrafts and working credit. Table 5.1 therefore, represents the lower limits of landed debt in the United Kingdom between 1904 and 1914, and omits some of the more volatile elements. The proprietors are ranked by their net, not gross assets, so than an estate commanding, say, £10,000 worth of land, but mortgaged to the hilt,will appear in a lower rank. As a result, smaller estates appear to be more encumbered than they really were and proprietors of more than £1000, somewhat less in debt.

1. J. Merely, The Life of William Ewart Gladstone (1903), i, 347, 349.
2. Increases in Rental of Small Dwellings in Industrial Districts in Scotland. Dept. Cttee. Report; P.P. 1914-16 Cd. 8111 XXXV, p.6.
3. Blake, 'Mortgages,' 15-16.
4. See H.J. Dyos, 'The Speculative Builders and Developers of Victorian London,' Victorian Studies XI (Supplement, 1968), 663-7.
5. See B. Campion, 'Bankers' Advances upon Title Deeds to Landed Proprietors, Pt.I 'Journal of the Institute of Bankers XXVII (1907),
26-53.

82

The cost of servicing the debt was even more significant than its absolute size. With the yield on Consols down to 2.5;~ in 1896, an increase of 1% in the interest rate meant an addition of more than a third to finance charges. Consols rose from an average 2.5% between 1895 and 1899 to 3.3% between 1910 and 1914. 1 In Glasgow, 'the rate on first mortgages was generally 1% above the rate on Consols... it fell to as
low as 3% or even 21% in 1896; by 1904 it had risen again to 31% and by

2 1912 to 4% [on private mortgage bonds].' Such increases had serious repercussions for proprietors, quite apart from aggrevating factors such as rising labour and material costs, and the decline of property values. As in other instances, g.roundowners enjoyed a positive advantage: not only was their capital liability lower; owing to the greater security offered

3 to the lender by freehold land, their interest rates were also lower. Rising interest rates had the effect of squeezing the small proprietor and of placing the large proprietor in a stronger relative position. Banks were not very active in long-term mortgage lending after the 1860s, but provided working credit for businessmen against the deposit of
title deeds. Frederic Seebohm, President of the Country Bankers' Association, estimated in 1895 that £100-£150 millions, about half of all short-term bank credit,were secured in this way. These credits.inflated the mortgage investment flow that we have deduced from stamp duty re,turns. By how much? Credit was constantly renewed but the deeds were held for longish periods. Let us assume a turnover period of six years (comparable to building society mortgages, described below). One-sixth of the

1. M&D, p. 455.
2. Cairncross, Home and Foreign Investment, pp. 35-6.
3. Blake, 'Mortgages, 1 14; Urlin, Trust Funds, pp.42-7.
4. Reeder 'Capital Investment,' pp. 151-2; Dyos, 'Speculative Builders,'
665.

5. Campion, 'Bankers' Advances, 1 26.
6. Land Transfer Bill. Sel. Cttee. Mins of Ev.; P.P. 1895 (364) XI,
Qq. 3882-7.

83

(approximately) £125-millions-worth of deeds on deposit in 1895 would account for 18 per cent of the mortgage flow in that year, say twenty
per cent for the whole period. A somewhat lower magnitude is indicated by an estimate made in 1912: '24.3 per cent of the total loans and advances made by six of the largest London Clearing Banks are secured on real property. The advances of purely country banks would stand in a higher proportion. ' *•
Building societies, insurance companies, friendly societies and
charities were the other institutional mortgagees. Building societies lent an average £9.3 millions a year between 1901 and 1912, rising from 6.1 per cent to 8.9 per cent of the total mortgage flow between 1901 and 1912 but keeping their annual lending fairly stable (standard deviation £0.4 millions). Their mortgage stock increased from £47.9 millions to

2 £60.6 millions in the same period. Insurance company mortgage assets

were almost twice as large - £109 millions at the end of 1912. Given the same stock/flow relation as building societies(an average 6.1) they would have lent £14 millions in 1900 and £18 millions in 1912, 9.5 and 18.5 per cent respectively of all mortgage loans in those years,which were a

3 peak and a trough of the urban cycle. Friendly societies and charities
4 contributed another 3-4 per cent. Despite their impressive growth,

building societies still accounted only for a small part of mortgage
lending before the war, and insurance companies, which held a larger
share, were in the process of reducing their commitment. Disregarding

1. Bonar Law Papers (hereafter BL), House of Lords Records Office BL 27/4/6, Lord George Hamilton'to A. Bonar Law, 5 Nov. 1912. This figure is,
like Seebohm's, partly stock and partly flow.
2. Sanders, 'Building Societies, 1 3, and table 3.1, above.
3. Calculated from O.K. Sheppard, The Growth and Role of U.K. Financial Institutions 1880-1962 (1971), table (A) 2.5, col.2, pp. 154-6.
4. Ibid, table (A) 2.8, pp. 162-3. Extrapolated backwards from 1920.
5. £70.9 millions of mortgages made up 45.7 per cent of insurance company assets in 1880; by 1914 a sum of £114.1 millions was only 20.7 per cent
of their assets. See note 3 above.

84

the 20 per cent we have assigned to the banks, these institutions lent less than one-quarter of the mortgages (23 per cent) around the turn of the century, at the height of the-boom, and more than a third (39 per cent) in 1912, at the bottom of the slump. Only if the share of banks is added, did institutions as a class provide more than a third of mortgage credit around 1900 (39 per cent) and over half (51 per cent) in 1912.
'The general public' was the largest lender of conventional legal mortgages. A large number of investors of purely local horizons were glad to place their money in the hands of those, like the Forsytes, who had 'a talent for bricks and mortar' and 'no dread in life like that of 3 per cent

2 for their money.' Estate duty returns show that private individuals supplied an average 82 per cent of the credit used by individual mortgagors

3
between 1904 and 1914. When mortgages were authorised for trustee investment in 1859 they provided executors with a. more remunerative security than- Consols. 'The general result has been that trustees have largely availed themselves of 'real securities', i.e. mortgages.' A
few colonial securities were added by the Trustee Act, 1893; The Colonial Stock Act, 1900 greatly extended the authorised list and admitted municipal and railway securities as well; But the pattern of trustee investment had been set.

1. Blake, 'Mortgages,' 14.
2. John Galsworthy, The Man of Property (1906, Penguin edn, 1951), p. 25.
3. IRAK 1904-1914, 'Estate Duties,' e.g. IRAK 1914; P.P. 1914
XXXVI, (a) pp. 28-9, table 26/6. 'Money out on mortgage;' (b)
Mortgage debts, calculated from tables 20, 21 and 30, pp. 22,23 and 25. The mean of (a) was £13.9 millions a year (std. dev. 0.7); the mean
of (b) was £16.9 millions a year (std. dev. 1.9).
4. Urlin, Trust Funds, p.28.
5. Trustee Act 1893, 56 & 57 Vict. c.53 s.l; Colonial Stock Act, 63 & 64 Vict. c.62, s.2.

85

Solicitors were able to tap an. apparently inexhaustible reservoir
of loan capital which they made available at 5 or 5^ per cent.
This part of the market appears to have been little influenced by
the competing uses for capital in the commercial metropolis or
overseas, *
A line of credit from middle class professionals, traders, manufacturers and rentiers and into bricks and mortar, which had characterised the eighteenth and early nineteenth centuries was still very much in evidence at the beginning of the twentieth. Many building societies, often based in solicitors' offices, were only a slightly corporatised version of the same mode of finance.
What did mortgagees forgo in their attachment to bricks and mortar?
No comprehensive indicator of mortgage interest is available, but the rate of return on long-term or perpetual loans could not be very flexible. Building societies gave their depositors very little more than Consols. They found it -possible to attract a large amount of capital 'at rates varying from 3 per cent upwards, usually not more than 3h per cent-and
3
very rarely exceeding 3 per cent.' From around the turn of the century the differential in favour of mortgages was continuously under pressure from rising interest rates and from high-yield investment opportunities in municipal and overseas securities. Converting mortgages to higher rates of return was fraught with risk; it threatened to wipe out the margin of security. After 1905 construction became depressed, rents did not rise, property values fell and higher interest charges could only push borrowers closer to insolvency. 'The landlord' says Cairncross of Edwardian Glasgo was caught between rising -interest rates and falling demand.' The mort-gagee was in the same boat. Demands for simplification of foreclosure

1. Reeder, 'Capital Investment, 1 p. 213. See also pp. 175, 203-13.
2. Ibid, p. 203; Fenby, The Other Oxford, p. 62ff.
3. Sanders, 'Building Societies,' 4; see J.P. Lewis, Bxailding Cycles, pp. 152-4.
4. Cairncross, Home and Foreign Investment, p. 36.

86

procedure began to appear in the legal press in 1910, a periodic symptom of hard times. But entering into possession was a doubtful recedy in a property slump. 'Within the last year many mortgage securities and other properties have had to be realised at a loss - often a serious loss - to the people interested, 1 said the President of the Auctioneers' Institute in his 2 address on 20th October 1909.

A report from the estate agents Whitton and Laing, of Exeter, concludes
a doleful survey of the property market, printed in the Property Market Review on January 1st, 1910.
We have found that shop and business properties, residences and
dwelling houses have been practically unsaleable except at sacri-
ficial prices, and we have sold properties this year for about
half what we realised for them ten or twelve years ago.
Messrs. Provis and Company, of Manchester, declared:
This has been a disastrous year, and one which would have been more pronounced had not far fewer properties been offered during 1909 than in former .years. Building operations are being curtailed in every district, the recent scarcity of money possibly accounting for this.
On the same page (4), the next item was a report on 'Building activity in Sydney.'
A greater building boom is in progress in Sydney. Never has there been greater activity in that city and throughout New South Wales generally. Materials cannot be supplied fast enough to meet the demand. As a result there is a dearth of labour in certain depart-ments, and the trade unions are taking advantage of the situation by demanding an increase of wages.
Had Sydney siphoned off the money from Manchester? Estate duty
evidence shows that mortgage loans raised from individuals constituted a distinctly immobile capital. This does not rule out some shifting of assets by groundowners and capitalists from tenure into overseas investment. Mortgagees retained a constant share of the gross capital passing at death

1. J. Indermaur, 'Suggestions for Amendments in Foreclosure Practice,' Law Soc. Proc. Resol. XXXV (1910), 192-201, esp. 197. See an earlier reference, J. Hunter, 'Presidential Address, 1 loc. cit. XXI (1894), 46. Also Law Society Annual Report (1913), 37; (1914), 42-3..
2. A.G. Watney, 'Presidential Address 1909-10,' Auctioneers' Institute (20 Oct. 1909), 10.

87

an average 4.35 per cent of all capital between 1898 and 1914 (s = 0.26%). Foreign bonds, or more precisely 'Stocks, Funds or bonds of Foreign Countries and British Dependencies' (exclusive of foreign company shares and debentures) amounted, over the same period, to an average 3.48 per cent of the gross capital (s = 0.36%). They increased their share about 16 per cent on
trend, from 74.5 per cent of the mortgages to 86.4 per cent. Investment
was also sent overseas through 'Proprietary shares and Debentures of Public Companies', a category almost ten times as large as foreign government
bonds (a mean 29.4 per cent of the gross capital; s = 2.78%), which increased its share of the gross capital from 26.1 per cent in 1898 to
2
33.1 per cent in 1914, mostly in the last three years before the war.
The shift into shares and debentures, both local and foreign, came at the expense of private landownership and, to a lesser extent, of Consols,
3
which like urban realty, also depreciated. Mortgages were apparently not called in on any scale, but new resources were not forthcoming.

1. s = standard deviation.
2. Least-squares trends. The gross, unlike table 4.1, p. 50 abov.e, includes insolvent estates and estates under £100. Source:
IRAK, e.g. 1914, tables 26 and 30, pp. 28-9, and 35.
3. For land, see table 4.2 above. Consols declined from 4.06% of the gross capital passing at death in 1898 to 2.17% in 1914
(actual figures, not trend). Source as note 2, above.

88

CHAPTER SIX: TENURIAL RELATIONS - THE 1880s

To conclude Part I, let us recall the dual nature of tenure in
Britain at the beginning of the twentieth century. About one quarter
of all realty was highly concentrated in a few hands, but a substantial section of the late Victorian middle-class was also committed to houses and land: solicitors, auctioneers, land agents, builders; the parish and Cathedral clergy, the dons in Oxford, hundreds of thousands of middling and small landlords, entrepreneurs, investors and rentiers, their employees and dependants. About a third of aggregate middle-class property was sunk in tenure, and a third of that was mortgaged to yet another set of middle-class rentiers. The turnings of tenurial policies and the fluctuations of the property market could affect the security
of a substantial middle-and working-class voting constituency. 'Tenants, 1 said George Head in 1910, 'outnumber landlords by a hundred to one, and
a very large number of them have votes; anything therefore which affects them is bound to find a voice in the ballot box to a very greater extent than anything which affects the landlords.' We have hinted at the malaise of the tenure-dependent section of the middle-class in the Edwardian period and shall return to relate it in greater detail in chapter 13.
Some groundowners began to liquidate their assets, but this could only be a prolonged process, owing to the rigidity of the tenure. So they attempted to shelter behind the fuzzy demarcations and the chequered geographical distribution of urban tenures; the common interest of all proprietors, regardless of income and class, became a hardy perennial of the property press.

1. Head, 'The Property Market, 1 66.

89

A typical E s ta tes Gazette leader insisted in 1890 that,
the bulk of the soil of London is held not by bloated
aristocrats', but by small or smallish capitalists and the
administrators of trust funds ... the outcry against
unearned increment is so much ignorant rubbish.1
The fringe of small groundowners was insignificant, but freeholding capitalists, whose shops and houses included only a small element of ground, were susceptible to the argument, even if their property was devoid of any conversion rent. So were property practitioners, r,;ho never agreed on x^hich side their bread was buttered. The dual aspect of tenure was to deflect and confuse the thrust of tenure reform in the three decades before the War.
Two kinds of issue dominated the relations between the dominant
tenures, both went far back into the past, and both were given a new twist in the 1880s. The first grew out out of the traditional contentions and collusions of tenurial interests, and the cyclical swings and strains of the tenure market. For example, insecurity of tenure and the consequent loss of 'improvement 1 investments animated the Farmers'Alliance and the Leasehold Enfranchisement movement, both of them directed by small capitalists against the groundowners, in a period of agricultural and-

2 urban depression. The costs and benefits of government was the second

issue which divided proprietors and set them against each other. Both issues raised questions of distribution. In the first, of dividing the benefits of tenure between different proprietors. In the second, of sharing what may be termed the 'overheads' of the tenure system. As in all such
v,

debates, the antagonists appealed to different and often incompatible principles of utility and justice. Most individuals and pressure groups
knew their own interest well enough, but the multiplicity of overlapping

1. EG, 21 March 1890, 272.
2. On the Farmers' Alliance of the late 1870s and early 1880s, 'see F.J. Fisher, 'Public Opinion and Agriculture 1875-1900, '(Hull Univ. Ph.D thesis, 1972),
pp. 157-209. On Leasehold Enfranchisement, D,A. Reeder, 'The Politics
of Urban Leaseholds in Late-Victorian England,' Intl. Rev. Soc. Hist.
VI. (1961), 413-30.

90

issues and interests did not always fit into the conventional demarcations of late-Victorian politics. Obfuscation and ignorance, unintended and wilful, must also given their due. In addition, the claims of subordinate tenures, of working-class tenants and construction workers, of agricultural labourers and Irish tenant farmers, began to be heard, and the men of property had to take notice..
The immobility of urban groundowner tenure and its long-term committment
to particular sites rendered it vulnerable to currents of social and political change. It had been forged in the seventeenth and eighteenth centuries, in a society dominated by landowners, and was implicitly based on their social and political prestige. Great urban fiefs, like the Bedford estate, tried to perpetuate the original pattern of tenurial relations by imposing physical controls on the buildings and social controls on the tenants. Groundowners played a role of launching and financing new suburban developments, but old-established urban groundowner tenure fulfilled no self-evident social or economic function: it was mainly secured by the continuity of old contracts. Ultimately, it relied on the coercive power of the State; but in the last quarter of the nineteenth century, the State was no longer so securely at the groundowners' bidding. The long-standing Radical challenge to landed society was reinforced in the early 1880s by a subversive appeal to the agricultural labourers,
soon to be enfranchised (discussed in chap. 17 below). The Marquess of
2
Salisbury observed in 1883 that
. . . the members of the classes who are in any sense or degree holders
of property are becoming uneasy at the prospect which lies before them.

1. D.J. 01sen, Town Planning in London in the Eighteenth and Nineteenth Centuries (New" Haven,1964), pp.99-125.
2. 'Disintegration,'in Quarterly R ev i ew no.312 (Oct.1883), reprinted
in Lord Salisbury on Politics, ed. P. Smith, (Cambridge, 1972),
PP.I4F4

91

The uneasiness is greatest among those whose property consists
in land, because they have been the most attacked; but the
feeling is not confined to them. No one will say that this
anxiety is without foundation. Things that have been secure
for centuries are secure no longer.

He had long regarded strict settlement (and primogeniture) as mere

minor defensive outworks of the groundowner position, and by 1886 had 2
come to see them more as liabilities than assets; in remarkable

agreement,by the way,with the contemporary views of Gladstone, who
3
wrote to his son in 1885:

An enemy to entails, principally though not exclusively on
social and domestic grounds, I neverthless regard it as a very
high duty to labour for the conservation of estates, and the permanence
of the families in possession of them, as a principal source of our
social strength, and as a large part of true conservatism.

Salisbury saw that groundowners needed to break their isolation and

seek a closer relation with owners of other species of property.

This strategy had been initiated in 1882 by Lord Wemyss, a large

landowner who brough together landlords and capitalists of all shades

into his anti-socialist organisation, the Liberty and Property Defence

4 League. A direct challenge to urban groundowners was mounted in 1883

by the Leasehold Enfranchisement Association, which advocated legislation

to enable leaseholders to purchase the freehold. Its propaganda, which

promised better management of working-class housing, and home-ownership

for workers and artisans,was made credible by the support of such working-

class leaders as Henry Broadhurst. In fact, few workers were in a

position to benefit from the reform since, as a rule, they did not occupy

houses on long leases, but on weekly, or quarterly tenancies. The problem

1. Lord Salisbury, 'The Programme of the Radicals' Quart.Rev, no. 270
(Oct. 1873), in Smith (ed.), op.cit. pp. 320-322.
2. Brit. Lib. Add. MSS. 56371, Halsbury Papers (U.S. Giffard, first
Earl Halsbury, Lord Chancellor, 1885-1892, 1895-1905),Salisbury to
Lord Halsbury, 29 Oct. 1886.
3. Morley, Gladstone, i, 348.
4. See N. Soldon, 'Laissez-Faire as Dogma: The Liberty and Property Defence League 1882-1914', Essays in Anti-Labour History, ed. K,D. Brovn (1974),
pp. 208-233; E. Bristow, 'The Liberty and Property Defence League and Individualism 1, Hist. Journ. XVIII (1975), 761-81,

92

of 'fag-end 1 leases, bought cheaply and exploited by unscrupulous

middlemen , could only have affected a very small minority of tenants,

since less than a third occupied leasehold buildings. The Fabians saw

through the claims, and persuaded a group of Radicals to vote against

an enfranchisement bill in 1891. Shop-keepers, professionals and

small capitalists who backed the movement were really concerned to get

rid of vexatious restrictions on the free use and disposal of their

premises. The main grievances were heavy fines on changes of use and

renewals of leases, and the increase of rents when leases fell in,

without compensation for the occupiers' contribution to higher site

values.

A Select Committee was appointed in 1886 to inquire into 'the terms

of occupation, and the compensation for improvements, possessed by the
. 3
occupiers of town leases and holdings,' and bills were introduced

annually in Parliament. One of the first was moved by Randolph Churchill,

who, like Joseph Chamberlain, was prospecting for a new political

constituency. In March 1884 he declared in Parliament that

It has been calculated that if the principle of the Bill
became law, upwards of 2,000,000 of freeholders would be
created and enfranchised in a short time. The Prime Minister
was even now asking Parliament to add 2,000,000 of votes to
the electoral roll and he [Churchill] would ask hon. Gentlemen
on the Conservative side of the House would it not be better that that number of electors should be freeholders, than that they
should be men liable to be turned out of their houses and subject
to every kind of injustice and exertions? Who was more likely
to be a contented citizen, the man who was a freeholder and who
was safe in his property, or the man who was at the mercy of a colossal landowner?

It was a case of abortive politics proceeding from faulty arithmetic.

1. A.M. MacBriar, Fabian Socialism and British Politics 1882-1918 (Cambridge, 1964), pp. 187,242.
2. See Reeder, 'Politics of Urban Leaseholders'; For the grievances of leaseholders, F. Banfield, The Great Landlords of London (1890), passim.
3. Town Holdings. Sel.Cttee. Report; P.P. 1886 (213) XII, p. iii.
4. 286 H.C. Deb 3s. March 1884, col. 240.

93

Chamberlain and Churchill exploited tenurial grievances for inter-party advantage as well as intra-party warfare. But Churchill's urban cow was even less formidable than Chamberlain's rural beast and Salisbury was prepared to meet them both half-way.
If a real demand for small holdings existed, he would meet it froa the surplus land of charities and corporations. He had no fear of Free Trade in Land. The great estates would not be broken up. Salisbury professed to believe that the laws of political economy favoured large holdings even more after the onset of the agricultural depression and the shift from arable into grass. Early in November 1885 Churchill submitted a long memorandum which urged the Prime Minister, inter alia, to reform the land laws and open the way for leasehold enfranchisement. Salisbury replied on the 9th of November, that
The abolition of primogeniture is in itself of no importance
except on strategic grounds - it is not worth the trouble of resistance. But it is a bit of a flag. The concession would
be distateful to a certain .number of our people now, and it
might be acceptable as a wedding-present to the Moderate
Liberals whenever the Conservative party leads them to the altar. I would not proffer it, therefore, now; though if carried against us, I should make no serious fight over it.
The proposition of Leasehold Enfranchisement in the future
requires more thrashing out. I doubt whether it would effect
your object, which is that more occupiers should be owners of
the houses they inhabit. I quite agree in the object....
and he added proposals of his own to encourage owner-occupation of dwellings. /' Salisbury was also willing to sacrifice the lawyers' mainstay,
private conveyancing, and to introduce compulsory registration of title. Defending the Land Transfer Bill he introduced in the Lords in 1887,

1. Speech at Newport, The Times, 8 Oct. 1885, 8.
2. W.S. Churchill, Lord Randolph Churchill (2nd edn. 1907).,
pp. 435-438

Lord Halsbury said that
If there is to be an attack on-property it will be resisted with
much greater force if it is possible to say that it includes
all property and not merely property which has any peculiar
privilege, because then it can be said that an attack on property
is an attack on property of all kinds.^
This was one method of breaking the groundowners' isolation: extending a hand to owners of personalty, by breaking down the legal singularities of realty. The other method was to enlist a multitude of small proprietors into the ranks of the defenders of property; to create popular bulwarks for property, founded upon the democratic franchise.
In the Land Transfer debate, Lord Salisbury defined the policy:
When you talk of the diffusion of property for maintaining the
principle of property you mean the diffusion of small quantities
among large masses. I entirely concur in that view.2
It was a policy designed to maintain the dual character of tenure.
The outstreched hand did not extend to leaseholders. In attacking long-established contracts, their agitation subverted the very foundations of economic activity. In a speech at Nottingham, on the 26th November 1889 Salisbury said,
If you come in and break contracts which already exist, if you come
and tell men practically by a great example that, make what agree-
ments they will, they shall not be secure from some political
agitation which may cut those agreements for a political object;
if they feel that there is no security in the law for the investment
of their money for the building of houses they will not build houses but they will take their money elsewhere.
Contracts were the foundation of business confidence, he continued, and . . if I wanted a definition of Conservative policy, I should say that it 3
is the policy of a party who preaches confidence (Cheers).' Perhaps one can detect a wavering of confidence in the Prime Minister himself. One year before, in 1888, he sold outright £200,000 worth of property in

1. 313 H.L. Deb. 3s. 31 March 1887, col.31.
2. 313 H.L. Deb. 3s. 25 April 1887, col. 1771. Italics added.
3. The Times, 27 Nov. 1889, 6d

95

the Strand for a new commerical development instead of creating new leases. The Town Holdings Select Committee Report of 1889 reflected Salisbury's view that owner-occupied homes for artisans was a chimera which, desirable in itself, did not justify Parliamentary interference

2 with tenurial arrangements. It may be a coincidence, but when property values began to rise in the 1890s, the life largely went out of the leasehold issue. It had created a stir in the 1880s, but like small-holdings and allotments, it only had a limited capacity for generating political mischief. Only a fraction of all tenure was directly affected, and a smaller fraction of proprietors, in a few localities only, namely capitalists and groundowners with expiring leases. Even in its heyday it was overshadowed by a question which affected proprietors all over the country, on the land and in the cities, and involved vast numbers of house-tenants as well: the increasing burden of local rates and its impact on relations between different classes of tenure and between them and the State.

1. The Times, 7 May 1888, 8f.
2. Town Holdings. Sel.Cttee. Report; P.P. 1889 (251) XV, pp.39-40

96

PART TWO: TENURE AND TAX ATION, C. 1850-1900

CHAPTER SEVEN: LOCAL TAXATION - BANNERS AND PRIZES

The Land Tax, wrote J.S. Mill, 'ought not to be regarded as a tax, but
as a rent-charge in favour of the public. 1 Seen in this aspect 'the public 1, or rather the organs of local and national government, were a very

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substantial rentier; a 'sleeping partner 1, (as Marshall called it) of other tenures, comparable in magnitude with agricultural landownership. We have seen that government appropriated some 23 per cent of the annual rental in rates and taxes at the end of the Edwardian period, say ^.83
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millions out of £360. In addition to this annuity of eighty millions, government owned valuable chunks of property outright, in the form of land, schools, baths, libraries, town halls, gasworks, sewers and tramways. The annual loan charge on local government debt is a crude proxy for the annual 4 value of this property. It came to some £30 millions in 1910. When added on top of taxes and rates, the total value of government tenure, direct and indirect, capital and annual, came to between a quarter and a third of the annual rental in England.
A great tenurial interest had established itself by the Edwardian
period. Like the original ground-owning aristocracy, government levied its tribute primarily by political edict, and not through the market. ---"' Landlord-tenant relations dominated the politics of tenure in the peasant country of Ireland, in the farming districts of Wales and in the Highlands of Scotland. Taxation overshadowed tenure as a political issue in Victorian and Edwardian England. Local Taxation 'occupied more of the attention of the Chambers of Agriculture than all other questions put

1. Mill, Principles, p. 820.
2. Marshall, Principles, p. 637.
3. Above, chap. 2, p. 23.
4. £30.8 millions in the fiscal year ending 1910. See M&D, p.417. The rental equivalent of this was reduced by the rates payable by local authorities to themselves.

97

together, 1 wrote their Secretary in 1915. * The Historians' neglect of the question belies its importance as a medium of property relations in national and local politics. The Victorians knew better. Memorable words of a past master of the subject, the third Marquess of Salisbury, recall that finance was the substance of politics
The chief object of Government, in England at least, is the pro-
tection of property .... the main business of Parliament is to
make laws to define and to secure in some form or other the dis-tribution of property.... Finance, which has been the main battle-field of so many conflicts, is a contest between various classes waged for the purposes of resisting the imposition of what each considers an unfair proportion of that contribution
from property by which the service of the State is carried on
.. .. As property is in the main the chief subject-matter of
legislation, so it is almost the only motive power of agi-
tation. 2
The incidence of local taxation was one of the great and constant preoccupations of Victorian and Edwardian politics. Emerging in the 1840s, the issue persisted unchanged in its essentials for more than fifty years. As originally formulated, it helped to demarcate between the nascent creeds of political Conservatism and Liberalism. In time, attitudes on both sides hardened into dogmas and doctrinal slogans became cues of political identification throughout the century. Indeed, these dogmas were among
the truly essential elements of respective party identities. Like every great political issue, the contention over the incidence of local taxation reflected fundamental differences, deeply rooted in the social, economic and mental realities of Victorian England.
Incidence can be confusing because more than one question was involved First, there was the division of obligations between local and national government. Second, the comparative burden of taxation in the country and the city. Third, the distribution of local taxation between the tenures,
or more simply, between occupiers on the one side, and owners on the other, a distinction embodied in statute from the time of Elizabeth. Formal lia-bility for poor and other rates fell on the occupiers of land and houses in

1. A.H.H. Matthews, Fifty Years of Agricultural Politics (1915), p.53.
2. 'The House of Commons,' Quarterly Review, no.231 (1864), in P. Smith (ed.), Lord Salisbury on Politics (1972), pp.182-3.

98

the parish, who were assessed by local committees. Some drainage, sewer and paving rates were levied from owners, and commercial stock-in-trade had been liable in a few districts, but both practices had largely fallen into disuse by 1840. A large proportion of the rates on working-class houses let weekly were paid quarterly by the landlords, a practice known as

2 compounding, Otherwise, landlords (and particularly, urban groundowners

under the leasehold system) were not formally liable to the rates. Effective incidence was something different. Did rates stick to the point of collection, or could they be shifted down the ladder of tenures? This was but one bone of contention between Conservatives and Liberals. Each party held fairly coherent (if not always internally consistent) views on incidence and these are set out in the following three paragraphs. For the sake of clarity they are reduced to 'ideal types,' stripped of the accumulated verbiage and variation of sixty years. They reflect the state of the question in its late-Victorian maturity, and may be compared, for example, with the House of Commons debate on 23 March 1886, one out of
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many Parliamentary set-piece debates on the subject.
Two slogans contained the essence of the Conservative position:
'The special burdens of land' was the grievance, 'equalisation of taxation 1 the remedy. Owing to the restricted incidence of local taxation, real property (both land and houses; the fundamental unity of the two cate-gories was a central tenet of Conservative doctrine) was paying more- than its fair share of taxation. In the Conservative scheme, taxes fell under three heads: (a) Customs and excise, taxes on consumption falling on the population at large, except for the malt tax which fell on the landed interest, (b) Direct national taxes on property and income (income tax, probate duties, house duty, land tax, etc.). (c) Local taxation, a direct tax falling on realty alone. Tenure paid its share of national taxation,

1. E. Cannan, The History of Local Rates in England (2nd edn. 1912), chaps. IV and V.
2. Under the Poor Relief Act, 1819, the Small Tenements Act 1850, etc.
See Ryde, Rating, pp.81-3.
3. 303 H.C. Deb. 3s. 23 March 1886, cols. 1643ff. Other proximate debates are referred to below, chap. 8, pp.

99
but had to carry an additional burden of local taxation as well. In 1868-9, for example, ordinary income paid 5d. income tax in the £, a tax of 2.1
per cent. Real property carried an additional burden of 12.1 per cent in local taxation.
Despite the formal immunity of ground property from local taxation, Conservatives argued that it was effectively liable. Ricardian economics stated that a tax on land fell ultimately on the landowner's Rent. Proof, argued Conservatives, if rates came down, rents would go up. 'Local' or 'beneficial' taxation for paving the stree'ts, laying sewers and similar expenditure was acceptable; it increased the value of land and was there-fore a legitimate charge on realty. Not so the poor rates and the costs of prisons, asylums, hospitals, trunk roads and schools. These were 'national' obligations and therefore 'onerous 1 when limited in their incidence to realty alone. Conservatives proposed to shift the burden two ways. First, they would make 'personal' property liable to local taxation; i.e. merchants' stock-in-trade and the capital of industrialists, pro-fessionals, bankers and shipowners. But this was not in earnest.. What they insisted on was a transfer of 'national' services to the national Exchequer by means of grants-in-aid from Whitehall to local government. Liberals denied the unity of land and houses. Local taxation, they
showed, fell increasingly on urban houses, not on rural land, and was there-fore paid by urban capitalists and occupiers. The working class, not the landowners, bore the fiscal brunt, as indirect taxation on consumption. Except for duties on beer, which was a proper object for taxation, they proposed to reduce both customs duties and the excise. Liberals denied that rates were shifted on to the groundowners. Taxation stuck at the point of collection and was effectively paid by the occupiers. Groundowners f rent-rolls swelled owing to the public spending of rates they did not pay. Alternatively, Liberals were willing to admit that some taxation was shifted

1. £16.2M local taxation on realty in 1868-9 (see table 7.1) divided by gross schedule A rental plus local taxation (£134.4M). For a statement
of Conservative views, see e.g. R. Dudley Baxter, Local Government and Taxation and Mr. Gos chen's Report (1874).

100

TABLE 7.1. INCIDENCE OF LOCAL AND NATIONAL TAXATION IN ENGLAND AND WALES, 1851 AND 1869

PART I

TAX CATEGORY YEAR 1851 1869

1.

2.

3.

Loc. Tax on Realty E9.9M

Nat. " " " E5.7M

Total " " " £15. 7M 27. 5%

Nat. & Loc. Tax on "
Personalty £10. 8M 19.0%

Customs, Excise &
Post Office Profits £30.4M 53.4%

TOTAL TAXATION £56.9M 100.0%

PART II

Real Property: Income

Tax Assessment (Schs. A&B)

1. In £M. £115. 1M

2. As % of total income
tax assessment 52.6%

£16. 2M

£7.1M

£23. 3M 33.2%

£15. 8M 22.5%

£31. OM 44.2%

£70. 1M 100.0%

£174. 5M

42.9%

SOURCES: Part I. Local Taxation, ReyoiL of G.J. Goschen; P.P. 1370
(470) LV, Appendix, Pt. Ill, tables VI and X, pp.121
and 126-7. Part II. M&D, p.430.

101

to the groundowners but claimed this was no cause for complaint. The so-called special burdens of land were 'traditional 1 or 'hereditary' oblig-ations that groundowners had assumed together with the titles to their property. And if a share of the rates fell on the groundowner's rent this was only just and proper, since Rent was a pure surplus which did not contribute to production, and was fair game for taxation. Liberals occasionally argued that landowners had wriggled out of some of their traditional fiscal obligations. In particular, from the land tax, which had been 4s. in the pound on the true rental in the 18th century. But demands to revive this tax were made in the same spirit as Conservative demands for rating stock-in-trade. Government grants-in-aid were rejected by Liberals as disguised 'doles;' invitations to local extravagance and maladministration. For the next instalment of taxation, Liberals looked to the separate rating of ground property, preferably on its capital value. The two opposing doctrines reflected the classic cleavage of English capital; indeed, they underscore its historical reality. Of the two, Conservative doctrine grew out of the grievances of agriculturists and
the Liberal programme stood for the interests of industrial, mercantile and finance capital. Between the landed interest on one side and the mill-owners and bankers on the other lay another fraction of capital: urban house-capital, made up of a mass of property owners who assumed most of the rate burden and lacked a definite political identity. Their interest was commensurate both with the Conservative complaint about finance-and-mercantile-capital's avoidance of the poor rate, and with the Liberal out-rage at groundowners' evasion of the municipal burden.
What were the respective doctrines designed for? Was fiscal reform
an end in itself, an expression of the economic interests of the antagon-ists? Or was it merely the means of gaining power, the true end of pol-itics? In other words, did the doctrines constitute claims on prizes^ or political banners? They were often described as 'non-political 1 (a typical
1. A concise Radical statement is contained in S. Webb, A Plea for the Tax-ation of Land Values (1887).

102

form of Victorian special pleading) which suggests that their value as banners, appealing across the parties, took precedence over an immediate distribution of spoils: is this why flags often failed to metamorphose into prizes after power was captured? Both parties clung to well-defined policies for five or six decades. The dogmas of local taxation, whether as banners or as claims, both in and out of power, remained important components of political identity and their changing usage and signification marked the progress of political self-definition. For the Parliamentary origins of the issue, which form the subject of the next chapter, it is necessary to go earlier than our chosen period.

103

CHAPTER EIGHT; THE COUNTRY AND THE CITY IN_PARL1AMENT, 1850-1835 Conservative rating doctrine crystallised as a reaction to the
repeal of the Corn Laws. In 1836 'the agricultural interests' succeeded in getting the first grants in aid of local taxation. In 1845 they
o

clamoured again for budget surpluses to be applied for the same purpose. On 27 January 1846 Sir Robert Peel conceded that the end of protection gave the agriculturists a claim for compensation (he only spoke of 'recog-

3 nition 1) He promised a reform of the Law of Settlement to prevent

migrant labourers from being returned to their rural parishes and offered to transfer criminal prosecutions, and the salaries of some poor law

4 officers from the ratepayer to the Treasury.

On the first of February 1849 the Corn Laws finally expired. Five
weeks later Benjamin Disraeli rose in the Commons to propose a motion on Local Burdens. He alluded to 'severe and terrible 1 distress amongst the agricultural class, whose misery was compounded by £12M of taxes a year that no other form of property had to bear. Deprived of protection, agriculture deserved relief from its special obligation. Support for the poor, he said, was 'either a matter of police or a social duty.' However viewed, the poor were properly a charge on 'personal' as well as 'real 1 property. Ha proposed to shift half the sum, £6 millions, to the Consolidated Fund. Speaking for the landed interest, Disraeli shrewdly perceived that relief for the rates could attract the urban ratepayer as well, and thus undermine the Radical constituency. 'Our strength lies with the shopocracy, 1 Cobden wrote to a friend the same year. Disraeli

1. Sir Edward Hamilton, 'Memorandum on Imperial Relief of Local Burdens and on the System of Imperial and Local Taxation, 1 Royal Commission
on Local Taxation, Memoranda; P.P. 1899 C.9528 XXXVI, pp. 11-12.
2. 78 H.C. Deb. 3s. 17 March 1845, W. Miles, col. 963ff. See also Burdens Affecting Real Property. Sel. Cttee. H.L. Report; P.P. 1846
(411) VI Pt. I, pp. xiii-xiv.
3. 83 H.C. Deb. 3s. 27 Jan. 1846, col. 272.
4. Loc. crt_. cols. 264-276.
5. 103 H.C. Deb. 3s. 8 March 1849, col. 424. £10M of local taxation and £2M land tax. cols. 426-7.
6. Loc. cit. col. 432.

7. John Morley, The Life of Richard.Cobden (1881),ii, 61; letter
dated 13 Dec. 1849.

104

discovered a slogan to drive a wedge between shop and house-owners on the

one side and the urban patriciate on the other, isolating the manufacturers

and merchants within their own bastions.

I quite sympathise with the owners of real property in towns as
to their grievances and heavy assessment. The measure, however,
which it is my intention to propose, ... will relieve the
suffering towns from this burden. It will put an end to those
complaints of which we have heard so much from Manchester,
Bradford and other great seats of manufacturing industry. I sympathise with their sufferings, I acknowledge their griev-
ance; and I say it is a vital question to the owners of real
property in towns, whether only one-fourth of the property of
the country should have the whole burden of local taxation
thrown upon it.l

His motion, however, was lost by a majority of 119-

Disraeli toured the Southern Counties in the autumn of 1849, speaking

to meetings of farmers and landowners, trying to wean them from protection

and to win them for a miscellaneous set of alternative sectional policies.

Of these, rate relief proved the most alluring, and other proposals were

2 dropped. Come the new session, Disraeli introduced a new motion for

the relief of local taxation and concluded a two-night full-dress debate

on 21 February 1850 with a dazzling speech charged with sarcastic invect-

ive against urban capitalism, political economy and free trade. Even

Gladstone acknowledged the ratepayers' grievance and inarched into his
3
rival's lobby; and the government majority dropped to twenty-one. The

slogan had demonstrated its power to sway loyalties in Parliament.

So novel was Disraeli's challenge that the Radicals were at a loss

for an effective response. Cobden was taken off his guard: the exper-

ienced war-horse was confused by Disraeli's unaccustomed fanfare. 'The

1. 103 H.C. Deb. cols. 428-9.

2. W.F. Moneypenny and G.E. Suckle, The Life of Benjamin Disraeli Earl of Beaconsfield (1914), iii, chap. VII, esp. p. 230. Other proposals
were an equalization of the land tax in favour of the more heavily-burdened districts and a new sinking fund which, by improving govern-ment credit, would act to reduce interest and make credit easier for agriculture. He also had to reckon with a resurgence of Protection-
ist agitation, which had the tacit support of the party leader Lord Derby. See ibid, p. 214.
3. 108 H.C. Deb. 3s. 21 Feb. 1850, Gladstone, cols.1204-12; Disraeli, cols.1264-1272. Disraeli's proposal was less extravagant in 1850 and only asked for the transfer of Poor Law establishment charges (some £1.5 million) to the Exchequer. See col. 1040.

105

hon. gentleman has talked of every subject except protection to native

industry. Well, here I am, ... anxious to argue with him [about pro-

tection].' Radicals and Peelites denied any community of interest

between farmers and landlords, let alone the country and the city. Relief

would redound to the landlords, at the expense of working men. Grants-in-

2 aid would be wastefully spent, and prolong the life of the income tax.

Bright saw through the purpose of the motion, and did not deny the

common interest of rural and urban landowners.

The great point has been to get up a cry - and that has been your
great difficulty during the recess - a cry by which you could
unite landlord and tenant in one general assault upon the country
and resources of the Chancellor of the Exchequer. ... It is not
then, a question between land and the towns, but it is a question
between the owners of property, who have something, and the great
masses, "the have-nothings," as they are called...^

But except for greater economy, Liberals had no positive proposals of their

own to offer.

Conservative rating doctrine was a product of Disraeli's political

genius. It helped in forging the modern Conservative party and in con-

solidating Disraeli's leadership. Looking back in 1860, he wrote,

I found the Tory party in the House of Commons, when I acceded
to its chief management, in a state of great depression and dis-organisation .... By a series of motions to relieve the
Agricultural Interest by revising and partially removing the
local taxation of the country, I withdrew the Tory party grad-
ually from the hopeless question of Protection, rallied all
those members who were connected either personally or by their constituencies with the land, and finally brought the state of
parties in the House of Commons nearly to a tie.^

Disraeli had raised the banner, but let it fall from his hands. His

budget of 1852 failed to redeem his promises to farmers or the towns. The

malt tax was repealed, but local taxation was left unchanged. The exempt-

ion limit on Inhabited House Duty was lowered, making an additional,

1. Lo£. cit. 19 Feb. 1850, col. 247.
2. LOG, cit. 21 Feb. 1850. The Home Secretary (Sir George Grey), cols. 1052, 1059, 1061; T. Hobhouse, cols. 1092-3; Sir James Graham, cols. 1193-4.
3. Loc. cit. cols. 1102-3.
4. Moneypenny and Suckle, Disraeli, iii, 196.

106

national rate on houses. Resistance to the house duty in the towns was an important factor in bringing about the rejection of the budget, again demonstrating the political potency of the question.
It took the Liberals more than a decade to move beyond mere oppos-
ition to agricultural subsidies and evolve a positive rating doctrine of their own. Like its Conservative counterpart, this was not a product of detached meditation but a straight expression of a particular social and economic conjuncture. To be more precise, Liberal rating doctrine
emerged from the growing pains of the metropolis; the doctrine was to bear the imprint of London for three decades. Unlike Paris, London did not have a Baron Haussmann; on a more modest scale the Metropolitan Board of Works (hereafter M.B.W.) began in 1856 to carry out a series of capital projects that culminated, in the mid-1860s, in the Thames Embankment and the Main Drainage schemes. Heavy compensation for landowners was added
to the considerable costs of construction. Finance placed the main con-
2
straint on this badly-needed enterprise. An improvement rate on the whole metropolis paid for the State-guaranteed loans that provided the bulk of the funds, and the balance was found from special London duties

on Coal and Wine.

By the mid-1860s both these resources were becoming inadequate. Coal duties were a tax on the poor and their continued existence was a reproach to Free Trade. The M.B.W. improvement rate was also regressive in its incidence. It came on top of the poor and other local rates, which had reached high levels in the poorer districts. London's balkanisation between a large number of .corporations and vestries perpetuated a pattern of gross inequality: assessments were lenient in the wealthy districts and rigorous in the poor. Nominal rates in the pound on these non-compar-able valuations varied between 2s. Id. in St. George's, Hanover Square,
a rich West End parish, and 6s. 9d. in St. George the Martyr, Southwark,
1. Loc. cit. chaps. XI-XII, esp. 436.
2. See the Reports of the two Select Committees on Local Taxation and Government in the Metropolis; (a) P.P. 1861 VIII, and (b) P.P. 1866 XIII, and 1867 (135) XII.

107

on the South side of the Thames. Sitting on top of the national rent heap, London, and the City of London in particular, possessed large accumulations of unrated ground property. For the leaseholder, even in the City with its low valuation, rates 'approach a confiscation of prop-erty [and] check and impede the progress of improvement in the construct-
o

ion of dwellings for the middle and working classes.' Liberal rating doctrine was strongly marked by the predominance of the leasehold system in London. Two principles governed this doctrine:
(a) The necessity of rating ground property.
(b) Equalising the rate burden between the London parishes and its con-comitant, reform of London Government.
The rating of ground property, which was to hold such enduring fasc-ination for the Liberal Party, made its first Parliamentary appearance on
3
the 27th February 1866. A.C. Ayrton (1816-1886), M.P. for Tower Hamlets, a tireless municipal reformer (and later Commissioner of Works in Glad-stone's government) moved the appointment of a Select Committee to con-sider the finance of London's capital projects. Harvey Lewis (Lib., Marylebone) seconded:
It might be found that those who had the strongest interest in metropolitan improvements were in reality those most free from taxation. In point of fact the taxation fell principally upon
the occupiers of the metropolis, while the freeholders, who
derived immense revenues from their property, scarcely paid
anything.
The committee was appointed. Giving evidence before it Sir John Thwaite, Chairman of the M.B.W., claimed that the landlords' immunity from rates was a recent evasion of a long-standing legal obligation.
Our rate is, in point of fact, a sewers' rate ... That, in
itself, is a landlords tax, but it has been the practice, for
many years, for the landlords to dislodge that liability by
covenanting with their tenants that the tenants shall pay the
sewers' rate, and thus casting the charge upon the occupiers.5

1. Sel. Ctee. on Metropolitan Local Govt. 1st Rep. & Mins. of Ev.; P.P. 1866 (186) XIII, p.xi.
2. Loc. cit. W.E. Hickson (ratepayer and house-owner), q.6720.
3. At least, the earliest I have been able to trace.
4. 181 H.C. Deb. 3s. 27 Feb. 1866, col. 1213.
5. Metropolitan Local Govt. and Taxation Sel. Cttee. 1st Report; P.P. 1866 (186) XIII, q. 309, p. 16.

108

A copy of an 18th-century private London rating bill bears him out.

In its report, the Committee came down firmly in favour of equalis-

2 ation of rates between the districts and the rating of owners. Such were

the beginnings of the great cause. Ayrton introduced a private bill for

the rating of owners in 1867, in the face of strong resistance from the

City of London. But the City Corporation soon saw the light and intro-
3
duced a bill of its own, imposing a 6d rate on owners. Next to raise

the Liberal banner was the MP for the City, George Joachim Goschen (1831-

1907) who had previously, as a banker, intervened personally to support

4
the M.B.W.'s credit. Goschen's speech on the 21st February 1868 marked

the extension of Liberal front-bench support for the policies introduced

two years previously by Ayrton and Lewis. The speech took its text

almost entirely from the Committee report. 'What, 1 he asked, 'would be

the view taken in Bethnal Green as to the Thames Embankment?' and in

reply to his own rhetorical question, he said,

it was not fair, when an improvement was to be made, which
might be thought most important by the wealthy, that it
should be carried out at the expense of the whole metropolis
while at the same time the burdens at the East End were to
be borne partially and locally.5

Equalisation between the districts and the rating of owners held the only

solutions.

'Would the State increase its contributions for municipal purposes? 1

Not a chance, said Goschen. In central London ground property was

surrounded by the mercantile and financial wealth of an empire. It was

unreasonable to single out groundowners alone for additional taxation, and

understandable that Goschen would consider how to bring other capital into

1. An Act to enable the present and future Proprietors and Inhabitants of the House in Charterhouse Square, in the County of Middlesex, to make
a Rate... to inclose, pave, watch, clean, and improve the said Square
.... (1742), pp.168-9 in the author's possession . See on this
point Cannan, Hist. Rates, pp. 112-4.
2. Metr. Loc. Govt. Sel. Cttee. 1st Report; 1866, p. xii.
3. Rejected by the Select Cttee. in favour of Ayrton's M.B.W. bill, which was not, however, enacted. See 190 H.C. Deb. 3s. 21 Feb. 1868, Ayrton, col. 1034.
A. Ibid.
5. 190 H.C. Deb. 3s. 21 Feb. 1868, col. 1021.
6. Loc. cit. col. 1025.

109

the net. A local income tax he rejected for the reason usually given against such schemes, that 'personal' property was difficult to localise. Instead, he proposed to surrender the House Duty to the municipalities and compensate the Treasury with an additional penny on the Income Tax. 1 Despite an external similarity, this was no concession to the Disraelian principle of Exchequer grants in relief of the rates, which some City

2 Conservatives were demanding. Quite the contrary: about half the house

duty was collected in the metropolis and the rest came from a fev large towns. No subsidy would reach the agricultural districts or the country 3
towns. And Goschen's other proposal (to surrender to London the tax on hackney carriages) would benefit the metropolis alone.
Another lobby was formed in 1866 whose impression on the local tax-
ation issue was to be even more lasting than that of London Liberals. This was the Central Chamber of Agriculture (hereafter C.C.A.). Dominated by large farmers and landowners, it became the acknowledged spokesman for the agrarian interest in England soon after its foundation. In 1868 the C.C.A. began to deploy an effective and well-drilled pressure-group in the House of Commons and embarked on a policy of consistent opposition to any bill that imposed additional burdens on the rates. Its positive prin-: ciples were inherited from Disraeli's parliamentary agitations: first,
to make 'personal' property liable to local burdens, and second, to
secure government grants in aid of 'national' services. In 1869 the C.C.A.

4 formed a semi-independent organ, the Local Taxation Committee (L.T.C.).

From then on, not a year passed without some obstructive Parliamentary activity on behalf of the .Committee, and some sessions were very busy indeed,

1. LOG, cit. col. 1027.
2. Sel. Cttee. Metr. Loc. Govt.; P.P. 1866 (186) XIII, W.E. Hickson,
q. 6720.
3. Matthews, Fifty Years, p.88. Inhabited House Duty was paid only by some 15% of the houses, shops and farmhouses in England and Wales.
The rest were below the exemption limit (£20 gross value a year). See M&D, pp.236 and 239. .
4. Matthews, Fifty Years, pp.77-83, 124; Estates Gazette, 31 Dec. 1898, 1133.

110

Practically every interventionist bill brought grist to the Committee's mill and its history parallels the course of social legislation in Britain. 1 Its leaders participated in urban politics as well. Albert Pell (1820- 1908), first chairman of the C.C.A., was a Conservative M.P. for South Leicestershire, a large farmer and also a property owner and Poor Law Guardian in St. George in the East, Stepney; as chairman of the central poor law conference between 1877 and 1898 he advocated the abolition of

2 outdoor relief. Two other persons closely associated with the Committee

were Michael Hicks Beach (1837-1916), a Gloucestershire landowner who rose to senior Cabinet rank in Lord Salisbury's governments, and Massey Lopes. Lopes (1818-1908) was a Devon landowner, a keen agriculturist and a powerful Parliamentary speaker. On 12th May 1868 he delivered a speech that was significant, in its own way, as Lewis 1 speech had been two years before. Poor rates, not capital improvements were the object of his con-cern. Until exempted by an Act in 1840, he reminded the House, stock-in-trade had been liable to the rates. Six out of every seven pounds of income in the kingdom escaped local taxation, he asserted, and followed with a quasi-Marxian attack on urban capital.
From labour - from labour of poor men - people make wealth.
All capital was acquired by labour; why, then, should not
wealth thus created contribute to the exigencies of the state
and the relief of the poor, to the comfort of the afflicted
and the maintenance of the aged, many of whom had worn them-
selves out, and spent the best part of their lives in acquiring
for others wealth and affluence? .... they were, in fact,
robbing one pauper to pay another.3
For the next four years every session was marked by one or more long debates initiated and dominated by Lopes. His message fell on willing urban and Liberal ears. Boards of Guardians in Liverpool, Birmingham and Leeds asked to be relieved of the exclusive cost of treating sickness, lunacy and

1. Matthews, Fifty Years, pp.81-124, is an L.T.C. chronicle.
2. E. Clarke, 'Albert Pell,' D.N.B.
3. 192 H.C. Deb. 3s. 12 May 1868, cols. 139-40. His speech was followed by John Stuart Mill's only sustained Parliamentary contribution to the subject (though Mill was a member of the Select Committee on Metro-politan Government). Mill thanked Lopes for an able speech, gave a fair-minded account of both sides of the question, conceded the need
for rate support, and came down in favour oi Goschen's plan. See cols. 152-4.

Ill

imbecility, and Urban Ratepayers' Associations formed a connection with

the C.C.A. Local Taxation Committee.

William Rathbone (1819-1902), Liverpool merchant and shipowner, a

philanthropist and city councillor and 'a decided Liberal1 (Pod's), sounded

2 the authentic voice of embattled Guardians in the towns. On 22nd June

1869 he moved a resolution to provide State grants to Poor Law authorities,

which demonstrated the attractions of the Conservative rating banner.

His speech began with an explicit acknowledgement of Massey Lopes' con-

tention that 'a large portion of the wealth of this country escaped

altogether from contributing to local taxation, 1 which 'pressed with far

more cruel injustice upon the small householders of large towns, 1 and was

largely evaded by commercial, manufacturing and trading interests.

... as their wealth increased, and large towns were extended,
those classes escaped more and more from the contributions.
They did not pay on their capital, because that capital, con-
sisting mainly of personalty, was not subject to local tax-
ation. Nor did they contribute in the towns on their domestic establishments, because now the merchant, the banker, or the broker, instead of living on the spot where his business was conducted, resided out- of town, beyond the area of taxation. The fact that men of the class to which he referred paid so insignificant an amount towards the relief of the poor had, he was convinced, a good deal to do with their withdrawal from a discharge of the duties of Poor Law Guardian.... in the large towns the richer a man was the smaller was the pro-portion he contributed, and the poorer a man was the larger was the proportion which he paid. A merchant doing a large business in a moderately large office and warehouse only paid
rates for those premises', whatever might be the extent of his transactions .... Upon the class of small tradesmen the poor
rate operated most oppressively, and with especial severity
upon those who were in the humblest circumstances. 3

Rating reform was high in the priorities of the Liberal government

that took office in December 1868. As President of the Poor Law Board,

Goschen took charge; his plans still reflected a metropolitan bias.

London was given the machinery to increase local taxation in line with

1* 197 H.C. Deb. 3s. 22 June 1869, W. Rathbone (see below), col. 437; Matthews, Fifty Years, pp.73-4. The bodies in question were a Metro-politan Poor Rate League, and Norwich and Leicester Ratepayers' Associ-
ation.

2. On Rathbone, see E. Rathbone, William Rathbone, A Memoir (1905) and P.J. Waller's forthcoming book on Liverpool politics [read in type-script] .
3. 197 H.C. Deb. 3s. 22 June 1869, cols. 430-2.

112

rising rents, by the Valuation of Property (Metropolis) Act of 1869. Re-assessment was to take place every five years on the same basis as the Income Tax (Schedule A), and rate claims were consolidated. In November 1869 a Cabinet Committee was appointed to consider the 'Land Taxation Plan

2 for 1870,' but no bill was ready for introduction within the session.

Instead, Goschen prepared the ground with a Report on Local Taxation (compiled for him by Robert Giffen, the statistician) that made a highly partisan case. It was designed to demonstrate that there was no call for State subsidies to the Country interest. -The Report conceded that local rates had doubled in twenty years from £8M to £16M (see above, table 7.1), but claimed that the increase had mainly occurred in the urban districts. House property in England was indeed heavily taxed. Rural rates, however, had remained constant. In those rural districts where they were high, they had always been high and constituted 'an hereditary burden which has at all times been heavy. 1 Of the additional urban rates only some £2M were 'a lamentable increase of burden' owing to higher Poor Law expend-iture. The rest (£5M) was largely to pay for public works, 'not so much a

3
burden as an investment.'

An important Liberal slogan came into currency in 1870: 'the div-
ision of rates between owners and occupiers.' A Select Committee was appointed in March to investigate the expediency of this policy. It reported that part of the rates were transmitted to the owners and recommen-ded some formal liability, in order to give them an interest in local affairs. Goschen finally introduced his bills in April 1871. They were

1. 32 & 33 Vict. c. 67. Another urgent task undertaken by Goschen was the restoration'of the compounding system, abolished by the Representation
of the People Act of 1867. See the Assessed Rates Bill, Committee Stage, 197 H.C. Deb. 3s. 21 June 1869, cols. 360-430.
2. B.L. Add. MSS. 44637, Gladstone Papers, f. 110. I owe this reference
to Dr. Agatha Ramm.
3. Local Taxation. Report of G.J. Goschen; P.P. 1870 (470) LV, pp.40-1. For Giffen's role see j-oc. cit., p.41 and A.E.B., 'Obituary,' [Sir
Robert GiffenJ, Journ. Roy. Stat. Soc, LXXIII (1910), pp.529^30.
4. Local Taxation. Sel. Cttee. Report; P.P. 1870 (353) VIII, p.iii.
5. 205 H.C. Deb. 3s. 3 April 1871, col. 1115ff.

113

ambitious, perhaps too ambitious. The whole existing structure of local government and taxation was to be swept away. A single local rating authority and one consolidated rate were to be substituted for the multi-tude that existed before. New Parochial and County Boards were to become the organs of local government. The Consolidated rate extended the benefits of the London Valuation Act to the country as a whole, a rational-isation long overdue; it had been initiated by G.W. Hunt, the Conserv-ative Chancellor (in 1867) and approved by a Select Committee in 1868.
So far so good. But Goschen's own innovation, the 'division of rates, 1 was taken by the Country interest as a gratuitous attack on themselves, and did not generate any great enthusiasm among urban members. Why such
a negative reaction? In Scotland and Ireland, after all, division of rates

2
was already in force. In support of agrarian suspicions, the boroughs were excused from the division of their rates, and full rigour was only
3
applied to rural county rates. Nor was there much for the boroughs in the Rating and House Tax Bill. At some future unspecified date, the house duty was to be surrendered to the local authorities (i.e. the metropolis and a few other large towns). The bills failed to please. Landowners
in particular saw them as a party attempt to divide them from the farmers. Goschen's Select Committee Report had been carried by the minister's casting vote, Lopes claimed, when he introduced his annual motion in 1871. ' [Goschen] knew that owner and occupier were united upon this question,
and that when united they were very strong; but he thought he might throw

4 a bone of contention among them and so divide them. 1 Gladstone's speech corroborated the charge. 'I deny,' said the Prime Minister, 'that for the purpose of this argument houses and land are one description of property. 1 Lopes could only posit the unity of tenure in contrast with the exemptions and immunities of 'personal 1 capital, and he made the case with great skill.

1. Poor Rates Assessment. Sel. Cttee. Report; P.P. 1867-8 (342)., XIII, pp. in-v.
2. 205 H.C. Deb. 3s. 3 April 1871, Goschen, col. 1134.
3. See Rating and Local Govt. Bill; P.P. 1872 (106) V, 317, Clause 5(4.) (a).
4. 204 H.C. Deb. 3s. 28 Feb. 1871, col. 1060.
5. Loc. cit. col. 1108.

114

'... if there were not a poor rate, 1 he asked, would [there] be any pro-tection for either persons or property? 1
A poor rate, in his opinion, was as essential to internal defence against the dangerous classes as our Army and Navy were for the
purpose of external defence; and for both descriptions of def-
ence it was, he contended, equally the duty of the Government
to provide ... lunacy was a national calamity .... it was no
special creation of land and houses. 1
He went on to develop an underconsumptionist critique of local taxation: House-capital was 'sentenced to transportation, so that it might do in other countries what it ought to do in this in the way of developing national resources. 1 Local rates were a direct and indirect cause of urban misery and overcrowding. They led f to withdrawal of capital, to
less demand for labour, less wages, more pauperism and consequently higher

2 rates. 1 Sclater-Booth, another landowner, specified the demands: an

increase of government grants for police from one-quarter to one-half the
3
expenditure and half the cost of lunatic asylums. Goschen reserved his
4
reply but later stated emphatically that subsidies were out of the question. Whatever the merits of Goschen's projected reforms, they failed com-
pletely as political banners. Lopes' motion of 1871 was defeated by a majority of 46 in a house of 436, but Goschen's bills had to be withdrawn without debate. One of their clauses threatened to extinguish yet another groundowner immunity: it provided for the rating of country houses not
on their letting value (conventionally assessed at a very low level) but on four per cent of their capital value. An imprudent threat by Robert Lowe (the Chancellor) to tax farm horses discontented country members to such an extent that Disraeli was expecting a dissolution. Massey Lopes 1 annual resolution succeeded in 1872, and the government was defeated by a majority of one hundred, 259 to 159. A majority of 92 (in a house of 430)

1. Loc. cit. cols. 1045-6. 2. LOG, cit. col. 1058.
3. Loc. cit. col. 1066.
4. 205 H.C. Deb. 3s. 3 April 1871, col. 1138.
5. Rating and House Tax Bill; P.P. 1871 (105) III, 263, Cl. 6, p.2. See also 205 H.C. Deb. 3s. 3 April 1871, Goschen, col. 1133.
6. William Rathbone to his Wife, 29 April 1871, printed in Rathbone, William Rathbone, p.276.

115

defeated the government again on a resolution for placing election expenses

on the rates. The C.C.A. Local Taxation Committee managed to obstruct
2
a large number of bills. Its opposition to additional rates was one of

the main frustrations of Gladstone's administration. Contemplating the

dissolution of Parliament, Gladstone admitted this in a letter to Lord

Granville, on 8 January 1874.

I am convinced it is not in our power to draw any great
advantage, as a party, from the subject of Local taxation
. . .. the rate payers are a good deal demoralised, as such,
partly by the working of our present law as to the incidence
of new burdens,* partly by the nature of the agitation which
has been so astutely and ably prosecuted. They want money; and are at present rather indifferent about any thing except money. Now in the game of offering money, first the Tories are completely beforehand with us , secondly they will outbid us if we enter into a competition. I have no doubt
that if we must deal with the chief difficulties of the
case, I do not abandon the hope that we may do it solidly
and with credit: but I am certain we cannot make it an
effective means of taking the weights out of the other scale,
and putting them into ours.-3

Nevertheless, Liberal rating doctrine (dressed in rather ambiguous

phrasing) stood first among the boons promised by Gladstone in his address

to the Greenwich electors. Disraeli replied in kind and the election may

be regarded as the first fought, among other issues, on the Victorian

4 doctrines of local taxation. Soon after Disraeli's victory a deputation

of agriculturists and urban ratepayers arrived at his door to claim the

prize, government grants. Disraeli re-affirmed the doctrine, but

refrained from any promises. He was not entirely free from the assumpti-

ions of Gladstonian finance and realised perhaps that by giving away the

prize he placed the banner at risk. 'I was most careful, 1 Disraeli told

the deputation, referring to the origins of the agitation, twenty-five

years before, 'to make the issue broad, and to make our claims for relief

1. See 210 H.C. Deb. 3s. 16 April 1872, Lopes resolution and debate, cols. 1331-1404; Election Expenses, loc. cit. col. 1876.
2. Matthews, Fifty Years, p.90.
3. A. Ramm (ed.), The Political Correspondence of Mr. Gladstone and Lord Granville, 1868-1876 (1952), ii, 439.
4. The Times, 24 Jan. 1874, 8c; 26 Jan. 8a; 2 Feb. 5a, 6b.

* which fell on occupiers alone.

116

upon a large and general foundation; 1 to appeal, in other words, to country and city alike. All-too-real differences between Town and Country, and between groundowners and house-capitalists, might come into the open if their common grievances were removed. Stafford Northcote's 1874 budget raised the police grant, introduced a 4s. weekly allowance for every
pauper lunatic and transferred the cost of Prisons to the national purse. The total Exchequer grant doubled from E1.15M in 1872-3 to E2.24M in 1875-6, but did not increase much fur-ther. Ten years later it was only E3.4M

2 despite the expansion of many services. 1874 marked the maturity of the

two doctrines, and the point where party dogmas hardened.
The agrarians kept the initiative during Gladstone's second govern-
ment, just as they had in the first. On 28 March 1881 they lost a resol-

3
ution to take main roads off the rates by a mere fourteen votes. The Queen's speech for 1882 promised a debate on imperial relief for local

4 rates. The agrarians returned to the attack, and forced Gladstone to

concede a grant of £250,000 for the maintenance of main roads. The Prime Minister made no more promises in 1883, but a resolution introduced on
17 April by Albert Pell was amended for the government by a majority of only ten, in a house of 450. After the division, thirty-one Liberals, led by Thomas Duckham, chairman of the C.C.A., submitted a memorial to Gladstone in which they demanded urgent relief for the ratepayers. In 1884 a resolu-tion introduced by Pell won a majority of eleven against the government.
o

The * local taxation party 1 lost a division on 5th May 1885 by a
majority of three, and had the satisfaction, one month later, of knocking

1. Deputation of the Central Chamber of Agriculture and the Metropolitan Poor Rate and Local Taxation League, The Times, 24 March 1874, 8b.
2. J.W. Grice, National and Local Finance (1910), Table 1, pp.364-5.
3. 260 H.C. Deb. 3s. 28 March 1881, col. 42-85.
4. 266 H.C. Deb. 3s. 7 Feb. 1882, cols. 5-6.
5. See loc. cit. Gladstone, cols. 39-41, for promise; Matthews, Fifty Years, p.96; 313 H.C. Deb. 3s. 25 April 1887, col. 1810, for Glad-stone's admission of being forced to concede the grant.
6. Matthews, Fifty Years, pp.97-8.
7. See 286 H.C. Deb. 3s. 28 March 1884, cols. 1023-1102.
8. Walter Long, loc. cit. col. 1062.

117

the last nail into the government's coffin. On 18th June 1885 Michael

Hicks Beach (another past chairman o.f the C.C.A.) moved, on the second

reading of the Customs and Excise Bill,

That this House regards the increase proposed by this Bill in
the duties levied on Beer and Spirits as inequitable in the
absence of corresponding additions to the Duties on wine, and declines to impose fresh taxation on real property until
effect had been given to the resolutions of 17th April, 1883,
and of 28th March, 1884, by which it had been acknowledged
that further measures of relief were due to the ratepayers in
counties and boroughs in respect of local charges imposed upon
them for national services.1

On losing the vote by a majority of twelve^ Gladstone resigned. Each of

these motions provided ample opportunity to discuss fiscal views on both

sides of the House and both Liberal and Conservative dogmas were given

extended expositions by their protagonists. But the inactivity of Glad-

stone's government robbed Liberal doctrine of its credibility. It needed

new men from outside the House to breathe life into the tired doctrine.

1. 298 H.C. Deb. 3s. 8 June 1885, col. 1421.

118

CHAPTER NINE; HENRY GEORGE AND LOCAL TAXATION, 1885-1895

Henry George (1839-1897) appeared on the English scene in 1882 as
a transatlantic menace, following on the influx of underpriced grain and the funds that fed unrest in Ireland. He was indubitably a man of the left: 'Like Marx, George turned the guns of the classical economy on the fortress they were supposed to defend.' Marx acknowledged George's priority and deplored it. ' ... it is a first, if unsuccessful attempt at emancipation from the orthodox political economy, 1 he wrote to Sorge

2 in 1881. 'The real importance of Henry George, 1 wrote another heretic,

J.A. Hobson, 'is derived from the fact that he was able to drive an abstract notion, that of economic rent, into the minds of "practical" men
3 and generate therefrom a social movement.'
At one level, the doctrine that Henry George professed was merely an extreme form of Cobden's political creed. '... the antagonism of inter-ests, 1 he wrote, 'is not between labour and capital, as is popularly believed, but is in reality between labour and capital on the one side and

4 landownership on the other.' This was the point of the graft on the old
Liberal stock. George was antagonistic to Rent, but not to profit. In his theory, land hoarding and speculation were the root causes of economic depressions, of unemployment, of urban overcrowding and of poverty. -A tax on the entire value of rent would liberate both capital and labour from taxation, make land freely available to labour and usher in an era of unfettered free trade. Written in vivid and vigorous language, the book made a great impression on many in the Radical wing of the 'party of pro-gress.' Some found their way into socialism and ultimately into

1. A. Birnie, Single-Tax George, 1939, p.70.
2. K. Marx and F. Engels, Selected Correspondence 1846-1895 ed. and trans. D. Torr (1936), K. Marx"to Friedrich A. Sorge, 30 June 1881,-p.396.
3. J.A. Hobson, 'The Influence of Henry George in England,' Fortnightly Review, LXVIII (1897), 836-7.
4. Henry George, Progress and Poverty (Everyman's edn. 19ll), p. 142.

119

labour politics. Others formed the single-tax movement or entered its

Siamese twin, the Land Nationalisation Society.

Progress and Poverty went beyond political economy and fiscal doctrine.

With compelling literary power, it evoked a metaphysic that resonated with

deep themes in the middle-class mentality of its time (we shall plumb them

again in chapter 16). A tension between pragmatism and Utopia runs

through the book. Ultimately, the tax on rent was meant to effect a

reversal of urbanisation, a return to nature, an end to inequality and

2 alienation and the full development of men's creative capacities.

The great cause of inequality in the distribution of wealth
is inequality in the ownership of land [wrote George].^ ...
to relieve labour and capital from all taxation, direct and
indirect, and to throw the burden upon rent, would be, as far
as it went, to counteract this tendency to inequality, and,
if it went so far as to take in taxation the whole of rent, the cause of inequality would be totally destroyed.4 ...
The destruction of speculative land values would tend to diffuse population where it is too dense and to concentrate
it where it is too sparse; to substitute for the tenement
house homes surrounded by gardens, and to fully settle
agricultural districts....5

Significantly, the name adopted by Georgian organisations in Britain ('Land

Restoration League,' English and Scottish) is ambivalent on whether land

is to be restored to the people or people to the land. The single-tax

movement thrived on this ambiguity, which gave scope for 'back-to-the-

landers,' pragmatists and 'modernisers' (see chapter 2 above, p.7) to

work together and gave Londoners a common cause with Welsh and Scottish

peasants. The life of the movement has been exhaustively described already.

Here we are concerned with a different problem: what was the impact of

the land reformers on the politics of local taxation in England?

1. For the reaction to Henry George in England see C.A. Barker, Henry George (New York, 1955), chap. XIII, p-378-416.
2. Progress and Poverty, p.331-2.
3. Ibid. , pTTTT:
4. Ibid., p.311.
5. Ibid., p.319.
6. P. Ho, 'Land and State in Great Britain 1873-1910,' (Columbia Univ. Ph. D. thesis, 1952); A.J. Peacock, 'Land Reform 1880-1919,' (South-
ampton Univ. M.A. thesis, 1961); S.B. Ward, 'Land Reform 1830-1914,' (Reading Univ. Ph.D. thesis, 1976). The second of these is the most informative.

120

The period of Henry George's greatest influence, 1883-5, coincided

with depression in arable farming, agrarian unrest in Scotland and Ireland

and increasing ruling-class concern with the magnitude of poverty in the

metropolis. The 'bitter cry' press campaigns of 1883-4 were given

official recognition with the appointment of the Royal Commission on the

Housing of the Working Classes in 1884. A celebrated passage in its Report

is usually taken to demonstrate the decisive influence of George on

English Land Policy. It was- repeatedly invoked and quoted in Edwardian

2 Liberal policy documents. The passage in question merits a close reading,

for it encapsulates the problem of the links between the Sage of San

Francisco and Liberal Rating doctrine.

At present, land available for building in the neighbourhood
of our populous centres, though its capital value is very
great, is probably producing a small yearly return until it is
let for building. The owners of this land are rated not in relation to the real value but to the actual annual income.
They can thus afford to keep their land out of the market, and to part with only small quantities, so as to raise the price beyond the natural monopoly price which the land would command by the advantages of position. Meantime, the general expend-iture of the town on improvements is increasing the value of their property. If this land were rated at, say, 4 per cent, on its selling value, the owners would have a more direct incentive to part with it to those who are desirous of build-ing, and a two-fold advantage would result to the community. First, all the valuable property would contribute to the rates, and thus the burden on the occupiers would be diminished by the increase in the rateable property. Secondly, the owners of the building land would be forced to offer their land for sale, and thus their competition with one another would bring down the price of building land, and so diminish the tax in the shape of ground rent, or price paid for land which is now levied on urban enterprise by the adjacent landowners, a tax be it remembered which is no recompense for any industry or expenditure on their part, but is the natural result of the
industry and activity of the townspeople themselves. Your
Majesty's Commissioners would recommend that these matters
should be included in legislation when the law of rating comes
to be dealt with by Parliament.3

Taken at face value, the statement appears to open revolutionary

1. Henry George Jnr., The Life of Henry George, London 1900, p.453; Barker, Henry George, p. 414 5 Peacock, Land Reform, p.68.

2. Quoted P.R.O. CAB 37/97/16, D.Lloyd George, 'Taxation of Land Values,' 29 Jan. 1909, 3-4; Papers bearing on Land Taxes; P.P. 1909 Cd. LXXI,
239; The Land, ii, 552-3.
3. Housing of the Working Classes. Royal Commission. 1st Report; P.P. 1884-5 C.4402 XXX, p.42.

121

perspectives. Four per cent, as Henry George's biographer points out, represent a return approximating the full economic value of land. With a tax this high towns could intercept the whole capital gain arising at 2 the margin of urban expansion (i.e. the 'conversion rent 1). Benefits would diffuse downward in the form of lower land prices, making for less crowding and a better urban environment. Now the Royal Commission Report was signed by seventeen pillars of the Victorian establishment, including the Prince of Wales and the leader and heir-apparent respectively, of the Conservative and Liberal parties (Lord Salisbury and Sir Charles Dilke). Yet historians of the land reform movement have failed to register surprise 3 at such a remarkable conversion.
On closer examination the notion appears to be based on a misunder-standing. Four per cent of the capital value is not the tax payable but
the taxable assessment. That is to say, the four per cent of the capital value were to be the assessable value, from which local taxes would be raised at the prevailing rate. The Commissioners did not want to impose penal taxation on ground property, merely to end its immunity to ordinary local taxation. In his dissent from the Report G.J. Goschen complained
that 'The suggestion involves an entirely new principle in the law of rating, namely taxation of capital instead of annual value.... 1 He should have known better. The principle had formed part of his own Rating and House
Tax Bill, introduced fourteen years previously. What is more, the rating of capital values, and even the separate assessment of land and buildings were always common practice in the metropolis, in cases where no measure of annual value was available, e.g. on owner-occupied property, Hotels, public
1. As he put it, 'to propose a tax rate at a level at all near the interest rate on capital was of course to enter entirely within the premises and expectations of land-value taxation.' Barker, Henry George, p. 414.
2. See chap. 4 above, p.54.
3. Lord Salisbury, R.A. Cross and G.J. Goschen dissented from the passage.
4. See, e.g. 303 H.C. Deb. 3s. 23 March 1886, J. Chamberlain, col. 1687.
5. Housing of the Working Classes. Roy. Com. 1st Report. 'Memorandum by the Right Hon. G.J. Goschen, M.P.', p.66.

122

houses and schools. The latter were separately assessed on the value of the land and the buildings in at least five districts (Camberwell, Holborn, Islington, St. Saviour's and Shoreditch). Holborn extended the practice to other property as well.
So the banker's protest only demonstrated how much he had moved from
the Liberal position he had been instrumental in formulating. Lord Salis-bury protested less than Goschen and with reason. For the passage only represented familiar and long-standing Liberal doctrine, and one that Gladstone's government had done nothing to enforce. And it was balanced by the preceding paragraph, which contained the Conservative doctrine of local taxation. The Commissioners, this passage stated,
are of the opinion that until some reform is introduced which
shall secure contribution to local expenditure from other
sources of income received by residents in the locality,2 in
addition to the present rateable property, no great progress
can be made in local improvements.3
The crucial Report turns out to be a ritual ventilation of the two doctrines And yet the Report cannot be written off entirely, for it signified
the revival of Liberal rating doctrine as an active force in reaction (in no small measure) to the influence of Henry George. On 16 March 1886, George's closest associate in England, William Saunders, tabled a motion
in the House of Commons for the direct assessment of ground rents, which cited the passage in the Royal Commission's Report. A long debate ensued and the question was finally referred to the Select Committee on Town Holdings (which had been appointed a short time before to examine leasehold enfranchisement). Seven days later James Thorold Rogers, the old-Cobdenite Professor of Political Economy moved a resolution in favour of the division of rates, and the rating of country mansions at their true value. Rogers

1. Greater London Council Record Office [hereafter GLC] . London County Council (LCC), Local Govt. and Taxation Cttee. Presented Papers, i (1889). Lewisham Union Assessment Cttee. 'Statement containing an Analysis of the Replies to certain questions submitted to Metropolitan Assessment Cttees, 1 Jan. 1885 [printed] .
2. I.e., from 'personal' property. Italics added.
3. Housing of the Working Classes. Roy. Com. 1st Report, 41-2.
4. See e.g. G. Shaw-Lefevre's speech at Bethnal Green, 7 Oct. 1885, in The Times, 8 Oct. 1885, 8a.
5. 303 H.C. Deb. 3s. 16 March 1886, col. 999.

123

offered the 'division of rates' as a moderate alternative to Georgian doctrine and promised it would be 'a great concession to popular sentiment, and a very considerable means of stifling public discontent.' He achieved a majority of forty in a house of 392.
Why did groundowners put up an opposition to the division of rates?
After all the doctrine had originally been put forward by Goschen, a City banker with no reputation for radicalism. One of the keys to Conservative obstruction was contained in the slogan 'existing contracts,' which became current in the 1880s. Conservatives agreed that local taxation ultimately fell on the landowners and was taken into account when leases were made. But town leases could run for up to a century while increases in local taxation were absorbed by the lessee (or the sub-lessee, or the actual occupier). When leases fell in, the groundowner took the new level of rates into account when assigning a new lease, but was compensated by capital gains. . Subjecting owners to the rates in mid-lease undermined a fundamental landowner immunity - hence the insistence on the sanctity of 'existing contracts.' 'Division of rates' began as a London doctrine, and resistance also came mainly from London groundowners and their spokesmen
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in the property professions. 'Existing contracts' remained a high hurdle on the road to rating reform, a shibboleth of Conservative rating doctrines. In the countryside leases were negotiated at much shorter intervals,
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often from year to year, and consequently rates (in theory at least) were re-apportioned between owners and farmers at frequent intervals. Dividing the liability would only formalize an existing relation and give landowners a direct voice in the expenditure of local revenue. So Scotsmen (who already had division of rates), agriculturists, and Conservatives outside the London ground interest were lenient towards the division of rates. 'Indeed,' wrote Albert Pell, a leading member of the Chamber of Agriculture's

1. 303 H.C. Deb. 3s. 23 March 1886, col. 1647; see also col. 164-8, and J.E.T. Rogers, "Trie Economic Interpretation of History (1888), pp.162,
498.

2. See e.g. Lord Salisbury's speech at the National Union meeting at Nottingham, The Times, 26 November 1889, 6e (see chap. 6, above, p.
94). Sargant, Urban Rating (1890), p.66ff.

124

Local Taxation Committee, 'the proposal to divide the payment between owners and occupiers is a truly conservative one.' 1 Agrarians could not ignore the popularity of the Liberals' attack on the landed interest. In the Commons debate on 23rd March 1886, agrarian Conservatives conceded the principle of the division of rates. They insisted, however, on coupling
it with their own remedy of national relief for local taxation. 2 We have already referred to this debate as a set-piece rehearsal of the rating doctrines of the two parties (p. 98 above). The agrarians' concession followed the example of 'the balance of do'ctrines' in the Royal Committee Report, and represented the limits of Conservative willingness to compromise.

II

Liberal rating doctrine was associated from its origin with the cause
of a single municipal government for London. In the early 1880s, hastened no doubt by the 'bitter cry 1 agitations and the promise of a Liberal government, the movement for London government blossomed into life under
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the leadership of the London Municipal Reform League. London finances had not improved since the agitations of the 1860s: the burden of the rates had increased and the Coal and Wine duties were due to expire in 1890; Lord Hobhouse (1819-1904), a leading member of the Municipal Reform League saw ground rents as the substitute. 'Make the owners of property pay rates,*
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he wrote to the Star in 1888, 'and you will replace the coal-tax without burdening the occupier. Let us go to Parliament for that.' On the eve of the formation of the London County Council, Lord Hobhouse became the chair-man of a joint body of the Municipal Reform Council and the Georgian

1. W. Rathbone, A. Pell and F.C. Montague, Local Government and Taxation (1885), p.128.
2. 303 H.C. Deb. 3s. 23 March 1886. Richard Paget, cols. 1653-6; R. Jasper More, cols. 1656-60; Sir John Kennaway, col. 1666; Captain
Cotton, cols. 1674-6.
3. See J. Lloyd, London Municipal Government (1911).
4. L.T. Hobhouse and J.L. Hammond, Lord Hobhouse; A Memoir.(1905),p.167. See also Interview with Hobhouse, 'Is Much to be got out of Ground Rents?', Pall Mall Gazette, 25 Jan. 1888, summarised in Hobhouse and Hammond, op_. cit. pp. 174-5.

125

'English Land Restoration League. 1 This was the United Committee for the Taxation of Ground Values. Sidney .Webb wrote the Committee's first pamphlet, A Plea for the Taxation of Ground Values (1887), and Lord Hobhouse added a preface.
Webb brought a unique combination of passion and expertise into the question of local taxation. Like his contemporaries at the Fabian Society he had fallen under the spell of Henry George during his first visits. Unlike them, he corresponded with the master after his departure. He also had extensive first-hand administrative experience of Local taxation in London, having, as an Inland Revenue Surveyor of Taxes, sat on three
o district assessment committees in the London valuation of 1881. It was there that he realised that,
the income which the owners of London are receiving from rent
is not only the annual rental, but the average unearned
increment of London .... It comes to about one per cent for
the year on their properties, so that in addition to 37
million of rent, we have four or five millions in unearned
increment.3
'This Committee,' wrote Sidney Webb of the United Committee in 1890, 'presenting its aims in the moderate and practical way dear to the English mind, has already exercised a most potent influence, and at least two-thirds of the members of the London County Council adopt its programmes.' In fact the policy adopted by the Progressives on the County Council,
and by Lord Hobhouse in particular constituted an explicit rejection of Webb's programme. The Georgians got off to a good start. On 26 February 1889, barely a month after its first meeting, the London County Council appointed a Land Valuation Committee with distinctly Georgian terms of reference: 'to consider the best method of ascertaining the value of land throughout the metropolitan area, irrespective of the value of the build-ings.' These terms are traceable to Progress and Poverty, where George

1. The Letters of Sidney and Beatrice Webb, ed. N. Mackenzie (Cambridge, 1978), i, S. Webb to H. George, 8 March 1889, 125-6.
2. GLC LCC Pr.P. ii (1889), Report of the Land Valuation Committee (June 1889), ppT49", 56.
3. Loc. c i t. p.68.
4. S. Webb, Socialism in England (1890), pp.58-9.
5. GLC LCC Pr.P. ii, (1889), Report of the Land Valuation Committee (June 1889), p.3.

126

stated categorically that 'the value of land can always be readily distinguished from the value of improvements. 1 George was invited to give evidence about American practice, Sidney Webb drew up a draft bill for the separate valuation of land and houses, and the Committee reported cautiously
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in favour of the principle. About the same time John Fletcher Koulton, Q.C., a former Liberal M.P. (1885-6) and amateur scientist, published the second United Committee pamphlet, more advanced in the Georgian direction than Webb's, which elaborated a scheme for bringing groundowners into local taxation through a separate assessment of'land and houses, and the valuation of land on capital value, not annual income. How much of local taxation should fall on the landowners was left unstated, save for saying that it
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ought to do so 'to a large extent. 1
Starved of funds for essential public works and services, and tantal-
ised by the vision of untaxed ground wealth accumulating all around, the Progressive Party at the London County Council raised high the banner of rating reform. Not, however, the flag of socialism or even of Henry George, but that old battle-standard, 'the division of rates. 1 The Land Valuation Committee's Report was not acted upon, but merely referred to another committee, of more orthodox membership. Lord Hobhouse was chairman, and his brother-in-law, Sir Thomas, Baron Farrer (1819-1899; Permanent Sec. of the Board of Trade, 1856-86, and a writer on financial and economic affairs) was the other dominant member. Although he wanted to bring in ground property under local taxation, Hobhouse had no use for Fletcher Houlton's proposals. With seventy years behind him he was not responsive to novel formulas. Farrer was no more a disciple of George than his exact contemp-orary Hobhouse. His own favourite device for intercepting capital gains
1. Progress and Poverty, p.301. See also p.302.
2. Report of the Land Valuation Cttee, pp.18-20 (Henry George); pp.105-6 (Webb draft bill).
3. J.F. Moulton, The Taxation of Ground Values (1889), p.7.
4. GLC LCC Local Government and Taxation Cttee. Sub-Committee on Incidence of Taxation Bound Minutes, 1889, 'Memorandum of Lord Hobhouse,' draft, Dec. 1889, pp .3-5. Further evidence of impatience with reformers,
p. 130 below. Discussions of the Cttee. Loc. cit. July-December 1889, ff.1-18.

127

was a municipal death duty.

Hobhouse's memorandum was the -basis of the Committee's report,

submitted to the L.C.C. in 1891. Its central principle was the division

of rates. The form it suggested was a landowner's rate on income, on the

same lines, (and possibly the same machinery) as Schedule A of the income

2 tax. In a book published the same year Farrer re-stated the case for

Liberal doctrine as an antidote to more radical reforms, and appealed to

the landowners' self-interest.

Those who have anything to do with ttie public business of our
large towns know how bitter is the feeling on the subject of
the incidence of urban rates; how much this feeling interferes
with the physical and social improvements on which we have all
set our hearts; and how dangerous this feeling may become to
the ownership of land. We are not far from an Irish land question in London.
.... The confiscation of the unearned increment, the national-isation or the municipalisation of land, or Mr. George's
single tax may be absurdities, injustices and impossibilities;
but they are scarcely more unjust than a state of things in
which land, and especially urban land, is exceptionally
relieved -from taxation.^

Meanwhile, L.C.C. Committees beavered away at other reforms and L.C.C.

M.P.s initiated and introduced a wide variety of rating bills. The

Valuer's department adopted a policy of challenging the chronic under-

assessment of wealthy districts. In one third of the metropolis it dis-

covered under-assessment amounting to £900,000 but the challenges produced

meagre results. The Improvements Committee produced a plan for the special
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rating of groundowners who stood to gain from particular public works.

This principle, known as 'betterment,' and embodied in an L.C.C. bill was

1. Loc. cit. 17 July 1889, ff.5-6.
2. Comp. Memorandum, note 1. above, and LCC Meeting 3 Nov. 1891, Report
of the Incidence of Taxation Sub-Committee, as reported in W. Saunders, History of the First London County Council 1889-1890-1891 (1892), pp.556-
8.

3. Lord Farrer, Mr. Goschen's Finance (1891), p.136.
4. Ibid, pp.139-40.
5. On 23 April 1891, for example, the LCC Local Govt. and Taxation Cttee. considered 12 private bills, including rating of machinery, taxation
of ground rents, equalisation, leasehold enfranchisement etc. See the Committee's Pr.P. iii 1891.
6. Saunders, History of the 1st L.C.C., p-v; there is much material on this subject in~GLC, LCC Local Govt. Cttee. papers.

128

dismissed by a House of Commons Committee in 1890. l John Benu's L.C.C. election manifesto of 1892 shows the amplitude of Radical commitment to rating reform independently of sing-le-tax doctrine. He promised the division of rates, application of the betterment principle, appropriation of City charity funds and the equitable rating of land and houses; thirty years later A.G. Gardiner, Benn's biographer, could write - 'Hardly any item of that bold programme has been completely carried out even to-day.' 2 When the Local Government and Taxation Committee agreed to introduce
a Rating of Owners Bill in 1893, it stopped far short of an equal division of rates between owners and occupiers. A mere 4d. in the £ (out of an average London rate of about 5s.) was to be levied by the Inland Revenue as a surcharge on Schedule A in London. B.F.C. Costelloe, chairman of the Committee, introduced it as an ordinary local authority private bill. It was torpedoed by the agrarians: at the insistence of James Lowther, Chairman of the Central Chamber of Agriculture, the speaker ruled the bill 3
out of order. A betterment bill was stopped in the Lords. Next session (1894), as a small measure of compensation, the Liberal government agreed to help pass an Equalisation of Rates Act, which authorised a uniform 6d. rate over the whole metropolis. A.J. Balfour introduced a betterment bill for Manchester, where his constituency was situated. Despite misgivings, the House of Lords admitted it and conceded the L.C.C.'s betterment bill
in 1895. But the L.C.C. did not proceed with betterment. Instead, 'it
paid for the Strand-Kingsway improvements by purchasing property adjoining the project, and leasing it out at its increased value. This was the system employed by Birmingham in the Corporation Street development and was the method of 'recoupment 1 urged upon the council by its opponents in 1890.

1. London Streets (Strand Improvement) Bill. Sel. Cttee. Report; P.P.
1890 (239) XV. pp.iii-iv.
2. A.G. Gardiner, John^Benn and the Progressive Movement (1925), p.152.
3. See B.F.C. Costelloe, The Incidence of Local Taxation (1893), p.32.
4. Gardiner, Berm, pp.164-170.
5. See London Streets (Strand Improvement) Bill. Sel. Cttee. Report; P.P. 1890 (239) XV, p.iv. and Sir G, Shaw-Lefevre, 'The Cost of the Holborn and Strand Improvement Schemes,' The Times, 29 April 1905, 4d-c.

129

In 1895 the Liberals lost power and the Moderates achieved electoral parity at the L.C.C.; rating reform, in London at least, sank from view for two years.

Ill

Gladstone revived the memory of the injustices of Embankment .finances
at a speech in 1887. At Birmingham in 1888 the Liberal Party pledged itself to the taxation of ground rents. The same commitment was undertaken by subsequent conferences, culminating in the Nev/castle Progranme of 1891, where it appeared twice, in both the 'London 1 and the 'omnibus* resolutions. R.B. Haldane stated in Parliament in 1891 that 'it is not proposed to put a 20s. in the £ on ground value. To do that would only be distinguishable from confiscation in the same way as putting one to death in a warm bath

3 is distinguishable from hanging.' Together with Asquith, Sydney Buxton, Arthur Acland and Sir Edward Grey he introduced in 1892 a modest bill designed (like John Stuart Mill's proposals twenty years before) to inter-cept London's future unearned increment, without touching existing assets. It fell short of Mill's plan in being limited to sites actually required for use by local authorities.
I bring forward this Bill[said Haldane] not because I agree
with Mr. Henry George, but because I disagree with him. If
you are able to stop the agitation which then began, and
which, it seems, has been acquiring force ever since, some"
thing must be done. The mind of the people is awakened on
this subject; and I think in this connection we owe something
to Mr. George instead of having a grudge against him. He has
made the people see that something must be done; and what we
seek in this Bill is to do that something, not in the unjust
form he proposed, but in a just form.^
The debate began after midnight and soon became bitter, acrimonious and personal. 'One of the coolest and most impudent attacks upon the security of property which I think has ever been submitted to the legislature of a

1. The Times, 30 July 1887, 12a.
2. See, e.gc National Liberal Federation Annual Meeting, Birmingham, The Times, 8 Nov. 1888, lOb; Manchester, The Times, 5 Dec* 1888, 12c; Newcastle, The Times, 2 Oct. 1891, lOb and 3 Oct., lOb.
3. 352 H.C. Deb. 3s. 29 April 1891, col. 1709.
4. 4 H.C. Deb. 4s. 4 May 1892, col. 78.

130

civilised country, 1 ejaculated one opponent from the right. On the left Cunninghame-Graham,the Scotch socialist, made vocal objections to Haldane's distinction between landed and other capital, and was suspended from the

2 House. Shortly before sunrise there were still 371 members in the chamber
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and they rejected the bill by a majority of 75. After succeeding Glad-stone as Premier in March 1894 Lord Rosebery re-affirmed Liberal rating doctrine. From the platform of a great public meeting, he pledged loyalty to the L.C.C., whose first Chairman he had been. 'It has laid down some principles which will not be allowed to die until they are carried into effect, 1 he declared in somewhat ambiguous wording. 'The first of these is the taxation of ground values (Cheers). 1
There was a fundamental difference between Fabian rating doctrine
(laced as it was with Henry Georgian principles) and the Liberal doctrine. Liberals merely desired the equitable re-distribution of the incidence of local taxation; the Fabians (and the single-taxers) wanted to use local taxation for the extinction of Rent. When pressed on the point, Sidney Webb admitted as much. He did so in 1890, giving evidence before the
Town Holdings Committee, and again in 1893, in sharper terms, when Michael Hicks Beach, leader of the landed interest, interrogated him for the Royal Commission on Labour.
Q. 3857. You wish the burden to be shared between owner and
occupier? - In some form, yes; but I do not mean what is
ordinarily called 'the division of rates. 1 ....
Q. 3887. Supposing it had to go so far as to amount to 20s.
in the pound, what then? - That is a consummation I should
view without any alarm whatsoever."
Lord Hobhouse underlined the difference explicitly in an 'Eighty Club* speech in 1892.
Mr. Sidney Webb is a gentleman whose ability and uprightness
I wish to speak of with every respect, and I have no doubt
that when he is returned to the Council he will do excellent
work in it. But he does take some very far-reaching views,

1. Ibid. A.A. Baumann, col. 84.
2. Ibid, cols. 107-8. 3. Ibid, col. 136.
4. The Times, 22 March 1894, 7b.
5. Town Holdings. Sel, Cttee. Report and Mins. of Ev.; P.P. 1890 (341) XVIII, q. 497.
6. Royal Commission on Labour (Sitting as a Whole). Mins. of Ev.; P.P. 1893-4 C.7603-1 XXXIX, Pt. I.

131

in which he is not followed by me, and, so far as I know, he
is not followed by the majority, or any member of the Progress-
ive Party.1
In 1894 he wrote in the Contemporary Review of 'the cranky-headed men who, professing the desire for reform, do all they can to hinder it, unless it is laid out in every jot and tittle according to their own fancies; perhaps 2 not a very numerous class but a troublesome one. 1
It is important to stress that Liberal doctrine on the one hand, and Fabian and single-tax doctrine on the other, kept separate identities and aimed at entirely different destinations. 'Webb invested his hopes in the inevitability of collectivism; but he had no misgivings about inarching down the road in formation with the Liberals, and blowing the London County Council Progressive trumpet. Such apparent duplicity troubled contempora-ries on both the right and the left, and has led historians to question
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Webb's good faith. On their side, the Liberals could hardly avoid being tainted by association with single-taxers and socialists. Haldane might

4 protest, but the stigma stuck, to be repeatedly exploited by extremists on both sides of Liberalism; to be invoked, in times of need, by.the Liberal leaders themselves.
The first significant instance of the contamination of Liberal do.ctrine with Georgian language was the single-tax slogan 'the taxation of land values' (the concept 'land values' was taken directly out of Progress and
t)
Poverty). This slogan (henceforth designated TLV) universally displaced 'division of rates' as the Liberal catch-phrase from the late 1880s,
without any fundamental alteration of doctrinal substance. The new slogan reflected a change of generations, and the effect of Fabian and single-tax propaganda. It was the first of Henry George's permanent legacies to the rating question.

1. Lord Hobhouse, London Government (29 Feb. 1892), p.18. See also his preface to S. Webb, A Plea for the Taxation of Land Values (1887), pp.
5-6.

2. Quoted in Hammond and Hobhouse, Lord Hobhouse, p.156.
3. See e.g. P. Thompson, Socialists, Liberals and Labour (1967), pp.141-5.
4. 4 H.C. Deb. 4s. 4 May 1892, col. 97.
5. Progress and Poverty , pp.136, 161, 187.
6. See e.g. the National Liberal Federation resolution at Manchester, The Times, 5 December 1889, 12c.

132

Henry George's second legacy was a movement; a body of 'faddists'

on the left wing of the Liberal Party, counting among their numbers a

clique of Radical M.P.s (William Saunders, Professor James Stuart and J.F.

Moulton were the most outstanding of the first generation). Writing in

1897, J.A. Hobson observed,

The spirit of humanitarian and religious appeal which suffuses
Progress and Poverty wrought powerfully upon a large section
of what I may call typical English moralists. In my lectures
upon Political Economy about the country, I have found in
almost every centre a certain little knot of men of the lower-middle or upper-working class, men of grit and character, largely self-educated, keen citizens, mostly nonconformists
in religion, to whom Land Nationalisation, taxation of unearned increment, or other radical reforms of land tenure are doctrines resting upon a plain moral sanction. These free-trading Radical dissenters regard common ownership of land and equal access to the land as a "natural right," essential to individual freedom. It is this attitude of mind which serves
to explain why, when both theoretic students of society and
the man in the street regard Land Nationalisation as a first
large step in the direction of Socialism, organized Social-
ists regard the followers of Henry George with undisguised
hostility and contempt.^

For the initiated, rating reform extended into the realms of political myth

(in Sorel's sense of the term). Liberal rating doctrine, bogged down in

lethargy and a mess of conflicting interests, was energised by the convic-

tion and vitality that single-taxers and socialists brought into their

propaganda. Their example was sometimes infectious, and played a part in
2
re-vitalising the Liberal party after 1900.

The third, and probably the least fortunate legacy, was the project

of a separate valuation for land and buildings. Its elegance may have

appealed to the scientific mind of Fletcher Moulton; its tidiness, to the

bureaucratic predilections of Sidney Webb. Experienced officials like

Baron Farrer and Lord Hobhouse suspected it was too complicated to become
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practical politics. Three interconnected weaknesses characterised the

project. First, it called for the separation of land value from the value

of the buildings erected upon the land, and the valuation of a fictional

1. J.A. Hobson, 'Influence of Henry George,' pp.841-2.
2. See below, chap. 12, p. 182 ff.
3. Hobhouse, GLC 'Memorandum,' (1889), pp.3~5 (see note A, p. 126 above); Farrer, Mr. Goschen's Finance, p.146.

133

entity, the 'bare site. 1 Secondly, the valuation of capital, as opposed to the assessment of rental income, was bound to be at once more difficult expensive and arbitrary, since capital values, unlike rents, are not a matter of fact, but of expectation, except in the case of actual sales. Thirdly, taxation affects expectations of profit, and therefore depresses capital values. A tax on land values would therefore nullify the valuation on which it was based. Given political goodwill, none of these problems was fatal. Site value tax systems were established in the 1890s and 1900s in Australia, New Zealand and in some German and American cities. Rating systems contained even stranger fictions than 'bare sites' (the rating of railways was one example). But for a politically contentious doctrine, complexity and cost were to prove a serious and eventually fatal handicap. Edgar Josiah Harper (1860-1934) was Assistant Valuer to the London
County Council from 1890 to 1900 and Statistical Officer between 1900 and 1911. Simplicity of valuation was the cardinal pre-condition of TLV and Harper's expert authority lent more credibility to the separate valuation of sites and structures than perhaps any other single factor. Harper was

2 an undercover single-taxer, with a vested personal interest. Starting at

eighteen as clerk in the Architect's department at the Metropolitan Board of Works, he was earning £162 a year ten years later in 1888. In 1889 he gave evidence to the L.C.C.'s Land Valuation Committee and was soon promoted
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to the Valuer's office. Thereafter he rose, not without controversy, and reached £1100 a year before he left the L.C.C. in 1911, to become the head

3 of Lloyd George's Land Valuation. From the first, he made light of the

1. This is anticipatory. For a sympathetic discussion of the project, see A.W. Fox, The Rating of Land Values (2nd edn. 1908); a collection of documents, covering the whole period, see Papers Bearing on Land Taxes; P.P. 1909 Cd. 4750 LXXXI. For a good critique, see H. Cox, Land Nation-alization and Land Taxation (2nd edn, 1906), pp.95-125. See also P.R.O.
CAB 37/117/91, 'Memorandum on Colonial and Foreign Land Taxes,' Dec.1913.
2. Charles Trevelyan Papers, CPT 9, Crompton Lewellyn Davis [Secretary of the English Land Restoration League] to Trevelyan, a single-tax M.P.
(see below, p.182), 16 Nov. 1902, referring to the recruitment of L.C.C. members: '... of course Harper's name must not be mentioned [underlined
in original] as it would never do for him to have been conspiring in a matter in which the Councillors will join. 1 See also CPT 9, Alfred
Billson to C.P. Trevelyan, 22 Jan. 1902.
3. L.C.C. Minutes, 8 Oct. 1889, 18 Feb. 1890, 13 March 1894. H. Haward,
The London County Council from Within (1932), pp.218-220; Who was Who.

134

the difficulties and the cost of a separate valuation, and went on to do so

whenever the opportunity presented itself, inside the L.C.C., before

professional bodies and Commissions of Inquiry. In 1895-6 he carried out 2
a pilot valuation of London. Of his persuasiveness there can be no doubt:

he left a favourable impression on many contemporaries. Sidney Webb

invited him to be one of the London School of Economies' first lecturers in

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1895. Without disparaging the energy or the ability of this admirably

self-made man, it must be said that he created misplaced confidence by

dismissing difficulties too easily; and that he confounded the problems by

a certain obscurity of thought and expression.

All things considered, Henry George loomed larger in England as bogeyman

than prophet. Outside a small band of loyalists, he inspired more fear than

4 respect. Hyndman the Marxist soon fell foul of him. Liberal economists

(except Sidgwick) accorded the compliment of serious attention, but only in

order to knock him down. Samuel Smith, an old-style Gladstonian Liverpool

M.P. recorded the consternation George excited in orthodox Liberal ranks in

his first visits, and took the platform against him in the last visits.

It was association with Irish 'crime 1 and not socialist theorising which

first invested Henry George with menacing qualities, and he made a handy

1. See, e.g., Local Taxation. Royal Commission. Vol. IV Mins. Ev.; P.P. 1900 Cd. 201, XXXVI, qq.22,201-22,524; LOG, cit. Final Report Engl. & Wales;
P.P. 1401 Cd. 638 XXIV, p.169; E.J. Harper, 'Incidence of Rates upon
Landed Property, 1 Estates Gazette, April 3 1897, pp.519-20; L.C:C. Land
Val. Cttee. (1889), Qq.238-65.
2. See chap. 2. above, p. 15, n.2.
3. For testimonials, see the letters referred to in note 2 p. 133 above, as well as Wedgwood Papers, C. Llewellyn Davies to J. Wedgwood, 29 Jan. 1906; and the following documents, cited in Papers bearing on Land Taxes; P.?.
1909 Cd. 4750 LXXXI; page references refer to this collection, (a) L.C.C. Report on the Rules for Deduction, 11 Dec. 1893, p.298. (b) Royal
Commission on Local Taxation. Separate Report on Urban Rating and Site Values, 1901, p.268. Wilson, Site Values, frequently invoked Harper's authority. Sidney Webb, see 'A School of Economics, 1 London, 29 August
1895, 278. Efficiency and ability, see Haward, op. cit. p.205.
4. See The Single Tax versus Social Democracy, debate between Henry George and H.M. Hyndman, July 2nd 1889, 'Introduction' by Hyndman (1906 reprint), pp.3-4.
5. Alfred Marshall, Arnold Toynbee, Henry Fawcett, Thorold Rogers, Thomas Farrer. See Barker, Henry George, pp.389-94.
6. Samuel Smith, My Life Work (1903), pp.148-51.
7. See The Times, 12 June 1882, 6c; 4 Sept. 1882, 5a-d, 7b, leader; 6 Sept. 1882, 6a, letter from George, 7c-d, 3d leader on 'The Nationalization of Land.'

135

brush to tar the Liberal party. In a memorable and oft-quoted phrase, Salisbury described his opponents as being 'on an inclined plane leading from the position of Lord Hartington to that of Mr. Chamberlain and so on to the depths over which Mr. Henry George rules supreme. 1 Salisbury skilfully whipped up his supporters' fears to pull the Conservative party behind the London groundowners, of whom he became even more representative after the Whig defections of 1886. As the owner of land wedged between the old improvements on the Embankment and the projected new ones in the Strand (in the 1890s the Hotel Cecil was erected on this site, sold by

2 then to the Duke of Norfolk), he spoke on local taxation frequently, with passion and knowledge. The subject recurs in his major political speeches of the 1880s and 1890s: he disseminated the pure milk of Conservative doctrine, opposed the disturbance of existing contracts, attacked the L.C.C,
3
and all its works. After 1886, in the years of their late-Victorian ascendancy, the Conservatives pressed the logic of their rating doctrine
to the limits of practical politics. In the first years of the twentieth century the doctrine was exhausted, and this hastened the collapse of Conservative political hegemony. This course of events is the subject of the next two chapters.

1. 16 Jan. 1884. Quoted in J.L. Garvin, Life of Joseph Chamberlain (1932), i, 462.
2. 'London's Largest Hotel,' London, 9 January 1896, 23.
3. On Local Taxation, see, e.g., Speech at Newport, The Times, 8 Oct. 1885, 7b; Nottingham, loc. cit., 27 Nov. 1889, 6e; Exeter, loc. cit., 3 Feb. 1892, 6c. Attacks on the L.C.C., see Queen's Hall speech, loc. cit.
8 Nov. 1894, 4b-c; Albert Hall, loc. cit. 17 Nov. 1897, lOb-c.

136

CHAPTER TEN; MR. GOSCHEN'S FINANCE, 1887-1892

Soon after assuming office, the agrarians in Lord Salisbury's first administration made ready to gather the harvest sown eighteen years before. Michael Hicks Beach became Chancellor of the Exchequer and submitted a plan to impose a local income tax. A year of political turbulence followed. Randolph Churchill, who replaced Beach in the next Conservative 2 government, held distinctly Gladstonian views on finance. It fell to G.J. Goschen, who was called in after Churchill's resignation, to assume his old mantle of rating reformer, this time in a Conservative Cabinet.
In the process of changing his political stripes, Goschen substantially modified his local taxation doctrines as well, thereby demonstrating their party-political character. The underlying principle of his new policy was to redress the alleged inequality between real and personal property, an inequality he had strongly denied eighteen years before. The method he chose bore a tenuous resemblance to one he had essayed in 1868 and 1871: assigning national taxes to local authorities in relief of the rates.
The first instalment was modest, £280,000 granted in 1887 in anticipation

of wider measures.

Goschen's budget of 1888 was, he said, as much a ratepayers' as a tax-payers' budget. An attempt to raise some of the necessary revenue by a wheel and van tax and a duty on horses ended in farcical failure. Probate duty was the other source. One-half was assigned to the Local Taxation Account. It was the one tax, Goschen said, which fell exclusively on realised personalty, 'and it was always the dream of [Conservative] reformers of local taxation to make personalty contribute thereto.' Publicans' and other excise licences were also assigned to the local authorities, and in

1. P.R.O. CAB 37/16/70, M. Hicks Beach, 'Local Taxation,' 21 Dec. 1885.
2. See Churchill, Lord Randolph Churchill, chap. XVIII.
3. B. Mallet, British Budgets 1887-88 to 1912-13 (1913),pp.7-8.
4. See 324 H.C. Deb. 3s. 26 March 1888, cols. 268-9, 287.
5. See F.M.L. Thompson, 'Nineteenth-Century Horse Sense,' Econ. Hist. Rev. 2nd ser. XXIX (1967), 67-9.
6. 324 H.C. Deb. 3s. cols. 288-9.

137

1890 local councils were compensated for the loss of horse and cart taxes

with a surcharge on beer and spirits, the renowned 'Whiskey Money, 1 some of

which was made available for technical education. In five years, despite

the abolition of most pre-existing grants, the support for local author-

ities doubled, from four million pounds in 1887 to eight millions in 1892. 1

Not all the agrarians were satisfied that Goschen had undergone a genuine

conversion. To allay their suspicions, he circulated in May 1889 a

document which affirmed his new convictions. In correspondence with Henry

Chaplin (President of the Board of Agriculture) that he laid before the

Cabinet, Goschen wrote,

We have parted with millions of Imperial money to keep our
pledge to the ratepayers, of whom those connected with land
were the most conspicuous in demanding this concession. ....
All that I have said to you is not an ex post facto argument,
used to meet the objections of yourself and your friends. I contend that my policy throughout my three Budgets has been favourable to the landed interest, and will prove to be so, when regarded as a whole. ... There was a time - some twenty years ago, when I held and contended that land hardly con-tributed its fair share to the Imperial revenue; but I fully
realize how great has been the change since then, and how the disastrous fall in the revenue derived from land has altered
the proportion which it may be justly expected to bear both
of local and national burdens. In all my financial policy
I have borne this fact in mind.

Goschen concluded, however, with a warning. 'I do not think that any

further diversions of Imperial resources to the relief of rates would be

3 possible.'

In Parliament as well, Goschen invoked the severity of the farming

slump to justify the break with previous parsimony. 'Land, 1 he said, 'has

depreciated enormously in value. 1 A new horizon of public expenditure

1. M&D, p.414. In addition to the sources cited below, this chapter is based on a number of studies which were themselves more or less pol-emical contributions to contemporary controversies. The first, second
and last works in the list were London School of Economics monographs.
(a) Cannan, Hist. Rates. (b) Grice, Local Finance. (c) Sir E. Hamil-
ton, 'Memorandum on Imperial Relief of Local Burdens, 1 Local Taxation.
Roy. Comm. Memorandas; P.P. 1899 C.9528 XXXVI. (d) Mallet, British Budgets, (e) S. Webb, Grants in Aid; A Criticism and a Proposal (1911).
2. CAB 37724/25 [correspondence between Goschen and Henry Chaplin], 6, 7 and 9 May 1889, p.2.
3. Loc. cit. p.5.
4. 324~H7cTDeb. 3s. 26 March 1888, col. 289.

138

was opened up by his grants. In them, the historian may recognise an unsuspected link between the agrarian depression of the 1880s and the origins of the British Welfare State. In Protectionist countries such as Germany and (much later, in the 1930s) the United States, agriculturists were pioneer claimants of State Aid. Goschen's Budgets conform to the same pattern.
Yet the device most favoured by Goschen, of assigning Imperial reven-
ues to local authorities, was originally designed by him (in the 1860s) to favour London and the large cities, and this bias was preserved in his
new proposals: the distribution of the new grants was meant to conform with the distribution of indoor pauperism. This principle was not accept-able to the agrarians; on their demand, the grants were distributed instead on the pattern of the Exchequer grants they replaced, thereby perpetuating the advantages of the countryside and gravely discriminating against the metropolis. Londoners of all political complexions never tired of com-plaining about this bias, and calculated London's loss in hundreds of

2 thousands. Even if London failed to get its just share, Disraeli's

principle of recognition for urban claims for rate relief was still res-pected. Goschen rejected suggestions
that this relief of local taxation is simply to be a gift to
the squirearchy. On the contrary, a very large proportion of
this relief will go to some of the poorest ratepayers in some
of the poorest towns in the kingdom.3
Subsequent grants for technical education (1890) and free education (1891)

4 were also distributed without an overt bias in favour of town or country. How did the Liberals react? A Treasury memorandum placed before Gladstone's cabinet in 1884 made a strong argument in favour of State

1. H-J. Puhle, Politische Agrarbewegungen in kapitalistischen Industrie-gesellschaften (Gottingen, 1975), pTl2.
2. Hamilton, 'Memorandum..., 1 1899, p.21; London, leaders, March 8 and April 19 1894, 143 and 239; May 30 1895, 410; January 16 1896, 66; Haward, L.C.C. from Within, pp.212-17.
3. 324 H.C. Deb. 3s. 26 March 1888, col. 289.
4. For the former, see p. 137 above; the latter, see G. Sutherland, Policy-Making in Elementary Education (Oxford, 1973), p.. 287 ff.

139

intervention: 'The national conscience, 1 it stated, 'is more easily aroused than the local conscience.' In Gladstone's view, however, the duty of the national conscience was to protect the national purse. His observations were made on the occasion of Goschen's first budget in 1887, when Goschen introduced an increased road grant. Gladstone now repudiated
o

his own road grant of 1882, saying it had been forced upon him. .Glad-stone's speech set the tone of Liberal reaction to Conservative grant policy in the subsequent fifteen years with the argument that grants-in-
3 aid were merely doles for the landlords.
At one level, Gladstone's objections were merely ratepayers' cheese-paring translated into national finance: grants undermined economic management and strict administration. They also raised an old question of principle: grants drawn from the Exchequer, said Gladstone, were ultimately a charge on labour, not on property. To evade this particular charge, Goschen made his grants out of the probate duties, which were undoubtedly a charge on personal capital. Now the Liberal Party had long been associ-ated with the demand for the substitution of direct for indirect taxes;
and for lower rates of tax on 'earned' and smaller middle class incomes
(the principles of 'differentiation 1 and 'graduation'). But Gladstone held back from committing for local purposes the most readily available source of additional revenue, the income tax. Retrenchment was the only solution he offered for the crisis of local revenue. Both parties admitted that the ratepayer deserved relief. One intractable problem remained: who pays? Liberals and Conservatives clung to comfortable doctrines that placed the sacrifice on each other. Landowners were prepared to charge the capitalists, by way of the Exchequer; industrialists were perfectly willing to make landlords and rentiers bear the burden. As theories of

1. CAB 37/13/48, R.G.C. Hamilton, 'State Interference with Industrial Enterprise,' 1 Dec. 1884, p. 2.
2. 313 H.C. Deb. 3s. 25 April 1887, col. 1810.
3. Loc. cit. col. 1811.

4. See F. Shehab, Progressive Taxation (Oxford, 1953), pp.90-6, 189-93.
5. 313 H.C. Deb. 3s. col. 1813.
6. Loc. cit. col. 1810.

140

incidence there was not, at this stage, much to choose between the two. In practice, however, Conservative doctrine was innovative and opened the way for novel modes of expenditure *
One instance of the contest between industrial capital and land-and-house owners in the late 1880s was the local taxation of machinery. Manufacturers and local Chambers of Commerce claimed that such rates were a tax on labour. House owners and town councillors replied that machinery itself was an enemy of labour. Feelings ran strong on Tyneside, with its extensive shipyards and works, and even more extensive workmen's dwellings. Any relief of the former, said opponents of the measure, would have to be borne by the latter. 'Is it reasonable to cry out for relief to a firm like Sir W. Armstrong's (whose £100 Shares are now quoted at £200) at
the expense of the artisan, or the small shopkeeper who can scarcely make both ends meet? 1 asked a Gateshead Broadsheet. After failing to settle the question in the courts, a private member's bill was introduced every year for a few years after 1887 and received a majority on second reading in 1890. But the status quo was too strong, and industrial demands were
2
not satisfied until the inter-war industrial depression.
N,

Unequal incidence of death duties had been a standing Liberal grievance

3 since the 1850s. Probate duty on personal wealth was 3 per cent, the
4 succession duty on realty a mere 1 per cent of a more lenient valuation.
In 1888 Goschen raised the succession duty to \h per cent and assigned half the probate duty to local taxation, thereby equalising the death duty on

1. Walter Long Papers, Wiltshire Record Office, WRO 947/12, Broadsheet signed by Henry Wallace, F.S.I., Gateshead, 17 March 1890. This file
is entitled 'Rating of Machinery Bill, 1890,' and contains memoranda
and pamphlets on subject from 1887 to 1892, including a copy of the
bill. See also Rating of Machinery Bill. Sel. Cttee. Report; P.P.
1887 (231) XI; and Local Taxation. Roy. Com. Final Report; P.P. 1901
Cd. 638, XXIV, pp.53-6.
2. See Proposals for Reform in Local Government and Financial Relations between the Exchequer and Local Authorities; P.P. 1928.Cd..3134 XIX.
3. Succession duty on realty was introduced by Gladstone in his 1853

Budget. See 125 H.C. Deb. 3s. 18 April 1853, cols. 1394-8. . 4. The valuation was a capital sum representing an annuity yielding the
annual rental for the life of the heir. Older heirs paid on less than the full market value, and so did proprietors of land with low rentals
in relation to the capital value, e.g. building land ripe for develop-
ment.

141

both forms of property for 'imperial 1 (i.e. national) purposes. This juggling of words still left the probate duty more than twice as high as succession duty. When the agrarians protested against the increase of succession duty, Goschen defended the higher tax as f a most diplomatic act, 1 that would pre-empt more radical reforms.
Government expenditure had increased by almost a third in the twenty years after 1874. The increase (some £24 millions) was almost equally divided between the Army and Navy on the one side, and education and
2
grants-in-aid on the other. When Harcourt began to frame his budget for 1894 it appeared that an additional £2.3 millions would be required to pay for Lord Spencer's Naval programme. Armaments and local subsidies were equally repugnant to Liberals. They also upset the delicate balance of Gladstonian finance. An armament drive was more than the aging and ailing Gladstone could countenance, and he resigned early in 1894. Sir William Harcourt was determined to make his budget for that year an occasion,
quite literally, for the settling of accounts between Liberalism and the landed interest. Ignoring Lord RoseberyVs remonstrances, he proceeded to
3
use the Death Duties for this purpose. All the different death duties were assimilated into one, graduated from one to eight per cent., and
. assessed on the market value of the estate. By blending all capital passing at death in one common pool, Harcourt undid the purported basis of Goschen f s grants, namely the contribution of personalty to local taxation. The agrarians were thoroughly aroused, and the incidence of taxation was once again ventilated at great length in Westminster. Landowners predicted the end of great houses and great estates; a campaign of obstruction was carried

1. CAB 37/24/25, G.J. Goschen, [Succession duties], May 9 1889, p.2. Another reason for agrarian displeasure was the transfer of two-thirds of the valuation from annuity to market value. See CAB 37/32/54, [G.J. Gos-
chen], 'Attacks made on the finance of the Government, 1 n.d. [1892], pp.
13-14.

2. Mallet, British Budgets, p..78.
3. A.G. Gardiner, The Life of William Harcourt (1923), ii, chap. XVI.

142

out against the bill in Parliament, a campaign of propaganda outside.''" Harcourt gilded the pill with a concession on one of the agrarians' old grievances (strongly pressed for by urban property owners as well): a deduction for depreciation and maintenance on income tax (Sen. A) assess-
2 ments, one-sixth for houses, one-eighth for lands.

1. Ibid.

2. Credit for the measure was claimed for the United Property Owners and Ratepayers Association of Great Britain, of which more below (chap. 14, PP»234ff.) See 'The Protection of Property Owners, 1 EG leader, 15 June 1901, 104*5 Other claimants, see EG 20 May 1899, 842; EG, 25 Dec.
1897 \ 1025.

143

CHAPTER ELEVEN: DOLES FOR THE SQUIRE AND PARSON, 1895-1902

Owing to a quirk of political patronage, one of the officials who assisted in the preparation of Harc'ourt's death duty reform was Sir Alfred Milner. After serving Goschen as private secretary between 1884 and 1889 (and a three-year stint in Egypt) the future pro-consul had been given a berth in the Inland Revenue, as Chairman of the Board. Milner had the

greatest sympathy for the claims of the great landowners, but did not share their apocalyptic view of the new duties. He regarded the reform as a tactical concession, reculer pour mieux sauter; as he wrote to Harcourt's successor, Hicks Beach, in 1896,
It always seemed to me that land suffered more from its
inability to make good its just claims with regard to Local
Taxation and Land Tax than it gained from clinging to its
indefensible advantages in respect of Death Duties. They
were invariably cast in its teeth whenever its advocates
raised the question of the exceptional burdens on land, and
being greatly exaggerated in the popular imagination created
a prejudice which effectively prevented land from getting
relief in"the directions in which it is clearly entitled to
it.l

This was no mere expression of sympathy. In the immediate aftermath of Harcourt's budget, Milner had been instrumental in getting an unprecedented subsidy for the landed interest.
Apart from the very modest equalisation and betterment bills in London,
the Liberal ministry's record on local taxation had been almost purely
2
negative. Sir Henry Fowler, President of the Local Government Board, produced a report that merely reprinted and updated Goschen's effort of 1870. It reiterated Goschen's conclusions that rates had practically doubled in the previous two decades, but that increases had fallen on the
°o

towns, not on agriculture. But wheat prices had touched their lowest point

1. Inland Revenue Papers (hereafter IRP) Ml.2, Sir Alfred Milner to the Chancellor of the Exchequer, 'Experience of the first year of the new Estate Duty,' 12 Aug. 1896 [Holograph Memo.].
2. The Fabian Society [S. Webb & G.B. Shaw], 'To Your Tents, Oh Israel! 1 Fortnightly Review LX (1893), 578, 580, 584-5, complaining that even
those modest measures were obstructed by the government..
3. Local Taxation. H.H. Fowler. Report; P.P. 1893-4 (168) LXXXVII, p.li.

144
for more than two centuries during the Liberal ministry and the government could not entirely ignore the extent of the farming depression. They chose a standard evasion and appointed a Royal Commission, which began to collect evidence on a grand scale. When the Unionists won the elections in July 1895 with a majority of 152, they proceeded to turn the Royal Commission to their own use. In the autumn of 1895 Milner was called to give evidence. His presentation was carefully prepared. It was designed to show not only that land was excessively encumbered with local taxation,
but that it paid more than its fair share of imperial taxation as well.
Out of every pound of income, he contended, the respective heads of property were liable as follows (in pence):
Lands .... 19.42 d
Other rateable property (i.e., houses) .... 15.6 d
Non-rateable property .... 14.41 d

Weighted Average 15.426d
In January 1896 the Commission presented a hasty interim Report, which
2
recommended a remission of local rates on agricultural land. The Report was followed in April by the Agricultural Land Rating Bill, which became the most controversial legislative measure of 1896.
The Agricultural Land Rating Bill proposed to assess agricultural land
at one-half its rateable value for local taxation. The shortfall, estimated at E1.56M was to be made good by the Exchequer, and paid to local author-ities, out of estate duty derived from personalty. Now that death duties were pooled the formula was devoid of meaning, but it formed an ideological

3 underpinning for the measure. Agricultural depression was invoked as

justification for the subsidy but the opponents of the bill refused to be

1. See Bodl. Lib. Add. Milner Papers, Ms. Eng, Hist. c. 695. Manuscript tables for submission, 19 Dec. 1895, f. 16. For his evidence, see Agricultural Depression. Roy- Coram. Evidence, pt. IV; P.P. 1896 C.8021 XVII, qq. 73,071-520 and 63,937-64 64,036; and App. A, XXXII, pp. 576-586.
2. Agricultural Depression. Royal Commission. 2nd Report; P.P. 1896 C.7981 XVI. For a summary of Milner*s evidence, see pp. 10-12.
3. On this point, see Asquith's speech, 42 H.C. Deb. 4s. 1 July 1896,
col. 452.

145

taken in. They attacked it as an example of 'legalised robbery. 1 ^"
The bill, and the government's rating policy in the subsequent nine years, represented a new departure in Conservative rating doctrine. Disraeli's principle of equal consideration for town and country was discarded. Instead, grant funds were reserved for the Party's special clients, agriculture and the Church. William Harcourt observed quite accurately in debate that
Formerly your help was given to everybody alike, but the
conception of picking out one class and giving to that
class, and that alone, the assistance of the rates, never
entered into the hearts of even the Tory party to conceive
until they had a majority of 150 (Laughter and Cheers) -2
To grasp the prize Conservatives had to release the banner. For more
than twenty-five years their appeals on behalf of ratepayers in general
had attracted members from the other side of the house. Now the position
was swiftly reversed. George Whiteley, Member for Stockport, led an urban Unionist revolt. Town members resented the bill for two reasons. First,
they rejected the claims of agriculture, as an industry, for special
relief. Some of their own industries were no less depressed. In Oldham alone, they claimed, there were 600,000 fewer spindles than three years before; in

3
Lancashire, haIf-a-mi11ion less in one year. Secondly, the bill discriminated against local government in the towns. "... a gross and
cruel act of injustice to the boards and urban districts of the country, 1
said Whiteley. 'Up to the present, all those grants in aid had been shared and distributed alike amongst all real-property owners.' He demanded a limit of two or three years on the subsidy and a strong Royal Commission of experts, otherwise urban support would be withdrawn.
Henry Chaplin, the veteran agrarian, was President of the Local
Government Board and in charge of the bill. In 1913 he recalled:

1. 41 H.C. Deb. 4s. 24 May 1896, Herbert Lewis (a Welsh Liberal), col.152.
2. 42 H.C. Deb. 4s. 1 July 1896, col.491.
3. 39 H.C. Deb. 4s. 20 April 1896, G. Whiteley, col.1329-
4. Loc. cit. col. 1327.
5> Loc cit col.1329-31.

6. PTR~.'or~PRO 30/72/44 [Minutes and Reports of the Association of Municipal Corporations], 1913. Ann. Meeting, 28 May 1913, Chaplin speech, p.112;
for his contemporary concession, see 40 H.C. Deb. 4s. 13 May 1896, col.
1295.

146

it was met with so much opposition from the borough members in the House of Commons on both sides, quite irrespective of party ... that it was found to be impossible [despite an overwhelming Unionist majority] to carry that Bill without coming to an understanding with the borough members upon that question. In consequence the whole burden of that duty of coming to an understanding fell upon me, and after numerous conversations and discussions what happened was this. An understanding was
come to by which the Bill should be made of a temporary charac-
ter only, and it was made to last for five years .... Another concession was that a Royal Commission should be immediately
appointed to inquire into and report upon all the grievances
that the boroughs had to complain of...

This was the origin of the Royal Commission on Local Taxation.

It was especially galling to town members that accommodation land,

market gardens and even vacant building land should be relieved of half

the rates. Asquith pointed out that there was no agrarian depression in

the metropolis and its environs. Urban land values were soaring-. Vacant

land, which radicals had considered grievously under-taxed was now to

2 receive even greater remissions. The opposition attacked the bill with

relish. William Harcourt recognised 'the same spirit which inspired the
3
Corn Laws.' Liberal parsimony also had its say. Henry Fowler, for

example, detected 'the first step towards making the poor rate a national

charge.' Imputations of personal corruption were freely made. David

Lloyd George gained notoriety for accusing Henry Chaplin of a personal

interest. The President of the Local Government Board, he claimed, would

gain £700 from the bill. Taking the capital value of their land, the

» Cabinet ministers as a group 'would benefit to the extent of two and a

quarter millions by this Bill ["Hear, hear" and cries of "No!"]. 1

Having bled the farmer to the last drop of his blood, the
landowners were now seeking to bleed the taxpayers, who were
to be driven into the landlords' leech pond ... There were
misery and actual hunger in the Welsh tin-plate districts,
but where was the bill for the relief of the tin-plate
industry?^

Not content with verbal protest, he refused to vacate the chamber for a

1. 42 H.C. Deb. 4s. 1 July 1896, col.457.
2. See figure 12.2 for the actual impact of the Ag. Rates Act, chap.12, p,
3. 42 H.C. Deb. 4s. 1 July 1896, col.497.
4. LOG, cit. col.467.
5. 40 H.C. Deb. 4s. 30 April 1896, cols.241-2.

147

division, and, with four like-minded comrades, was suspended from the

House.

Why did the Unionists embark on a policy of selective subsidies that threatened their urban support? One answer lies in the agrarian complexion of the ministry. Veteran agrarians held key positions: Hicks Beach was at the Treasury, Walter Long at the Board of Agriculture and Chaplin in the Local Government Board. Salisbury was not apathetic to their claims and A.J. Balfour was concerned about the Church and its schools. For politicians in intimate contact with rural life, carrying a burden of local paternalist obligations, the farming depression was a more pressing reality than urban suffering. Tithe rent charge, rural educational trusts and voluntary school incomes were all linked with the price of corn, and the latter's decline exacerbated the hardships of the clergy and deepened the crisis of church schools in the countryside. Liberals also detected
a reluctance among the agrarians to meet the crisis of rural education with support from local rates; many rural districts were not rated for
2 education at all.
Finally, the government laboured under a growing sense of financial stringency, created in no small part by the fiscal myopia of its Treasury advisers. Sir Edward Hamilton sounded the alarm in July 1895, before the new Cabinet had warmed their seats. Expenditure, he warned, was rising by leaps and bounds, and there was no ready source of additional revenue. 'Unless the brake is applied to the spending propensities of the State, the Government may ere long find themselves confronted with a choice of evils involving serious changes in our fiscal system, and consequently
3
formidable Parliamentary difficulties. 1 Hamilton's memorandum set the
tone of Treasury advice over the subsequent ten years. By endorsing its tenets, Salisbury's Cabinet gradually abdicated their domestic political

1. 41 H.C. Deb. 4s. 24 May 1896, col. 151ff.
2. See T.J. MacNams.ra, 'The Local Support of Education, 1 Nineteenth Century, no. 238 (Dec. 1896), 919-924.
3. CAB 37/39/38, Sir E, Hamilton, 'Some Remarks on Public Finance, 1 24 July 1895, pp.15-16.

148

sovereignty.
Disraeli once said (in 1872, in a debate on local taxation) that
'The Consolidated Fund is spoken of- as if it was to be shut up in a box
and never used for any purpose, whereas our duty is to see that it is used for purposes conducive to the public welfare. 1 As late as 1895 A.J. Balfour printed at the head of his election card 'Poor Law and School Board rates to be charged on the Imperial Exchequer. 1 Old-style Liberals might still fear that the Conservatives could evolve a 'national poor rate,' and

2 rank-and-file Unionists still hoped they would. But the new policy of
selective subsidies set a limit to the scope of Conservative doctrine as
an instrument of political mobilisation. Old-Age Pensions, for example, were ruled out. Hamilton regarded both expenditure and taxation as positive evils; he exceeded his brief by repeatedly underscoring the political dangers of additional taxation, but remained blind to the political and social advantages open to a spending government. In short, his fiscal advice was bad politics. But then, his political masters were under no obligation to take it: their Liberal successors knew how to get different
3 advice when they wanted it.
Except for a Utopian counsel of economy, Hamilton had nothing to offer
but a choice of evils. Income tax at 3.3 per cent (8d in the £) he regarded as too high for a time of peace. His strictures on the fiscal potential of
* beer duty were animated by a deference for the brewing interest unbecoming
in a civil servant. He warned of alienating the working classes with food

1. Disraeli, 210 H.C. Deb. 3s. 16 April 1872, cols,1396-7. Balfour, see T.J. MacNamara, 107 H.C. Deb. 4s. 6 May 1902, col. 905.
2. Liberals - Henry Fowler, 42 H.C. Deb. 4s. 1 July 1896, col. 467; others see the following items in London, the L.C.C. Progressive weekly: 'A Moderate Councillor's Scheme of Rating Reform. Mr. W. Urquhart tells interviewer the Poor Rate should become an Imperial Tax.' June 6 1895,
p.426; 'Should the School Board Rate be Nationalised?' 4 July 1895, p.528;
'A Nationalised Poor Rate and the taxation of Personal Property for Poor
Law Purposes,' 12 Dec. 1895, p.1082.
3. Compare the two Treasury Memoranda by W. Blain, CAB 37/66/61 'Direct
and Indirect Taxation, 1 May 1903 [printed 25 Sept.] and CAB 37/87/22, 'Supertax, 1 26 Feb. 1906.
4. CAB 37/39/38, Hamilton, 'Some Remarks on Public Finance,' 24 July 1895, p.9.

149

taxes, but the balance of his advice was subtly tilted in favour of the old heresy of import duties on sugar and corn. His prediction of 'a gradual and insidious growth of public charges outstripping the natural

2 increase of revenue' was grotesquely falsified the very same year by an
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emergent budget surplus of some £5 millions. It was the prospect of this surplus that enabled the Conservatives to envisage aid for agriculture and the voluntary schools without any recourse to new taxation.
Conservative partiality for the Church was the source of their second special subsidy. Three out of five primary schoolchildren in England and Wales were educated in voluntary schools, a vast majority of them in Church of England schools unsupported by local rates. These schools, which had a virtual monopoly in most rural areas and a solid hold in many urban ones, fared badly in comparison with rate-supported board schools: expenditure on a scholar in the former was an average £1 18s. lid in 1895, in the latter £2 10s. 2d. The financial crisis of the Church and the depression in rural districts added to the voluntary schools' troubles. The religious and educational ramifications of this problem were manifold, but lie beyond the scope of this study; the education problem impinged heavily on Conservative rating policy. Aid for education was promised in election manifestoes in 1895, and reiterated in the subsequent Queen's speech. An education bill introduced in 1896 coupled a measure of re-organisation, with state subsidies for voluntary schools. It raised too many passions, both fiscal and religious, and had to be abandoned. In October 1896 Cabinet was again searching for a way to support the voluntary system. A general subvention for all schools was considered and rejected, in favour of a subsidy as deftly selective as the Agricultural Rates Act:

1. Loc. cit. pp. 10, 13, 15.
2. Loc. cit. p. 15.
3. CAB 37/40/67, E.W. Hamilton, 'How to dispose of the surplus of 1895-6,' 31 Dec. 1895. The actual surplus was £5.8 millions.
4. The Queen's Speech, 37 H.C. Deb. 4s. 11 Feb. 1896, cols. 5-6; also 39 B.C. Deb. 4s, 16 April 1896, Financial Statement, M. Hicks Beach, cols. 1055, 1077-84.
5. Sutherland, Education, Tables 1 and 5, pp. 350, 356.

150

a grant of £600,000, and de-rating, for voluntary schools, and another £100,000 or so for the most necessitous Board Schools. 1 The thrust of
the bill was again unmistakeable. -Sir John Gorst, in charge of the Bill, confided to Beatrice Webb: 'we are on the eve of a crisis: there will be
a revolt of the urban Tories. They can't go on watching their seats being taken from under them. As for social reform: all chance of that is gone.' 2 'We have a government, 1 said Fletcher Moulton in the Finance Bill
debate of 1899, 'which dare not tax the poor and will not tax the rich.' 3 The point was well put. By the end of the1 1890s the policy of selective subsidies was reaching its practical limit. The Royal Commission on Local Taxation became the instrument of a third substantial dole. Cabinet decided, and the Commissioners agreed, to recommend a rebate of one-half the rates for the resident parsons of the Church of England, on the lines of the Agricultural Rates Act. But the Chancellor's self-imposed tax constraints meant there was little money available, even for the most deserving of the govenment's clients. While expressing his sympathy with the parsons' plight, 'Black Michael' refused to make a grant for their relief. Notwithstanding the Agricultural Rates Act, he informed the Cabinet,
I submit that such a grant would be a most dangerous precedent
- for it is perfectly possible that in the course of the
inquiry some other classes of ratepayers may establish a case
of over-assessment under the present system - and would have
an irresistible claim to be aided in the same way.5
Instead, he argued, their grievances should be met 'by readjustment between the ratepayers, not at the cost of the Exchequer.' In other words, the clergy should be relieved locally, at the ratepayers' expense. Throwing

1. CAB 37/43/44, A.J. Balfour, [Education Bill: Grants-in-aid to voluntary schools], 8 Nov. 1896, and others. These proposals were subsequently enacted as the Voluntary Schools Act and the Necessitous Board Schools Act, 1897.
2. Beatrice Webb's Diary, 3 Feb. 1897, Our Partnership, p. 137.
3. Mallet, British Budgets, p. 143.
4. See chap. 3 above, pp.38-9.
5. CAB 37/49/21, M. Hicks Beach, 'Rating of Tithe Rent-Charge,' 14 March 1899, p. 1.
6. Loc. cit. p. 5.

151

down the gauntlet to the ratepayer (not least the agrarian ratepayer) was an act of parsimony bordering on political foolhardiness. Hicks Beach was overruled; but the principle was to re-appear, as the financial basis of the great Education Bill of 1902.
The South African war belied the Chancellor's pessimism and, para-doxically, reinforced it. An ample margin was revealed for new borrowing, and for increasing the income tax, but the obligations of War ruled out any additional subsidies for voluntary schools. Sir Robert Morant's conversation with Joseph Chamberlain on 12 December 1901 is revealing: CHAMBERLAIN: 'Why not do as was done in 1870, and promise
additional grants to Voluntary Schools out of State funds,
thus avoiding recourse to the rates?
MORANT: 'Because your War has made further recourse to State
grants impossible.'1
On 31 January 1901 Edward Hamilton produced another alarmist memorandum, modelled very closely on his document of 1895. Its silky prose was still held in thrall to the mirage of retrenchment. It was 'impolitic' to interfere with the manufacture of brewers, who were so powerful a class; death duties 'are quite as high as they would be tolerated.' Income tax it was dangerous to increase. In his judgement it was more acceptable to 'broaden the base of taxation,' i.e. to tax the consumption of the

2 working classes. This expert advice was really no more than an expression

of political preferences. In embracing 'a broader base of taxation, 1 Hicks Beach also embraced the political consequences. Sugar duties were introduced in 1901 and in October of that year Customs and Excise submitted

3 an elaborate plan for taxing imported meat and corn. The budget of 1902 incorporated a registration duty on wheat. Conservative rating doctrine had been formed in response to the repeal of protection. In a curious historical symmetry, it relapsed into protection when momentum was lost.

1. B.M. Alien, Sir Robert Morant (1934), p.168. Quoted in J. Amery, The Life of Joseph Chamberlain (1969) v, 87.
2. CAB 37/56/14, Sir E. Hamilton, "The Financial Problem,' 31 Jan. 1901, pp.3, 10-14.
3. CAB 37/58/93, G.L, Ryder, J.A. Kempe and R.T. Prowse* 'Extension of the Basis of Indirect Taxation,' 7 Oct. 1901.

152

Looking forward to 1902, Hicks Beach sounded a note of despair. He demanded from his Cabinet colleagues 'a real check on the continued increase of ordinary expenditure.... 1 Education estimates had grown by £2.5 millions since 1895-6. 'This might, at any rate, warn us against imposing new liabilities on the Exchequer for University, secondary or

2 commercial education. 1 'With regard to the large increase in payments to

local taxation,' he continued, 'I will only say that I think we are not now in a position to hold out hopes of additional grants from the Exchequer

3 either in aid of rates, or for old-age pensions. 1 This was the fiscal
background of the 1902 Education bill. The Budgets of 1901 and 1902 started the Unionist Party down the disastrous road to tariff reform. The Education bill was this policy's counterpart in the sphere of local taxation. (This judgement refers to the political effect of the policies and not to their intrinsic merit)..
Rather than allow the church schools to be extinguished, Balfour

4 determined to unload them on the ratepayers. It was the local equivalent

of 'broadening the base of taxation. 1 To have given special grants to church schools (in 1897) was bad enough. To place them on the rates was politically much worse, for it forged a strong popular coalition against the government. '[A] Bill to put Christianity on the rates, 1 cried Lloyd George, and the moribund Nonconformist conscience awoke from its slumbers. The controversy restored the Welshman's reputation, and he .made the most of the religious issue. Urban school boards were aroused by the threat to their independence, and the projected education authorities, the urban
and county councils, viewed with dismay a new obligation designed to increase the education rate by up to 45 per cent at a stroke. Country members were aghast at having to pay education rates for the first time.

1. CAB 37/58/109, M. Hicks Beach, [Financial difficulties: appeal for economy in estimates.], Oct. 1901, p.3.
2. Ibid, p.5. 3. Ibid, p.7.
4. 113 H.C. Deb. 4s, 2 June 1902, col. 1149.
5. 114 H.C. Deb. 4s. 11 Nov. 1902, col. 665.
6. See, e.g. 107 H.C. Deb. 4s. 8 May 1902, cols. 1098 ff.
7. 107 H.C. Deb. 4s. 6 May 1902, T.J. MacNamara, cols. 905-7.

153

A Devon member described grass-roots Unionist defections; 1 the member for South-East Essex led Conservatives voting against the bill. 2 A massive deputation waited on Balfour on 15 .June 1902, and on the 23rd he finally backed down and promised a grant of £900,000. Michael Hicks Beach

4 resigned in disgust. The grant was mainly intended as compensation to

local authorities for the prospective loss of voluntary contributions.
In the end, the government was forced to find as much as £1.2 millions. 5 It now bore almost one-half of the cost; London Radicals and the agrarians both demanded that the government assume three-quarters, but Balfour declined such an open-ended commitment. Further expansion would fall on the local authorities. Generous financing at the outset might have defused the bill. Balfour's concessions came too late, however: the Liberal party was given a tremendous boost, which started it down the road to 1906.
Much has been made of Fabian .support for Balfour's education bill.
Sidney Webb was instrumental in constructing the London County Council's system of secondary and higher education, and incurred a certain rivalry from the London School Board. His support for Balfour's bill (and its London variant), which subordinated school boards to county councils,
soured relations with many of his old allies among the London 'Progressives,' who resented the change. Of greater significance than these sectarian jealousies was the convergence of men of the left and men of the right for implementing an etatist measure, realising a possibility which had b'een latent in Disraeli's rate support doctrine. At a London School of Economics lecture, Webb praised grants-in-aid as a unique invention of British genius,

1. 113 H.C. Deb. 4s. 2 June 1902, G. Lambert, col. 1147.
2. 114 H.C. Deb. 4s. 11 Nov. 1902, Major F.C. Rasch, col. 667.
3. 109 H.C. Deb. 4s. 23 June 1902, cols. 1401-7.
4. V. Hicks Beach, The Life of Sir Michael Hicks Beach (1932), ii, 170, 171f. He was also influenced by pressure to increase Naval expenditure.
5. 115 H.C. Debs. 2 Dec. 1902, Walter Long, col. 955.
6. 114 H.C. Deb. 4s. 12 Nov. 1902, Henry Chaplin amendment, cols. 797ff. Government grants covered one-half (50.8%) of the cost of primary education in 1904-5, the first year of the full application ,of the Act
in England and Wales. See Education Rates. Dept. Cttee. Report; P.P.
1907 Cd. 3313 XXI, p.15.
7. See, e.g^ B. Simon, Education and the Labour Movement (1965), pp.203- 207, 225-235; HacBriar, Fabian Socialism, pp.215-17.

154

an excellent combination of carrot and stick. It marked another step away

from Liberalism.

No subject [he said] except, perhaps, war, so annoyed Mr.
Gladstone as that of grants-in-aid, and he consistently
fulminated against them as iniquitous, and "a positive
excitement to extravagance." What he did not realise is
that sometimes it is desirable to encourage expenditure.

In this, as in so much else, he could feel the future in his bones.

Raising the voluntary schools up to board-school standards added a

great strain to the financial worries of local authorities. By 1905, a
o

committee of inquiry had to be appointed. ' But the new responsibilities

also enhanced the status of local government, and increased the influence

of the towns on national politics. It is to this municipal interest that

we now turn.

1. S. Webb, 'The Evolution of Local Government, - VI. 1, Municipal Journal and London, 8 Dec. 1899, 1313. The idea's central place in Vebb^s thinking"on social administration is further discussed below, chap. 19, p.317.
2. On the strain on local authorities see e.g. Gardiner, John Benn, pp. 306-10; Education Rates. Dept, Cttee. Report; P.P.1907 Cd. 3313 XXI.

155

PART THREE ;MUNICIPAL ENTERPRISE AND PRIVATE CAPITAL

CHAPTER TWELVE; MUNICIPALITIES AND CONSERVATIVE POLICY, C. 1890-1906

In opting for selective subsidies in 1896 Salisbury's Cabinet effect-ively disowned the towns. Part three describes the urban reaction, its economic foundations and its political consequences. To begin with, the urban interest needs to be defined. In the 1880s local affairs were managed by a plurality of overlapping elected authorities, falling under three main heads: Poor Law Unions, School Boards and Municipal authorities, with responsibility respectively for welfare, education and the urban infrastructure. Division of labour was not so clear-cut in practice, and political fragmentation militated against efficient administration. The multiplication of authorities was sometimes carried to absurd lengths. Goschen, who had laboured long to reduce it, used to tell how one of his suburban properties, assessed at £1,100, attracted 87 separate rate demand

2
notes in one year.
Of the three sets of institutions, municipal corporations were the
main repositories of civic identity. Town halls gave a symbolic focus to the Victorian city and town councils monopolised the rituals of mayoralty and conducted the main business of civic deliberation. As effective proprietors of streets, sewers, buildings, gas, water and transport systems, in short, as owners of public capital, the councillors held greater assets

1. Sometimes one or another of the elements was missing, and municipal functions often were undertaken by more than one authority, e.g.,
sanitary commissioners, health boards, corporations etc. See J. Redlich and F.W. Hirst, Local Government in England (1903).
2. G.J. Goschen, 'On Local Rates, 1 [leaflet, Bodl. Lib.], n.d. [1882?].

156

and assumed greater liabilities than other local bodies. By the 1880s
they had long displaced the Poor Law guardians as the largest local spenders. The obligation to provide massive fixed capital placed great financial responsibility on the council leadership. It also presented them with
levers of power, patronage and prestige. Great aqueducts, broad thorough-fares, Libraries and University Colleges reflected greater glory than
primary schools and work-houses. Large funds were handled, important contracts awarded, great works undertaken. At a Birmingham banquet in 1396 Joseph Chamberlain delivered a set speech:
I have always compared the work of a great corporation like this
to that of a joint-stock company, in which the directors are
represented by the Councillors of the City, in which the share-
holders are every ratepayer, and in which the dividends are to
be found in the increased health and wealth and happiness and
education of the community.^
Corporations were great capitalists and gave rise to a new bourgeoisie of councillors, contractors and civic servants. Of the latter Chamberlain said, 'There is no economy more disastrous than the economy which endeavours to make cheeseparing savings in the remuneration of men whose services may be priceless. T
The urban interest was dependent on Parliament for both legal and
financial powers, and it crystallised as a Parliamentary pressure group.
An Association of Municipal Corporations was formed in 1872 (henceforth,
in this study, A.M.C.). Four or five times a year the Council of the Association assembled in London. Most of the representatives were Town Clerks: salaried, not elected officers; a minority were mayors or councillors. Once a year (from the late 1890s, twice) the whole membership-

1. M&D, pp.416, 420.
2. London, 16 July 1896, 679. This is almost identical with the 1892 passage quoted by A. Briggs, History of Birmingham (1952), ii, 74.
The preceding pages of this work are most illuminating on municipal mentality in that town.
3. Ibid.
4. A.M.C. records were collected in annual volumes of printed and duplicated Minutes, Reports, Circulars etc., now deposited in P.R.O. class PRO
30/72. Volumes are paginated, but not always consistently, consecutive-
ly or right through. I have tried to use the most helpful form of reference.

157

the representative town clerks, mayors or councillors of more than a
hundred urban councils would get together for a week-end, usually in the London Guildhall. By 1895 A.M.C. embraced all but an insignificant
minority of the urban councils in Britain; it maintained a permanent office, disposed of some £1000 a year, and wielded considerable influence in Parliament. The urban interest was deliberated and articulated in other places as well, at the annual central Poor Law conferences, for example.
But the A.M.C. was the representative voice of urban collective capital,
and is therefore the natural vehicle for this part of the narrative.
The A.M.C. possessed a leader of exceptional calibre. Sir Albert
Kaye Rollit, Ll.D. (Lond.) (1842-1922) hailed from Hull, where he was a shipowner and solicitor, and the town's mayor between 1883 and 1885. Rollit was a powerhouse of energy and activity, a compulsive collector of offices, accomplishments and honours, in 1886 he was elected Conservative M.P. for South Islington, which seat he continued to hold for twenty years. In London he developed a thriving legal practice, sat on the Council of
the the Law Society and served as its President, founded and presided over the Associated Chambers of Commerce. A list of his multifarious activities and interests could easily fill a whole page. In photographs Rollit appears as a man of striking presence: stout, bull-necked, bald-headed; his pointed mustachioes gave him the appearance of a balkan warlord. He was a tireless politician and in 1889, Chairman of the National Union of Conservative Associations. To this central organ of Unionism he presented a well form-ulated philosophy of Conservative pre-emption. 'The statesman's duty, 1 he
2
said, 'is to effect peacefully what may otherwise become a social revolution. 1

1. PRO 30/72/24, 1895. A.M.C. Ann. Meeting, Pres. Address , 22 March 1895, pp.1-2. The funds available to the A.M.C. were intermediate between
those held by the Land Reform groups (the English Land Restoration
League disposed of £200-£250 a year in the late 1880s) and those of the London Municipal Society, the Conservative pressure group (whose
official 'above-board' expenditure in 1895-6 was £2,476). See S.B. Ward, 'Land Reform, 1 pp.221, 238; K. Young, Local Politics and the Rise of
Party (Leicester, 1975), p.74.
2. Besides Rollit's record of activity at the A.M.C. and the Law Society, the sources for this paragraph are T.T. Uildridge, An account of the honorary freedom of the town... of Hull (Hull, 1891), pp.11-26; Ou£ Shipping Headlights (Hull, 1900), pp.148-9; Who's Who and Who Was Who; the quote is from The National Union, Speech by Sir A.K. Rollit... on Organization and Social Reform (26 Nov., rS3T) , p.8.

158

In 1888 Rollit was elected Vice-President of the Association of Municipal Corporations and two years later he was elevated to the Presidency, a position from which he exercised a dominating influence on municipal politics for the subsequent sixteen years. He was an ardent municipal capitalist, and cultivated at the A.M.C. a creed of 'municipalise,' a gospel of civic spending that ran counter to the orthodoxy of retrenchment and economy.
Rollit was a powerful public speaker, and his orations constitute a memorable record of the municipal cause in its formative years. Like Sidney Webb, he was a prophet of welfare capitalism. Unlike Webb, who was an unwitting prophet, Rollit preached collectivism as a safeguard for property. So long as the individual remained insecure, he insisted, property could not be safe.
Men must even meet Socialism itself Jhe said] . It stalks
abroad, and we must look it in the face - not shirk it as a
spectre only to be avoided. In its one sense of the State,
Municipality or public bodies, doing what men cannot do, or
do so well, for themselves, its principle has been adopted in
many of those statutes which are our own work, and of which
our party has no reason to be ashamed.1
A man of humanitarian values and humanistic education, Rollit liked to evoke the analogy of ancient Rome, 'the eternal city which survives not only in its literature and its laws, but also in those great public works which are your business today, 1 as he said to the assembled municipal officers,
' - its streets, its pavements, its aqueducts, its cloaca, and its

2 catacombs.' Public Works were not merely prudent responses to necessity; they were an embodiment of virtue, and would advertise virtue to posterity. 'And if it be said that such a programme is socialistic, 1 he said in another speech, 'I reply that, as in all else, there is both good and bad in Socialism; that the adoption of what is good is the best preventive of what is bad. |3

1. The National Union, Speech by... Rollit (26 Nov. 1889), p.9.
2. PRO 30/72/25, 1896, A.M.C. Pres. Address, p.62.
3. A.K. Rollit, Municipalism (an address to the .... British Institute of Public Health at Hull, 9~~Aug. 1895), p. 10.

159

The essence of 'municipalism' is expressed in a speech delivered by Rollit in 1898 at the annual meeting of the A.M.C.

The necessary complement of Individualism is, for political and social stability and safety, some wise Collectivism, and municipal channels are best for this purpose. The strongest security for person and property is to make, as far as possible, life worth living for all, and there is still truth, and as much truth as ever, in the answer of the Greek sage to the question, "What is the ideal State?" - "One in which the rich

are not too rich nor the poor too poor." Danger, political and social, still lurks in each of these extremes, and they
may be best modified by a wise and enterprising appreciation and application of the municipal spirit. (Cheers). *-
How to adjust the sacrifices to the benefits: that was the fundamental dilemma of urban finance. The balance of urban opinion concurred in refusing to leave paving, sewering and lighting to the good will of
2 individual landowners. So long-term capital formation had to be financed by short-tenure ratepayers for the ultimate gain of the permanent landlords. The towns were not deterred: they borrowed and invested, and the rates increased inexorably. But local politics and local improvements were fouled by ratepayers' economy movements, which were given effective powers of obstruction by the Borough Funds Act of 1872. Single ratepayers could and did force a poll of the ratepayers on municipal expenditure bills, at considerable 3 expense to local authorities. The Act was a standing grievance of the A.M.C. and appeared on its agenda almost every year, but their Parliamentary power was not strong enough to effect its repeal. A rate on owners, general or particular, was an enticing release from the dilemma.
It was attempted, as we have seen, by the Metropolitan Board of Works, and carried further by 4 Liverpool Corporation in the late 1860s. Improvement rates were levied in particular streets, and incorporated into Housing AcLs. A practical expression of this demand were the London and Manchester

1. PRO 30/72/27, 1898, A.M.C. Pres. Address, 26 March 1898, pp.64-5;
italics added.

2. PRO 30/72/9, 1880-81, A.M.C. 'Private Improvement Expenses, 9 Aug. 1880, pp.242-247. Same title, 7 Jan. 1881, pp.247-9. Circulars by A.G.

Pritchard, Secretary of the A.M.C. 3. The Act d?M provide a check on municipal corruption; Dr. Pankhurst used it in the 18SC-- ^ success fully on^ose a Manchester Sewage scheme. See S. Pankhurst, The SuI,- r..-igette__^jvonieruL (1332), pp. 143-5.

4. R.H.I. Palgrave, Local Taxation- (1871), p.ba.

160

Betterment Bills of 1890, 1893 and 1894 (above, p*127f).
Figures 12.1 and 12.2 illustrate the constraints of local finance.
Figure 12.1 compares the urban debt (a.) with the rental income from urban property (b.). The magnitude of the debt is an indicator of urban enter-prise. The urban debt grew from a little more than the annual rental income to more than twice its size in 1912. In other words, the mounting of the debt far exceeded the growth of urban property yields. Incident-ally, this figure also shows that the rural and semi-rural debt (c.) was a very small fraction of the whole. Not all the debt was contracted for new capital formation. Much of it was created in the purchase of private companies at the end of their concessionary periods. The massive leap in curve (a.) in 1904-5 represents the transfer of the London water system from private companies to the Metropolitan Water Board.
Figure 12.2 shows the increase of rates. Urban rates (ii) grew in
the same way as the urban debt, demonstrating the close connection between the two. From property owners' point of view the increase of rates was almost entirely 'onerous* (see above, p. 99) because it failed to increase property yields. Ratepayers, however, experienced a constant increase in their obligations. Municipal enterprise was blunted on the one side .by the government, which became reluctant to authorise new loans, and on the other by the ratepayers, who had to repay them. Rural and semi-rural rates did not grow in the same way, but generated the same complaints, that the rate burden was 'onerous': since rural and semi-rural ratepayers paid a large share of the aggregate rate but only partook in a small part of the new capital formed. A small dent in the overall growth of rates (i) after 1897 marks the impact of the Agricultural Rates Act (some £1.3M, only about one-quarter of which went to purely rural authorities).
An A.M.C. committee considered the London and Manchester betterment
bills in 1894, and the majority endorsed them as 'fair and reasonable proposals,' for the application of 'that principle of Betterment in which

1. Not all the social gain represented by the debt was attributable to^the increase of rates since some was created, by self-financing 'trading' services such as tramways and gasworks.

162

most of us believed. 1 A minority went further and proposed a Moultonian scheme for assessing houses and land separately, the latter at market
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value. Council adopted the majority view and reserved the question of
o

Land Value Rating for further consideration. Taken for pragmatic reasons, not out of political idealism, this temperate decision was more significant than any number of land reform leaflets, because it represented the consensus of urban officials, in possession of a broad local mandate. It was part of the towns' struggle for greater control of their own affairs; for release from dependence on Parliament for special powers and from the tyranny of compensation clauses. In 1895 Rollit demanded for the towns a wide
extension of local jurisdiction under which, among other benefits, 'the municipalities would soon practically solve for themselves the question of Betterment and Worsement much better than Parliament has yet shown its ability to do so; which would remove the great obstacle to public improve-4 ments. But for two more years the urban interest held back and left the field to the single-taxers; the question was held in suspense while urban resentment mounted. It re-emerged in 1897, gathered momentum in 1898 and gradually swept the municipal movement into a strong antagonism to the Unionist government. The reasons were complex, economic as well as political. Let us examine the politics first.

II

In January 1896 the Earl of Onslow, leader of the Moderate [Conservative] Party on the London County Council, conducted a deputation of vestrymen to see the Chancellor and plead for a fairer distribution of Exchequer grants. London, the Progressive weekly, met the Agricultural Land Rating and the Education bills with a leader 'A Raid on London. 1 'Three hundred thousand pounds a year is the amount which London will have to contribute to the

1. PRO 37/72/23, 1894 A.M.C. 'Betterment and Ground Values, Special Committee. Report, 1 p.8.
2. LOG. c1 1. p.11.
3. Lo£. cTt. Council Minutes, 14 June 1894, p.58.
4. RolliFJT"Munici;p_a 1 isin (1895), p.5.
5. London, TS^TanT lW6, 66.

163

agricultural interest, 1 it wrote, '.... London is already over-taxed in comparison with the rest of the country.... 1 At the A.M.C. annual meeting, Sir Albert Rollit expressed similar sentiments. 2 We have already documented how urban Unionist opposition led to the appointment of a Royal Commission (p. 146 above). The very existence of the London County Council was threatened by Unionist policy in London, which began to strive in 1894 for the devolution of Metropolitan government to municipal
3

boroughs. As the L.C.C. election of 1898 began to approach, Lord Salisbury renewed his attacks on the competence and integrity of the Progressive leadership on the Council. Dr. T.J. MacNamara, a schoolteacher and leading left-winger in the Progressive Party, unerringly exposed the purpose behind 'tenification,' the plan to devolve London government to
ten separate boroughs.
What is at the bottom of Lord Salisbury's proposal to dismember
London? It was not so much to increase the dignity of local
authorities as to enable the rich to shake off their obligations
to the poor. The rich with their few needs want to cut themselves
adrift from the poor parishes with their low rateable value and
many needs .5
In October 1897 the Progressives warmed for the fight by raising the banner of TLV (above, p. 131). After a series of motions and debates, and despite the near-equality of parties on the L.C.C., the Council approved
a revived 'owner's tax' as the main item in a package of proposals for new sources of revenue submitted by J the Local Government and Taxation Committee. The vote, on 9 December 1897, was 42 to 24. The offensive at Spring Gardens (the site, adjoining Trafalgar Square, of L.C.C. Offices) was backed up by a grass-roots agitation. One such event was reported in London on 9 December 1897. It conformed to a general pattern: the initiative coming, perhaps, from land reform activities, but mobilising broad support
1. London, 23 April 1896, 393.
2. PRO 30/72/25, 1896, A.M.C. Pres. Address, p.61.
3. See Young, Local Politics, chap. 2.
4. See his speech at the Albert Hall, The Times, 17 Nov. 1897, 10.
5 - At a meeting (called by the Land Nationalisation Society) of bodies interested in the taxation of land values. See London 9 Dec. 1897, 963. For a discussion of this aspect of the scheme, see 'London Government Bill,' Municipal Journal and London, 31 March 1899, 395, on a report of the L.C.C. Local Govt. and Tax. Cttee.
6 - L.C.C. Proceedings, reported in London, 7 Oct. 1897, 813; 21 Oct.,
18 Nov., 917-8; 9 Dec., 965.

164

for a standard proposal on the general lines of Fletcher Moulton's scheme; without, however, any suggestion of. penal or extraordinary levels of land value taxation. The headline read-'The County Council Campaign and the Taxation of Land Values. 1 A conference was convened under the auspices of the Land Nationalisation Society, 'representing all shades of opinion on land reform.' After a long discussion standard resolutions were agreed:
a separate valuation of land and houses, based on 4 per cent of the capital value, with an option for compulsory purchase by the town at the same valuation. Steps to be taken to secure th'e unearned increment, and working class housing to be the first charge on the receipts. The Estates Gazette saw red; 'it is, of course, impossible to be angry with people who are
2 obviously suffering from mental aberration... 1 TLV was much bandied
about in the L.C.C. election which re-established the Progressive majority
3
in 1898. In the next two years a rash of TLV resolutions and conferences swept the country. A separate wave of agitation originated in Glasgow,
4 where the Council also committed itself to a TLV bill in October 1897.
One hundred and fifty rating authorities sent delegates to Bradford
in January 1898 to draft a TLV petition to Parliament. Battersea vestry convened 100 delegates in March. Ninety-five Boards of Guardians endorsed a resolution by the Cardiff Poor Law Union in September and the Land Law Reform Association held a large conference at the Westminster

6 Palace Hotel in December. 216 delegates from 112 local authorities came
to Glasgow in October 1899 and a well-attended conference took place in Huddersfield in November; the list is not exhaustive. Large numbers of

1. London, 9 Dec. 1897, 963.
2. Leader, 'Land Restorers or Land Grabbers?', EG, 8 Jan. 1898, 56.
3. See, e.g., 'Make it Hot for Them,' E£ leader, 5 Feb. 1898, 218; 'The Moderates and their Friends,' London leader, 10 Feb. 1898, 88.
4. Peacock, 'Land Reform,' p.!04ff.
5. Peacock, 0£. cit. p.104.
6. London, 15 Sept. 1898, 597; Land Law Reform Association, The Rating of Ground Values (Conference .... 8 Dec. 1898, Report of the Proceedings), pp.1-3.
7. Municipal Journal and London, 27 Oct. 1899, 1169; Property Market Review, 2 Dec. 1899, 1019.

165

municipal officials, councillors and M.P.s attended such conferences along with delegates from the land reform.societies, trade unions, the co-operative movement and a miscellany of progressive groups. Harcourt, Asquith, Grey, Haldane, Campbell-Bannerman - the rising men on the Liberal front bench frequently sent their blessings, or at least made encouraging remarks in speeches. The A.M.C. discussed TLV almost simultaneously with the London County Council, in October 1897, and adopted it unanimously the following March. It did not enter into details, but asserted that 'it is urgent to provide some means by which owners of land' (whether occupied or vacant)

2 shall contribute directly to the local revenue.' Its officers consist-
ently fought to prevent the identification of TLV with Liberal politics,

3 and to canvass the widest possible support. In two long parliamentary
debates, in February 1899 and May 1900, Asquith, Haldane and Lloyd George placed themselves in the van of the municipal agitation, and claimed it
4 for their own..
Even bastions of reaction were becoming restive. One of the oldest
and strongest ratepayers' associations in the country, the Liverpool
Property Owners' Association, flirted with the idea of leasehold enfranchise-ment, and for two years running, gave a hearing to a speaker who suggested
the taxation of Lord Derby's ground rents. In January 1899 Bradford corporation decided to append a TLV clause to its annual bill. Manchester Council followed; Glasgow and Salford actually introduced such a clause.

1. See, e.g. Land Law Reform Assoc., The Rating of Ground Values (Conference, Dec. 1898), p.4; Estates Chronicle, 15 April 1898, p.5, speech by
Asquith; 6 Oct. 1900, speech by Campbell-Bannerman.
2. PRO 30/72/26, 1897, A.M.C. Autumn Gen. Meeting, 22 Oct. 1897, p.2; quote, see PRO 30/72/27, 1898, A.M.C. Ann, Meeting, 26 March 1898, p.40.
3. J.T. Woodward, Vice President of the A.M.C., at the Huddersfield Confer-ence, Property Market Review, 24 Nov. 1899, 1019; PRO 30/72/29, 1900,
A.M.C. Proceedings of the Ann. Meeting, 31 March 1900, pp.61-2.
4. See 66 H.C. Deb. 4s. 10 Feb. 1899, E.J.C. Morton, Amendment to the Address in answer to the Queen's speech, cols. 522-624. The amendment regretted the absence of measures dealing with 'the ownership, tenure
and taxation of land.' Also 82 H.C. Deb. 4s. 1 May 1900, motion to relieve urban ratepayers by T.W. Nussey, and debate, cols. 433-88.
5. See EG 28 Sept. 1898, 528; 27 May 1899, 909.
6. Municipal Journal and London, 19 Jan. 1899, 77.
7. PRO 30/72/29, 19007 A.M.C. pp.61-66, 92; EG, 12 Jan. 1901, 60-1.

166

Liverpool came over in 1901. The A.M.C. re-affirmed its support and decided to proceed with a bill, and.in 1901 Glasgow, the London County

2 Council and Battersea vestry each introduced one. By the turn of the century a popular front was being forged, embracing the broad ranks of Liberalism, nascent Labour and the municipal interest, leavened by a core of committed Radicals from the land reform societies.

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Underlying the municipal politics of the period was the great domestic investment boom of the late 1890s, with local authorities as its leading
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sector. Private investment in suburban development sharpened the dilemma of public finance, by obliging the towns to accelerate the formation of collective capital: roads, sewers, water, illumination, police stations, schools etc. (see figure 12.3, p.169). It also generated massive private gains in land values, as vacant land was developed for building and land-owners pocketed large conversion rents. The discord between public burdens and private gains was one of the powerful sources of anti-landlord feeling that emanated from TLV conferences, and spread far beyond the ordinary radical circles. In Bury, to cite one example, a newly-formed Property Owners' Association complained that Lord Derby took £85,000 out of the town every year, one third of its annual value, without contributing to its expenditure. His Lordship withheld land from building in order to increase

4 its value; he had to be rated in order to bring down local taxation.

Municipalities were not alone, however, in rushing to cater for the surge
of urban expansion; private capital vied with them to develop the municipal frontiers. Low interest rates, a rise in purchasing power, and the temporary eclipse of overseas opportunities, meant that urban investment had become particularly attractive in Britain in the late 1890s. Gas, water and urban

! Municipal Journal, 19 April 1901, 292.
2. PRO 30/72/29, 1900, A.M.C. Ann. Meeting, 31 March 1900, pp.23-4; Municipal Journal, 25 Jan, 1901, 63.
3. Cairncross, Home and Foreign Investment, p.168.
4 - EG, 27 May 1&9"9~, 905.

167

transport had previously been provided by private firms in many towns. Riding on the last great tide of pre-war urban investment, a new technology was maturing for deployment, based on a new source of power, electricity-Two distinct applications of electricity were involved: first,
generation of current for power and light. Secondly, traction for urban transport, either street tramways, or, in London, in underground railways. Municipalities and private companies experimented with the new technology in the 1880s and began to develop them in earnest in the early 1890s. Sufficient potential had been demonstrated by the end of the decade to attract the financial brokers of the City. Transport and power were forms of investment these men understood, with more than half-a-century of experience in railways and gasworks, at home and overseas. Traction and generating technique had been perfected in the United States, where large sums were already invested, and experience had accumulated in design, manufacturing and commercial operation. Vast profits had been made, and

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Britain appeared ripe for the same kind of development. Expertise, enterprise and funds came from the United States. Money raised in the City often came from groups like the Exploration Company, which normally specialised in overseas investment. More than one finance-capitalist giant contended over particular projects. In the case of London's underground tubes, the money and enterprise of the Speyer Syndicate (mostly raised in Europe and America) took on and defeated the resources of Wall Street's
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House of Morgan. In Brinley Thomas 1 model of the Atlantic Economy, capital flowed to the periphery when investment was slack at home. The diffusion
of electric technology in Britain demonstrates the obverse: a flow of investment and technology from the 'periphery' to the metropolis, to exploit a domestic boom. Yet Britain was not the virgin land that investors had
1. A detailed record is contained in E. Garcke's annual Manual of Electrical Undertakings (1896 ff.). For a chronological list of electric tramways,
see vol. XI, 45.
2. A recent monograph on the diffusion of Tramways is J.P. Mackay, Tramways and Trolleys (Princeton, 1976); see I.C.R. Byatt, ' Electrical Products, 1
in The Development of British Industry and Foreign Competition, 1875-
1914, ed. D.H. Ald"cr'oft (1963), pp.238-273; and note 3 below.
3» T.G. Barker and M. Robbins, A History of London Transport (1975), ii,

168

contemplated. Municipal capitalism was well entrenched, and not everywhere at the beck and call of finance-capital. Figures 12.3 and 12.4 reflect the roles of private and municipal capital in the development of power and transport between 1890 and 1914. They show how closely the formation of urban infrastructure followed the house-building boom.
Under the Tramways Act of 1870 and the Electric Lighting Acts of 1882
and 1888 local authorities exercised a measure of control over suppliers of power and transport. In 1898 a substantial threat to municipal autonomy appeared in the form of projects to generate and distribute current on a regional basis, from giant stations situated at the pitheads. The
General Power Distribution Company asked for powers to supply a large area in the midlands, taking in Sheffield, Nottingham, Derby and Lincoln. Two companies were projected to embrace the whole of Lancashire, Merseyside and Chester. Others applied for powers in South Wales and in London. Great economies of scale were expected, and lower prices promised. 'The Attack on Municipal Electricity,' read headlines in the Municipal Journal; 'The Great Towns Roused. 1 Several hundred delegates from 34 towns attended a conference convened in Manchester on 10 Jan. 1899; the Town Clerk of Liverpool proclaimed that the bills 'raised a great crisis in municipal history. 1 Alarmist language abounded at the Annual Meeting of the Association of Municipal Corporations. 'We have gone to huge expenses in endeavouring to supply the public need for this particular illuminant, 1 said the mayor of Nottingham, 'I appeal to your own instincts of self-preservation ... tomorrow it may be your turn.' The Lord Mayor of Sheffield hinted that the threat was not merely commercial. 'That Company,' he said, alluding to the General Power Distribution Company, 'backed by a league which may, I think, be fitly called the Liberty and Licence League, have set to work to try and set back the clock of municipal progress for a quarter of a century, and that, and nothing less than that, is the question
1. See The Municipal Journal and London, 5 Jan. 1899, 11, for the Midlands scheme; 12 Jan. 1899, 40-41, for headlines, p.41 for Manchester confer-ence; 19 Jan. 1899, 75, for the Lancashire and the South Lancashire
and Cheshire schemes.

170

which we are asked to settle and discuss to-day.

The organisation which attracted the wrath of the Mayor of Sheffield

was the Liberty and Property Defence League, one of the main vehicles of

anti-labour and anti-municipal propaganda in the previous two decades. 2

London, Robert Donald's Progressive Party weekly drew blood in June 1898

when it exposed corrupt dealings in the City of London Electric Lighting

Company, and won a libel case against Joseph Savory, Lord Mayor of the City.

Savory was a large shareholder in the company (the largest was N.M.

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Rothschild), and a stalwart of the League. In two public meetings in

February 1899 the League launched an anti-municipal crusade.^ The

propaganda engines of the financial and commercial establishment were

turned out in force.

At the instance of the League, between four and five hundred petitions were presented to Parliament, signed by railway,
tramway, gas, engineering, electric lighting, water etc.
companies, by Chambers of Commerce, and by associations of
employers, traders, property owners, and Ratepayers through-
out the United Kingdom, presented in the House of Commons by
Sir John Lubbock, in. the House of Lords by the Earl of Wemyss.5

Books were published, pamphlets printed, articles filled the press. The

London Municipal Society also entered the fray: massive financial inter-

ests were involved. For in addition to sundry electric power and lighting

projects, the metropolis was the scene of conflict over the L.C.C.'s plans

to take over and electrify the tramways; of heroic underground railway

1. PRO 30/72/27, A.M.C. Gen. Meeting, 19 Oct. 1898, pp.97, 99-100.
2. See above, chap. 6. p. 191.
3. 'How the City Sold its Municipal Birthright, 1 London, 30 June 1898, 414- 5 and consecutive issues; also Municipal Journal and London, 5 Jan.
1899, 27-8. His connections with the LPDL, see first item below.
4. For verbatim reports of these meetings (at the Society of Arts, London) see D.H. Davies, The Cost of Municipal Trading [l February] (1899);
Liberty and Property Defence League, The Dangers of Municipal Trading
[9 February] (1899). The dates in square brackets are the dates of the meetings.
5. LPDL, Dangers of Mun. Trading (1899), p.27.
6. See below, p.171, n.3 for important anti-municipal publications, A comprehensive early treatment is in L. Darwin, Municipa1 Trade (1903). For the radical view see, e.g., G.B. Shaw, The Commonsense of Municipal Trading (1904) and R.B. Suthers, Mind Your Own Business (19Q5). An important source is Municipal Trading. Joint Sel. Cttee. Mins. of Evidence; P.P. 1900 (305) VII. An extensive monograph, D. Knoop,
Principles and_ Methods of Municipal Trading (1912).

171

projects; and of the long-festering issue of the terms of compensation

for municipalisation of the water companies. The same issues, as the

files of the Municipal Journal (London's successor) indicate, were

duplicated all over the country.

Leading the anti-municipal campaign was Sir John Lubbock (1834-1913;

created Baron Avebury, 1900), a polymath naturalist, author, banker, leader

of London Conservatism, past chairman of the L.C.C., Unionist M.P. and

himself an investor and director of the City of London Electric Lighting
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Company. His L.C.C. election pamphlet of 1898, 'On the Real Issues of

the London County Council Elections,' concentrated on the question of

municipal enterprise. It was the beginning of a running critique of the

municipal movement, kept up by Lubbock in speeches, articles, pamphlets
3
and books. Lubbock turned Chamberlain on his head: the L.C.C., he said,

was in danger of becoming a sort of "London, Ltd.," with the ratepayers

as shareholders and the County Councillors as directors. Urban enter-

prise was condemned by the anti-municipalists on economic, social,

political and moral grounds. The towns competed unfairly with private

capital; they accumulated unhealthy amounts of debt; rates increased to

intolerable levels; municipal bureaucracy was inefficient and conservative,

and obstructed technical progress. It endangered freedom, cossetted labour

and gave municipal workers an undue influence, as voters, over their employer,
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1. See Gardiner, John Benn, chaps. XIV, XVI.
2. A.G. Duff (ed.), The Life Work of Lord Avebury (1924), esp. B. Mallet, chap. Ill, 'Political and Economic,' pp.35-66. For Lubbock's share-holding see Lord Avebury, 'Municipal Trading,' Municipal Journal, 20
April 1900, 314.
3. In addition to the titles mentioned above, see e.g^ Lord Avebury, 'The Growth of Municipal and National Expenditure.... 1 Presidential Address, 19 Feb. 1901, Journ. Roy. Stat. Soc. LXIV Pt. I (1901), 73-
86, esp. 73-8; idem. Municipal Trading, [speech delivered ... at ...
the London Chamber of Commerce] 21 Jan. 1903 (included in iden. Essays and Addresses 1900-1903 (1903), pp.206-36; idem. On Municipal and
National Trading (1906f; idem. 'Municipal and Government Trading,' in M.H. Judge (ed.), Political Socialism: A Remonstrance (1908), pp.106-
121.

4. Sir John Lubbock, On the Real Issues of the London County Council Elections [London Municipal Society pamphlet no.4](16 Jan. 1898), p.14.

172

Finally, it opened the way to socialism. On 26 June 1899 Lubbock presided over a meeting of M.P.s who demanded a Parliamentary inquiry into municipal

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trading. Balfour promised to appoint one in the next session, and the promise was kept.
Lord Avebury was the public figurehead of the anti-municipal crusade.
Emile Garcke (1856-1930) was one of its main wire-pullers. A naturalised German electrical engineer and a remarkable industrial, commercial and political entrepreneur, Garcke had risen by the mid-1890s to become one of the managers of the Brush Electrical Engineering Company, one of the largest British manufacturers of generating and transmission equipment. In 1896
he organised the British Electric Traction Company, to exploit the new electric tramway technology. The Brush Company and a mysterious City millionaire, Mr. George Herring, were the main interests behind this conglomerate of some fifty to sixty tramway and generating companies, known

3 to the Liberal, press as 'the octopus 1 or 'The Trust.' The B.E.T.'s

tentacles stretched to Clydeside, the North-East, Lancashire, East Anglia, North London, Croydon, Brighton and Wales. Its largest interests were in the Black Country and the Potteries. Garcke claimed at one time to control some 15 per cent of all tramways in the United Kingdom. He also operated overseas, in Bombay, Vienna and Auckland, New Zealand. (His annual Manual of Electric Undertakings, a comprehensive source of information, made no distinction between home and foreign statistics.) Deploying his companies brought 'the Oligarcke,'as the Municipal Journal called him, into recurring friction with local authorities. In Autumn 1902 he established the Industrial Freedom League to carry out anti-municipal propaganda and to undermine municipal initiative with ratepayer militancy. The league was active in the midlands late in 1902 and in early 1903, with uneven success.
1. These are the main themes that recur in the literature cited above and below.
2. LPDL, Dangers of Mun. Trading (1899), pp.28-9.
3. Abstracted from R. Fulford, Five Decades of B.E.T. (1946), pp.9-42. 'Octopus,' op. cit. p.42. 'The Trust, 1 see e.g. Municipal Journal for 1903, which devoted 23 index entries to the B.E.T.
4. Fulford, Five Decade^. '15 per cent,' p.38. 'Oligarcke, 1 p.44.

173

It was still in existence in 1909. Garcke was present at the 1899 Society of Arts meetings with Lubbock; the - Industrial Freedom League provided Lubbock with platforms, printed his- speeches and made him a Vice-President. 2 The anti-municipal campaign reached its climax between August and
November 1902, when The Times published a series of 16 articles under the title 'Municipal Socialism, 1 which evoked strong displeasure in Town Halls. The first article, on 19 August, began with a reds-under-the-bed-style expose, associating municipal enterprise with the Social Democratic Federation, the I.L.P. and extreme socialistic theories. Over the following months, the anonymous writer ran through the whole gamut of anti-municipal arguments in great detail, hinting at corruption, and singling Glasgow,

3 West Ham and Halifax for particular censure. Subsequently published as a book, the articles were distributed by Garcke's Industrial Freedom League. A close relation existed between Garcke and this main trumpet of establish-ment opinion. -Garcke contributed six articles on electricity to the eleventh edition of the Encyclopedia Britannica, which was edited from Printing House Square. In 1906 he also contributed a series of articles

4 directly to The Times.

The Select Committee appointed in the wake of The Times' articles
really set the seal on municipal success. It declined to enter the mine-field of 'municipal trading 1 and its investigation of auditing practices was more damaging to the Local Government Board than to the towns.

1. For Industrial Freedom League, see the Municipal Journal, 26 Sept. 1902, 787, 795; Oct. 1902, 893; 14 Nov. 1902, 934-5; 2 Jan. 1903, 11; 19
March 1909, 227; see also Fulford, Five Decades, pp.43-5. For a typical Ind. Freedom League pamphlet see Vicary Gibbs, Municipal Trading (1902). There is a set of League pamphlets in the Bodleian Library, cat. no.
24831 e 10 (5-12).
2. See Lord Avebury et. al., Speeches delivered at the Annual Keeting of the Industrial Freedom League (30 June 1903).
3. The Times, 19, 23, 28 August; 2, 5, 8, 10, 16_, 18, 22, 25, 3£ Sept.;
6_, 13, 21, 30 Oct.; 11 Nov. 1902. The underlined articles dealt with West Ham~16 Sept.), Glasgow and Halifax (13 Oct.). The Times archivist
Mr. G. Phillips confirms that they were written by E.A. Pratt.
4. Reprinted as E. Garcke, The Progress of Electrical Enterprise (1907).
5. Municipal Trading, Joint Sel. Cttee. Report; P.P. 1903 (270) VII, p.vi.

174

Throughout the crisis Rollit stood firm as a rock, taking up the challenge in Parliament and inspiring municipalist meetings. 1 He had spoken up against 'trusts' and 'rings' as early as 1889, 2 as chairman of the National Union, and continued to do so; Parliamentary attacks on municipal autonomy came to naught. At the A.M.C. Annual Meeting in March 1903 Rollit exuded defiance at The Times' insinuations.

I deny the allegations and despise the allegator [he proclaimed].
When I was in the United States recently, I was brought into
contact a great deal with the exuberance of private enterprise,
with the excesses of private enterprise, with what I venture to
call the tyranny of the trusts .... the necessaries of life are
cornered by combines in corn and coal, famine and starvation is
the lot of many of the people...-^
The contest between municipal and private capital ended in a tie.
The towns provided more power, and more miles of tramways, than the companies. The regional power bills were defeated; private profits in urban transit fell, at a time when interest rates were generally increasing (see figure 12..5). The new electrical investment at the end of the Edwardian decade (see figure 12.4) went largely overseas. The B.E.T* ran into financial difficulties towards the end of the 1900s and had to be restructured (John Clapham, the economic historian, was one disappointed investor). London's ambitious underground railways found it difficult to break even. On the other hand, public enterprise was forced into stricter economic discipline than would otherwise have been the case. The L.C.C., for example, had to scrap the Thames steamboats that it had equipped* on a lavish scale. Great and lasting assets were created under both systems of investment. Public vigilance countervailed against blatant super-profits,

1. See, e.g., 81 H.C. Deb. 4s. 5 April 1900; see also Mun. Journ. 13 Apr. 1900, 294-5, and the speech at an A.M.C. meeting in Municipal Journal, 29 March 1901, 239-240, which concluded with the words, 'to
do good and to be spitefully entreated is kingly.'
2. National Union, Speech by ... Rollit (26 Nov. 1889), p.10.
3. PRO 30/72/33, 1903, A.M.C. Report and Proceedings of the Ann. Meeting, 21 March 1903, pp.53, 56.
4. J. Clapham, The Economic History of Modern Britain (1938), iii, 138; Fulford, Five Decades, pp.48-50; Garcke, 'Tramways,' Enc. Britannica (llth edn. 1911).
5. Barker and Robbins, London Transport, ii, chap, 7.
6. Gardiner, John Benn, pp.310-15, 371-2.

176
but it also prevented the economies of a regional scale of operation. The attack on municipal enterprise could not be translated into political censure; two select committees were inconclusive and the towns demonstrated their parliamentary muscle; but municipal enterprise was blunted for a generation. We shall go over the ground again, in the next two chapters; the significance of the 'municipal trading 1 controversy in the present context is in giving yet another reason why the urban interests were alien-ated from private capital and'its political organs, Conservatism in London, in Parliament and in the Government, and why it was prepared to join forces with Conservatism's opponents.
Another link between the building cycle and the radicalisation of municipal politics between 1898 and 1902 was the shortage of accommodation that was acutely felt in London and elsewhere during those years. Housing distress had long festered close to the surface of London politics. After 1898 it rose once again. Conferences, reform schemes, pamphlets and press articles formed a tide of.comment and complaint. Even the Estates Gazette acknowledged the problem in a large number of articles, symposia and
2
reports. Shortage of house-room was the keynote of the agitation. The

3 title of a Fabian tract, The House Famine, accurately expressed the nature

of the problem, although the authors were but dimly aware of its immediate causes. In contrast with the hardships of the early- and mid-eighties this crisis was kindled not by depression but by prosperity; not by unemployment but by full employment. Demand had begun to build up from the mid-1890s together with the upturn of the trade cycles and had helped to stimulate the expansion of home-building. A housing boom and a housing crisis coincided owing to the high employment and buoyant incomes induced by the onset of the South African War. The Fabian investigator reported that

1. See A.S. Wohl, The Eternal_SJAin (1977).
2. A small selection: 31 Dec. 1893, 1092-3; 14 Oct. 1899, 663; 4 Aug. 1900, 205; 23 March 1901, 483.
3. The House Famine_gnd How to Relieve it (Fabian tract no. 101, 1900). (Several authors).

177

'house-agents and landlords... have answered me that never previously have they been so deluged with applications for housing.' Builders were unable to meet the surge of demand and great pressure was placed on existing accommodation. George Haw, a Radical journalist, wrote in 1900,
For the first time, then, in the history of cities, we see
skilled and sober workmen with good jobs, willing to pay even
a high rent, failing utterly to find houses at any price. 2
Those whose incomes did not expand were forced to endure aggravated over-crowding or extortionate rents. 'If you won't pay the rent,' the poor were

3 told, 'plenty of other people will. 1 The'middle-classes were also

affected. In Wimbledon, 'hundreds of people willing to pay £80 to £150 per annum 1 were said to be searching in vain for proper accommodation.
True to the embattled spirit of municipal enterprise, town councils
in many parts of the country acknowledged a duty to step in and mitigate the housing famine (see figure 12.3). West Ham, for example, prepared to spend one million pounds in erecting cottages for three thousand working-class families. The Housing of the People, Rollit told the Annual Meeting of the A.M.C. in 1901, 'is the municipal problem of the day, and the municipalities must solve it. 1 This agreed with the sense of the meeting; the Mayor of Plymouth gave a moving description of housing deprivation,
and of his frustrated efforts to relieve it. Rollit insisted again that his purpose was the very opposite of subversive; that 'The Home 1 was the great social centre and its well-being the key to all progress. Underlying his vision of social harmony was, as usual, a practical demand: Local authority housing was largely financed from government loans and the towns asked for a longer period of re-payment: from sixty, to eighty, or even one hundred years. A deputation went to see Walter Long, President of the Local Government Board.

1. Dr. Edward Bowmaker, 'III. The Facts as to Overcrowding,' ibid, p. 11.
2. The Daily News [later editions, George Haw], No ROOD to Live (1900), p.12.
3. Ibid, p.64.
4. EG, 14 Sept. 1901, 486.
5. See Houses for the People (Fabian tract no. 76, 1899 edn.) for details
of municipal housing projects.
6. EG, 14 Oct. 1899, 663.
7. PRO 30/72/30, 1901, A.M.C. Ann. Meeting, 21 March 1901, Pres. Address, p.42

178

We say [said the Mayor of West Ham] if we had that extension of the period we should be enabled then at least to make the two
ends meet - to make the incomings discharge the outgoings.
That is all we should do. It was once thought that the housing
of the working classes would be made remunerative, but I do
not think that any local governing body in the country will
make it remunerative. I feel sure of that...l

Long was gripped in the vice of Unionist finance, and arguments for

2
social cohesion could not budge him. An extension, he replied, would not

bring housing within the means of the poor, and would open the door to

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other demands. He warned of placing too many burdens on posterity. _ The

housing agitation gathered force, however,'with the formation of Radical

4 and Labour pressure groups. The indefatigable MacNamara introduced

extension bills into Parliament in 1901, 1902 and 1903. Long capitulated

in 1903 and introduced a government bill to extend the period of repayment

to eighty years. But the breach was not healed. In 1905 Rollit still

bore the grudge. He suggested collusion between the government and the

banks to deny loan funds to the towns. The political upshot of the housing

question, then, was to estrange the urban interest further away from the

government and to align these reluctant socialists with Radicals, Liberals

and Labour.

IV

All this time, the Royal Commission on Local Taxation beavered away,

hearing evidence and issuing interim papers. Much of the TLV agitation was

carried out with one eye on the Commissioners, whose final report was

issued in May 1901. Before we consider it, it is necessary to revert to the

!. PRO 30/72/30, 1901. Appendix. A.M.C. deputation to President of the L.G.B., 29 Nov. 1901, p.193.
2. See Rollit's account of Long's visit to Hull, PRO 30/72/30 1901, A.M.C. Autumn Gen. Meeting, 23 Oct. 1901, p.131.
3. LOG, cit. Long's reply, pp.212-13. ,
4. See D. Englander, 'The Workmen's National Housing Council, 1898-1914' \ (Warwick Univ. M.A. thesis, 1973), pp.69-143.
5. See E. Gauldie, Cruel Habitations (1974), p.303.
6. PRO 30/72/35, 1905. A.M.C. Ann. Meeting, 1st April 1905, pp. 52, 56.
He also complained that in practice the period of repayment was still limited. See PRO 30/72/34, 1904. A.M.C., p.61.
7. For the L.C.C., see London, 3 Feb. 1898, 77, and 10 Feb. 189<i, 93.

179

vexed question of incidence. Readers may wish to refer to the outline

of party doctrines in chapter 7. To recapitulate the gist of that chapter, Conservative parti pris boiled down to the claim that tax burdens bore

excessively on (1) direct taxpayers (2) ratepayers (3) agriculture (4)

groundowners (i.e. shifted from occupiers) (5) 'onerous 1 rates, which

ought to be transferred to central government. Liberals tended to opposite

views.

One of the largest shoals of red herrings to drift across the path

of economic investigation in the nineteenth century was this question of

incidence. The Royal Commission circulated a questionnaire to a group of

economists and financial experts in 1897. In his reply Alfred Marshall advised that,

Any analysis that is offered of the incidence of rates, must
be taken to refer to general tendencies rather than actual
facts. The causes which prevent these tendencies from being
applied in prediction resemble those which prevent mathematical reasonings from being applied to the course of a ball on the
deck of a ship that is rolling and pitching in cross seas.2
Fifteen other replies went through the whole gamut of opinion, 'and raised an understandable 3

scepticism on the part of interested laymen. It is not

part of our task in this chapter to make an independent judgement, though

we shall try to do so in the next. Despite the bewildering diversity of opinions, a thread of agreement runs through the theory of incidence from

Ricardo in 1817, through Alfred Marshall in 1899 and up to Ursula Hicks in

1955. It was succinctly expressed by the Town Holdings Committee in

1892:

The real as opposed to the apparent incidence of Local Taxation
in towns falls partly upon the owner of the land, partly upon
the house owner, and partly upon the occupier. The proportions
in which the burthen is distributed are difficult to determine,
and depend upon a variety of circumstances, among which the
demand for and supply of houses is the most important.5

1. Classification and Incidence of Imperial and Local Taxation. Memoranda etc. Loc. Tax. Roy. Comm.; P.P. 1899 C.9528 XXXVI.

2. Loc. cit. 'Answers by Professor Marshall,' p.118. Passage (slightly revised")" quoted from Marshall, Principles, pp.795-6.
3. See H. Samuel, Liberalism (1902), p.203.
4. Ricardo, Principles, pp,201-3; Marshall, n.2 above; U. Hicks, Public Finance (2nd edn. 1955), chaps. IX-XI.
5. Town Holdings. Sel. Cttee. Rep.; P.P. 1892 (214) XVIII, p.xxxvi.

180
When demand for houses increased, the tax would be shifted on to the occupier. When demand fell, the tax stuck to the owner. Contractual rigidities also exerted a strong influence on the effective incidence: no shifting to owners could occur until leases fell in.
The terms of reference of the Royal Commissioners followed the
Conservative formula: 'to report whether all kinds of real and personal property contribute equitably to local taxation. 1 Their first report surveyed valuation practices and condemned the complexity, duplication and inequity which they found. A single, county-based valuation was recommended instead of the patchwork of existing jurisdictions and practices. Six separate documents made up the Final Report. A Majority Report, signed by twelve members out of fifteen, including the Chairman (Lord Balfour of Burleigh), remained within the limits of Conservative orthodoxy. It endorsed Goschen's system of 'assigned revenues' and recommended its extension, bringing in the House Duty and increasing thereby the grants to local authorities by more than one third, from £7.1 to £9.7 millions.- Funding
the grants out of assigned revenues assured that they would increase with
the expansion of the revenue. The majority stressed 'national' responsibility (i.e. the State's ultimate obligation) to support the 'onerous' services
2
undertaken by local government: police, asylums, poor relief and main roads. The two Balfours (B. of Burleigh and Blair B.) advocated direct Exchequer
3
grants and reformed principles of distribution.
In a Minority Report the two Treasury men, Sir George Murray and Sir
Edward Hamilton, abided by their professional consciences and refused to
be party to increased grants. No transfer of local services to the State,
or of central taxes to local authorities was possible in their opinion. Conceding the principle of 'national 1 obligations, their proposal was designed

1- Local Taxation. Roy. Cornm. First Report. Local Rates in England and Wales, Valuation and Collection; P.P. 1899 C.9141 XXXV, pp.40-43.
2. Local Taxation. Roy. Comm. Final Report (England and Wales); P.P. 1901 Cd.638 XXIV, pp.11-32. ^ f
3. Loc. cit. 'Separate Recommendations by Lord Balfour of Burleigh, pp. 67^85"

181

effectively to reduce the relative value of grants-in-aid by freezing them for ten years at existing levels, and re-distributing according to need. Diplomatically, the two experts declined to express an opinion on true incidence and took refuge behind the confusion of other experts, the economists whose opinions Murray had published in 1899. 1 It was probably
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fiscal pessimism (and sneaking Liberal sympathies?) which led them to sign the fourth document, a Separate Report on Urban Rating and Site Values, which also carried the names of the two Balfours and of Professor James Stuart, a veteran land taxer. Unlike the majority report, this document endorsed the separate valuation of urban sites and structures, and the apportionment of rates between the two, with a somewhat heavier rate on
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site values. Judge Arthur O'Connor, a single-taxer, proposed to transfer all local taxation on to the site value.

The Royal Commission embarrassed the government, and in more ways than one. Four long years the Commission had provided an excuse for inactivity. Now the Majority Report, based on long-acknowledged party principles, held out a promise of relief to the towns that the government could not see their way to honour. And the Separate Report on Site Value Rating, as the majority suggested, derived from the schemes of Fletcher Moulton, Costelloe and Harper, in other words, from the doctrines of the government's antagonists in London. The departure was not really so momentous. Ten years earlier the Town Holdings Committee had contemplated the direct' rating of groundowners. For Lord Balfour of Burleigh, who signed both reports, it was merely the old 'balance of doctrines. 1 Moreover, as a Scot, he knew there was no harm in rating the groundowner; division of rates was already

1. Loc. cit. 'Report by Sir Edward Hamilton and Sir George Murray, 1 Incidence, see Chap. II, pp.108-11; Policy, see Chap. IV, pp.121-31.
2. See H. Roseveare, The Treasury (1969), p.220.
3. Op. cit. 'Separate Report on Urban Rating and Site Values, 1 pp.170-6.
4. Loc. cit. 'Report by his honour Judge O'Connor, K.C., 1 pp.177-184.
5. See e.g; H. Chaplin's reply to an amendment to the address (by T.W. Nussey), 66 H.C. Deb. 4s. 10 Feb. 1899, col. 539.
6. Roy. Comm. Loc. Taxation, Final Report, pp.39-41.

182

in force north of the border. Together with his co-signatories he took double care to dissociate himself from Moulton, Costelloe and Harper.
We feel bound [the Separate Re-port said] to condemn unhesitatingly
all the schemes which have been put before us in connexion with
the rating of site values .... We should be sorry to lend any
countenance to the crude and violent theories which some witnesses
have put before us on the subject of the taxation of land. But
a cause which is reasonable in itself ought not to be prejudiced
by the excesses of its unreasonable advocates, and a careful
consideration of all the particular circumstances of urban local
taxation has led us to the conclusion that a moderate rate
proportionate to site value ought to be imposed.^
The five Commissioners proposed to divide this rate between owner and occupier, 3 and strictly to limit the rate in the pound. Harper convinced the

commissioners that the separate valuation of land and houses could be done

4 easily and cheaply. They approached the question pragmatically, and their adoption of the principles of separate valuation indicated how broadly it
had spread in the wake of the TLV agitations. But whatever the commissioners might say and however moderate their intentions, 'site value' had become a Radical banner, and could not be used neutrally. TLV was polarising London politics and the Liberal left hailed the Separate Report as the edge of the Radical wedge.
Charles Philip Trevelyan (1870-1958) represents the new breed of turn-of-the-century Liberals. Son of George Otto and brother of George Macaulay, the historian, he entered Parliament in 1899 at the age of twenty-nine.
Like other Liberals of his generation, he was attracted by social reform, but stopped short of socialism. It was a mistake, he said in a speech at Newcastle in 1896, to treat socialists as enemies; they were 'creating the sort of public opinion reformers wanted.' Liberals, Trevelyan insisted, 'recognised as truly as any socialist the evils surrounding them.' He believed that free competition was preferable to State Socialism if equality of opportunity could be assured. On the municipal front, the two movements could co-operate. Like his friend and contemporary Herbert Samuel, Trevelyan

1« LOG, cit^ p.157.
2. LOG, cit.pp.165, 166.
3. LOG, crt. p.172. 4- LOG, cit. p.169.
5. Newcastle Leader, 21 Jan. 1896.

183

entered the TLV agitation with ardour, and made a special study of local taxation. He spoke repeatedly, wrote a pamphlet against Conservative •doles' and called for the gradual * painless introduction of TLV. 1 Samuel, despite his commitment to land reform, kept to this moderate position but Trevelyan's idealistic and passionate personality was increasingly attracted to the mysteries of Georgian theory and to the Georgian sect. The Separate Report of the Royal Commission on Local Taxation in May 1901 appeared to bring Georgian doctrine closer to the realm of the possible. With scant regard for accuracy but with good political sense, Trevelyan began to stress the revolutionary aspects of TLV and to present the report as a clean break with the past. Speaking to co-operators in Brighouse in December 1901, he said,
Those who advocated the taxation of land values were generally
denounced as unpractical and revolutionary souls, and no bill
to tax land values had yet been seriously discussed in
Parliament...^
And four months later,
A year ago the reform TLV was regarded by a large part of the population as a proposal of fanatics and faddists.3
Trevelyan did not appreciate how weak the government's position was.
'We are running a great risk,' he said soon after the publication of the Royal Commission's Final Report, 'that very soon the Government will come down and say: "We dare not fail to attend to the demands of the towns. We will give them subsidies on the same principle as we are giving them to agricultural districts.'" Early in 1902 he set out to board the municipal engine and hitch it to the Liberal and single-tax wagons. On

1. For Herbert Samuel, see Land Law Reform Association pamphlet [by Herbert Samuel], The Ratepayer and the Landowner (1898) and Liberalism (1902), pp.98-100; the development of Trevelyan's views can be followed in an album of cuttings of speeches between 1896 and 1903 preserved at
Newcastle University Library, CPT 37. See, e.g. for early gradualism, address at Huddersfield Liberal Club 14 Oct. 1899, f.2 (title of
paper obliterated). See also C. Trevelyan and F.W. Hirst, The Renewal
of the Doles (1901).
2* CPT 37, f.46.
3. CPT 37, f.55, Land Law Reform Association, 15th Annual Meeting, 24 April 1902.
4. 98 H.C. Deb. 4s. 29 July 1901, col. 428.

184

19 February 1902 he introduced an urban site value rating bill (sponsored

by eight other Liberals, including Mackenna,Burns and MacNamara) explicitly

derivative from Balfour of Burleigh's 'Separate Report.' 1 Introducing it

Trevelyan exposed a weakness which bedevilled Liberal rating doctrine; and

also his own underlying Henry Georgian assumptions.

. . . nearly two-thirds of the towns in England are freehold towns
to which this question has no applicability whatever. The same
person will pay the new rate as pays the old one, but the
essence of this legislation is to put the tax upon a new kind
of property and not upon a new person. 2 .... the result of a universal land tax for local purposes, a tax which will bring into use a great deal of land which is now vacant, will be
that it will be absolutely impossible for the landlord to shift
that tax on to his tenant, because the tenant will be constantly
able to go to fresh ground. The inner ring of the town will
move out the outer rings, and the outer rings will push the
population still further outwards.3

The bill was lost by a majority of 71. In the autumn of 1902 Trevelyan

corresponded with the secretary of the English League for the Taxation of

Land Values about permeating the L,C.C. and the Eighty Club, recruiting

Liberal politicians, and forming a Yorkshire branch of the Georgian

4 organisation.

Five TLV bills were introduced in 1903. The most successful, brought

in by Dr. MacNamara, contemplated a penny rate in the pound on the capital

value of land; it missed a second reading by a mere 13 votes. In December

Glasgow Corporation, which had retained a leading (and the most extreme)

position in the TLV movement convened another conference of local authorities,

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this time in London. The Council of the A.M.C. v/as also in session and

conference delegates proposed a joint bill. The Council's Law committee

1. 'Memorandum, 1 A Bill to empower Urban Authorities to levy Site Value Rates, 1.902. Copy in -CPT 9.
2. This was not accurate, and demonstrates how difficult the subject could be even to those who made a special study of it. Rented accommodation, and the distinction between owners and occupiers, predominated in free-hold as well as leasehold towns. But only in leasehold towns did Site-value rating carry an ideological, specifically Liberal, anti-ground-owner appeal.
3. 103 H.C. Deb. 4s. 19 Feb. 1902, col. 483.
4. CPT 9, Crompton Llewellyn Davies to C.P. Trevelyan, 20 Nov. 1902, 24 Nov. 1902; CPT 1.3, 17 Feb. 1903.
5. PRO 30/72/33, 1903. A.M.C. Ann. Meeting, resolution in favour of a report on the five rating and TLV bills, pp.163-5.
6. 120 H.C. Deb. 4s. 27 March 1903, col. 532.
?• Glasgow's bill was the only one which did not propose to respect 'exist-ing contracts;' H. Cox, Land Nationalization (1906), p.97.

185

agreed, and a joint deputation went to see Walter Long, President of the Local Government Board, on 4 February 1904. Sir Albert Rollit led the deputation and a large number of M.-P.s from both parties were also present. 2 Trevelyan had been active behind the scenes.
Rollit was an important parliamentary convert: a proven politician
from the other side, wielding the muscle of the municipal contingent. Long was willing to consider the rating of vacant land, but shrunk from the
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possibility of TLV. The very next day Rollit joined C.P. Trevelyan, and eight other Liberal M.P.s, in sponsoring a'Land Values (Assessment and Rating) Bill. On llth March the bill came up for second reading.
Trevelyan described it as a non-Party bill, supported by Conservative town councils, Liverpool in particular. Rollit spoke strongly in favour and demanded a free vote. The government fought back with all the traditional arguments, but was forced to concede a free vote, if only to save face.
The bill was read a second time with a majority of 67, thirty-six of them supporters of the government. At the A.M.C. Annual Meeting on 7th May Rollit declared that 'the assessment and rating of land values, 1
has been raised recently from the rank of a political, or party,
to that of a municipal question by the Minority Report of Lord
Balfour of Burleigh .... and by the action of the Association
and some of its largest city councils, like that of Liverpool.
(Hear, hear.)- 6

A similar bill, introduced in 1905 by Sir John Brunner, secured a majority
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of 90 against the government.
The Estates Gazette realised that municipal support had turned TLV into
a practical proposition and tried to alert the government. On the 25th of

1. PRO 30/72/33, 1903. A.'M.C. Council Minutes, 10 Dec. 1903, pp. 175-8;
PRO 30/72/34, 1904. A.M.C. Council Minutes, 4 Feb. 1904, pp.6-17.
2. See CPT 13, Draft letter, C.P. Trevelyan to Glasgow Corporation, 6
Feb. 1904.

3. PRO 30/72/34, 1904. A.M.C. Report of the deputation, pp.15-17.
4. 128 H.C. Deb. 4s. 4 Feb. 1903, col. 480.
5. 131 H.C. Deb. 4s. 11 March 1904. Conservative Council support, Trevelyan, col. 858. Rollit, free vote, col. 882. Granted reluctantly, G. Lawson, col, 898 ff. Division, col. 912. Government supporters, see Peacock,
££. cit. p.112.
6 » PRO 30/72/34, 1904, A.M.C. Ann. Meeting, 7 May 1904, Pres. Address, p.73. 7 - 145 H.C. Deb. 4s. 14 April 1905, col. 264.

186
March 1905 it wrote,
Already great numbers of municipalities have turned eagerly
to unjust and visionary schemes of rating ground values, in
the desperate hope of obtaining a heavy addition to their
incomes. Every year will increase the pressure upon them,
and it is absolutely clear that unless it is relieved the
rates will reach an intolerable poundage, while possibilities
of further borrowing will be very much circumscribed.... This matter of local taxation is, indeed, far more urgent than the Fiscal question.^
One month later, it wrote,
What the present government has never recognised is that the
rating question is the most pressing and important problem of
the day ... it is far more important 'than improvement of
education or the reform of licensing.2
Rollit might describe the TLV bills as non-political. Trevelyan knew better; and one of the subscribing authors of the bills, together with Rollit, was David Lloyd George. In a journal appropriately called Coming Men and Coming Questions (no. 20, 1905), Trevelyan described the genesis of

3 the 1904 and 1905 measures, 'the Municipal Bills.' Looking ahead to the

future he envisaged 'A National Land Values Tax' in aid of the rates. It would solve the municipal problem at a stroke: a penny in the pound (on a capital value of £3750 millions) could produce £15.6 millions a year,
nearly double the current grant aid to the rates. '... It would be a national tax which the House of Lords could only reject at their peril,'
he wrote, 'while they could mutilate local bills without fear of popular revolt.' Taxation of Land Values was the economic answer to the new

4 Protection of the Conservative Party.
In the winter of 1902-3 the tide of war-time prosperity began to recede
and with the onset of the following winter, the towns were faced with the prospect of serious unemployment for the first time since 1895. Unemployed workmen demonstrated in the streets of the great cities, demanding employ-ment in public works. London's charitable relief agencies were moved to act and the Mansion House Fund was resuscitated. At the A.M.C.'s December

1. 'The Growth of Rates, 1 [leader] EG, 25 March 1905, 521.
2. 'The Agricultural Rates Act,' [leader] EG, 22 April 1905, 715.
3. C.P. Trevelyan, 'Land Taxation and the Use of Land,' Coming Men and Comingjluestions., no. 20 (1905), p.9. Offprint in CPT 211.
4. Loc. cit. pp.15-16. Italics added.

187

meeting, however, a motion demanding government help could not find a seconder. Come the following winter, the problem could no longer be ignored. Local guardians were faced with the need to open stoneyards and distribute money and food. On 14th October 1904 Walter Long met representatives of
the London Boards of Guardians and proposed a scheme of relief. Joint Committees of Guardians and Councillors would sift relief claims, and the boroughs would set the deserving to work. A Central Committee would co-ordinate policy across the metropolis; it would raise voluntary contributions, but could fall back on an equalised rate across the metropolis.

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Long repudiated the possibility of Exchequer subsidies.
A few days after Long's meeting with the Guardians, at the A.M.C.
General Meeting, Rollit devoted a large part of his address to Unemployment. His views were conventional. He endorsed the principle of less eligibility, argued that poverty was hereditary, proposed land colonies and emigration, and opposed wage subsidies out of the poor fund. But the immediate claims of the crisis could not be denied, and he accepted the need for- public works. The cost, however, was too heavy for local resources.
If every effort is made locally there will be not only a strong
claim but an absolute necessity for some supplementary action
on the part of the State .... I repeat that mere local
contributions out of rates will not be sufficient, in my opinion,
for the purpose, and that we shall have to resort to national
assistance - (hear, hear) - though the funds must be
administered locally, with some proper check upon them.-*
Five years before, at the Central Poor Law Conference in 1899 Will
Crooks summed up the moral problem embodied in Conservative policy. 'You assist necessitous schools, you assist necessitous parsons, and you assist necessitous landlords; then what have the necessitous poor done that they

1. PRO 30/72/33, 1903, A.M.C. Council Minutes, 10 Dec. 1903, p.179.
2. This account is based on the following sources: London Unemployed (Report of the Proceedings at the Conference between W.H. Long M.P.
and representatives of the Metropolitan Boards of Guardians ... 14
October 1904). Bound with PRO 30/72/34, 1904.; Tne Unionist Record 1895-1905, n.d. [1905?] , pp.74-82; W. Beveridge, Unemployment; A
Problem of Industry (1909 and 1930) (new edn. 1930), p.154 ff.; J.
Harris, Unemployment and Politics (Oxford 1972), pp.145-162.
3. PRO 30/72/34', 1904. A.M.C. Autumn Gen. Meeting, 19 Oct. 1904, Unemploy-ment, pp.168-71; quote, p.170.

188

should be denied assistance?' The will to assist was emerging in the

municipal bosom, but the means were denied. Indeed, the municipalities were

to be penalised by higher rates. 'Sound finance' had led the government

into moral quicksands, and threatened them with political bankruptcy. Two

days before Christmas 1904 the Prime Minister reprimanded Walter Long in

a letter which bore out Crook's accusation of 1899.

I have absolute confidence that you will do nothing to
endanger the working of the Poor Law or to yield unduly to
sentimental demands, which in the long run may do more harm
than good to the persons on whose behalf they are made. At
the same time, is it not a very novel departure, on this side
at least of St. George's Channel, to give Imperial aid to local authorities for the purpose of enabling them to deal with their own special problem of pauperism?
I understand that you think you may be driven to give certain London areas either facilities for obtaining money on loan, or else cash advances presumably at a rate of interest lower than that at which they could borrow. Was anything of this kind ever done for the unemployed before? Was it done, for instance, in the Lancashire Cotton Famine? and can we now do it for West Ham unless we are prepared also to do it for any district in the country which finds itself in difficulties?

You will understand that my fear is not that the money will
be improperly used, for this I am certain you will prevent.
My anxieties rather arise from what seems to me, perhaps
wrongly, to be the novelty of your proposal, and from the
dangerous extensions which this new principle may have in
hands less firm and expert than your own.

Just one year before, Balfour's government had committed £5 millions a year

of its credit to buy out the Irish landowners.

Fifty thousand unemployed marched on Westminster on 6 November 1905,

and a deputation was admitted to see the Prime Minister. It included a

separate contingent of women. 'One after the other,' wrote the Evening News

in its late edition,

The destitute women of Poplar themselves stood up and pleaded
for their sisters and brothers in despair. All told the same
tale of want of work, heart-rending poverty, miserable homes,
and starving children. One went so far as to threaten that
there would be bloodshed unless something was done ... After-
wards representatives of the London Trades Council addressed
Mr. Balfour, one declaring that if society owed nothing to the
workless, the latter had no duty towards society. Another
pointed out the danger to the possessing classes of a great

1. Municipal Journal and London, 24 Feb. 1899, p.247.
2. Brit. Lib. Add. MSS. 49736 (Balfour Papers), A.J. Balfour to Walter Long, 23 Dec. 1904, ff. 40-1. [Typed carbon copy].

189
strike of the workers such as has occurred in Russia. A third
remarked, "You can vote money to stop swine fever; vote it to
stop hunger fever."
Even at the twilight of his administration, Balfour upheld his reputation for toughness. 'The Government, 1 he was reported to say, 'would do everything in their power. They could do nothing beyond last year's Act. 1

Who should bear the cost? that was the problem of local taxation.
As Lord Hobhouse put it,
what we ask is, that the dirty acres which the presence and
industry of the people have transmitted into gold shall bear
their proper share - not the whole, but their fair share -
of the expenses which are necessary to keep that population
in being .... The people give the value; the people create
the necessity for expense.1
What began as a contest between the different fractions of urban and rural tenure ended in the emergence of a massive new tenure, the urban municipal tenure, which took its rightful place alongside the older ones on the tribunes of politics.
Local taxation was made by Disraeli into a splendid political banner. Although carried aloft by the agrarians, it secured the Conservatives more urban support than their natural sway permitted, and brought Liberal governments several times to the verge of defeat. Goschen's finance in the 1880s was a cautious implementation of this policy. To grasp for the
prizes after 1895 was a lapse of political judgement. The Cecil leadership neglected the possibilities opened by 'municipalism 1 and its variants, the policies of urban amelioration and social paternalism outlined by Tory
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progressives. They pandered instead to their clients: the church, agriculture, City finance, London groundowners. It was as if the Unionist leaders lacked the will to assume the fiscal cost of their continued political ascendancy. Chamberlain warned Hicks Beach in 1901, that,
there is no necessity for any declaration of a "policy of economy"
as a supreme object at the present time but on the contrary'that
undue stress on. this point would be misconstrued and would

!• Lord Hobhouse, London Government (Speech, 29 Feb. 1892), pp.15-6.
2. See Lord Salisbury's favourable remarks on 'Paternal Government, 1 United Club Dinner, The Times, 16 July 1891, lOb.

190
seriously endanger the position of the Government or Minister
that gave to it an exceptional and special prominence.1
So the banner passed into Liberal hands; and demonstrated its appeal by drawing urban conservatives and giving the Liberals a reputation for social concern. The Liberals' special nostrum, taxation of land values, could only have been elevated into a banner by the unreasonably ferocious reaction it excited among the ground-owning aristocracy. To redeem its promise,
the Liberal Party would have to forget some of its cherished tenets and break out of the fiscal straitjacket. TLV was a main weapon in their armoury, albeit untested and possibly double-edged. We now abandon high politics, and look more closely at property relations at street level, and the interaction of property owners with town, not national, government.

1. J. Chamberlain to M. Hicks Beach, 30 Sept. 1901, in V. Hicks Beach, Michael M^ ~u _ ~ 1 Hicks u-I^Iro Beach, 'Roar'h. ii, 11 » 156. 156 •

191

CHAPTER THIRTEEN; THE LONDON PROPERTY CYCLE, C.1892-1912

No single location is more suitable than London for a close look at property relations before the Great War. Not that it was typical in every respect; but the sheer mass of London tenures dominated national trends, and claimed a disproprtionate share of public and political attention.
In 1899, the rising trend of rent in the County of London crossed the falling trend of agricultural rent in England and Wales (£39.3 millions
for the town, £37.2 millions for the country). London accounted for some
21 per cent of the rent in England and Wales in 1901, with only 14 per
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cent of the population. Near the tip of the national rent pyramid, a built-up acre in the City of London rented on the average for about four

3 thousand times as much as an acre of farmland. The tip itself was literally

plated with gold. Near the Bank of England a plot was sold in 1905 for
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the equivalent of £3.25 millions an acre, about one-tenth of the Bullion in

4 the vaults; at this price, land around the Bank was worth 32,500 times

more than typical farmland.
London's splendour and London's slums were both unequalled in magnitude
in Britain. Average working-class dwellings rented 70 per cent higher in London than in Birmingham, twice as high as in Wigan, three times higher than in Macclesfield. A large fraction of the Ricardian, or pure Rent in England and Wales accumulated in London. At Spring Gardens and Westminster, London tenure was the subject of endless political debate. Chancery Lane, Bloomsbury and Parliament Square contained the headquarters of the Property Professions, at an easy distance from the Lav/ Courts in the Strand and the

1. Gross rents (Income tax Sch. A). IRAR.
2. As above, and London Statistics, XII (1901-2), x.
3. In 1901 the Gross annual value of an acre in the City was £8,694. See London Statistics, XII (1901-2), xi, 8.
4. EG, 9 Sept. 1905, 466. The Bank itself was assessed (gross) at £109,000 in 1912, making £2.18 millions at 20 Years Purchase. Property Owners 1 Journal (hereafter POJ), Feb. 1912, 8.
5. Cost of living, Bd. of Trade Report; P.P. 1908 Cd. 3864 CVII, p.xv.

192

barristers' Inns. Fleet Street harboured the principal organs of the property press. At Tokenhouse Yard, adjacent to the Bank of England and the Stock Exchange, was the largest and most important property clearing house in the United Kingdom, the London Auction Mart.
Like other London exchanges, the Mart had its origins in an eighteenth-century City coffee house, Garraway's in Cornhill. At the beginning of
the nineteenth century the leading auctioneers combined to erect a new auction room, which was to possess 'the characteristics of a national edifice, 1 and an imposing building was opened in Bartholomew Lane, facing the Bank. In 1864 a move was effected to less spacious premises close by at Tokenhouse Yard. The Auction Mart was a profitable undertaking, owned by a group of leading auctioneers. By the 1890s it was the focus of the London property market, with a large provincial turnover as well. In 1898, its best year before the Great War, the Mart had a total turnover of £12 millions - a smaller proportion of national sales than contemporaries

2 imagined. Within London (as defined by its postal districts) Mart sales

rose from £2.4 millions in 1891 to £6.6 millions in 1898, reverting to a 3
low of £2.3 millions in 1910. This was consistently about one-quarter of all property sales in the County of London (a smaller area) as recorded by the Land Registry. Figure 13.1 shows how good the fit was, and Mart sales can be regarded as representative of London trends. Like other

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security and commodity exchanges the ideal of a perfect market was rarely attained. Large traders dominated the Mart and rings sometimes combined to rig prices. Nevertheless the volume of sales was sufficient to reflect

1. 'Busy Centres of City Life: Tokenhouse Yard, the Headquarters of the Real Estate Market,' London, 27 June 1895, 501-2.
2. On Mart Turnover, see F.M.L. Thompson, 'The Land Market in the Nine-teenth Century,' Oxford Economic Papers, new ser. IX (1957), 296-300.
3. See Thompson, loc. cit. table II (ii), 297. His first column refers
to the Postal districts; figures for 1891 and 1892 missing from this table are taken from the Estates Gazette.

4. Between 1904, when reliable figures begin, and 1913. See fig. 13.1.
5. London, 27 June 1895, 501-2. See also EG leader, 12 Sept. 1896, 386-7.

194

SALES AT THE LONDON AUCTION MART
AXD

TOOETHEH WITH XIAXT OF THE

CHIEF PROVINCIAL SALES
DURING 1897.

ABBREVIATIONS.

F—Freehold. C—Copyhold, ut— Uccxpircd Tcnn. GR—Ground Kent. R—Rent. YR—Yearly Rent. QT—Quarterly Te^s.uoy. MT— Monthly Tenancy. WR —Weekly Rent. WT—\Ycekly T^.s-ts (or in:ra than one tenant). FGR —ProoLoU Grcur.J Ror.t. ' CGR—Ccpvh'Ii Ground Rent. LGR—Leasehold Ground Rent. IGR—Improved Ground Rent. ER—Estimated Rent. P—Possession, pa—Per ic^um. P-h— Public-house. B-h—Beerhouse. Shares—Fully paid unless otherwise stated.

LONDON AND SUBURBAN.

• «_._.. Price
ACTON Sold. Keolised.

12, Aiitrobus Road, F, R £23 8s. ... ... Dec 21 290 4, Apsley Villas, ut 70 years, GR £12 10s., YR
£52 10s. ... ... "... ... — ... June 1 425 Avenue Road, 17 plots of building land, F ... ... Mar. 10 £00 Uerrymead Road, a plot of land, 60f:. by 117ft., F June 17 135 Bern-mead Road, Three plots of land, F ... ... Mar. 10 133
21. 23, 25 and 27, Borryniead Road, F, WR £83 8s. July 21 700
22. Birkbcck Road, F, R £45 ... ... Sov. 11 SW IV.lo Bridge Road, Two plots of land, each 19ft. by
ICOft., F ... ... --- — June 1 170
46. Burlington Gardens, ut 70 years, GR £8, R £40 Nor. 11 300
u

Land and House Property Year Book VI(1897) . 1.

195

and balance of tenures, that is to say, how much property was appropriated by ground-landlords, how much by leaseholders, and how much by freeholding house-capitalists and owner-occupiers. A total of 4,489 sales were abstracted from the Year Book ? containing particulars of 12,150 parcels of property: houses, shops, ground-rights etc. The details were transferred to punched cards. To cover as long a period as possible, the samples
were taken as five-year intervals, starting in 1892, and then in 1897,
1902, 1907 and 1912. In the following sections, each of the four indicators is examined in detail, followed by a discussion of their wider significance.

Ill
Property Market Turnover
The total volume of sales in the sample, on the Mart, in the County
of London and in England and Wales is shown in table 13.1. All four variables went through the same cyclical movement, rising in the 1890s, peaking early in the Edwardian period and collapsing towards its end. Two additional features stand out. First, the London indicators (for the Mart and the County) stand lower (at 8%-9% of the national total for the latter) than the dominance of London in rental values would lead us to expect.
The reason is probably that Mart transactions, and London County sales
as well, largely excluded new construction. New buildings circulate'more rapidly than the old, as the property goes successively through the hands

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of developer, builder, purchaser and possibly one or two middlemen. A sample made up largely of second-hand property is bound to show up as a

1. Coding was efficiently carried out by Miss N. Eilan and paid from an S.S.R.C. grant. Grateful acknowledgements to both. More details on
the analysis are given in Appendix 13.B., 'A note on method, 1 below.
2. Taking an average new house value of £250 in 1902, new construction would account for some £38.4M in Great Britain (some 10% less in
England and Wales) . How much this was raised by the velocity of circulation is difficult to determine, but new construction obviously claimed a large share, and on account of rapid circulation, a dis-proportionate one, of the total turnover. Average House value, see Feinstein, Nat. Income (1972), p.195; Construction, M&D, p.239.

TABLE 13.1. PROPERTY SALES, 1892-1912

196

YEAR 1892 1897 1902 1907 1912
AREA

1. LONDON,

sample ,
dwellings.

2. LONDON,
sample,
total.

Emillions .542

per cent (.43)

Emillions 0.88

per cent (.70)

.684

(.30)

1.47

(.64)

.654

(.34)

1.31

(.69)

.451

(.29)

0.69

(.44)

.221

(.16)

0.49

(.36)

3. LONDON,
Postal dist
(Mart)

4. LONDON,
County,
total.

Emillions

per cent

Emillions

per cent

2.84

(2.3)

5.26

(2.3)

5.75

(3.0)

3.34

(2.1)

13.1

(8.4)

5. ENGLAND &
WALES,
Conveyances &
Leases Einillions

per cent

126*

(100)

229

(100)

2.55

(1.8)

12.6

191 156 138

(100) (100) (100)

SOURCES: (1) Land and House Property Year Book (2) ibid. (3) Estates Gazette (4) Monthly Return of Transactions and Fees, Mss. Statistics, H.M. Land Registry. (5) IRAR, Stamp duty returns. See Appendix 3.1, p. 45 above. Year starting in April.

* data for 1893 (no earlier figures available) .

197
smaller fraction of the total turnover than an equivalent one which includes new construction. The second feature is this: the sample formed a consistent percentage of.Mart and national turnover up to 1902, but subsequently declined more sharply. To see why, it will be necessary to disaggregate the sample into its component districts. First, however, let us examine the relative (as opposed to the absolute) movements of
the variables.
This is shown in figure 13.2, in which the variables are all (except London County, which is not shown) reduce'd to the same scale. On the left, Figure A superimposes the national and the London trend, in an annual series On the whole, the two curves moved together, except that London peaked much higher in the late 1890s. Most of the excess can be attributed, as we shall see, to a public-house boom. Likewise, the London excess around 1902 can largely be attributed to a continued boom in commercial and ground-rent property. After 1903, London's decline was more marked.
One reason is that the national curve also contained agricultural land acting as a buffer on fluctuations (some 20% of the rental, and a larger share of the capital value); and farmland grew in value in the years that urban property declined. So on the whole, the London Mart faithfully mirrored the national trends in urban property. On the right, Figure B shows the same two curves, but at five-year intervals, and superimposed
upon them are the sample curves for dwellings and total sales. A comparison between left and right shows that the main features are preserved, and the discontinuity of five-year intervals is well worth the advantage of a longer time-scale. Both sample curves follow the national trend and fit the London trend even better. But both show a larger decline than the London curve after the turning point in 1902. The reasons can be found in the balance of districts selected for the sample.
Ten London districts were chosen for analysis, as giving a good social
and locational cross-section of the metropolis, with some duplication for

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- 50

FIG. 13.2. PROPERTY SALES IN LONDON AND IN ENGLAND AND WALES : ANNUAL AND QUINQUENNIAL SERIES COMPARED, 1892-1912. (100 on index equals mean of data), (a) Conveyances and Leases, England and Wales, (b) London Sales, Postal Districts (aggregate Mart sales), (c) London Sales, Sample Districts total, (d). Ditto, Dwellings only.
Source: Table 13.1, p. 196 above.

198

purposes of control. Following Henry Felling's classification of voters in London, the districts fall into one or more of the following categories• (A) predominantly middle- or upper-class. (B_) Mixed middle-and working-class. (C_) Poor and predominantly working class. Districts have been assigned to a class on the basis of a general impression derived from Felling's classification (which relied on Charles Booth's researches), the Board of Trade's Cost of Living Inquiries of 1905 and 1912, and a number of standard studies. Districts and sub-districts in the Year Book corresponded to historical neighbourhoods, and only approximately to administrative divisions (boroughs, parishes or Parliamentary constituencies as the case may have been); they reflected the auctioneer's concept of locality and not the politician's. The maps (fig. 13.3) show administrative boundaries, not those of the Yearbook, which would be difficult to establish (a list of sub-districts may be found in Appendix 13.A,p. 218 , below). The districts are listed below in the order they appear on the subsequent graphs, so as to give a rough cross-section of the metropolis, from West to East in a generally clock-wise direction. Letters denote the social classification of the district. The percentage of servants to population in 1891 (taken from Booth's survey, op. cit.) is also indicated where available.
A selection of West and North-Western suburbs (B), outside the County
of London, represented the conurbation's expanding margin. Hammersmith and Fulham (B- 4.3%) were western suburbs largely constructed in the second half of the nineteenth century. Hampstead (A-B; 16.3%) was a typical middle-class residential district. Upper-class London is represented by a group of neighbourhoods collectively termed 'Fashionable 1 (A) including
1. See H. Felling, Social Geography of British Elections 1885-1910 (1967), pp.xii-xiii, 26-67; C. Booth, Life and Labour of the People in London (1903), Religious Series, vi, 205 ff. [servant statistics]. Cost of Living. Bd. of Trade Reports; [a] P.P. 1908 Cd. 3864 CVII, pp.1-59;
[b] P.P. 1913 Cd. 6955 LXVI, pp.xiv-lv. The standard studies referred
to, listed in the bibliography, are those of Dyos, G.S. Jones, Reeder, Thompson (Hampstead) and Wilson et. al. (West Ham).

199

Harwell

FIG. 13.3a. SAMPLE DISTRICTS, APPROXIMATE BOUNDARIES (shaded areas). (1) Holborn. (2) Finsbury. (3) Shoreditch. (4) Bethnal Green. (5) Stoke Newington. (6) Southwark. (7) Chelsea. Map adapted from P.R. Thompson, Socialists, Liberals and Labour - The Struggle for London, 1885" - 1914 (1967), p. 363.

. Not included []_^j
(City of London)

FIG. 13.3b. LONDON: SOCIAL CLASS OF CONSTITUENCIES.

From H. Pelling, A Social Geography of British Elections,1885-1910 (1967), p. xiii.

200

such sub-districts as Bayswater, Belgravia and Mayfair. Holloway (B-C,* 4.5% for Upper Holloway alone) was 1 a mixture of artisans, labourers and the lower middle-class not very different from Islington (B-C; 2.1% in S.E. and S.W. Islington, the poorer parts). Two areas, Bethnal Green and Whitechapel (C; 0.8%) and Stepney (C; 1.2%) represented the core of East End poverty. Camberwell and Peckham (B-C; 3.2%), on the Southern side of the river, were broadly comparable to Islington. West Ham (C), outside the metropolitan boundary, was a typical outer-London working-class borough. A total of between some three to six hundred sales were extracted in each district, at five-year intervals between 1892 and 1912. A sufficiently large number of sales in the sample years was another consideration in choosing districts. Only districts already in existence in 1892 were chosen, so the sample is somewhat weighted against the periphery.
The volume of sales followed a standard pattern in most districts
as shown in figure 13.A. Sales of dwellings alone, and of public houses, are also shown. Properties other than dwelling-houses consisted of ground-rents (mostly residential), commercial and industrial buildings, and plots of land. Individually, the value of these sales tended to be high so that numbers were usually too small for separate analysis in the districts. District analyses will therefore be confined to dwelling property alone, of which sufficiently large numbers were sold. There is no great loss, since commercial and dwelling property tended to move together (see figs. 13 .2b and 13.4, column TOTAL). In the late 1890s
the big brewers engaged in fierce competition for the control of London's public houses, carried out a programme of purchase and renovation and pushed beer-house values up to the sky. Prices in excess of fifty times the yearly rent became the norm for a few years. The boom broke around

2
1900, and public houses ultimately proved a disastrous investmerit.

1. Booth, Life and Labour, Rel. Infl. vi, 211, top table.
2. See D.M. Knox, 'The Development of the Tied House System in London, 1 Oxford Economic Papers, new ser. X (1958), 66-83.

L E C]•: N D .

ElOOOs

200 p-

All Sales

Dwellings only

Public Houses

ElOOOs

200

1832 1912

NORTH-WEST HAMMERSMITH I-IAMP STEAD 'FASHIONABLE' HOLLOWAY
SUBURBAN & 1'ULKAM

1892 1912
ISLINGTON BETIINAL STEPNEY CAMBERWELL WEST HAM GREEN & PECKHAM

FlGJ.3.4. PROPERTY SALES IN LONDON DISTRICTS, 1892 - 1912. Source: Land and House Property Year Book.

201

The beerhouse boom was in evidence in all sample districts and largely accounted for the 1897 surge of non-residential sales. A genuine commercial property boom was still in evidence in 1902, and broke sharply soon after. In five out of ten districts dwellings sales peaked earlier, in 1897. In all but two districts, the overall trend from 1892 to 1912 was downwards.

Of the two districts, Stepney was not really deviant. The residential trend there conformed with other districts. The 'commercial 1 surge in 1912 was a mere fluke, caused by one single very large sale of beerhouses in Ratcliff for a total of £60,000. In the second deviant district,
the North-Western Suburbs, the secular trend was upwards. This suburban curve fitted better with the overall London (Mart) trend and with the national trend rather than the other sample districts. Although the suburban sector also underwent a severe cyclical movement, it was not as sharp as in other parts of the town. The middle-class suburbs were a somewhat more active element in the property market, due partly to the accelerator effect of new construction on property sales. The property market as a whole was more heavily weighted towards them than our sample districts (the difference, however, being of degree and not of kind) .. But the other sample districts give better indication of the market conditions which affected the life and environment of a majority of Londoners.
•

Outer suburbs attracted higher classes of residents, and their housing
and infrastructure were more up-to-date. They posed fewer social and political problems, except for the question of inequality between districts (which did constitute an.important political and fiscal issue). The existence of an outer belt of more favourable experience is not overlooked. But the balance of districts in the sample is appropriate, on the whole>for the social and political questions we wish to examine.

1. Yearbook (1912), 55-6.

202
III
Rents

Dwelling rents were fairly stable, and rather high. This is shown in figure 13.5. Except for two districts, where the median is shown, 'rent' is the landlord's gross mean yearly rent per house, and the level in all but the poorest and richest districts hovered approximately between £35 and £45 a year. Mean house-rents were high because buildings were often sub-divided between two or more households in the working-class districts. In the late 1890s only about a quarter of the dwellings in the County
of London were valued at less than £20 a year. Too much should not be read into the fluctuations of rent. The variance was large and most of
2
the apparent movement fell within the range of sampling error. Except for one district: in the North-Western Suburbs there was .a significant increase in house rents, mainly caused, it would seem, by the onset of rapid transit by tram, tube and train. Otherwise, the curves indicate that rents fluctuated within bands representing some 15 per cent of the total, with a slight rising tendency in some districts. Other sources confirm this impression. Inquiries into the level of working-class house-3
rent were carried out by the Board of Trade in 1903, 1905 and 1912.
Their conclusions may be summarised as follows: house-rents in London rose about 10 per cent between 1800 and 1900, and stagnated, or even declined between 1905 and 1912. To be more precise: the mean rent (including rates) of all houses in the County of London under £50 annual value increased 9.9 per cent in the 1890s, and working class rents in London decreased by four to six per cent, between 1905 and 1912, depending on the zone. The £50 limit embraced more than 3/4 of London's houses. Most

1. British and Foreign Trade and Industry. Memoranda etc. 2nd series. Bd. of Trade; P.P. 1905 Cd. 2337 LXXXIV, p.36.
2. See Appendix B, below, pp. 219-20.
3. Note 1 above, and note 2., p. 203.
4. Trade and Industry Memoranda, 2nd ser. 1905 [note 1 above], p.42 and Cost of Living. Bd. of Trade Report (1913), statistical tables, p.4.

203

TABLE 13.2. WORKING-CLASS RENTS IN LONDON; PERCENTAGE INCREASE OR DECREASE

PERIOD 1890-1900 1905-1912.

BOROUGH

Acton. , (North-West Chiswick „ , , . Suburbs) Willesden

Hammersmith
Fulham
Hampstead
Islington
Bethnal Green
Stepney
Camberwell
West Ham

Mean (20 London boroughs)
Mean 'Middle zone, ' London Great Britain (excl. London) 20 Large Provincial Towns England & Wales ('residential 1 outlay per head)

(increase)

per cent

8.9
• 20.0
6.7
8.7
12.9
24.8
10.0
17.13

9.4

16. 04
12. 7 4

16. 2 5

per cent

- Jr6
+3
+1
- 2
- 3
-

- 3
- 7
- 10

_

- 4

- 4

+9.7 (1900-10) 5

1. British and Foreign Trade and Industry. Memoranda etc., 2nd series. Bd. of Trade; P.P. 1905 Cd. 2337 LXXXIV, p.48.
2. Cost of Living. Bd. of Trade. Report; P.P. 1913 Cd. 6955 LXVI pp. 6-7.

3. E.G. Howarth and M. Wilson, West Ham (1907), table III following p.84.
4. As n.l above, p.35.
5. Chapter 2 above, fig. 2.3.

204
districts conformed to these orders of magnitude but in Stepney the increase between 1890 and 1900 was-as much as 25 per cent and in West Ham some 15 per cent. Working class house-rents outside London rose by 12-16% in the 1890s, and then continued to creep up (by a maximum 4.3% in South Wales, and much less elsewhere) between 1905 and 1912 (see table 13.2 below) .
IV

Capital Values
Houses come in all shapes, sizes and locations. A common denominator
of value in real estate is Years Purchase (YP), the ratio of capital value to annual rent. It reduces a bewildering variety of non-comparable
parcels to a compact and manageable range. Years Purchase react to changes in rent as well as in capital values, but in view of the relative stability of rents, most of the movement must be ascribed to the level of sale values. Figure 13.6 describes the trend of property values between 1892 and 1912. Altogether, the pattern is only too clear, and reinforces the impression formed by the movement of turnover. Years Purchase of leasehold houses fell by forty to fifty per cent over a short period of time in the late 1900s and house-owners saw up to one-half of their capital dissolving within the space of a few years (leasehold houses made up the bulk of
2
dwellings, and freehold values moved the same way). This is the most important trend to be discussed in this chapter, and figure 13.6 calls for explanation more than any other. How is it that value declined so dramatically in such a short period? Unlike the velocity of sales, this was not entirely a cyclical decline: values stood high in 1892. And in contrast with the trend of rent, the decline was statistically significant in all districts. Even in the North-West suburbs, where property values
3
rose in the first ten years, the decline after 1907 was significant.

1. Trade and Industry Memoranda, 2nd ser. (1905), p.35 and Cost of Living. Bd. of Trade Report (1913), pp.3-5.
2. See figure 13.9 below, p. 213.
3. See Appendix 13.B, and table 13.4.

FIG.13.6. LEASEHOLD PROPERTY VALUES IN LONDON, 1892-1912 (five-year intervals).

Mean Years-Purchase of Dwelling Houses sold at the Auction Mart, 1892,1897,1902,1907 and 1912.

MEAN
YEARS-PURCHASE
(Market Price
Annual Rent)
11 -

10-

NORTH-WEST HAMMERSMITH HAM?STEAD 'FASHIONABLE' HOLLOWAY SUBURBAN AND FULHAM

Source: Land and House Property Year Book.

Broken Line indlcntcs lowest level reached.

ISLINGTON BETHNAL STEPNEY CAMBERWELL WEST HAM GREEN & PECKHAM

20';

The widely differing amplitudes of turnover, YP and rent reflected
the existence of two distinct markets for housing; a market for invest-ments, and a market for accommodation. The first was volatile and dealt in capital values, the second was much more stable and its currency was rent. Bricks and mortar were a repository of value and a storehouse of expectations, the most popular single category of investment for small capitalists (see chapter 4, table 4.5, above, p. 73). Demand for house-property depended on the expectations of such men, and on alternative investment opportunities available to them. The collapse of the property market after 1905 marked a decline in the attractions of housing as an investment. The market for accommodation was less volatile because it depended on real factors, less elastic than the expectations of investors and the movements of Bank Rate. On the supply side, the stock of housing cannot be increased very rapidly. On the demand side, the stock of humanity also changes rather slowly, and does not easily shift. Disposable incomes, although subject to seasonal and trade-cycle fluctuations, were a fairly stable aggregate quantity, and a fairly fixed proportion was earmarked
for housing at every level of affluence. Workers would pay between a quarter and a third of their incomes in rent, the better-off between five and fifteen per cent. Given a stable currency, such constraints ruled out any violent fluctuation of rents.
The Victorian landlord performed a couple of vital functions. The
first was to mediate between the two kinds of demand. Housing needs to be financed twice, over a short and a longer term. Developers and builders bore the risk over one or two years, until the finished dwelling was disposed of. The capitalist who bought it only got his capital back after a much longer period: ten, fifteen or twenty years. He also undertook some of
the management: collecting the rents, arranging letting and insurance and keeping the property in a state of repair. Some of the risks were devolved

1. See chapter 14 below, pp. 222,228.

206

to mortgagees, the landlords' 'monkey on the roof,' some of the management was farmed off to agents. The functions of the landlord were not super-fluous even if the cost may have been excessive. If they fell into neglect, distress was bound to follow, and another agency would have to step in.
From high values and large sales to low values and low sales - that
was the dominant trend of the property market between 1902 and 19121 a shift downwards along the supply curve, indicating a shortfall of demand for houses as an investment in all but the new suburban districts, where the evidence also admits of excess supply as the factor (see figure 13.7). In other words, for most of London, there were few takers for houses
after 1907 and owners could not sell them even at greatly reduced prices. When they sold, they sacrificed much of their capital, and the purchaser was a different kind of person. Ten years purchase represent, undiscounted, a ten per cent gross rate of return. Four years purchase, as in Stepney, Bethnal Green or West Ham after 1907, is a return of 25%. The twenty-
five per cent, investor is a different animal from the person who held government securities at 3%, or let a house at a gross 8%. The late-Edwardian rate of return made housing into a highly speculative investment. House property after 1905 was increasingly cut off from the mainstream of investment, to become a precarious speculation on par with Mexican mines, offering abnormal returns to hard-faced men. This will also come in for explanation.

Ground Rents

Apologists for the groundowners often insisted that ground property was broadly distributed. This was an important element in Lord Salisbury's
views on property: a mass of small owners was the best defence for large

2

owners. Small proprietors would become bulwarks for the citadel of property.

1. See, e.g., C.H. Sargant, Ground-Rents and Building Leases (1886), pp.146-7.
2. Lord Salisbury, Speech at Exeter, The Times, 3 Feb. 1892, 6c.

FIG.13,7. INVESTMENT DEMAND FOR LEASEHOLD HOUSES IN LONDON, 1392 - 1912 (five-year intervals).

Source: Land & House Property Year Book. Numbers

1907, 1912. Demand and supply curves are notional.

N

on charts denote the years in chronological order: 1892, 1897, 1902,

'AVERAGE SALE PRICE
PER HOUSE
£400

£300

£200

£100

-

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/ 5 *—— *
/ *

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a

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1 /I
5 //*
1 >

- '/

100 200
1 1 1 1

£400

\|/ £3 °°

/ ^£ £20°

• ^ £100

100 200
i i .
Houses Houses Houses

_

-

42 3 £900

sT" * • £8°°

100 200 ——— 1 ——— i ——— i ——— i ——— i i £700
Houses

NORTH-WEST SUBURBAN HAMMERSMITH & FULHAM BETHNAL GREEN WEST HAM
. . - £600

AVERAGE SALE PRICE Fqnn
PER HOUSE • £5 °°

O

£400

£300

£200

£100

•

\y\|X

3

100 200
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' .y/N< 4
^X N.

" ^*

100 200

£400

3\1X £300

r\
// \ £200

£100

100 2(;C
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Houses llouse.s Houses

£400

£300
/

J ^--_ 1 £20°

4/* £100
' 100 200

J' *A
J \
• A /
* /

- /

. /5

] 00 200
i t i t ———— ————— 1 L_ L .. t l , , . , j
Houses Houses

CAMBERWELL & PECKHAM HOLLOWAY ISLINGTON STEPNEY STEAD

207

And if the mass did not exist, the myth would also serve. Introducing

the first volume of the Year Book jn 1892, Frank Wilson wrote, 1

the best security against any revolutionary or oppressive
dealing with ground rents is afforded by the very large
number of small investors who have placed their money in
this way. To suppose that ground rents are in the hands of
a few dukes and a handful of great public bodies is mere moonshine, and whoever believes that to be so by the mere fact of that belief suggests that he knows very little
about the matter. Any really serious interference with
ground-rents would bear very hardly indeed upon large
numbers of small and relatively small investors ... Next
to Consols there is no other means of investing capital or
savings so safe and certain.

London's ground rents were a great radical bogey, but information on

the precise extent of the estates was nowhere to be found. In the middle

of the 1880s the Secretary of the Municipal Reform League, John Lloyd,

began to prepare a ground plan of London, on the scale of 25 inches to

2
the mile. Howard Evans, the radical journalist, compiled a map for
•D

Charles Harrison, the Leasehold Enfranchisement agitator. Frank Banfield

attached a crude sketch-map of central-London estates to his book against

The Landlords of London (1888). Another map, of seventeen great estates,

survives in Tower Hamlets Public Library. In 1894 the L.C.C. took over

the task begun by its radical progenitors and Lloyd's sheets were trans-

ferred to the valuation department, then under the effective management of

Edgar Harper. £20,000 were assigned to the project and in 1910 it was

almost complete: 111 sheets on a large scale, delineated in red ink. A

4

revision was undertaken, only to be abandoned in 1915. The sheets repose

at present at the G.L.C. Record Office, and are much the worse for wear.

Except for a few areas in north London, the key which listed owners by

name has been lost.

Interpreting the map's spatial pattern is a task for Geographers. It

1. p.xi.
2. J. Lloyd, London Municipal Government (1911), p.63-
3. H. Evans, Radical Fights of Forty Years (n.d. [1913]), pp.88-9.
4. For a rather incomplete account of the map and its antecedents, see R. Hyde, 'Mapping London's Landlords: The Ground. Plan of London; 1892- 1915,' Guildhall Studies in London History, I,(1973),23-34.

208

is by no means easy to generalise from it; extreme fragmentation in

some sub-districts alternates with broad acres in others. A few general

figures on the social distribution of the surface were laboriously

compiled in the summer of 1913, in response to a series of questions in

the London County Council. They do not add up precisely to known totals,

and undoubtedly contain margins of overlap and error. Nevertheless, they

constitute an advance on previous ignorance, and, despite a generation

elapsed, they complement J. Bateman's distributions of acreage outside

the metropolis. In the whole County of London, with its 4.5 million
2
inhabitants, there were 14,000 individual owners of one house. 24,200

owned the ground underlying more than one house. If one-house owners are

left out, there was one groundowner, on the average, for every twenty-six

dwellings in the County of London (not counting commercial property) :

24,200 owners and 620,157 dwellings in 1911. 3

The surface was distributed in the following way:

Category

fi

Public roads and highways

Parks and open spaces

Public property: L.C.C., the Crown,
etc.

Public corporations, railway companies etc.

Eleven large estates of more than 1/2 sq. mile each
700 owners of more than 5. acres each

Approximate
Sq. Miles

23

10.5

12

22

9

38

Approximate
percent of
L.C.C. area

20%

9%

10%

•

19%

8%

33%

Total
L.C.C. Area

114.5
116

99%
100%

1. GLC, LCC, Questions, v (1913), qq. 339, 346-8, 363, 369, July 1913.
2. One of them was 'Shaw, Geo. Bernard' who owned the rainiscule plot no. 52 in Dresden Rd., Hornsey Rise, on Ground Map sheet no.2.
3. Calculated from 1911 Census housing statistics. See Cost of Living. Bd of Trade Rep.; P.P. 1913 Cd. 6955 LXVI, pp.320-3.
4. 23-24 so. miles: LCC Questions^, v (1913), q.347.

209

The total adds up to 114.5 sq. miles. The area mapped was 114.75 sq. miles. 1 Of course value counted for more than size, and of the great ducal estates, only the Duke of Westminster's Pimlico fief (3/4 sq. miles) was included
2
among the 'big eleven.'
The map gives rise to a number of striking impressions: first, what
a large part of London was taken up by roads and highways (transport is seen to have claimed even a larger share, if railways and docks are included). Second, how much of the metropolis was in public and corporate hands. Third, that 38,200 ground and hou-se-owners, while making up only some 6 per cent of London's households (as reckoned by the number of dwellings) were nevertheless not a negligible electoral force. Fourth,
that while the map was undoubtedly useful (and much used) for administrative work, it was almost useless for political purposes. A mass of detail
and an ungainly format garbled its intended message. A valuation would have been of greater use, for it was the value of ground property that mattered, not its precise spatial form, acreage or location.
One-fifth (21%) of all London sales at the Mart in 1892 were of ground rents,- (the proportion had been lower in previous years) . 85% of those were straightforward freehold ground rents, the rest were a second tier
of leasehold ground rents, for a fixed term of years. The YP of freehold ground rents was high*, in 1892 it was 28.3 YP, about three times as much
3
as the value of leasehold houses. Ground rents gave better security,
and a lower return: they were a first charge on the house, and as a rule,

4 rarely exceeded one-sixth of the rack-rent. Their capital value included

1. The categories do not add up precisely. Measurement was difficult (see question 348), and there must have been some overlap between categories. Assuming one-fifth of an acre for each single-house owner, the area
under their control comes to 4.3 sq. miles (3.7 per cent of the L.C.C.
area) .
2. These were Lord Northbrook and Dulwich College (more than 2 sq. miles); Lord St. Germans, H.W. Forster, Sir H.P.T. Barron, Sir Spencer Maryon Wilson (more than 1 1/2 sq. mile); Paddington Trustees, Mr. Cator
(more than 1 sq. mile),' the Duke of Westminster (more than 3/4 sq. mile); Lord Dartmouth, Prudential Assurance Co., Mercer's Company, Magdalen College, Oxford (more than 1/2 mile).
3. 'Summary of Sales at the Auction ^lart,' EG, 7 Jan. 1893, 13.
4. Sargant, Ground rents, p.16.

TABLE 13.3. SALES OF FREEHOLD GROUND RENTS, SAMPLE DISTRICTS, LONDON 1892-1912 (Source: Land and House Property

Year Book)

YEAR

Total turnover in pounds
No. of sales (and no. of
units)

Mean Years Purchase
(Standard deviation)

Mean Years Purchase
(Standard deviation)

1892
119385.00

122

26.18
(7.14)

60.54
(26.38)

1897
82364.00

(124) 64

30.60
(6.69)

68.60
(25.13)

1902
121026.00

(64) 106

28.13
(6.43)

63.25
(20.93)

1907
81584.00

(725) '96

. 30.25
(10.70)

53.68
(22.18)

1912
64712.00

(698) 90 (543)

23.56
(5.66)

55.62
(23.24)

211

the prospect of the reversion at the end of the lease. The movement of ground rents (freehold only) in the sample districts is shown in table 13.3. Years Purchase rose (significantly) from 26.2 in 1892 to 30.6 in 1897, and dropped from this level to 23.6 in 1912, following the property cycle, with a smaller amplitude than other variables. Perhaps the most remarkable trend was the tremendous fragmentation of ground rents which the sample shows after 1902. Note also that the number of owners on the L.C.C.'s ground map increased between 1897 and 1913, and that Estate duty showed a trend towards a somewhat more equal distribution of ground-ownership. The Conservative project for a wider ownership, and for building bulwarks for property, was making slight, but visible progress.

VI
Incidence
How much was owned under each tenure in the different districts of London? The distribution of capital values within the samples by tenure is shown in figure 13.8, and there is no reason to doubt that the columns 2
are broadly representative of conditions in the districts. Three main tenures are distinguished: freehold house-property, leasehold house-property and ground rents. At the top of each column is a small fraction of value made up of sales in which the tenures could not be separated. Freehold property is below, separated in its turn by a thick boundary line from leasehold tenure. Leasehold lay heavy on the ground in West and North London, at 60 to 90 per cent of all dwellings by value. A lower level,
50 to 60 per cent, prevailed in East and South London. The lowest segment represents the capitalised ground rent. The figures on the boundary show what percentage this was of the total value of leasehold property. Ground-owners claimed between 30 and 50 per cent of the capital value of leasehold dwellings. Excepting Hammersmith and the North Western Suburbs, the

1. An interim report of 1897 showed 1670 groundowners in 3/5ths of the L.C.C. area. EjG, 11 Sept. 1897, 437.
2. See Appendix 13.C for method of construction.

LEGEND: TENURE
undifferentiated

freehold

leasehold

ground-rent

FIG.13.8. INCIDENCE OF DWELLING TENURES IN LONDON, 1892-1912.(CAPITAL VALUES)

Incidence of tenure in property sold at the Auction Mart. Boundaries are trend
lines, 1892-1912 (five-year intervals). Ground rents were capitalised from incomes using multipliers derived from separate sales of ground rents in the districts.
All values are gross. Broken line represents the share of freehold and undifferentiated property, calculated separately.

707, -

40%

202 - :_.

39

_ .._ _L.. I

51
32

i i i I i i

\

1 L

39 46

I I i I I_1

i 100%

90%

80%

70%

60%

50%

40%

30%

20%

10%

NORTH-WEST HAMMERSMITH HAMPSTEAD 'FASHIONABLE' HOLLOWAY
SUBURBAN & FULHAM

ISLINGTON BETHNAL STEPNEY CAMBERWELL WEST HAM
GREEN & PECKHAM

Source: Land and House Property Year Book.

figures on the columns are the ground-rent capital value as a percentage of the total value of leasehold property (.land ond housey), at the beginning and end of the trend line .

212

ground-owner share of leasehold property remained stable or increased, going over 50 per cent of the value in three cases. This is only another way of saying that ground" rents kept their value better than leasehold houses in the Edwardian Property Slump, giving groundowners an even greater claim on urban tenure in a period of decline. To sum up, dwelling property in London was divided into three roughly equal parts. Two were held by the capitalist tenures, leasehold and freehold, and the third by a small class of groundowners with few obligations, but committed to the sites by a long-term expectation of capital gains.
Finally, figure 13.9 summarizes the course of the property cycle, comparing the movements of the tenures on the same scale. The bottom figure shows how stable rents were in the B and C (mixed and working-class) districts. The central figure shows that despite the differences in tenure and a higher average YP, freehold tenure declined just as much as leasehold. The top curve illustrates how less severe the decline of

ground rents was.

VII

The Edwardian Property Slump
At the turn of the century voices in the property professions were already decrying the 'wild and fabulous prices' and warning that r a panic is not far off.' In 1905 the Property Owners' Journal complained that in the previous ten years weekly, i.e. working-class, housing had lost fully 20 per cent of its value. 'House property will cease to be an investment into which men of moderate means will put their money, as being too uncertain in yielding a return, and too precarious in realisation when required.' 2 By the end of the decade the slump preoccupied the property professionals, and formed the subject of Presidential Addresses at both

1. EG, 6 Jan. 1900, 21.
2. PQJ, Sept. 1905, 1-2.

213

FIG. 13.9. GROUND VALUES, DWELLING HOUSE VALUES AND RENTS IN LONDON, 1892-1912. Reduced to the same scale. 100 on scale equals mean of data. Absolute values displayed on the curve. Source: Land and House Property Year Book.

150

100

50

150

- H-8

100

50

150

100

50

1892 1897 1902 —I— 1907

10.9 11.8

8.7
8.3

1892 1897 1902 1907

£39.2

1892 1897 1902 1907

1912
150

tLOO

5.2

1912

150

100

50

50

fl.50

100

50

1912

I. GROUND VALUES

Ground rents, mean Years Purchase. 10 districts.

II. HOUSE VALUES

Mean Years Purchase.

LEASEHOLD: solid line, lower figures, 10
districts,
FREEHOLD: broken line, upper figures.

III. RENTS

Mean Yearly Rent Per House (frequently in multiple occupation).

Seven districts.

214

main professional associations. A perceptive attempt to make sense of the slump was made by a prominent 'surveyor, George Head, in two papers
read before the Surveyors'Institution in 1909 and the Auctioneers'

2 Institute in 1910. Head laid down five conditions for a healthy property

market. First, an abundance of capital and cheapness of money. Second, 'good trade' which made the accumulation of savings possible. Third, peace and fourth, political security. Five, concentration of population. Each of these conditions, he considered, had been violated during the previous
3
decade. Let us now examine the possible sources of the slump.
Long and massive swings in the movement of property values have been studied by economic historians, but only at one remove, through the fluctuations of the construction industry and the familiar 'building cycle. 1 In the past twenty-five years, A.K. Cairncross, B. Thomas, J.P. Lewis,
S.B. Saul, E. W. Cooney, H.J. Habakkuk and M. Gottlieb have all essayed descriptions "and explanations of these long swings, approaching them as mainly economic phenomena, and framing their explanations in almost purely economic terms. This is at variance with the man-on-the-spot, Head.
Before widening the field of explanation, let us examine the factors most frequently invoked to explain the building slump after 1905, and see'how they might have affected the property market.
Interest rates were an important influence on the supply of new houses
and the value of old ones. Loan charges (or imputed opportunity costs) were one of the largest charges on the income of the house-capitalist.

1. 'A great drop in capital value has occurred ... it must lie with the statistician of the future to show this by tables and curves. 1 L.
Vigers, Pres. Address, Trans. S.I. XLIII (1910-11), 16,' A.G. Watney, 'Presidential Addrp^s ',Auctioneers' Institute(20 Oct. 1909),9-10.
2. G.J. Head, 'The Property Market - Retrospect and Outlook, Auctioneers 1 Institute (12 Jan. 1910),' 'Giant London: The Evolution of a Great
City in Size and Value, 1 Trans. S.I. XLI (1908-9), 309-8.
3. Head, 'The Property Market,' 43.
4. Listed under authors' names in the bibliography.
5. For some Glasgow data, see 'Problems in Housing, 1 Municipal. Journal, 21 Apr. 1899, p.493. For a macro-economic perspective,' see chap. 2 above, pp.14-5 and fig. 2.2.

215

Between 1897 and 1907 the basic riskless rate of return, the yield on Consols, rose from 2.5% to 3%, an-increase of some twenty per cent. To the extent that rents were stagnant after 1900 and real estate was therefore also a fixed-income security, the shift from cheap to dear money acted to depreciate it in the same way, by approximately the same amount (Consols fell from 112 to 82 between 1897 and 1907). Cheap money in the 1890s had stimulated the building industry; once it was mobilised and set into motion, it was very difficult to stop. 'I remember no time when prices ruled so high as they did in 1897-8-9,' said Head. 'The demand was great, building was pushed forwards and suburbs were overbuilt 3
- the boom preparing the way for the inevitable slump.' By 1907 the supply of new houses glutted the market and property owners were crying out for a moratorium on new construction. In June of that year, their journal complained that,
the builders go on building, notwithstanding the 90,000 empty
houses and tenements in London. If halt were cried for three
years, some of these non-productive investments would fill up,
and the present owners would again think that property after
all was not such a bad investment.
Dearer money was coupled with rising prices, and higher maintenance and repair costs, or alternatively, a lower standard of upkeep.
A number of factors combined to produce a contraction of demand for accommodation within the county of London. The first of these was the operation of Ricardo's paradox through the deployment of new means of transport in the Edwardian decade, the tube, the tram and the motor omnibus. The main network of London's underground tubes was in operation by 1908. Pre-existing underground'railways were electrified. The most popular surface conveyance was the electric tramway, and it soon faced competition from motor buses. Cheap and rapid transit made the suburbs more attractive,

1. See R.G. Hawtrey, A Century of Bank Rate (1938), pp.159-62 and 292-3; The Land, ii, 87-91.
3. Head, 'The Property Market, 1 p.46.
4. POJ, June 1907, 2.
5. Barker and Robbins, London Transport, ii, chaps. I-VIII.

216

thinned out the city centre and reduced the value of a central location. 'Cheap travelling,' said Head, 'has enabled many a dweller in the crowded slums to move away to a neat and convenient cottage, large numbers of which have sprung up on every hand in the outer suburbs.' The middle classes, of course, were even more prominent among the deserters from the centre. Head also blamed the telephone, which enabled merchants and financiers to keep in constant touch with their business from afar; the growth of 'huge palace hotels,' which replaced town houses in many cases;

2 and servants' dislike of cellar accommodation. Population in the County

of London stopped growing between 1901 and 1911; growth in the suburbs 3
continued.

A demographic shortfall of demand has also been adduced. Migration
from the countryside came to an end towards the close of the Victorian age, and the birth rate of the middle-classes, who were the greatest consumers of housing, dropped during the last third of the nineteenth

4 century. A wave of overseas emigration in the late Edwardian period was

accompanied by a cyclical shortfall of new marriages, in itself an echo
of a similar exodus twenty years before. Brinley Thomas, the chief pro-ponent of the demographic factor, ties it up with better opportunities for investment overseas, which drew capital away from domestic investment in housing. Furthermore the Edwardian period witnessed a slowdown in economic
•

growth and in the increase of real incomes. Real wages actually declined, if the higher incidence of unemployment is taken into account. After unbroken prosperity between 1895 and 1902, the three subsequent years were years of unemployment and depression, and 1908 was also bad for employment

1. Head, 'Giant London,' 336; for the process of suburban development, see A.A. Jackson, Semi-Detached London (1973), chaps. 1-4.
2. Head, loc. cit. 336-7.
3. See Cost of Living. Bd. of Trade Report, 1913, p.xiv.
4. See D. Friedlander and R.J. Roshien, 'A Study of Internal Migration in England and Wales,Pt. i: Geographical Patterns of Internal_Migration 1851-1951,' Population Studies, XIX (1965-6), 251-66, esp. 259; J.A. Banks, Prosperity and Parenthood (1951), chap. I.
5. B. Thomas, Migration and Urban Development (1972), chap.2.

217

and trade. Occupiers of all classes had less to spend on accommodation,

and this was particularly true of the poor, the skilled workers and the

lower middle class.

For two or three years around the turn of the century economic

prosperity generated a demand that existing accommodation could not meet.

Despite an increase of rents, a 'house famine' was experienced in many

districts, and property owners extracted a premium of 'key money 1 over
2
and above the rent. But as the tide of prosperity receded, the tide of

occupancy also fell back, and the loss of income forced families to double

up, exacerbating previous overcrowding. A house agent from Islington

wrote that,

whereas the houses were formerly occupied by members of one
family only, the present class either underlet or take paying
guests and, therefore, considerably more people are crowded
together than formerly ... in some roads, where a few years
ago prospective tenants were waiting for the houses, there
are now several vacant.

Head said in 1909: 'Large numbers of premises are vacant in every locality,

and there are suburban roads where house agents' boards are almost as

4 plentiful as chimney pots. 1 This was how the Edwardian housing distress

asserted itself - want in the midst of plenty» 'Overcrowding to-day is

not the result of a house-famine; it co-exists in the same districts with

a superfluity of empties.'

1. Cost of Living. Bd. of Trade Report (1913), pp.I-IX.
2. [G. Haw], No Room to Live (1900), pp.57-63.
3. EG, 29 April 1905, 762; also EG, 22 April 1905, 716.
4. Head, 'Giant London,' 335.
5. For the anti-cyclical movement of dwelling vacancies see J.C. Spensley, 'Urban Housing Problems,' Journ. Roy. Stat. Soc. LXXXI (1918), 162-71.
6. 'Housing,' The Times, 6 April 1912, 7f.

218

APPENDIX 13.A. A List of the Districts and Sub-Districts from the Land
and House Property Year Book used for Quantitative Analysis

1. North-West Suburban: Acton, Brondesbury, Chiswick, Cricklewood, Ealing, Gunnersby, Harlesden, Hendon, Kensal Rise, Mill Hill, Turnham Green, Willesden, Willesden Green.
2. Hammersmith and Fulham; Fulham, Hammersmith, Shepherd's Bush,
3. Hampstead: Chalk Farm, Cricklewood, Hampstead, Haverstock Hill, Kilburn
4. 'Fashionable'; Bayswater, Belgravia, Bloomsbury, Hyde Park, Knights-bridge, Mayfair, Portman Square, St. James, Westminster, Regent's Park.
5. Holloway.
6. Islington; Barnsbury, Canonbury, Islington.
7. Bethnal Green; Bethnal Green, Spitalfields, Whitechapel.
8. Stepney; Aldgate, Commercial Road East, Limehouse, Mile End, Ratcliff, Stepney, Wapping.
9. Camberwell and Peckhami (excluding Dulwich).
10. West Hami Canning Town, Forest Gate, Plaistow, Silvertown, Stratford. Tidal Basin, Upton Park, West Ham.

219

APPENDIX 13. B. A Note on Method

4,489 sales were coded from the Land and House Property Year Book, spread over 10 districts and five sample years, and giving particulars of 12,150 parcels of property (houses, shops, land etc.). After sorting and verifying the data, the following variables were produced for each district, in each of the sample years (Test variables, i.e. no. of sales, no. of units and standard deviation, are appended to each variable).
A. General Market Indicators
Total turnover in pounds, no. of sales and no. of units (houses, shops etc.) .
B. Mean Yearly Rent of dwelling units
C. Leasehold Dwellings (Including vacant property)
Total turnover, mean capital value, mean unexpired term, mean Years Purchase.

D. Freehold Dwellings
Turnover, mean capital value, mean Years Purchase
E. Improved (leasehold) Ground Rents
Turnover, mean Years Purchase, mean unexpired term
F. Freehold Ground Rents
Turnover, mean Years Purchase, mean years to reversion
G. Incidence of dwelling tenures, Per cent
1. Annual income of leasehold, ground rents, freehold and mixed
sales.

2. Capital value of the same.
H. Index of dwelling tenure capital values (1892=100)

In addition, yearly dwelling rents in pounds were listed in ascending order, forming bar diagrams, and facilitating calculation of the median. All the source data was also listed in coded form.
This analysis is contained in a computer printout 131 pages long and would be impracticable to reproduce. The various programs have also been preserved. The data will eventually be deposited with the S.S.R.C. Survey Archive at Essex University.

Statistical and Historical significance
Historical quantitative data are intrinsically 'soft. 1 The historian cannot design his own survey, nor does he exercise control over the collection and presentation of the original data. Statistical tests assume random sampling, a requirement that Year Book data does not, in the strict sense, meet. There may be an institutional bias of some kind in the information recorded for publication, although none is very obvious. Another theoretical objection is that individual market sales were not independent of each other, and the purpose of a publication like the Year-book was to make them even less so,' in a market, each sale is considered to affect subsequent transactions. Nevertheless, in a looser sense, Year-book data are sufficiently representative. Because the samples were not strictly random, however, statistical tests should be understood as pro-viding conventional, and'not rigorous indicators of significance. It is
not the marginal movements, but the strong effects, repeated in many
districts (thus reinforcing the significance) that have been used for the historical argument. The critic will have to go beyond technical imperfection and demonstrate that the balance of probabilities points the other way.
The basic statistical test was to examine whether fluctuations in the data were significant. This was done by comparing sample means for different years, testing the null hypothesis that they represented the same population. The formulas used were, for large samples (n-1 =^30).

z =

ml ~ m2

220

and for small ones (n ^ 29)

in..

.

where m is the mean, ti the number of sales and s_ the standard deviation, 1 and 2 designating the two sample years. A z^ larger than 1.7 and a t_ larger than 2.2 (n+n ^ 14) indicate statistical significance at the

95% level. The data are available on the printout, and it is possible to perform the test quite simply with a hand calculator. As a rule of thumb, and with the sample sizes available (more than 30 in most cases) fluctuations greater than one-third to one-half of standard deviation were significant at the 95% level. It can be seen visually that rent fluctuations (figure 13.5) were not generally significant. The contraction of unexpired terms (table 13.3 and figure 14.3) was significant. The decline of leasehold Years Purchase was highly significant. This table is reproduced in full below (table 13 .4).
It is also possible to test the confidence limit of the means,
according to the formula for the standard error of estimate e.

e =

With sample sizes normally over 30, the confidence limit even for a variable with a large variance, such as rents, was generally acceptable, i.e. within a range of +/- 15% of the mean at the 95% level of significance (i.e. 2 standard errors) .

APPENDIX 13.C. Figure 13.8 - Method of Construction

Columns were made up in the following way. Leasehold and freehold
sales in each district were added up, and so was the total annual ground rent on leasehold property. The ground rent was then capitalised on the basis of Years Purchase derived from the separate sales of ground rents
in the district. Each tenure's percentage of the total was then calculated Capitalisation of ground rents is a weak link in the procedure because the number of separate ground rent sales in each district was small and the
YP sometimes erratic, so tenure boundaries have been smoothed into trend lines, and should be regarded as orders of magnitude, not precise observations.

222

CHAPTER FOURTEEN; THE EDWARDIAN PROPERTY SLUMP AND MUNICIPAL POLITICS

Local taxation was an important causal factor underlying the property slump; but one only glanced at it in passing by historians, when they mention it at all. Figure 14.1 shows the rate in the pound in a selection of London districts. Between 1891 and 1906 local rates rose everywhere
by thirty to fifty per cent. The increase was not equally distributed.
The highest levels of taxation could be found in the poorest districts, where the largest increases and the most stringent valuations took place. Rates were a regressive tax, falling with excessive severity on the working-and the lower middle-class. Regressive incidence worked through in several ways. First, the poor spent a larger proportion of their outlays on rent, and, therefore, a higher proportion for rates as well. Skilled workmen
in London could reckon on paying between twenty and thirty per cent of their wages in rent; labourers and the poor even more, and while the outlay was

3 continuous, incomes were not. Around the poverty line, Charles Booth

found expenditure on rent, fire, light and insurance to be as high as 40
per cent of the total. At the height of the 'house-famine' George Haw described families paying fully half their incomes in rent; he supposed the average to be one-third. The proportion in the provinces was much lower, because rents accounted for almost the whole of the higher cost of living (and the higher wages) of London as compared with the provinces. In the
1. H.J. Habakkuk, 'Fluctuations in House-Building in Britain and the United States in the Nineteenth Century, 1 Journal of Economic History, XXII
(1962), 230.
2. Chap. 8 above, pp. 106-7.
3. See Cost of Living.- Board of Trade. Report; P.P. 1908 Cd. 3864 CVII, tables, pp.6-7, 60, 590-3, 606-13; also Englander, 'Workmen's National Housing Council, 1 p.25.
A. See C. Booth, Labour and Life of the People (2nd edn., 1889), i: East London, 133-8.
5. Haw, No Room to Live, pp.55-6.
6. See Cost of Living. Bd. of Trade. Report; P.P. 1913 Cd. 6955 LXVI, p. Iviii, and A. Shadwell, Industrial Efficiency, (1905), one-volume edn. 1909), pp.434-6. A.L. Bowley weighted working class rents at one-sixth of earnings. See Wages and Incomes in the United Kingdom since 1860,(Cambridge,1937), p.119.

225

poor districts rates also stood high owing to the low rateable values per

head and the large poor law needs. ' Rateable value per head in the County

of London (in 1911) was £9.9. As the following list shows, it was many

times higher in the rich than in the poor districts: City of Westminster

(£40.1), Hampstead (£12.8), Hammersmith (£7.2), Islington (£5.8), Camber-

well (£5.2), and Bethnal Green U4.2). 1

A large proportion of the working-class paid rates indirectly, under

the compounding system. Sturge-Bourne's Act of 1819 legalised the

collection of rates from the owners of working class houses, instead of 2
the occupiers. Overseers found it impracticable to confront a multitude

of workers weekly for their pennies; the workers found it difficult to

accumulate a quarterly lump-sum, even when they remained in residence at

3 the same address over the whole period, which was often not the case.

Compounding was explicitly designed to get more taxes out of the poor and

out of their landlords. The Poor Relief Act of 1819 stated that

In many parishes, and more especially in large and populous
towns, the payment of the poor's rates is greatly evaded, by
reason that great numbers of houses within such parishes are
let out in lodgings, or in separate apartments, or for short
terms, or are let to tenants who quit their residences or
become insolvent before the rates charged on them can be
collected; and it has been found that in many instances the
persons letting such houses do actually charge and receive
much higher rents for the same, and will not be charged with
or required to pay such rates A

In effect, owners were drafted to act as tax collectors for the local

authority and received a commission; and also an allowance for arrears and

empties. Many towns introduced the system through private acts and it was

generalised by the permissive Small Tenants Act of 1850.

1. London Statistics, XXI (1910-11), 579-80, 590-91.
2. Poor Relief Act, 1819 (59 Geo. Ill, c.12).
3. For the practical working of compounding, see the debates in the wake of the 1867 Reform Act, e.g. 290 H.C. Deb. 3s. 19 March 1868, cols. 1893-1922.
4. Poor Relief Act, 1819, s.19.
5. 13 & 14 Vict. c.99. For a short survey of the system, see Local Tax-ation. Roy. Comm. Final Rep.; P.P. 1901 Cd. 638 XXIV, pp.50-2.

226

In order to get working-class men into the rate-books and on to the voting register, the Reform Act of 1867 abolished compounding. Municipal finances threatened to collapse and angry town tenants remonstrated and demonstrated. Goschen re-instated the system in 1869 and his Poor Rate Assessment and Collection Act fixed the principles of compounding. 1 Application was left to the discretion of local authorities; the upper limit fixed was a rateable value of £20 in London, £13 in Liverpool, £10
in Manchester and Birmingham and £8 elsewhere. Allowances ranged between 15% and 30%. The contours of compounding bring out a vital feature of Victorian and Edwardian towns: despite the high rates obtaining in working-class districts, the lower-class occupiers of compounded housing accounted for a very small share of the urban surface, as measured by rateable value. In March 1897 the Association of Municipal Corporations compiled a report

2 that gave an outline of the extent of compounding. The device was in use

in over three-quarters of the towns surveyed. 160 boroughs gave information, with a rateable value of £34.7 millions and an average rate of 6s. in the pound. The proportion of houses not exceeding £10 a year accounted for only one-fourth of the rateable value. Composition for rates was allowed in 123 boroughs, not allowed in 26 (eleven did not answer). Allowances ranged between 20% of the rateable value, with empties added (25 boroughs), 25%
(24 boroughs), 30% or one-third (24 bors.), 50% inclusive of empties (26 bors.); 24 did not answer.
London presents an apparent contradiction. Witnesses at commissions
of inquiry commonly reckoned that two-thirds to three-fourths of the population were compounders, embracing a majority of the working classes.
1. 32 & 33 Vict. c.41; The Public Health Act 1875 also regulated compound-ing, together with Private Acts which allowed Liverpool, for example,
to give landlords allowances as high as 50 per cent. For evidence
about the near-breakdown of local finance and the return to compounding, see H.C. Deb. 3s. 19 March 1868, cols. 1893-1922; 194 H.C. Deb. 3s.
25 Feb. 1869, cols. 315-330; 197 H.C. Deb. 3s. 21 June 1869, cols.
2. P.R.0/30/72/26, 1897, A.M.C. Minutes etc. A.M.C., Local Rating (March 1897).

227

Yet compounding allowances to landlords only comprised a minute percentage of local rates. More than a quarter of the houses in London were below the compounding limit in the late 1890s but these accounted for a mere 9.1 per cent of the rateable value of dwellings. Put another way, assuming a
20% allowance, compounders accounted for 6% of the rates collected in the County of London at the close of the Edwardian period (dwellings represented about one-half of the rateable value). 2 It is clear that compounders were the poorest of ratepayers and that they occupied a disproportionately
small share of the urban surface. Like other goods in Edwardian society, accommodation was not very equally distributed. On the other hand, the majority of houses in London were above the compounding limit, so it is
not clear at first sight how the majority of ratepayers could be compounders, as the witnesses claimed. In fact, rating practice appears to have been quite loose and a great many landlords paid rates without receiving

allowances.

Those occupiers who paid rates directly accounted for most of the
rates collected in the large and medium towns of England. Not all of them were middle-class. Recall the trepidation in the home of William Easton,
the hard-up house-painter in Robert Tressel's Ragged Trouser Philanthropists, at the arrival of the quarterly Mugsborough rate demand notes. For affluent ratepayers, the inverse relation between income and incidence continued to hold, as table 14.1 demonstrates. It was compiled in 1914 by W.B. Cowcher,
a Surveyor of Taxes, in an early Oxford B.Litt. thesis.

1. Town Holdings. Sel. Cttee. Mins. of Ev.; P.P. 1890-1 (325) XVIII, G.
Beken, p.65, and qq. 953 et. seq.; Local Taxation. Roy. Coinm. Mins. of Ev.; P.P. 1898 C.8763 XLI, C.H. Sargant, qq.23, 353-5; and P.P. 1900 Cd. 201
XXXVI, pp.214, 217; E. Harper, 'Memorandum on the Practice of Compounding
for Rates in the Administrative County of London, 1 in House Letting in Scotland. Dt.pt. Cttee. Rep. Vol. II. Mins. of Ev. App. I; P.P. 190<3 Cd.
3732 XLVII, p.274.
2. Calculated fromL.C.C., Comparative Municipal Statistics, I (1912-13) [publ. 1915], 144-5.
3. See e.g. TOJ, Dec. 1909, Supplement; Feb. 1912, 2; Jan.^1914, 4; C.P. Hall, 'Local taxation and the Compounding Householder,' Trans. S.I.
XLII (1909-10), 87. ,
4. R. Tressel, J^^^e^Jrousej^^Uanthropists (Panther Psperoac*
edn. 1965),"pp.55-6. " " A
5. W.B. Cowcher, 'A Dissertation upon the Incidence of Local Pates an,.
Taxes upon the Unearned Increment of Land. 1 (Oxford B.Litt, thesis, Ly. ,, p.172 and Appendix, table 1.

228

TABLE 14.1. RENT (AND RATES) AS A PERCENTAGE OF INCOME IN MIDDLE-CLASS OXFORD. (Year ending 5 April 1912).

R E N T (R a t
mean per
INCOMES

£160-£200
£201-£250
£251-£300
£301-£400
£401-£500
£500. £749
£750-£999
£1000-£1500
£1501 upwards

Total

Mutatis mutandis,

Number

165
172
103
160
100
131
82
96
55

1064 Mean
(weighted)

the same relation

o

15
14
12
11
10
10
9
7
6

11

cent.
f income

. 7
. 3
. 9
. 8
. 9
. 1
. 6
. 6
. 5

. 8

(3
(3
(2
(2
(2
(2
(2
(1
(1

(2

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. 7)
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. 6) Median

e s)
median per cent
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14
12
11
10
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8
9
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10

f income

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Mode 9%

existed elsewhere, but did not hold fo

small tradesmen. The incidence of rates depended on the nature of the business; on whether it had a low or high turnover in relation to the rent. In Cowcher's sample of 72 Oxford businesses rent ranged between 188% and 6% of the profits, with a mean of 35.9% (rates, 8%), a median of 23.8£

(rates, 5.3%) and a mode of 24%.

Shopkeepers never tired of complaining about excessive or unjust

2 valuations. For the large industrialist or businessman the rate, like the

rent, was a relatively small cost. It fell most heavily on enterprises with large land requirements, such as railways, docks and large works in urban districts. Railways accounted for some 12.4% of all rates in England
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in 1915. The Secretary of the London and India Dock Company complained

4 that a third of their dock profits went in rates. High rates encouraged

firms to shift from the town centres to outlying, low rate districts. Yarrow, the big shipbuilders, moved from Tower Hamlets to Clydeside in 1905, allegedly to escape the high rates of Poplar.

Industrial decentralisation under the pressure of rates was one of the

themes in the debate about the unequal incidence of rates, and printing .

1. Ibid. Appendix, table 6.
2. See, e.g. POJ, May 1912, 3; The Land, ii, 512-21.
3. E. Harper, 'The bases of local taxation in England,' J.R.S.S., LXXXI
(1918), 429-32.
4. The Tribune, 17 August 1906.
5. POJ, Nov. 1905, 2; EG, 4 Nov. 1905, 825.

229

was cited as an industry which was moving out of London. The chairman of the Great Eastern Railway reported in 1906 that,
Realising there was a tendency on the part of great manufacturing
firms to remove their works from the oppression of the London
rates, the company's land agent was entering into negotiations
with landlords who had likely sites on the line for the erection
of factories and workshops.
He invited industrialists to apply. To sura up, the incidence of rates was uneven; middle class occupiers and traders could certainly afford to pay more and there was a considerable margin for additional revenue from this direction. Rates weighed heavily on some sectors of industry and transport, in the more central locations. House-capitalists were very heavily rated, and their burden was on the increase. If they tried to shift it, it could only descend on the poorest section of the population whose liability, in the last count, was the greatest of all. How did the increase of rates affect property values? Landlords'
net income was only some 40 per cent of the effective rent payable by
the occupier, and rates were approximately one-half of that amount, so
any movement of rates was bound to have a large effect on property values. Let us look a little closer into the matter. Under the London system,
the annual rental of each dwelling (or other 'hereditament') was assessed once every five years by district assessment committees. Roughly speaking, the assessment corresponded to the actual rent received, less rates,
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assuming the landlord carried out repairs. Technically this assessment
2
was known as the 'Gross Value.' A deduction of 15% was conventionally allowed for insurance, maintenance and repairs, and the residue constituted
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the 'Rateable Value.' Lpcal taxation was expressed as a 'rate in the pound' on this quantity, e.g. 6s. in the pound (i.e. 30% of rateable value, 25%
of the Gross value) . The rates added on to the gross value formed the

1. Lord Claude Hamilton, quoted in POJ, Aug. 1906, 1.
2. Ryde, Rating, p.!96ff.
3. Allowances varied, frequently on a sliding scale, but there 'was a trend towards conventionally fixed allowances. See Ryde, Rating, pp.241-2,
909; GLC LCC, Loc. Govt. Cttee. Minutes, i (1889-92), 'Draft Suggest-ions for Promoting Uniformity in the assessment of Metropolitan Properties,' n.d. [May 1890].

FIG.14.2. EFFECT ON LANDLORD'S RENT OF AN INCREASE OF RATES FROM 6s TO 9s. IN THE POUND.

OCCUPIER'S
EFFECTIVE RENT

120

110

- - 100

90

GROSS RENT'-- - 80

70
'RATEABLE VALUE'-

LANDLORD'S
NET
RENT

60

50

40

30

20

10

RATES AT

6S.in £.

Repairs etc

arrears

empties

GROUND
RENT

RATES AT

9s.in £.

RATES AT

9s.in £.

LANDLORD'S
NET
RENT

(I) (ID (III)

230

occupier's 'Effective Rent. 1 The relation between these three magnitudes at 6s. in the £ is illustrated in figure 14.2, col. I. Rates were payable by the occupier or, in the case of compounded property, by the owner (the difference for the owner's share is not substantial). Six shillings in the pound was a normal level of local taxation in London in the early 1890s. Landlords had to meet additional obligations. Arrears could not always be recovered and houses sometimes stood empty. Under leasehold tenure there was ground-rent to pay. Generally current magnitudes for these costs were 5% each for arrears and empties, and 15%
2
for ground rents.
Now let us increase the rates by one-half, from 6s. to 9s. in the
pound (fig. 14.2, col. (II)). An increase of exactly this magnitude
was registered in Stepney, Camberwell and Bermondsey between 1890 and 1905; and increases of this order occurred in many other boroughs (see figure 14.1). In some, like Fulham, it was lower,* in others, like West Ham and Poplar, it was higher. Take the direct ratepayer firs-t, the
lower middle-class clerk or the small shopkeeper. His effective rent would increase by some 15 per cent^ without any corresponding benefit to the owner. Rises of this order (often somewhat less) were typical of the 1890s (see table 14.1). In that period of mounting demand, landlords could shift additional rates on to the tenants, but gained very little themselves. In West Ham, the only district for which detailed data are available, the average family increased its rent outlay by 15 per cent between 1892 and
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1902, the same as in figure 14.2. The rise could be attributed entirely to the increase in rates. This illustrates in more detail the statement

1. The absolute maximum allowance of 30 per cent was almost never offered. 15-20% was more usual. See Harper, 'Compounding in London, 1; P.P. 1908 Cd. 3792 XLVII, p.274. Allowances were partly counteracted by losses. The 30% allowance level is marked by notches on the 'rates' sections'
in fig. 14.2 and should be added to the landlord's share.
2. A ground rent at 15% of the rack-rent represents the order of magnitude generally found in the B and C sample districts. For empties and
arrears, see Howarth and Wilson, West Ham (1907), Diagram I, p.72 and table III, following p.84.
3. Howarth and Wilson, West Ham, table III, following p.84.

231

in chapter 2 that local taxation creamed off the landlords' unearned increment. By 1905 the rise of effective rents in London had been well and truly checked, and in some districts it was actually reversed. In West Ham effective rents fell back to the level of 1892 (as illustrated
in fig. 14.2, col. (III)). As the Outer London Inquiry summed it up in 1907, 'during the whole period 1888-1905 rents had first risen, and then reached the level at which they started, while 2 rates have almost doubled. 1 Column III (fig. 14.2) can also be read differently, as describing
the redistribution of the effective rent, in percentage terms, after an increase in the rates (and regardless of the absolute level of rents) .
It shows how the landlord's share of the effective rent fell by some
15 per cent when rates increased by one-half, other things remaining equal (but empties, arrears, repairs and ground rents did not remain equal in
the slump; they also turned against the landlord) . Returning to the question posed in chapter 13, the reasons for the collapse of property values in most parts of the County of London, let us recall that the general decline was of an order of 40 per cent. The increase of rates would account for about one-third of the fall (a decrease of some 15 per cent
in landlords' incomes). The rest could be explained by the interdependent factors of dear money and the contraction of effective demand, in its various manifestations: unemployment, stagnant wages and suburban trains. One possible reason for depreciation was built into leasehold tenure.
The remaining life-span of leases was contracting as they ran their course, and London was slowly reverting back to the groundowners. Figure 14.3 plots the mean unexpired term in all districts, and the shortening of leases which it demonstrates could also be held to account for a substantial part of the decline. Yet freehold properties fell in value just as much as leasehold (see figure 13.9). And because the unexpired terms were still
1. 'In 1904 and 1905 the influence of bad trade seems to have a marked effect on rents, which fell considerably....' Howarth and Wilson, West Ham, p.64; Cost of Living, Bd. of Trade Report. Tables,-'P, P. 1913 Cd. 69T5 LXVI, pp.6-7.
2. Howarth and Wilson, West Ham, p.64.

232

greatly in excess of the pay-back period for investments in dwellings (as defined by the Years Purchase) the contraction of the leases probably had little effect on average leasehold property values.

II

Dear money, rising rates and failing demand reinforced each other.
The first two factors prevented landlords from lowering rent sufficiently to reverse the decline of demand. Overcrowding increased wear and tear in the occupied houses, while maintenance became more expensive. Empty houses deteriorated even more rapidly, and were prone to vandalism and dereliction. The Property Owners Journal (not an entirely objective source) reported an extreme case in May 1913.
Twelve small houses in Stepney have been unoccupied for some
time past, and on a recent visit to the neighbourhood the
owner was unable to find the houses. In fact five of them
had entirely disappeared, certain inhabitants of the district
having taken the opportunity to raze them to the ground and
to remove the bricks, timber, fittings and other materials
piecemeal, the owner being just in time to save the main walls
and roofs of the seven remaining houses. 1
Landlords complained of more stringent sanitary bye-laws and of increased

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harassment by sanitary inspectors. The stress of bad housing and insecure tenure exacerbated landlord-tenant relations and helped to give property ownership a bad press, which in its turn affected the commercial goodwill of house-capitalists, depressed property values and deterred new investment,
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Occupiers who did not fall into arrears paid an inflated price for an inferior commodity, providing very high returns on capital in the poorest districts. In this way, the property market undermined the declared
values of Edwardian society and penalised the very persons who exemplified sobriety and thrift. The dispersal to the suburbs and the reduction of occupancy contracted the rating base and forced councils to push rates ever higher, in a vicious circle. In their desperation, some boroughs resorted to advertising in railway stations, to entice residents back to

1. POJ May 1913, 1-2.
2. POJ Sept. 1905, 1-2.

233
the central areas.

In their attempt to squeeze more revenue out of existing rates,
local authorities strove to reduce- the allowances given to compounding landlords or to abolish them altogether. In effect this meant a higher tax on the occupiers of weekly tenancies. 'Both the extent of compounding and the amount of rebate allowed exhibit a steady tendency to decline,'

2 wrote Edgar Harper in a survey of compounding practice in 1907. Plumstead vestry pressed for the abolition of compounding in 1894 and cut the allowance, Southwark followed in 1898', St. Pancras in 1900 and 1902, Hackney in 1901, Poplar and Westminster in 1902, Paddington in 1905. Southwark repeated the expedient in 1908 and in 1909 Islington, after fighting a case through a number of appeals, succeeding in doing away with allowances for compounding in all subdivided houses, the most common form of accommodation in the borough, an act soon emulated by Hackney.
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Lewisham, the.only borough that did not compound, was widely admired. Sewers and streets; the poor law; the schools; Finance for all these needs had to be found mainly from the proceeds of a tax on the rental value of real estate. And the latter was only a fraction, and a contract-ing fraction, of the nation's taxable assets. The resistance that rate-payers put up to the increase of local taxation had the effect of starving vital services, and affected both production and reproduction.
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Let us remove to the London borough of Islington where on a January evening in 1908, a meeting of the borough council is in progress. A
Report is lying on the table: the Medical Officer of Health discloses that

1. Ibid, and POJ, Oct. 1911, 3.
2. E. Harper, 'Compounding in London,'; P.P. 1908 Cd. 3792 LXVII, pp.274-6.
3. In addition to Harper, ibid. See London, 30 Aug. 1894 [Plumstead];
EG, 13 Oct. 1900, 609 [St. Pancras]; Property Market Review, 13 April
1901, 293 [Hackney]; EG, 27 July 1901, 167 [General],- Municipal Journal,
14 Nov. 1902, 933 [Poplar]; POJ, Sept. 1906, 3 [Lewisham1; Stoke Newington and Hackney Recorder, 29 Nov. 1907, 6 [Lewisham, Paddington, Hackney]; POJ_, June 1908, 6; [SouthwarkJ; POJ, Dec. 1909, Supplement [General]; For the important case White & Hales v. Islington (1909), see Ryde, Ratirg, pp.86-7. The list is not exhaustive.

234

infantile mortality, at 146 per 1000, is no lower than it had been in

the 1840s, sixty years before. Also on the table is a letter fron the

Holloway and District Ratepayers' Association, declaring that it was

'strongly opposed to the appointment of paid health visitors to give advice

to mothers with regard to the feeding and rearing of infants. Councillor

Cowling, chairman of the Public Health Committee, moves a resolution to

employ three health visitors. 'It is a question, 1 he says, 'which

affected them not only as members of the council, but as ratepayers and

citizens, and also as a nation and a people.' Councillor Harwood replied

that,

if they were going to try and rule the people by sentiment
alone, they would most assuredly find disaster. He loved
children, and had had a great deal to do with children, but
at the same time he wished the Council to face the question
in a business-like manner (Hear, hear) ....

Councillor Dey also opposed the motion, but made a telling point:

Their hearts bled for the children, and there was not one
amongst them who would not do everything he could to help
them, but the health visitors would do nothing to feed the starving or relieve existent poverty. It was not that
mothers would not nourish children as they ought, but because they could not ... he knew as a fact that the poor dreaded official visits (Hear, hear) .

Let Alderman Mills have the last word.

the spectacle before them was that of a Council haggling with
a grizzly skeleton while they clutched at the money bags to
see if they could save a sovereign. He did not know whether
the Council were in a serious mood or if it was bent on
clowning. The fact that they countenanced voluntary help
showed that they realised that something should be done, and
there were sound reasons why the council should do it. They
were the custodians of the public health, their responsibilities
were just as great as if they had actually the children under
their direct control. He hoped the Doctor's proposals would
be carried out.

The borough had a strong Ratepayers' Association and the party of economy

were in power. The motion was lost, 36 votes to 17.

Ill

Ratepayers' associations were the house-capitalist's contribution to

the British political tradition, and remain one of its neglected phenomena.

I- The account is taken from a verbatim report in Holloway & Hornsey & Muswell Hill Press, 10 Jan. 1908.

235

Most were ephemeral creatures, set up ad hoc, and disbanded as suddenly, after obstructing a capital project or fighting a local election. A list of two or three score can be compiled from the sources perused for this chapter, and any sustained investigation will turn up a great many more. National Federations were always cropping up, and one of them, in 1909,

2 claimed 300 affiliates. Militants always professed puzzlement as to why
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it should be so difficult to mobilise such a large property interest.
A few reasons may be suggested. To begin with, most ratepayers were not deeply concerned about the rates. Either,' in the case of direct ratepayers, rates only formed a minute fraction of their incomes, or, in the case of compounding tenants, rates were paid directly by the landlords. House-owners had good reasons to combine,- but there was little to bring them together, and many had a range of other interests,- for some, house-ownership was incidental to their main occupation; others were absentees. Then, dispersal acts as a buffer to political consciousness as in the
case of peasants, farm-workers and housewives. As we have seen, some sixty per cent of house-property in Britain was owned by persons with capitals of less than £10,000. Among investors, house capitalists were bound by
the narrowest horizons and the same reasons which made them prefer houses over other securities, prevented them from rising above local conditions. When ratepayers achieved more permanent organisation this was often
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due to elements outside of house-ownership proper, and particularly to
four interests, either separately or in conjunction: property professionals, the finance-capitalist opponents of municipal enterprise, the big urban groundowners and the Unionist party. For surveyors, auctioneers and house agents, and for many solicitors, property was a full-time occupation and an exclusive concern. Their firms provided a suitable base for local political

1. For a discussion of ratepayers' politics, see E.P. Hennock, 'Finance and Politics in Urban Local Government in England, 1835-1900,'
Historical Journal, VI (1963), 212-25.
2. Founded 5 June 1907. See POJ July 1907, 3; POJ June 1909, 3.
3. See, e.g. report of the lecture by G. Billings, Vice President of the Property Owners' Association at a LPDL meeting on 'Property Owners in Danger, 1 May 1906. POJ, July 1906, 2-3.

236

activity. This is exemplified by the Incorporated Society for the Protection of Property Owners, formed as a limited liability company in 1902 by a group of surveyors and auctioneers in North London. After seven years of existence, the group touched 500 members, less than some of the larger borough ratepayer associations. With a budget normally around
£450 a year before 1909, its scale of operation was almost exactly matched to that of the Land Restoration League. Like the latter, the Incorporated Society drew considerable support from one individual, and published a monthly of 8-12 pages. This organ, the Property Owners 1 Journal, provides a rare window into the world of the small house-capitalist in Edwardian London.

One of the most persistent of Ratepayers' groups was the Liverpool
Land and House Owners' Association, the embodiment of municipal reaction on the Mersey. It came into being in 1860, in order to resist some new building regulations. In the 1860s it stood against sanitary reform. In the 1880s, it obstructed municipal slum clearance and rehousing. In the 1890s it agitated for a national poor rate and opposed the expansion of education. In 1887 it branched outside Merseyside, and formed the United Property Owners' Association for the purpose. By 1900 the new association had established some two score branches, mainly in Merseyside, South Lancashire and the North-East. A permanent parliamentary agent was kept
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in London. A kindred organisation, the Manchester, Salford and District Property Owners' Association spent thousands of pounds in resisting municipal enterprise both locally and at Westminster. Despite repeated attempts, the United Property Owners failed to'gain a foothold in London
2
or the South, and kept within their provincial horizons.

1. See British Library 1891.C [main catalogue], Inc. Soc. for the Protect-ion of Property Owners Ltd. [volume of pamphlets and leaflets, 1902-
15], and the files of the POJ (1903-) . The millionaire supporter was
E. Yates, who died in 1907. See PQJ Sept. 1907, 2. His radical counter-
part was J. Fels.
2. The annual meetings of the Liverpool and the United Property Owners' Associations were reported in extenso in the Estates Gazette after 1897.
See also B.D. White, A History of the Corporation of Liverpool (Liver-
pool 1951), pp.51, 60, 134. For the number of associations in the
U.P.O.A., see EG, 15 Dec. 1900, 1012. Manchester, see EG, 14 May 1898, 858

237

Tramway and railway companies took an understandable interest in

local politics, in view of their position as large ratepayers and the

competition of municipal enterprise. They often acted through existing

ratepayers' associations, or created new ones especially for the purpose.

The activities of the Industrial Freedom League in the interests of the

electrical industry have already been noticed. Soon after the formation

of the League, the Municipal Journal exposed the new model ratepayers'

association.

We cannot help regarding with suspicion - though, perhaps,
in some cases unjustly - the formation of so many ratepayers associations. Curiously enough the inception of these
organisations is usually coincident with unusual activity on
the part of companies. We learn this week, for instance,
that a Ratepayers Defence Committee has been formed in Hove
'for the purpose of opposing the introduction and working of
trains by the Corporation without first obtaining the
consent of the ratepayers and especially the introduction
and working of trams.

Political subscriptions by railway companies caused considerable concern in

the Liberal party, and the question was raised in the Commons and the

2 Cabinet in 1907 . A Parliamentary return of contributions was made in
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1908. Nevertheless, in 1909 the London & South Western Railway still

subscribed to the Battersea Ratepayers' Defence Committee; the London,

Tilbury and Southend contributed to the West Ham, East Ham and Poplar

Municipal Alliances, and the Taff Vale Railway supported the Cardiff

4 Ratepayers' Association. The Secretary of the Cardiff Association .had been

the Director of the Tramway Company. Naturally, the companies denied
6
that the associations were political organisations.

Ratepayers' associations were miserable affairs, and a spirit of

1. 'Ratepayers' Associations,' Municipal Journal 26 Sept. 1902, 795.
2. See 173 H.C. Deb. As. 25 April 1907, cols. 349-70; P.R.O. CAB 37/90/116, D. Lloyd George, 'Subscriptions by Railway and other companies for election pruposes,' [1907].
3. See P.P. 1908 (312) XCV, 155- For whatever it is worth, this return stated that contributions to Ratepayers' and Free Labour Associations amounted to £594, a mere 4.1 per cent of their total support for institutions outside their control.
4. CPT 23, C.P. Trevelyan to Winston Churchill, 21 Oct. 1909.
5. Municipal Journal, 28 Nov. 1902.
6. CPT 23, Churchill to Trevelyan, 29 October 1909. See also 171 H.C. Deb. 4s. 19 March 1907, cols. 761-2, and 173 H.C. Deb. 4s. 25 April 1907, cols. 355-6.

238
despondency and dejection runs through their publications. At its annual conference in Leicester in 1897, the United Property Owners' Association was boycotted by the local Liberals, including the mayor. And the London association had to promise its members to keep their identities

secret.

As some members request that their membership be kept private
from fear of boycott or persecution, names of members are
never published without their express consent, owing to the
apathy of property owners as a class having made it in many
cases unpopular to own house property.
Unlike the Radical societies, with their scores of Parliamentary Vice-Presidents, the association could not boast of a single M.P. on its
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masthead until the election of James Boyton in 1910. The movement was an uneasy coalition containing many contradictions. The groundowner
and house-capitalist elements were sometimes at odds with each other: while the former advocated the end of compounding, the latter resisted
the reduction of compounding allowances, and even demanded raising the

4 compounding threshold. And while the British Electric Traction Company,

an important sponsor of ratepayers' associations, attempted to consolidate its tramway network, the West End groundowners successfully resisted the incursion of tramways, and Lord Kinnoul, head of their West End Tramways Opposition Association made his stand on the grounds that 'the introduction of tramways into well-established districts almost inevitably brings about great depreciation in the value of residential and other property as well as many other disadvantages.' The politics of ratepayers' associations also suffered from a mixture of motives.
In Liverpool, for example, the Land and House Owners' Association
(whose offshoot, the United Property Owners, had been boycotted by the

1. EG, 15 May 1897, 794.
2. POJ, Feb. 1903, 1.
3. POJ, March 1910, 1, 8.
4. Compare Lord Avebury, On Municipal & National Trading (1906), ch. X, and POJ, March 1910, 7-8, describing test case supported by the Incorporated Association to contest White and Hales v. Islington
(see p. 233, n.3).
5. EG, Feb. 16 1902, 262.

239

Liberals in Leicester) was led by R<A. Bellwood, an old Gladstonian auctioneer; it advocated leasehold enfranchisement to spite the Conservative Council, which was the largest ground-owner in the town centre, risking the resignation of the Association's Unionist parliamentary
agent. Lord Rosebery regarded ratepayers' associations as possible Liberal auxiliaries and called, in 1902, for the expansion of the movement. 2 'Passive resistance' against the education rate after 1902, the historical high-water mark of ratepayer militancy, was carried out under Liberal auspices. Yet by the turn of the century, and with the gradual replacement of the Old Liberalism by the New, the potential of the movement was gradually mobilised in the interest of the Conservative Party in London.

IV

Lurking in the background of the ratepayers' movement at the end of
the nineteenth century were the great groundowners, the City financiers, the Liberty and Property Defence League and the London Municipal Society, the Conservative organ in the metropolis. In their struggle against the Municipal Reform Society in the 1880s the City Corporation had furtively employed a body of rogues and rowdies to disrupt meetings and to agitate
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under the banner of a bogus 'Metropolitan Ratepayers' Association.' In 1890 the Liberty and Property Defence League formed a short-lived London Ratepayers' Defence League to resist TLV and defend the integrity of.

4 ground rents. The same year saw the formation of the Property Protection Association, which, for the next two decades, specialised in the dissemin-ation of leaflets and pamphlets agitating for the same ends. Its Vice-Presidency was crowded with Dukes, agrarians and financiers.
1. See EG, 13 Feb. 1897, 250; 1898: 14 May, 852-3; 24 Sept. 528; 8 Oct. 623; 22 Oct. 687; 29 Oct. 773; 1899; 20 May,842; 27 May, 901, 909.
2. Municipal Journal, 24 Jan. 1902, 64, The Times 2 Oct. 1902, 7e.
3. John Lloyd, London Municipal Government (1911), pp.30, 54.
4. EG, 21 Nov. 1890, 497.
5. See reactions to First and Eleventh annual reports. EG,4 July 1891, 10 and Property Market Review, 30 November 1901. Many Association pamphlets are in the B.L.P.E.S.

240

Out of the 'municipal trading' agitation of the early 1900s, and
in anticipation of the London borough and Council elections of 1906 and 1907, a powerful new combination began to emerge. The West End whales
gave money, publicity and organisation; the urban and suburban minnows contributed decisive electoral numbers. Metropolitan Conservatism began
to construct a new populist platform, under the banner of a 'non-political 1 'Municipal Reform Society.' The old ratepayers' association was rejuvenated as a basic cell for a new kind of political organism. Opposition to 'municipal socialism' and civic expenditure was raised as the flag of a
mass movement of the right, and middle class fears of working-class encroachment were blatantly stirred up for political ends. Lord Avebury, the learned banker and gentle populariser (author of the best-selling
The Pleasures of Life) preached the creed of economy in this newly
energised and venomous form. In definite terms, the programme that he
and his associates expounded, amounted to an attack on working class compounding ratepayers. Municipal expenditure had to be reduced. The working class ratepayer and municipal employee stood in the way. They would have to be educated that public extravagance was not in their interest; if they could not be persuaded, they were to be silenced. The London press between 1905 and 1907 is full of the detail of the Municipal Reform programme. In a compact and comprehensive form it is available in a
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publication of the Association for the Protection of Property Owners of

2 1905. The line of reasoning was this: under the compounding system, occupiers did not know how much they paid in rates, and had no idea how much rates had risen, so.they had no motive to-oppose profligate collecti-vist candidates, and good reasons to vote for them.
The pamphlet opened with a popular plaint: '[the] amount of rates

1. See, e.g., Lord Avebury, On Municipal and National Trading (1906), chaps. IV, IX-XI.
2. Incorporated Association for the Protection of Property. Owners, A Practicable and Equitable Scheme for reducing the Rates on House Property and providing new Sources of Revenue (1905).[Brit. Lib. 1891. C.]

241
and taxes chargeable on property now rateable, has so increased during recent years as to become oppressive and unjust. 1 It decried the 'grave scandal' of 'increased municipal expenditure, in some cases with distinct socialist design.' It then went through the gamut of familiar and novel remedies: an upper limit on rates (7s.), more government auditing, harsher conditions in local employment, no vote for municipal employees, cheap government loans and an end to municipal public borrowing, reimposition of the coal and wine duties, an end to unprofitable trading and works departments, no more municipal housing, a ban on municipal parliamentary lobbying and no further equalisation of rates between districts; it demanded government grants for poor relief, asylums, education and highways. The most innovative part was an attack on the working-class franchise. This consisted of four proposals, each success-ively more severe than the preceding one. First, rates were to be entered in a special column in rent books, to impress compounding occupiers with their magnitude, and raise their indignation against spendthrift politicians, Preferably, compounding should be abolished altogether and the rates
thrown directly on the tenants. This would bring home the need for public economy. Voting would again (as in Disraeli's Reform bill of 1867)
become conditional on direct payment of rates. Occupiers would be given
the choice of compounding or voting. All compounders (i.e. most of the working class) would be deprived of the vote. Finally, the pamphlet advocated the restoration of multiple votes for property owners, and the extension of the franchise to ratepaying companies and corporations. Far from being a product of the political fringe, this was the considered response of London's land and house proprietors to the challenge of collectivism. 'The community is exploited for the benefit of one class,
who do not contribute directly to the rates at all,' concluded the pamphlet. 'It is impossible for the more substantial ratepayers to obtain fair representation on the local authorities in many parts of London and they

242

have practically become victims to an organised system of plunder.' 1 'Poplar' became a Conservative rallying cry in the last years of Progressive government in London. Under the leadership of Will Crooks and George Lansbury the Poplar Guardians developed a policy of improved workhouse conditions and generous out-relief, financed by very high rates, the highest in London. In 1904 the slump forced an increase in out-relief, and the Guardians' capital projects for Poor Law Schools and Unemployed Colonies foundered in the face of high indebtedness . Local ratepayers counter-attacked with complaints to the Local Government Board, and ail official investigator was appointed to inquire into the alleged

2 misapplication of public funds. As the borough and municipal elections

of 1906-7 began to draw closer, the increase of rates, and its effect
in conditions of declining prosperity, began to pervade the public discussion of municipal affairs. The Liberal Daily News and the Estates Gazette agreed on the severity of the problem, although they differed on
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solutions. New associations of ratepayers sprang up in many districts
and dormant ones were revived. This movement was subsumed in the Conservative front, often under the new-fangled name of Municipal Alliances. Ostensibly non-political, these organisations were a device for trans-cending the political cleavage that split the middle classes nationally
and for mobilising their fears to contain the working-class advance on municipal institutions.
The Poplar Municipal Alliance was the archetypal new model conservative

1. At the same time that A.K. Rollit led the forces of 'municipalism 1 he supported a municipal franchise for corporations, introduced bills
for this end, and tried to enlist the support of the A.M.C. for them.
Lord Avebury,his persistent rival, introduced a bill for the same end.
See P.R.O. 30/72/35, A.M.C. 1905, pp.63, 115.
2. See J.S. Davy. Poplar Union. Report of Inquiry; P.P. 1906 Cd. 3240, Cd. 3274 CIV. Also, R. Postgate, The Life of George Lansbury (1951), pp.62, 80ff.; G. Haw, From Workhouse to Westminster; The Life Story of Will Crooks, M.P. (1907), chap. XXXI.
3. See the Daily News, 10 July 1905, 12, on an L.C.C. report on the increase of rates by the Statistical Officer (Harper); 'London's
Rising Tide of Rates,' EG, 15, 22 and 29 April 1905, pp.658-9, 716 and 762 respectively.

243

front organisation. An undercurrent of discontent against high rates
had long existed, but the Municipal Alliance was only formed in November 1905. George Bartholomew, managing director of Bryant & May's, the match makers, presided over the meeting. He denounced the feeding of rump steaks to paupers from outside the parish, and called on all ratepayers to join. The meeting carried a motion against extravagance and Bartholomew stressed the demand for a separate column for rates in compounding rate-payers ' rent books. The Alliance, which conducted the campaign against the Poplar Guardians, had five 'facing both ways' Progressives elected, and acted 2 in co-operation with the Industrial Freedom League. By September 1906, the London Municipal Society, the Ratepayers' Associations and Municipal Alliances were everywhere 'girding their loins for the

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approaching borough elections on November 1st.' An expensive and skilful propaganda campaign was whipped up in leaflets, pamphlets, posters and the press, concentrating almost exclusively on municipal waste and rising rates, The icons of socialist, progressive, anti-trust and Pro-Boer propaganda were cleverly reversed (see illustration, p..244). Progressives were portrayed as greedy money-grabbers in top hats with 'Semitic' features, often driving around in the vehicle of arrogance, the motor car. 'The Harmsworth-Pearson gang are shovelling out money, using their daily and evening papers as great advertisement sheets for the Municipal Reformers

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and against the Progressives,' recorded Beatrice Webb in her diary. London had seen nothing like it before; but its success cannot be attributed to clever advertising alone.
How much rising rates undermined the peace of mind of London's middle classes, and how Conservatives exploited this disquiet, is illustrated in a series of articles and a round of readers' letters in the Liberal daily Tribune in July 1906. George Sims, their author, was a veteran hack not

1. EG, 4 Nov. 1905, 825.
2. Letter from G. Lansbury, Justice, 10 Nov. 1906; G. Haw, Will Crooks, pp.274, 281.
3. See e.g. POJ Aug. 1906, 1-4 for the scale of Conservative-Ratepayer co-operation. The quote is from POJ Sept. 1906, 1.
4. 24 Feb. 1907, Our Partnership, p.372.

244

IT'S YOUR MONEY WJE WANT

Ax ELECTION CARTOON, 1907.

From Haward, T1._C.C._ from Within, facing p. 31.

245

without talent, one of the pioneers of the 'Bitter Cry 1 agitation that explored and exposed the misery of London's slum life in the early 1880s. In the course of a long career Sims had turned to many expedients, including sponsorship of the 'George R. Sims Hair Restorer. ' In 1906 his fertile pen was employed to bewail 'The Bitter Cry of the Middle
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Classes.' Perhaps he gained entry to the pages of the radical paper on the strength of his old reputation; maybe more sinister influences were at work. Be that as it may, the series was an outright attack on the L.C.C.'s municipal socialism. Appealing to the crudest emotions of class hatred and envy, Sims encouraged the small trader, the clerk and the struggling professional to blame their hardships on the twin evils of rising rates and the rise of labour, and pointed to the vital connection between them: 'Millions of public money are spent annually,' he declared, 'to the grave injury of the ratepayer, in endeavouring to combat the
great natural law of the survival of the fittest. ' The poor were pampered at ratepayers' expense.
George Sims perceived a threat in Will Crooks' progress from the
Workhouse to Westminster.

It is a grand thing for the boy who was brought up on the rates
to rise to Parliament, but it is not pleasant for the rate-
payers to reflect that they are being compelled to clothe, feed, educate, house and provide with magnificent libraries a
generation which will in process of time crush out their own
children and form the majority in the Legislative Assembly - a
majority which will be pledged to load the middle-class camel
to the last straw, even at the risk of the proverbial result.
He exhorted the readers to join the Middle Class Defence Association and

4 the Association for the Protection of Property Owners. In the large

correspondence that ensued, the majority of letters printed showed what a raw nerve the rates agitation had touched. Many readers endorsed Sims'

1. See G.R. Sims, How the Poor Live (1883), re-issued and amplified in many editions; also a long list of novels, verse and compilations,
e.g. Living London (3 yols. 1902).
2. 'This preparation has been largely used for the past fifteen years, and with invariable success.' Advertisement in London, 7 October
1897, 815.
3. See Tribune, 17, 19, 21, 24-6, 28 July 1906.
4. Tribune, July 26 1906, 3.

246
observations and added their own. Coming, as they did, from a middle-class Liberal readership, the letters showed how deeply the combination of economic stagnation and rising rates had affected the shopkeepers and clerks of the metropolis, deeply enough to shake their traditional metropolitan political convictions. Ratepayers' rebellions had consist-ently disrupted and frustrated municipal improvement in 19th century provincial towns. The Progressive defeat in the London boroughs in November 1906 and in the L.C-.C. in March 1907 was the greatest ratepayer revolt of them all, whipped up and successfully driven by the Conservatives against the tide of national politics. Incidentally, it managed to
fulfil its promise: both the rates and the municipal debt levelled off during the Conservative tenure at Spring Gardens up to the Great War.
One correspondent reminded Mr. Sims that 'the middle classes have
only themselves to thank if they are now being ruined .... Middle-class men hold the best-paid offices under local governing bodies, and if, as
is sometimes asserted, these officials are responsible for the extravagant 2 expenditure, again the blame attaches to the middle class. 1 Articles and

advertisements in the Municipal Journal and half a dozen other local government weeklies (indeed, those weeklies themselves) told the story of suppliers, contractors and civic servants dependent upon municipal socialism, The surveyors who combined to fight rising rates also competed for eniploy-

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ment (by local authorities) on the valuation of those very rates. An
army of officials controlled municipal departments; splendidly mustachioed engineers deployed the trams, designed the schools, laid out the electric grid. The only question in many middle class minds was, where was the

revenue to come from.

Of the three factors underlying the property slump, not one existed
1. Hennock, 'Finance and Politics,' Hist. Journ. (1963).
2. A. Cooke, Tribune, 25 July 1906.
3. See 'Dispute between Rating Surveyors, 1 EG, 1 Sept. 1900, 367.

247

autonomously in a purely economic universe, uncontaminated by the struggle

for political power, on a local, national or even global scale. Dear

money, failing demand and rising rates: each had its peculiar political

dimensions. It was generally agreed that dear money had been inaugurated

by the South African War. Money saved by not fighting in South Africa,

said Harold Cox, could have lowered interest rates by one per cent,

enough to solve the housing question. George Head considered that the

war had reduced confidence in Britain and induced a decline in the

country's credit. The political aspects'of urban transport have been

noted; the rise of labour was correctly identified by ratepayers as a

cause of their plight. 'As beauty is in the eye of the beholder, so value

is in the mind of the person who contemplates it,' said George Head in

1909. 'Fluctuations of value are largely dependent on the feelings of
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security and insecurity which prevail in the minds of investors. 1 He

attributed the decline of property values in some measure to political

insecurity.

Are we to regard the recent diminution in values [asked Head]
as one of the normally recurring depressions, to be followed
by an equally normal elevation? is it merely a stage in the
periodic rise and fall of values, or has it an element of
permanence? ... In the political outlook we seem to descry
signs of movements which tend to unsettle rather than to produce that confidence in the security of property which is the very foundation of all investment. In the economic
world we are told that England, prosperous as she is, is not
so increasingly prosperous as other nations; and whether Free .
Trade of Tariff Reform, or any other system, be the best for
our country, it is evident that any check to our supremacy in
trade cannot fail to have a downward bearing on property values.

These comments reflect the unease, expressed by so many of Head's contempor-

aries, about Britain's position in an increasingly competitive and hostile

world; an unease which was fully vindicated by the Great War, four years

later. His concern, however, was more narrowly focussed,

1. H. Cox, Land Nationalisation (1906), p.106. 'A Stockbroker,' in an explicit dissent, placed the climacteric precisely in 1896, and
blamed the growth of international competition. See 'The Depreciation
of British Home Investments,' Economic Journal, XII (1912), 229.
2. Head, 'The Property Market,' (1910), 43-4.
3. Head, loc_. cit. 48.
4. Head, 'Giant London, ' (1909), 335-6.

248
Socialistic schemes are in the air which, although unlikely
to come in the advanced form in which they are promulgated
by their advocates, yet tinge and colour the policy of the
great party with which they are most nearly allied. Some
discern in the bills brought .before the Houses of Parliament
by H.M. Government more than a mild flavour of socialist
conf iscation.-"-

Head's disquiet reflected a fundamental dilemma of Edwardian govern-ment. If the production of goods and the maintenance of labour were to be kept at a level of competitive efficiency, urban conditions had to be ameliorated and improved. Revenue from local rates fell short of satisfying pressing requirements, but was- high enough to choke off the supply of new housing, and to deteriorate existing accommodation, supplied almost wholly by the market. Public works to relieve unemployment only pushed up the rents of the unemployed; better classrooms meant inferior homes; health visitors exacerbated the conditions they were meant to cure. As George Lansbury said in 1906, 'when the cost of all-out relief in Poplar falls on Poplar alone ... it is quite evident that Poplar's burden 2
is too heavy.' This was the problem local rates placed before Liberal government, and in a more general form, before its European competitors
as well. The armaments race of the first decade of the twentieth century, and the persistent demands for social amelioration, placed a severe s.train on the fiscal structure of the European states. In England, France, Austria, Italy, Holland, even in the United States, there were crises in

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State financing. In England and Germany the issue of the distribution of 3
the tax burden developed into a major constitutional crisis. In 1885 Chamberlain had asked, prematurely, 'what ransom will property pay for the

4 security it enjoys?' At the end of the Edwardian decade, the payment

could not be long postponed. But this is the subject of our next chapter. One interest had already paid a larger ransom than it could afford.

1. Head, 'The Property Market,' (1910), 45.
2. G. Lansbury, letter to the Daily Chronicle, 21 March 1906.
3. The last three sentences are taken from C.F. Schorske, German Social Democracy 1905-1917 (Cambridge, Mass. 1955), p.147.
4. Garvin, Chamberlain, i, 549.

249

Two decades before, in 1899, George Bernard Shaw and Sidney Webb

had grasped the logic of the process, as a necessary element of what they

called ' municipal socialism.' Sidney Webb predicted that rising rates

would gradually expropriate urban landlords and house-capitalists and

force the State to undertake their functions. In 1890 he wrote,

municipal socialism has ... the effect of absorbing in
'rates' a constantly increasing share of the rental of the
country. Our progressive municipalization of rent by
increase of local rates, is clearly only an unconscious form
of Land Nationalization,.-'-

In a lighter vein, the story is told of the Christian Socialist (and

Henry Georgian) leader, the Rev. Stuart Headlam. When the rate-collector
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at his door said, 'Rates are up, Sir,' the Reverend answered, 'Thank God!'

Among house-capitalists, the mood was more sombre. At the beginning

of the fourth year of Liberal Government the Property Owners' Journal

opened with words of dark foreboding.

Nineteen hundred and nine opens upon owners of House Property
with beclouded prospects. A depression like Egyptian darkness
has settled upon every market, so that nothing save the
"choices of the choice" will sell, and then only at a price
that spells loss of capital. The outlook from the Parliament-
ary point of view is distinctly discouraging. To murmur the word "site values" impales a quivering shaft into the heart of possessors of ground rents, notwithstanding the government assurance that existing contracts are to be respected. With
a savagery suggestive of cannibals, the medical officers of
health are relentlessly prosecuting the owners of houses for non-compliance with notices involving trivial alterations, or
breaches of ridiculous bye-laws. With trade as bad as it can

1. S. Webb, Socialism in England (1890), p.109. Webb was typically ambiguous as to whether it was the ground rent alone or the buildings
as well that he wished to confiscate through the rates. On the one
hand he expressed approval of 20s. in the £ , on the other he thought
it was impractical to confiscate the whole of the unearned increment
(see chap. 9 above, p. 130, notes 5 and6)• He also said that
economic friction placed the incidence of local rates on the occupiers. See Webb, A Plea for the Taxation of Ground Rents (1887), p.11, and Town Holdings S.C.; P.P. 1890 (341) XVIII, e.g. q. 331. The Fabian concept of rent extended beyond ground-rent proper and embraced all
forms of special advantage; there was no reason why depreciated house-property should not be included (i.e. profits over the replace-ment cost). See also, G.B. Shaw, 'Transition,' in Fabian Essays in Socialism, ed. Shaw (1908 reprint), pp.179-99.
2. J.W.R. Scott, England's Green and Pleasant Land (1925, rev. Penguin edn. 1947), p.106.

250

conceivably be, and tenants out of work in consequence, the current coin of rent is replaced with an unsatisfactory
promise to pay, date and place unnamed, hereafter. With
empty houses right and left, with rates ascending to the
giddy heights of Everest and Kichinjuga, look where he will,
the Property Owner for the time being is, and must be, a pessimist.

One and a half years later, despair had given way to resignation.

... the old order is changing, [and] does not metamorphose without a struggle, so the property owner in the one case
and the solicitor in the other curses his luck, just as in
the old coaching days, the owners of coaches and postillions were just displaced by the advent of railways, and went out
of being with as good grace, as the superseded can ever
expect to exhibit in transit. Many cab drivers have learned
to drive taxis, that is, they have adapted themselves to the
new order of the day.-*

1. POJ Jan. 1909, 1.
2. A reference to registration of title and the work of the Royal Commission
on Land Transfer.
3. POJ, May 1910, 1.

251
PART FOUR: EDWARDIAN CLIMA X, C. 1906-1914

CHAPTER FIFTEEN: ORIGINS OF THE PEOPLE'S BUDGET, 1906-1909

The bye-roads of local rating converged on the crowded highway of national politics in the years of Campbell-Bannerman, Asquith and Lloyd George. We have already examined the incidence of tenure in those years, and have carried the account of tenurial politics up to 1906. Much has been written about the events of the subsequent period, and Part IV
does not attempt a comprehensive history. Instead, it strives to place the main elements in their true perspective, to rise above the traffic in order to take in the terrain as a whole. Landmark events will already be familiar to the reader, and are not dwelt upon. What stands to be considered is" the coherence of policy and the assumptions and attitudes from which it arose.
Taxation of tenure was inscribed on political banners in this period even more distinctly than before. On the Liberal side, a new generation of MPs, more radical than its predecessors, arrived in Westminster in 1906. Land reform and TLV figured large in their manifestoes. 68 per cent of English Liberal candidates endorsed Land Reform, and 52 per cent

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mentioned TLV. Municipal agitation had raised TLV to prominence. In November 1905 (to cite one instance) a national conference of rating authorities drew up a TLV petition; on 26th February 1906, a deputation of 150, from 118 municipal bodies, presented the bill for payment to the new Liberal government. Asquith assured them that 'we are all agreed that as a preliminary step there should be a separate assessment of site

1. Among unpublished theses listed in the bibliography see those by Englander, Hay, Ho, King, Peacock, Ward and Wilding. Published secondary studies include those by Blewett, Brown, Douglas, Gilbert, Jenkins, Murray, Perkins, Thompson.
2. A.K. Russell, Liberal Landslide: The General Election of 1906 (Newton Abbot, 1973), pp.65, 79.

252

values.' He only asked for time and patience. Sir A.K. Rollit had lost his seat in the election and the Association of Municipal Corporations fell silent, in expectation, apparently, of impending reform. Pressure continued for rate-support grants, for unemployment relief and education, 2
but not for TLV. So for the first two years of Liberal government,
land reform societies had the field largely to themselves, and their doctrines permeated deeply into the body of Liberal opinion. In the Commons, a 'Land Values Group' was formed around a core of committed single-taxers (P.W. Raffan, C.P. Trevelyan, A. Ure, Josiah Wedgwood, J. Dundas White and J.H. Whitley, to name the most prominent). By Easter,

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it claimed as many as 280 adherents.
The land societies dominated the Liberal field, each with its tight cluster of Parliamentary activists and a loose fringe of more than one hundred sympathizers, some of whom adhered to both groups. On several occasions the societies mustered more than 200 signatures and on the 18th December 1906 a joint Liberal and Labour deputation of nearly 150 MPs handed Campbell-Bannerman a memorial signed by as many as four hundred members. The Land Nationalisation Society (hereafter LNS), the smaller
of the two, pursued the policy proclaimed in its title, with compensation for owners. The Land Values Group, Parliamentary spearhead of the
English and Scottish Leagues for the Taxation of Land Values, looked forward to the taxation of pure rent to extinction, with no compensation. Both societies denied the legitimacy of Ricardian rent, and pinned their hopes on the same tactic: a valuation of property separating the site from the^ buildings, and assessed on capital values. The LNS saw valuation as a

1. P. Wilson Raffan, The Policy of the Land Values Group in the House of Commons (Address delivered at the National Liberal Club Political and Economic Circle, 25 Nov. 1912), pp.7-8.
2. PRO 30/72/36 and 37, A.M.C. Minutes for 1906 and 1907.
3. Raff an, op_. cit. p. 8.
4. On the Parliamentary membership of the societies, see Ward, 'Land Reform,' pp.461-3.
5. Raffan, op. cit. p.9 and The Times 19 Dec. 1906, 10 b-c.
6. See J. Hyder, The Case, for Land Nationalisation (2nd edn. 1914), chap. XVIII.
7. See Raffan, op_. cit. p. 10.

253
prelude to its strategy of 'tax or buy,': owners' declarations of value would be used either for tax assessment or for compulsory purchase, to induce a true valuation. The Land Values group wanted a valuation in order to separate the value of land from the improvements.
Valuation also provided the link between the societies and the
mainstream of urban and Liberal opinion. Goschen had rationalised rate valuation in London in 1869, but failed to reform the rest of the country two years later (above,p. lllf.).At the turn of the century the Royal Commission on Local Taxation recommended,' in effect, that the o~~.±ss±on be put right. 'Uniformity of valuation, 1 Walter Long explained to the Cabinet in 1901, 'is the first requisite in connection with any improve-

2 ment in the present system of local taxation.' Valuation bills did not
materialize in 1902 and 1903, but one was finally introduced in 1904.
The moment was not opportune: rating authorities were still smarting
from the Education Act fracas. Long proposed to entrust valuation to
county and borough councils, subject, as in London, to Inland Revenue supervision. This, complained a Conservative guardian in a letter to
The Times, would sweep out of existence over 600 Union assessment committees, and inflict 'another serious wrench to the loyalty of the Conservative

3 Party.' In addition to the loss of local dignities (though the writer

did not mention it), assessments also stood to be raised, especially in
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the affluent districts. So Boards of Guardians and the City of London

4 joined forces to defeat the bill, and it fared no better the following year.

Carapbell-Bannerman acknowledged the legacy, and promised a valuation bill for the 1907 session, but in the meanwhile, the connotation of the concept had undergone a subtle change.
1. As in notes 6-7 above. See also Bodl. Lib. Asquith Papers (hereafter AP), [C.P. Trevelyan], 'The Taxation of Land in Rural Districts,'
(n.d. [1905]), with marginal comments by Asquith. Trevelyan stressed
the need for a national, as opposed to local, valuation, ff.263-6.
2. CAB 37/59/140, W. Long. 'Valuation,' 24 Dec. 1901, p,3.
3. 'A Conservative, 1 The Times 26 May 1904, lOe.
4. See The Times_, e.g. 15 June 1904, 12f; CAB 37/90/114, J. Burns, 'Valuation (England and Wales), 1 28 Dec. 1907, pp.8-9.
5. See The Times, 19 Dec. 1906, lOb-c.

254

A new wind of radicalism blew in from the north. The single-tax monthly, Land Values, had been transferred to Glasgow in 1902 and Glasgow TLV bills were intermittently introduced starting in 1893. One was introduced in 1906 as a matter of course. It conformed in essentials to TLV ideas of the 1890s, i.e. a separate valuation of land and houses,
and an additional rate on owners equivalent to 2s. in the pound, on a rental assessment founded on capital values. The bill was sent to a Select Committee packed with single taxers, who proceeded to transform
it root and branch. They proposed a sweeping innovation*, all buildings and machinery to be de-rated, and the rating base contracted to sites alone. 'Existing contracts' were boldly brushed aside, as were other theoretical and practical difficulties. The reasoning invoked was undiluted Henry George: land values were created by the labour of the community, and ought to bear the whole rates, which should not be a burden on enterprise-and industry. The benefits promised were 'to stimulate buildings and improvements, to bring more building land into the market, to lower rents and to diminish overcrowding.' 'A complete redistribution

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of the principle of rating' was the avowed aim.
Alexander Ure (1853-1928), a committed single-taxer, was chairman of
the Select Committee and also Solicitor-General for Scotland. His superior, the Lord Advocate Thomas Shaw was of only slightly more moderate cast of
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mind. So next year the proposals appeared as a Land Values (Scotland) Bill, to which the Liberal party became officially committed. It attracted the most vehement opposition from Conservatives, and came to grief in the House of Lords. Never before had such far-reacing re-distributionist ideas' enjoyed wide currency in the Commons. Henry George had suddenly (like Marx in our day?) become reputable. 'It was noteworthy, 1 one opponent remarked,
1. See 184 H.C. Deb. 4s. 19 Feb. 1908, J.M. Henderson, cols. 880-1.
2. Land Values Taxation etc. (Scotland) Bill. Sel. Cttee. 'Special Report 1; P.P. 1906 (379) X, p-vi.
3. See H.P. MacMillan, 'Alexander Ure, 1 D.N.B. Shaw, see e.g. 184 H.C. Deb. 4s. 19 Feb. 1908, cols. 837-45.

255

'that when the name of Henry George was mentioned in this House it should find on the Liberal benches so many cheers.' Others, on both sides, made

2 the same observation. Not only the opposition, the Liberal leadership

was also perturbed. Strong misgivings were voiced both on the right of
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the party (by Harold Cox) and on the left (by Chiozza Money). To allay fears, not least among his adherents, Asquith tied his own hands with a promise, repeatedly made, to respect existing contracts. But the Cabinet went ahead with plans for a Valuation bill in England and Asquith reiterated his commitment to the principle of separate valuation of land and buildings. The Scottish bill was re-introduced in 1908 and the Lord Advocate hinted darkly that should the Lords reject the Bill, valuation and taxation might be combined in one scheme.
Unionists professed to be dumbfounded by this show of class treachery. Liberals seemed to think, said Bonar Law, that 'because they and their friends do not own any land, that, therefore, they can apply socialism to the land without any danger to themselves. 1 But wasn't Ure's forensic talent also a Rent, created by the community? 'Put the best lawyer in the world out on a moor and what is his value?' Derating of improvements was 'the political economy of the madhouse.'

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Municipal pressure for rating reform was building up again, and some Unionists, having learnt the lessons of 1904-5, recognized a political opportunity. Not all of them shared Balfour and Bonar Law's intransigence. In the summer of 1908 'a small group of Unionists, including several leading members of the party,' (apparently led by Alfred Milner) drew up

1. 177 H.C. Deb. 4s. 10 July 1907, J.F. Remnant, col. 1633.
2. 177 H.C. Deb. 4s. 10 July 1907, A.J. Balfour, col. 1652; 181 H.C. Deb. 4s. 20 Aug. 1907, L.C. Money, col. 500.
3. See 181 H.C. Deb. 4s. 20 Aug. 1907, Harold Cox, col. 485ff. and L.C. Money, col. 502ff.
4. Ibid. H.H. Asquith, col. 494.
5. See 184 H.C. Deb. 4s. 18 Feb. 1908, cols. 743-4.
6. Ibid. 19 Feb. 1908, T. Shaw, col. 843.
7. I84~H.C. Deb. 4s. 19 Feb. 1908, Bonar Law, cols. 878-9.
8. See, e.g., 184 H.C. Deb. 4s. 18 Feb. 1908, A.P. Hedges,.motion on local taxation, cols. 727-37.

256

an unauthorised programme for a positive Unionist policy. Inter alia,

they proposed to allow town councils to rate sites separately from

2 structures. Law accepted the text in principle, objecting only to
3
women's suffrage and TLV. In 1900 he had captured the Blackfriars

constituency of Glasgow from A.D. Provand, a card-carrying single taxer,

4 and would broach no concessions. So far as groundowners were concerned,

his consternation was justified. The Liberal party was no longer content

to plead for an equitable contribution to the rates. It wanted the whole

hog; or so it seemed.

II

After Asquith became Prime Minister in April 1908 he again committed

the government to a separate valuation of land and buildings. But the

summer vacation appears to have weakened his resolve. Through the medium

of William Robson, the Attorney-General, Asquith informed the Cabinet of

the difficulties and dangers inherent in shifting the rates on to the

sites, as the single-taxers advocated. 'Land values alone, 1 warned

Robson, 'would not suffice for the burden of the rates. In districts

where they are worth considering at all, it has been estimated that they

amount to one-third of the present rateable value.' Rates also constituted

about one third of the rent.

It would, therefore, amount to a complete confiscation of the
owner's interest if the rate were laid on him. It would often
amount of more than 20s. in the £, and in that case the owner
would not pay it. He would abandon the land, ... and thus the
rate would, in effect, be levied on buildings after all.

1. A three-sheet galley proof of this programme is preserved in the House of Lords Record Office, Bonar Law Papers (hereafter BL) 18/8/7. It
has no title and no date. The sponsors were Milner, Austen Chamber-
lain, J.W. Hills, Leo Amery and Fabian Ware, editor of the Morning
Post, who evidently set the manifesto up in type. See Bonar Law
Papers 18/4/75, Fabian Ware to Bonar Law, 29 Sept. 1908.
2. BL 18/8/7, manifesto, galley proof sheet 3.
3. BL 18/8/10, Law to Ware, 8 Sept. 1908.
4. See Robert Blake, The Unknown Prime Minister (1955), pp.38-9. On Provand, see his proposed resolution, 38 H.C. Deb. 4s. 8 March 1895, cols. 700-6.
5. See 188 H.C. Deb. 4s. 12 May 1908, Asquith, col. 1058.
6. Bodl. Lib., L. Harcourt Papers dep. 576, W.S. Robson 'Valuation Bill, 1 Sept. 1908 [A Cabinet memorandum], and covering letter from Asquith to Cabinet, 21 Sept. 1908.
7. Ibid. p.2.

257

A more moderate course, of merely placing an additional rate on sites,

if applied to agricultural land, 'would inevitably destroy any chance

whatever this Bill may have in the House of Lords.' Robson nevertheless

proposed to proceed with the taxation of vacant land and other forms of

2 'conversion rent' on the outskirts and in the centres of towns. This

went back to Mill's proposal for taxing only the future unearned increment

In the meantime Lloyd George, newly installed in the Treasury, evinced

much greater enthusiasm for his namesake's nostrums. Even before

Robson's memo had circulated, he instructed Sir Robert Chalmers, Chairman

of the Board of Inland Revenue, to begin work on an assortment of land

taxes.

A variety of discordant motives animated Liberal valuation proposals.

First came the endemic problem of local finance; second,.the old Liberal

belief that shifting some of the rates on to the landowners would go some

way towards a solution. Third, the accumulated anger at the Lords'

provocations; fourth, pressure from the land reformers. The single-

taxers kept Lloyd George well provided with memoranda and briefs, in that

autumn of 1908. What they imagined was, in line with Henry George, a

sweeping redistribution from land to capital and labour.

All productive work is the application of labour to land
[wrote Josiah Wedgwood to Lloyd GeorgeJ. To deal with the
Unemployed problem on sound lines we must increase productive
work, that is we must make it easier for labour to get to
the land. Short of a revolution this can only be done by
using the compulsion of this land values tax to induce the
owners of land and minerals to allow development by labour
... this is not a new tax .... but only the diverting into
public pockets of a tax which at present goes into the
private pockets of the landlord as rent.

1. Ibid . p.3 .
2. Ibid, pp.7-8.
3. IRP, Sir R. Chalmers 1909 Budget Papers, Land Taxes (hereafter LT) 1, D. Lloyd George to Chalmers, 5 Sept. 1908 (Copy).
4. IRP, Chalmers Papers LT 1, J. Wedgwood, 'Memo, on Taxation of Land Values,' (n.d.; 'C of Ex 25/9/08' pencilled on verso of p.4 (f.318)
in Chalmers' hand), f.316. This is followed by other memos from Wedgwood, James Dundas White (a leader of the Land Values Group) and Crompton Llewellyn Davies, Secretary of the United Committee for the Taxation of Land Values.

258

Brave words from a rentier who took up full-time Radicalism on the

proceeds of an inherited share in Armstrong's armament works. 1 But such

are the ironies of politics.

Details of the proposed tax were settled in the Inland Revenue by

the end of November 1908, but to present it to the Cabinet, the authority

of Edgar Harper was invoked. A Cabinet paper carrying his name was
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constructed with typical ingenuity. What Harper effectively proposed

was a land tax equal to the income tax (Schedule A), but assessed not on

income but on capital value. In cases where market value greatly exceeded

the capitalised income, the difference would be taxed.

Overtly, the single-tax rating proposal invoked the principle of

'efficiency.' Land lay underutilised for speculative reasons and a tax

would force the owners to put it to the most remunerative use. In its

extreme forms, such utilitarian zeal invited ridicule. 'We were staying

with the R.C. [?] Trevelyans near Dorking a week ago,' a friend wrote to

J.C. Wedgwood in 1909, 'and they showed us one of the most beautiful viex^s

I have ever seen, which they told us you had exclaimed upon as a magnificent 3
piece of "undeveloped land."' As we shall see, this Puritan-cum-Free-

Trade strain crossed other currents of the single-tax creed. In a

perceptive memorandum, the Lord Chancellor (Loreburn) argued that economic

efficiency did not always coincide with social utility, and that a maximum

economic return on land could make overcrowding worse and lead to loss of 4
open space. A distrust of the market was expressed in the same govern-

ment's Town Planning Act. The single tax was an incentive to make the full

1. Wedgwood was nephew of Hamilton Rendel, bachelor and youngest son of William Armstrong's original partner, J.M. Rendel. See C.V. Wedgwood,
The Last of the Radicals.' Josiah Wedgwood, M.P. (1951, rep. 1974), pp.
33, 64.
2. Harper was closely involved with the single-taxers since 1906. See the Josiah C. Wedgwood Papers in the possession of Mrs. H. Pease, Box
no. 1, 1905-14. C. Llewellyn Davies to J.C. Wedgwood, 29 Jan. 1906;
and CAB 37/96/164, 'Memorandum by Mr. Edgar Harper on the Imposition
of a National Tax on Land Values,' 5 Dec. 1908.
3. Wedgwood Papers, Philip Morel [?] to J.C. Wedgwood, 31 Aug. 1909-
4. IRP, Chalmers Papers, LT vol. 1, 'Lord Chancellor's Memo [title pencilled in Chalmers' hand] 17 (?) January 1909, f .124.

259

'economic use' of land; but zoning and town planning were an indispensible antidote, if building was really 'set free.' There was also some truth in Loreburn's claim that vacant-land values were partly illusory,

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possessing a 'lottery ticket' value which it would be unjust to tax. Loreburn made other pertinent points. The tax, he said, was
regressive; it 'is not in proportion to wealth, but may and indeed must fall upon many comparatively poor people and let the rich go free. 1 He was sceptical about the practicality of valuation and feared it would prove costly. Moreover, he foresaw that 'In any provisions, however carefully prepared, great litigation will arise.' He asked why the whole country
3
had to be valued in order to tax only undeveloped land. Other Cabinet members also expressed strong reservations. Agricultural MPs and Liberal property owners communicated their misgivings to Asquith, who laid them before the Cabinet. Perhaps the most telling political point was made by the first, anonymous correspondent, who complained that Asquith and Lloyd George could not see the difference between a legitimate urban site tax, and the Henry George scheme. 'It is this confusion of thought which makes what is reasonable, and by itself doubtless not unpopular, detestable and a source of dread to the loyal voter of all classes.' In a dismissive reply, Lloyd George made short shrift of all objections. He made a telling point against agrarian complaints. 'Large sums,' he wrote, 'must be

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raised by this Budget for the financing of proposals which must inevitably relieve agricultural land of a large share of the burdens now imposed upon it for the maintenance of the poor.' In essence this was the idea

1. See The Land, ii, 559.
2. IRP, Chalmers Papers LT 1, 'Lord Chancellor's Memo,' f.125. Such a view of building-land values was taken by bankers. See G. Rae, The^
Country Banker: His Clients, Cares and Work (4th edn. 1885), pp.113-5.
3. 'Lord Chancellor's Memo,' £.126.
4. See, e.g. Inside Asquith's Cabinet; from the Diaries of Charles Hobhouse, ed. E. David~(1977), pp.74, 76-8.
5. CAB 37/97/10, H.H. Asquith, 'Taxation of Land Values, 22 Jan. 1909, p.l.
6. CAB 37/97/16, D. Lloyd George, 'Taxation of Land Values,' 29 Jan. 1909, p.2.

260

(propagated by single-taxers) that a tax on land values should pay for social welfare. There were no immediate prospects for large revenues, but the Chancellor held out the (not unreasonable) prospect of future windfalls. The land taxes which appeared on Budget day were an outcome of prolonged and muddled deliberations in which short-sighted tactical considerations exerted much influence.
By imposing the land tax as a surtax on the Income Tax, Schedule A, Lloyd George evaded one of the main difficulties, the Prime Minister's pledge to respect existing contracts. Contracts to evade Schedule A
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assessments had always been illegal. But this subterfuge carried a political penalty. After years of agitation, municipalities had come to regard the site tax as rightfully theirs, and would feel cheated of their 3
entitlement. A valuation bill standing alone would not be passed by the Lords, so valuation had to be incorporated in the Budget. For the valuation to be admissible, the land taxes had to raise some revenue, but no revenue could be raised before the valuation was available. This conundrum was the underlying reason for the variety of taxes finally proposed: on vacant land, on mining royalties and ground rents. In the Cabinet paper of 13 March 1909 Lloyd George also unveiled an additional tax: a 20 per cent capital gains tax ('increment value duty') on land transfers (including death). It had been proposed ten years before to the
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Royal Commission on Local Taxation by his Cabinet antagonist Reginald McKenna, and may have been introduced to neutralise the latter's opposition, L. Chiozza Money, an opponent of the single tax had commended it in 1907, calling attention to its -successful application in Frankfurt, and a Treasury official brought back a favourable report on the operation of the

1. Newcastle University Library, William Runciman Papers WR 30/27/2/1, W. Runciman 'Lloyd George's First sketch of his Land tax proposals -
Notes dictated by him to the Cabinet, March 1909,' [holograph]. A revenue of £3M was anticipated for the 3d year (f.l).
2. CAB 37/97/16. D. Lloyd George,'Taxation of Land Values-,' 29 Jan. 1909, pp.5-6.
3. Lloyd George had been warned about this by Chalmers,* see IRP, Chalmers Papers LT 1, Sir R. Chalmers, 'The Budget and Site Values, 1 27 Nov.
1908, f.24.

261

'Frankfort Tax 1 in 1908. It was more far-reaching than Harper's scheme, since it took in all sites, irrespective of the quality or value of the buildings (in effect, it realized "Mill 1 s 1871 proposal). Windfall revenues in the future may have been one of its main allures. And once the tax was established, the screw could always be turned.
What was Lloyd George trying to do? the accumulating effect of
sectarian pressure, of aristocratic obstruction, of a long-standing commitment to rating reform, and a shortfall of revenue, had brought about a scheme for fiscal re-distribution that was potentially far in advance of anything ever projected by a Liberal government. The Land Values section of the People's Budget singled out not real property, not rental incomes, but pure Rent, a theoretical entity, for special taxation. The scheme was designed to provoke; but it grew out of a long tradition of resentment and out of a peculiar vision of British society. Antecedents have been amply alluded to. The plan pandered to the instincts of
British Radicalism in its extremist mood, and jarred upon the sensibilities of the opposition. It was more than a mere device. The following chapter suggests that if the Liberals were to challenge the Tories, then this was a natural form for the challenge to take.

1. See R.C. Loc. Tax. Mins. of Evidence etc.; P.P. 1901 Cd. 201 XXXVI, 'Appendix XIX. Memoranda Relating to a Scheme put forward by Mr. R. McKenna, MP, for the Reform of Local Taxation,' pp.225-35. 181 H.C.
Deb. 4s. 20 Aug. 1907, L.C. Money, col. 503. [Cabinet Paper not in
PRO CAB series] in Chalmers Papers LT 1, 'Report by Mr. Bernard Mallet,
One of the Commissioners of Inland Revenue, Upon Taxation of Site Values
in Frankfort, Hamburg, Cologne and Dresden...', 19 Oct. 1908 (printed 29 Dec. 1909\Eols. 49-63.

262

CHAPTER SIXTEEN: ROMANTIC IMPULSE

Following only the delphic guidance of his own intuitions, Lloyd
George was attempting to revive the latent energies of British romanticism and to harness them to his political vehicle. To follow this endeavour, it is necessary to digress into the mental history of a section of the middle classes (and of their emulators in the aristocracy of labour) that actively assimilated, propagated and lived out Liberal attitudes, ideas and tastes.
It is impossible to do justice to the subtlety and richness of the
tradition that Lloyd George wished to tap in the space of a short chapter, yet this mental dimension 'must be considered in any account of property and politics before the Great War. An 'ideal type' must again serve to convey an attitude that permeated the mentalities of generations of Victorians and

Edwardians.

Superimposed upon conventional property rights and standing in an
inverse relation to them was an intangible 'moral valuation,' rising from
a trough in the centres of the big towns, sinks of mental and physical pollution, to peaks beyond the margin of cultivation in the sublimity of mountains and moors. An inverted moral rent gradient was individually perceived; in culture the relation was generalised as a nominal duality that bore a simple polarity of values. The city, secular and sordid,.carried a negative charge. The surrounding surface conveyed a positive sense of innocence, beauty and repose. Most important, it was transcendentally charged, intrinsically sanctified; it stood on a morally superior level.
The root source of the moral valuation was a religious impulse. Ambivalence towards the reigning commercial ethos was a common Victorian attitude; engendered, perhaps, by the preponderance of inherited wealth in the southern centre of culture. This ambivalence was satirised by Samuel Butler, whose imaginary English Erewhon (an inversion of 'Nowhere') was equipped with a

1. London is still regarded as a sink-hole in teen-age perceptions of Britain today. See P. Gould and R. White, Mental Maps (1974), pp.70, 74.

263

dual-standard monetary system with 'musical banks' (i.e. churches) whose currency counted for little in economic life, but in which it was imperative for respectable citizens to keep in ample credit. 'I am sure,' he observed, 'that the managers and cashiers of the Musical Banks were not paid in their own currency.' The profound attraction of the rural pole is revealed in the preferences of middle-class generations, whose unceasing movement to the urban periphery continues to this day. A classic illustration of the cultural dichotomy (curiously reversed, however, with the City as the sea, and survivors clambering on to the redeeming rural shore) is contained in the fold-out colour frontispiece of General William Booth's In Darkest England and the Way Out (1890).
Between 1780 and 1830 or so the middle-class sensibility was taught
to react to the outdoors with religious arousal.
Everything seems full of blossom of some kind and at every
step I take, and on whatever subject I turn my eyes, that
sublime expression of the Scriptures, 'I am the resurrection
and the life,' seems as if uttered near me.
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Thus wrote John Constable, the painter, to his fiancee in May 1819. 'The art of seeing nature is a thing almost as much to be acquired as the art of reading the Egyptian hieroglyphics,' he told an audience in Hampstead in

3 1836. The transcendental experience (which the painter expressed as

exquisitely in his letters as in his paintings) was defined and propagated
in a set of paradigmatic works, differing in range from the patient observation of Gilbert White of Selborne to the inner resonance of the lake

4 poets. From a vantage point early in the 20th century the exponents of

English transcendentalism (if it may thus be called) might appear as detached, peaks protruding out of a mass of clouds. A middle class schoolboy would know the great names: Thomson, Gray, Wordsworth, Shelly, Byron, Keats. The
1. S. Butler, Erewhon [1872, rev. edn. 1902] in Erewhon and Erewhon Revisited (Everyman's edn. rep. 1965), p.90.
2. C.R. Leslie, Memoirs of the Life of John Constable (2nd edn. 1845), ed.
J. Mayne (1951), p.73.
3. Ibid, p.327.
4. On the literary strand see e.g. M.H. Nicolson, Mountain Gloom and Mount-ain Glory (Ithaca, N.Y. 1959), esp. 'Epilogue,' pp. 371-93.

264

plains below concealed the social seedbeds of late eighteenth- and early nineteenth-century romanticism. No need to dwell here on the social and mental developments that led eighteenth-century literati to construct in nature a mirror of the Deity. It will suffice to recall that the subversive claims of the Rationalists and Deists and of their romantic descendants
(say, Rousseau and Wordsworth) were countered by orthodoxy in the same coin, in Canon Paley's Natural Theology (1802), an influential treatise that depicted complexity in nature as evidence for the veracity of scripture.
The great exemplars were merely outcrops of a coherent culture which embraced, without demarcations, the whole field of experience and inquiry, of leisure and work. Breeding cattle overlapped with breeding racehorses; scientific observation with landscape art; aesthetic appreciation with religious experience. William Stubbs, the anatomist of horses, engraver, publisher, painter of the turf, the hunt and the harvest, a scientist, a romantic and an innovative collaborator of Wedgwood the potter, exemplified the effortless movement between the scientific, artistic and technical modes which characterised this simple-minded and intensely visual culture at its

2 best. Gilbert White of Selborne, the country parson and author of the

naturalist classic wrote: 'Without system, the field of nature would be a pathless wilderness; but system should be subservient to, not the main

3 object of, our pursuit. 1 Constable loyally copied this down. He drew on

Thomson, Milton and Martin Luther to explain his conception of landscape; but he also stated that 'Painting is a science, and should be pursued as an

1. William Paley, Natural Theology*, or Evidence of the Existence and Attributes of the Deity (1802); see e.g. 'Conclusions, 1 The Works of William Paley (18~28) , ii, 197.
2. See B. Taylor, Stubbs (1971) and C.A. Parker, Mr. Stubbs The Horse Painter (1971) . The absence of a profound analytical dimension and a penchant for classification and detail made the itinerary and the inventory the typical repositories of this culture. An example of an inventory is W. Howitt, The Rural Life of England (3d edn. 1844). W. Cobbett's Rural Rides was a classic itinerary. J.R. Abbey's three catalogues of Travel (1956-7), Life in England (1953) and Scenery of Great Britain and Ireland (1952") 'in Aquatint and Lithography, 1770- 1860,' are the great inventories of inventories and itineraries.
3. Leslie, Constable, p.273.

265

inquiry into the laws of nature.' Archdeacon John Fisher, his friend and patron, sent him two volumes of Paley's posthumous sermons 'which you may read to your family of a Sunday evening. They are fit companions for your sketches; being exactly like them, full of vigour, fresh, original, warm from observation of nature, 2 hasty, unpolished, untouched afterwards.' Botany, entomology, ornithology, geology: the peculiar mental intensity of the natural history that emerged after the turn of the century is regarded
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by its historian as 'in its whole essence an Evangelical creation. 1 The ultimate symbol of social attainment was also expressed in landscape,
imposed upon whole environments by haughty landowners in the fora of gigantic parks, in a tradition of gardening which was itself refined, elaborated and developed in relation to a succession of landscape artists culminating in
4
Constable and J.M.W. Turner.

In Turner, the virtuoso of landscape, John Ruskin recognized the acme
of modern art; and art, for Ruskin, was infused with moral energy. 'Man's use and purpose,' his creed proclaimed, '... is to be the witness of the glory of God and to advance that glory by his reasonable obedience and resultant happiness.' The act of witness was the experience of nature. Truth, the test of art and the wellspring of beauty, was made manifest in landscape: 'every vista a cathedral, every bough a revelation.' Nature
and morality were synonymous: this was the message that Ruskin transmitted, in an idiosyncratic and highly elaborated form, from the early- to the late-Victorians. Transcendentalism was under pressure in the mid-Victorian period, from straightforward evangelical and tractarian sentiment, from the effects of the Darwinian revolution in natural history (of which more below) and

1. Ibid, pp.328-30, 323.
2. Ibid, p.139.
3. D.E. Alien, The Naturalist in Britain (Pelican edn. 1978), p.76; and see the whole of chapter 4.
4- C. Hussey, The Picturesque (1927), passim and L. Parris, Landscape in Britain c. 1750-1850 (Tate Gallery Exhibition Catalogue, 1973), passim .
5. J. Ruskin, Modern Painters (Popular edn. 1906), v, 389-
6. Ibid., i, 81.

266

from the vulgar philistinism of an expanding urban civilization. Extreme devotional forms of nature-worship remained a minority taste but there was an extensive latent appeal.
Ruskin helped to keep this appeal in being, and gave it a radical turn.
Life itself, he affirmed, arose out of nature, and capitalist accumulation was a denial and negation of life. 'Men can neither drink steam, nor eat stone,' he wrote in Unto this Last, his critique of political economy. '- so long as men live by bread, the far away valleys must laugh as they are covered with the gold of God, and the shouts of his happy multitudes ring round the winepress and the well.' Ruskin's influence is attested by the circulation of his books, printed in the scores of thousands. Howard Evans, the archetype Radical journalist of the 1880s relates how he copied out

2 favourite passages from The Seven Lamps of Architecture. A transcendentalist himself, he used a newfangled tricycle to compile The London Rambler (1884), a guide to rural footpaths on the metropolitan fringe. In response to an informal survey, sixteen out of 45 in the 1906 cohort of Labour MPs
3
volunteered evidence on the lasting influence of Ruskin and Unto this Last. Transcendentalism was not merely faith, but faith justified by works
- an ascetic ritual undertaken by large numbers of middle class youths.' The extended tramp, first in England, then in France and Germany, finally in the Alps and into Italy was apparently de rigeur for the aspiring young Radical.

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Charles Dilke walked from London to Brighton in a day, and roved over the
4 5
north of France. Joseph Chamberlain took the magic road to Chamonix. Asquith walked strenuously in the lake district. His papers contain a transcendentalist poem, dated 1902, which opens with the words 'I an God in

1. J. Ruskin, Unto this Last (Everyman's edn. 1907), pp.189-90.
2. H. Evans, Radical Fights_, p.107. Evans was for thirteen years a spare-time Congregationalist minister. (Ibid, pp.103-5).
3. Eleven attested to the influence of Henry George. See [W.T. Stead], 'Character Sketches I. The Labour Party and the Books that helped to
make it,' Review of Reviews, XXXIII (1906), 568-82.
4. See S. Gwynne and G.M. Tuckwell, The Life of the Rt. Hon. Sir Charles W. Dilke (2nd edn. 1918), i, xii-xiii, 18-21.
5. Garvin, Chamberlain, i, 73-4.
6 - J.A. Spender and C. Asquith, Life of Herbert Henry Asquith, Lord Oxford and Asquith (1932), i, 213.

267
Nature.... 1 Soon after the South African War Richard Remington, H.G. Wells' New Machiavelli, began his political education as a Liberal vith a hike through the Alps in the company of another dreamer, an 'advanced 1
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member of the London School Board.

Almost every political and intellectual biography of the period (with

3 the significant exception of Bonar Law) describes the emotional or meta-physical impact of youthful communion with nature. Leslie Stephen, a prince of the Victorian intellectual aristocracy was an archetype. An advocate
by example of muscular Christianity, he brought his Cambridge college boat to the head of the river, and excelled as a mountaineer. Having taken holy orders, he then suffered a crisis of faith and became an 'agnostic.' In place of Christianity he put 'The Ethics of Wordsworth,' which he explained in these terms: '... there is in fact a Divine order in the universe; and ... conformity to this order produces beauty as embodied in the external

4 world, and is the condition of virtue as regulating our character.' In 1879 he set on foot the 'Sunday Tramps,' a walking club made up of mostly Liberal intellectuals who met every other Sunday for a twenty-mile hike.
After its demise in the 1880s the club was revived around the turn of the century by G.M. Trevelyan, Charles' historian brother.
One of the most moving memoirs of the Edwardian generation is Bertrand Russell's Autobiography. Russell was emotionally involved in post-Gladstonian Liberalism. He had been impressed by his first wife's brother-in-law
B.F.C. Costelloe, the motive force of TLV on the London County Council; Crompton Llewelyn Davies, secretary of the English League for the Taxation

1. AP 92, fols. 1-2. The poem is typewritten, unsigned and dated Quiberville [a town on the coast of Normandy] 9 July 1902. It evokes the majesty
of the coast:

'The wind, the clouds, are they all not divine?
Awake and share their splendour, they are thine. 1
2. H.G. Wells, The New Machiavelli (1911), pp.!34ff.
3. See below, p.303.
4. Leslie Stephen, 'Wordsworth's Ethics,' in Hours in a Library (3d series, 1879), p.223.
5. See F.W. Maitland, The Life and Letters of Leslie Stephen (1906), pp.57- 79, 280-1 and N.G- Annan, Leslie Stephen (1951), pp.80-9.1, 162.
6. The Autobiography of Bertrand Russell (one-volume edn. 1975), p.158.
7. Ibid. p.72.

268

of Land Values, was one of his closest Cambridge friends; under the

f)

influence of Henry George, Russell became a convinced land nationalises

Perfectly true to type, the autobiography is suffused with Wordsworthian
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sentiment. Russell tramped with George and Charles Trevelyan, those

'terrific walkers; 1 went mountaineering in the Alps; wandered in Italy

on foot and bicycle. The outdoors was a source of 'inexpressible delight. 1

A favourite walk would lead 'up to the crest of Hunt Hill. Quite suddenly,

when I expected nothing, I came upon an enormous view, embracing half of

Sussex and almost all of Surrey. Moments of this sort have been important

in my life.'

As Tom Paine said, the sublime and ridiculous are often so nearly

related that it is difficult to class them separately. Sir Edward Grey,

the Liberal Foreign Secretary, used to set aside the second Sunday of May

for an act of nature-worship:

There are a few days in the first part of May the recalled]
when the beech-trees in young leaf give an aspect of light and
tender beauty to English country which is well known but
indescribable. The days are very few .... the second Sunday
in May was the perfect day. In my calendar it was known as "Beech Sunday", a day set apart and consecrated to enjoyment
of the beauty of beech-leaves and to thankfulness for it. It
was my habit on that morning, each year, to bicycle to a
beech-wood some nine miles from the cottage. There I lunched
once every year on that day at the foot of a certain tree....
I thought of it, looked forward to it, counted upon it.°

On the appointed Sunday in 1906 an ultimatum to Turkey was set to expire at

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noon. Grey was forced to remain in the office; the Turks delayed their

reply until the very last moment, and the magic moments were lost. 'I

remained,' Grey wrote, 'so far as ultimatums to Turkey were concerned, a

sadder and wiser man,' with what ultimate consequences for war and peace we

can only guess. 'I had now to wait another twelve months to see the great

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Beech wood as I knew it in its greatest beauty. 1

1. Ibid . pp.55-6. 2. Ibid . p.41.
3. E.g. pp.35, 41-2, 148, 195, 392, and many others.
4. Ibid, pp.61-2. 5. Ibid, p.39.
6. Ibid, p.137. 7. Ibid, p.42.
8. Viscount Grey of Fallodon, Twenty-Five Years 1892-1916 (1925), i, 127-8.
9. Ibid. p.129.

269

Nature-worship was embraced by members of a generation that was losing
its Christianity but retaining a conditioned need for metaphysics. C.F.G. Masterman, for example, had gone down from Cambridge in 1898 to live in
a South London tenement block in response to a religious call, subsequently making a name for himself as a writer on social questions. Elected to Parliament in 1906 and made an under-secretary in 1908, he published his evocative book, The Condition of England in 1909- After 1912 he became financial secretary to the Treasury and Lloyd George's right-hand man in the pre-war 'land campaign.' By 1909 he was no longer drawing inner strength from Scripture, but from Wordsworth, Walt Whitman, Henry Thoreau, Richard Jeffries and William Morris. Concluding a chapter on these authors, he wrote,
This unquestioning love of the Earth and the children, of it
[referring to Jeffries] is perhaps the most hopeful element
for future progress. In a century of doubts and scepticisms
it may serve to bridge the gulf between the old and the new.
Whilst men are still confused concerning the purposes of
Nature, and still doubtful concerning any definite or intelligent progress towards a final end, it is much that inspiration and content can be found in its present beauty
and appeal..... man can accept the summer day, from dawn to
sunset, as an 'Eternal moment 1, something that is good in
itself apart from remembrance of what has been or anticipation
of what shall be-1

Transcendentalist culture can be understood as a sublimation, feeding
on instinctive needs that bodily effort out-of-doors can satisfy in those not compelled to undertake it for a living. The values propounded by Masterman were,on this construction, the refined products of a primary exhilaration compounded of movement, colour and strain sometimes almost sexual in its intensity (and as Russell suggests, sometimes sexual in its origin); 2 a mental ecstasy catalysed by physical exertion and easily provoking mystical experience. It is revealing that Bertrand Russell chose to evoke it as a metaphor for philosophical fecundity:
The time was one of intellectual intoxication. My sensations
resembled those one has after climbing a mountain in a mist,

1. C.F.G. Masterman, The Condition of England (1909), ed. J.T. Boulton, (new edn. 1960), p.197.
2. Russell, Autobiography, p.35 (and see Constable's letter, p.263 above)

270

when, on reaching the summit, the mist suddenly clears, and the
country becomes visible for forty miles in every direction.
But in what sense was this kind of elation peculiarly Liberal at the beginning of the twentieth century? Was it not Edmund Burke who made the
f\ classic identification of vastness and infinity with sublimity?
Were there not tables enough in this study already, it would be possible
to attempt a quantitative demonstration of how much the recreation of the elite, irrespective of party, gravitated out of doors. A browse through Who's Who for, e.g. 1900, will amply confirm this. Of 252 notables listed under 'A 1 and resident in the U.K. 98 gave their recreations as walking, riding, cycling, angling, hunting, shooting, cricket, tennis etc. Of the rest, a significant group (37) was made up of self-proclaimed large land-
3

owners. The same landscape that drove Liberals to ecstasy gave rise to
a culture that was less self-conscious, more extravert, and less romantic, the culture of the country house. Liberal transcendentalism was, at its heart, a rejection of the City from within. Tory outdoors culture was organically rooted in the countryside, centred on the mansion, sustained by a hierarchy of servants, labourers, farmers, parson and squire, gentry and aristocracy. Its rituals were not those of solitary rambling, but of blood sports; its symbols - the gun, the hound and the horse.
H.G. Wells, in his autobiographical writings, expressed the tension
between the two cultures with an authenticity confirmed by Liberal contempo-raries. Against the dynamic, superficial and alienating urban environment he set, with a social upstart's mixture of admiration and antipathy, the self-assured solidity and coherence of country-house paternalism. A secret empathy existed between the two cultures. Feeding on the same
1. Ibid, p.148.
2. E. Burke, A Philosophical Inquiry into the Origin of our Ideas of the the Sublime and Beautiful (1757), ed. J.I. Boulton (1958), pp.72-3.
3. The bias of the sample is against the first group, since short entries tended to be silent about recreations.

4. See Lucy Masterman, C.F.G. Masterman: A Biography (1939), p.119.
5. H.G. Wells, Experiment in Autobiography (1934), i, 135-7; his attitude towards the country-house is strongly expressed in Tono-Bungay (1909), pp.9-18.

271

instinctual sources, they pursued in different ways a similar ideal of organic social harmony and personal 'fulfilment. The 'Liberal' variant stressed potentiality, the Tory defended actuality. But the affinities made it easy to move across the divide. 'In England, 1 Basil Willey has remarked, 'emotional naturalism turned almost inevitably into Toryism or something akin to it. 1 Wordsworth was transformed from a radical into a reactionary. William Morris crossed the same divide in the other direction. In Culture and Anarchy Matthew Arnold wrote,
I myself am properly a Philistine .... Nevertheless, I never
take a gun or a fishing rod in my hands without feeling that
I have in the ground of my nature the self-same seeds which,
fostered by circumstances, do so much to make the Barbarian;
and that, with the Barbarian's advantages, I might have
rivalled him.^

A singular illustration is given in the Trevelyan circle's annual 'Man Hunt,' initiated in 1897. For three days their political and intellectual entourage would descend on a locality in the lake district. The party then divided into 'hares' and 'hounds' and hunted each other over the hills to their hearts' content, assembling in the evenings before the fire and singing
3
'John Peel' before dispersing to bed. The prominence of Thomas Hardy,
A.E. Housman, D.H. Lawrence and the 'Georgian' poets in Edwardian literature is but another instance of the manifold attractions of the rural pole.

II

Both literally and figuratively, Tories and Liberals contested the same terrain. The Tories, as landowners, were in possession and the Liberals mounted the challenge. One of its forms was the long struggle for public access to open spaces, commons, forests and footpaths. George Shaw-Lefevre (Lord Eversley), Henry Fawcett, Charles Dilke and James Bryce: a succession of Cabinet-rank Liberals led the struggle for almost half a century. The

1. B. Willey, The Eighteenth-Century Background (Penguin Peregrine edn. 1962), p.201.
2. M. Arnold, Culture and Anarchy (1869), pp.106-7.
3. House of Lords Rec. Office, Herbert Samuel Papers B/7 IThe Man Hunt], including [Mary and Charles Trevelyan?], The Man Hunt (privately printed, 1937).

272

third Marquess of Salisbury consistently gave opposition. The Commons Preservation Society, which those worthies established in 1865,fought to preserve open spaces in and around London and extended its attentions to threatened commons all over the South of England. Wimbledon and Wandsworth Commons, Hampstead Heath and Epping Forest were among the assets saved by the Society for the public. Compromise, purchase of manorial rights and legal contest were the Society's chosen tactics. Its strategy was the revival of ancient rights in order to satisfy novel needs which the growth of towns had created. If the Tories based their claims on the rights
of property and age-old possession, the Society rejuvenated popular claims of greater antiquity, giving legal substance and a practical application to the radical belief that property in land was the illegitimate offspring of the original sin of conquest, the 'Norman Yoke', and breathing legal

2
life into the Radical myth of a lost era of equity and communality.
These historical myths stimulated the inquiries of at least two generations of scholars, whose debates on the origin and nature of the medieval manor, the process of enclosure, the decline of the peasantry and the disinherit-ance of the labourer gave an historiographical dimension to the conflict of cultures. Before the end of the period historians were personally recruited to support politicians with argument. Their writings have
3
survived as monuments of historical inquiry.
•

In extremis, the Commons Preservation Society did not shrink from
violence to enforce popular rights of access. Berkhamsted Common, for

1. See Lord Eversley, Commons, Forests and Footpaths (revised edn. 1910), passim.
2. See e.g. J.E. Thorold Rogers, Cobden and Modern Political Opinion (1873), chap. 3, 'The Land Question,' pp.75-79.
3. Scholars of the first generation included Sir Henry Maine, F.W. Maitland, J.E.T. Rogers, F. Seebohm and P. Vinogradoff; of the intermediate and
second generation, W.J. Ashley, E.C.K. Conner, J.L. and L.B. Hammond,
A.H. Johnson, R.E. Prothero, G. Slater and R.H. Tawney. For a contempor-ary assessment of this literature see J.A.R. Marriot, The English
Land System; A Sketch of its Historical Evolution in its Bearing upon National Wealth and National Welfare (1914), with bibliographies on
p.p. 32, 53 and "80~I Mobilization of historians see G. Slater, 'Historical Outline,' The Land, i, Ixi-lxxxiii, and R.E. Prothero,
chaps. 18 and 19 below, pp.314, 330.

273

example (familiar to some historians as part of the grand park surrounding

the old PRO depository at Ashridge) was enclosed without notice by the

Lord of the Manor in 1866. A force of 120 navvies hired by the Society

left Euston Station by special train on March 6 1866, shortly after mid-

night. On reaching Berkhamsted,

A procession was formed at the station. A march of three miles
in the moonlight brought them to Berkhamsted Common, and the
object of the expedition was then first made known to the rank
and file. The men were told off in detachments of a dozen
strong. The substantial joints of the railings were then
loosened by hammers and chisels, and the crowbars did the rest.
Before six a.m. the whole of the fences, two miles in length,
were levelled to the ground....

The action,repeated elsewhere, was successfully upheld in courts of law.

No rights of Commons had survived in Scotland and the Highlands had

been fenced off for private grouse moors and deer forests. James Bryce

(an intrepid walker and a member of Stephen's Sunday Tramps) raised the

question in a bill and a resolution, respectively, in 1888 and 1892. His

peroration on the second of these occasions contains the very essence of

the Liberal challenge to landowner control of the countryside, and its

transcendentalist underpinning^

the exclusion of the people from the enjoyment of the mountains
of Scotland began just at the time when the love of nature and
of the sciences of nature had been most widely and fully developed.
The scenery of our country has been filched away from us just when
we have begun to desire it more than ever before. It coincided
with the greatest change that has ever passed over our people - the growth of huge cities and dense populations in many places outside these cities - and this change has made far greater than before the need for the opportunity of enjoying nature and
places where health may be regained by bracing air and exercise and where the jaded mind can rest in silence and solitude.... Man does not live by bread alone. The Creator speaks to his creatures through his works, and appointed the grandeur and the loveliness of the mountains and glens and the silence of the moorlands lying open under the eye of heaven, to have their
fitting influence on the thoughts of men, stirring their nature
and touching their imagination.... 2

1. Eversley, Commons, pp.46-7.
2. H.A.L. Fisher, James Bryce (1927), i, 280-2.

274

The nascent 'religion of socialism 1 of the 1880s was also infected
with the religion of nature. 1 William Morris and Edward Carpenter, in their various ways, both preached rejection of the town. Blatchford's Merrie England expressed the same preference in its title and substance, and country outings were the essence of the Clarion movement. Keir Hardie, as Sylvia Pankhurst relates, 'missed the rural joys which his nature profoundly craved,' and was keen on Home Colonisation and on Land Reform. 2 Ramsay Macdonald dabbled in natural history in his youth, and it continued to influence his political thinking. Co-operation, not conflict was his paradigm of evolutionary development - an organic view of society which owed more to Prince Kropotkin's Mutual Aid than to Charles Darwin's 'preservation of favoured races in the struggle for life.' 3 A benevolent evolutionism was central to the social credo of the 'new Liberalism.' 4
But it owed as much to the transcendentalist tradition as to biological science. HobsOn looked to Ruskin, not to Darwin.
Natural history had been congenial to the relaxed Anglicanism of the early nineteenth century, and made a seductive parson's pleasure for educated incumbents oppressed by isolation and a surfeit of leisure. Darwin's Origin of Species was a rude shock to the Christian naturalist;
and a threat to religion itself. Some clung to the transcendentalist conception of natural harmony and others adapted their transcendentalism
*

to the 'life force' they discerned in the struggle for existence. George Bernard Shaw was such a 'Vitalist,' a self-proclaimed believer in

1. See S. Yeo, 'A New Life: The Religion of Socialism in Britain 1883-1896,' History Workshop Journal no.4 (1977), 9, 29, 34, 37-8, and R. Harrison,
'The Religion of Socialism,' loc. cit. no.5 (1978), 214-17.
2. Pankhurst, S u f f rage11e Moveme n t, p.177. See K.O, Morgan, Keir Hardie (1973), pp.33-4, 47-8, 51, 59, 77, 91-2, 94, 144-5, 200, 211, 214, 222.
3. See J.R. Macdonald, Socialism and Society (1905), pp.34-5. Youthful interest in natural history, see D. Marquand, Ramsay Macdonald (1977), pp.12, 17.
4. See M. Freeden, The New Liberalism (Oxford, 1978), chap. 3.
5. See J.A. Hobson, Confessions of an Economic Heretic (1938), pp.23, 38-42.
6. The classic instance is in E. Gosse, The Life of Philip Henry Gosse (1890), pp. 273-83.

275

'transcendental metabiology,' who drew on a profound childhood experience

of disenchantment with religion to reject the Darwinian disenchantment of

Nature.

There is a hideous fatalism about it, a ghastly and damnable
reduction of beauty and intelligence, of strength and purpose,
of honor and aspiration .... To call this Natural Selection
is a blasphemy, possible to many for whom Nature is nothing
but a casual aggregation of inert and dead matter, but
eternally impossible to the spirits and souls of the righteous. If it be no blasphemy, but a truth of science, then the stars of heaven, the showers and dew, the winter and summer, the
fire and heat, the mountains and hills, may no longer be called
to exalt the Lord with us by praise: their work is to modify
all things by blindly starving and murdering everything that
is not lucky enough to survive in the universal struggle for
hogwash.2

He might have lifted this message from the final part, Book X of Henry

George's masterpiece.

For such was also the message of Progress and Poverty, concealed from

our generation but perfectly audible to his own. The book reveals its

religious purpose in the final chapters. Its faith is the faith of Paley;

3
the 'hopeful fatalism* of natural selection is firmly rejected. George

4
set himself against the 'Martyrdom of Man 1 on the altar of progress.

Malthusian and Darwinian doctrines, he said, 'reduce the individual to

insignificance.'

They destroy the idea that there can be in the ordering of
the universe any regard for his existence, or any recognition
of what we call moral qualities.
It is difficult to reconcile the idea of human immorality
with the idea that nature wastes men by constantly bringing
them into being where there is no room for them. It is
impossible to reconcile the idea of an intelligent and
beneficent Creator with the belief that the wretchedness
and degradation which are the lot of such a large proportion
of human kind result from His enactments. 5

So the refutation of political economy was also the salvation of true belief,

1. 'Vitalism 1 see G.B. Shaw, 'Preface: The Infidel Half Century, 1 in Back to Methuselah (1921, Penguin edn. 1977), p.52; ^transcendental meta-biology,' ibid. 'Postscript,' (1944), p.311.
2. Ibid. 'Preface,' p.32.
3. George, Progress and Poverty, p.338 ff.
4. Ibid, p.33$TThis is a reference to the popular and powerful social-daTwinian metahistory by Winwood Reade, The Martyrdom of Man (1872).
5. George, Progress and Poverty, pp.395-6.

276

We have seen that population does not tend to outrun subsistence; we have seen that the waste of human powers
and the prodigality of human suffering do not spring from
natural laws, but from the ignorance and selfishness of
men in refusing to conform to natural laws ....
Thus the nightmare which is banishing from the modern
world the belief in a future life is destroyed.1
Invoking a pantheistic, rustic, populist religion, Progress and Poverty became, for those who embraced it, a buffer against the alienating corrosion of the Darwinian dogma. It answered to the religious impulse
of men like George Lansbury, who was.deeply committed to Land Settlement
2

and TLV. Joseph Fels, the Jewish industrialist who financed the single-tax movement in England in the Edwardian period impressed Lansbury as the finest example of a Christian I have ever known ... to listen
to him was like listening to one who had seen a great light, to
one for whom the small and mean things of life had no meaning
.... the freeing of land did not mean simply more potatoes or

more strawberries, to him it represented the means by which the whole human race could be made free.3
Lansbury subscribed to the same vision, and so, to the extent that their coarse occupation and the contrary imperatives of everyday reality permitted, did many in the Liberal and Labour elite, whose mental formation had conditioned them to perceive 'that there was a man from God, and his name was Henry George. 1
Not content to confiscate rent, Henry George proposed to abolish it altogether. Progress and Poverty rejected diminishing returns and the advantages of concentration, and advocated the same equalised no-rent land surface that was such a persistent theme of Utopian socialism, of Robert Owen, the young Marx, Proudhon, William Morris, Prince Kropotkin and
Robert Blatchford. It was to be a thatch-and-timber landscape, undisturbed

1. Ibid, p.396.

2. See e.g. G. Lansbury, 'The Unemployable. State Labour Colonies. How to deal with the Problem.' Standard,16 Dec. 1905.
3. M. Fels, Joseph Fels (1920), pp.32-3.

4. J.C. Wedgwood, Memoirs of a Fighting Life (1940), p.60. 5. William Morris, 'News from Nowhere,' in The Collected Works of William Morris, ed. M. Morris (1912), xvi, esp. chap. X: 'we discourage centralisation all we can (p.68).'P. Kropotkin's Fields, Factories and Workshops (1899) was a gospel of de-centralisation. An earlier version influenced R. Blatchford's Merrie England (1894), see pp. 29-30.

277

by the law of rent, resting in blessed contentedness, 'Like the medievals

.... everything trim and clean, and orderly and bright.' Paradoxically,

it was the novel electric power and transport technologies that were to

2 make it all possible. New technical possibilities combined with the

transcendentalist vision exercised great and lasting influence on the
•j
development of architecture and town planning. No one did more to promote

them than a small band of Liberal industrialists: William Lever, George

Cadbury and B.S. Rowntree. Their suburban housing estates at Port Sunlight,

Bourneville and New Earswick embodied the Ricardian-rent-less Liberal Utopia.

Patrick Geddes (who was also an anti-Darwinian 'Vitalist') quoted the

saying that a glass of beer was the shortest route out of Manchester.

No public houses were permitted in those countrified estates, nor in

analogous ventures inspired by a similar vision, such as Letchworth Garden

City and Hampstead Garden Suburb. Income liberated from drink made possible

the payment of economic rent. Recreation was a substitution for the

requisite intoxication.

In addition to electricity, liberating technology was also objectified

in the bicycle, which became widely available in the 1890s. A neat instance

of the spiritual substitutions which the cycle made possible is given in

Charles Booth's description of a west London parish:

1. Morris, 'News, 1 p.73.
2. Morris, 'News,' pp.68-9; Kropotkin, Fields, pp.219-27; A.J. Balfour proposed, in 1901, what amounted to double-decker motorways as a
solution to urban overcrowding* See P.W. Wilson, 'The Distribution of Industry,' in The Heart of the Empire, ed. C.F.G. Masterman (1901), pp.223-4; see also ibid, pp.233-5, E.W. Lawrence, "The Housing Problem, 1 loc. cit.pp.92-5, and C. Booth, Improved Means of Locomotion as a First
Step towards the Cure of the Housing Difficulties of London (being an Abstract of the Proceedings of Two Conferences ... 1901), passim.
3. See e.g. W. Ashworth, The Genesis of Modern British Town Planning (1954), passim.
4. P. Geddes, Cities in Evolution (1915), pp.71, 76-7.
5. For Drink and Housing, see J. Rowntree and A. Sherwell, The Temperance Problem and Social Reform (7th edn. 1900), pp.39-42; A. G. Gardiner,
Life of Goor^T_C_adburj_ (1923), pp.47, 141-66.
6. Gardiner, Cadbury, p.l~51- For a vindication of the validity of this substitution, see B.S. Rowntree, Poverty and Progress (1941), pp.370-2.

278

in the church itself, the working-class is practically
unrepresented, and the indifference to church natters is
spreading, the clergy say, in the class above. Of this,
Sunday bicycling is said to be 'a symptom rather than a
cause. It only makes neglect easier.'^

'The bicycle,' H.G. Wells wrote in his recollections of the r.id-1890s,
'was the swiftest thing upon the roads in those days, there were as yet
no automobiles and the cyclist had the lordliness, a sense of masterful , adventure, that has gone from him altogether now.' Like other Radical couples of their generation Wells and his wife spent their holidays
2
cycling in the countryside. Herbert Samuel relates how Graham Wallas
and C.P. Trevelyan taught the Ur ebbs, Bernard Shaw and himself to ride the safety bicycle. Long cycle excursions became one of his favourite recreations, taking him all over England 3

and several times to the Continent.

Grey, we may recall, reached his secluded Beech trees on bicycle. But
this account has been pre-empted by a recent study of the cycle's role
in breaking down some of the social, mental and geographical boundaries

4 of the late Victorians. The author does not explicitly allude to the

transcendental experience which cycling made more widely accessible; and
to the way in which it encouraged young progressives to penetrate into the Tory countryside. Samuel the cyclist, for example, involved himself in the politics of rural Oxfordshire after going down from Balliol in 1893. On election day, 1900, his farmworker electors were harangued- with these typically urban Liberal stanzas:
Look here at the barbed wire fences
Enclosing both path and field!
Think of Commons now lost to your children
These are crops that the Tories yield.
Then Hurrah for the RED and for SAMUEL
Hurrah for the freedom we boast!

We'll get SAMUEL in, and we don't care a pin
For the Blues and the landlord host.5

1. Booth, Life and Labour, Rel. Influences, iii, 164.
2. Wells, Autobiography, ii, 543.
3. Viscount Samuel, Memoirs (1945), p.30.
4. D. Rubinstein, 'Cycling in the 1890s,' Victorian Studies, XXI (1977),
47-71.

5. Samuel Papers, A/13 (3) 'The General Election Stakes: a tip for Friday,
Oct. 5 1900.'

279

From a social point of view, transcendentalism must be judged as

a refuge from unpleasant realities. Politically, it suffered from a fatal

flaw: like ecological ideas today, it was not made to mobilise masses.

Its essence was contrary: individualistic, introspective, escapist and

exclusive. In a charming lampoon, Canon Scott Holland contrasted the

working-class railway outing with the solitary Wordsworthian wanderer.

Once a year the vast, blind, welded masses that have
coagulated into cities, let themselves loose, to swarm
out over sea and land, for the brief rapture of a Summer
Holiday .... Whenever the trip comes in, Wordsworth is gone.l

The Canon condescended to welcome the masses into the countryside, and

could even identify with their needs, but he also tendered practical advice

to those of his own kind:

Avoid those few chosen spots, consecrated to them: and not
a trace will you find of them. Not an 'Arry will be heard
to cry; not a giggle of M'ria will reach you. Sheer off
a few yards from the beaten tracks, and you will find
yourself in uplands as lonely and still as they were in
the day when the morning stars sang together. You can
wander at will: and not even guess that, down there in
the dip, all London is streaming past, with lunch-baskets
and bottled beer.

For truth was, the majority of urban manual workers, and their

families, had but little use for precious Wordsworthian idealism. Lacking in mobility, they perforce had to cultivate other values, as Lady Bell

observed in her study of the steeltown, Middlesborough. Cycles and trams

could provide 3 an outlet for a few on summer weekends. Otherwise,

Many of the dwellers in the place have as deeply rooted an
attachment to it as though it were a beautiful village.
There are people living in these hard-looking, shabby,
ugly streets, who have been there for many years, and more
than one who has left it has actually pined to be back
again. It is not, after all, every man or woman who is
susceptible to scenery and to the outward aspect of the
world round him; there are many who are nourished by
human intercourse rather than by natural beauty.^

In June 1902 R.C.K. Ensor, then a Fabian journalist, conducted a group of

workers to a field outside Manchester. He was sorry to find that 'None of

1. Henry Scott Holland, A Bundle of Memories. (1915), pp.241-2.
2. Ibid. pp.246-7; I owe these references to Ms. M. Zimmeck.
3. Lady Bell (Mrs. Hugh Bell), At the Works (1907), p.126.
4. Ibid, pp.15-16.

280

them knew or could name forget-me-nots, daisies, dandelions, clover, pansies or lilies of the valley.' The story was told by C.F.G. Masterr.ian, who concluded sadly, 'They experience no exultation in Nature because they are cut off from the experience of Nature.'

1. Masterman, Condition of Ejlgj^and_, p. 203 .

281

CHAPTER SEVENTEEN '. BACK TO THE LAND

I

When in 1921 Bernard Sha\v proposed his romantic vitalism as a new

state religion the notion was not all that far-fetched, for the Liberals

had long integrated something akin to it into their ideological arsenal.

In one of the land campaign speeches of 1914 Lloyd George expressed this

belief in a telling metaphor I

The peasantry of a country is like a gold reserve. It is something
that is very little in evidence when things are going well with a
concern, but at the moment there is a run on the bank you begin to
realize the true value of that resource. (Cheers.)

Linked with its transcendentalism, the Liberal party had long possessed a

positive vision of a reconstructed countryside.

Reduced to bare essentials, this doctrine envisaged the redistribution

of large estates among a multitude of small owners, and the prevision of-

garden allotments for farm labourers. This vision had varied antecedents.

Some, in the Liberal attitude to nature and Rent, have already been described.

One source was the rural nostalgia of the first generation of factory

proletarians between the 1820s and the 1840s, and the social reformers and

radicals who placed a stake in the land for the labourers high among their

3
priorities. Another source were the hard-nosed principles of Cobden's school

J.S. Mill's Principles is a locus classicus for Liberal infatuation

with Small Holding Peasant Proprietorship (hereafter SH). As Marx

described Free Trade in Land to American readers in 1852,

The soil is to be a marketable commodity, and the exploitation of
the soil is to be carried on according to the corr.non commercial laws.
There are to be manufacturers of food as well as manufacturers of
twists and cotton, but no longer any Lords of the land ...

1. Shaw, 'Preface,' Methuselah, p. 54.
2. Speech at Glasgow, The Times, 5 Feb. 1914, 5b.
3. See e.g. U. Hasbach, A History of the English Agricultural Labourer,
trails. R. Kenyon (2nd impression 1920), chap. Ill ff.(more than one and
a half ^columns under 'allotments'),' W.H.R. Cur tier, The Enclosure and Redistribution of our Land (1920), pp. 263-81.
4. See e.g. Rogers, Cobden, chap. Ill, 'The Land Question,' esp. pp. 82-3.
5. See Mill, Principles, pp. 144-54 and 256-301.

282

to these champions of the British Bourgeoisie, to the men of the Manchester School, every institution of Old England appears in the
light of a piece of machinery as costly as it is useless..,

A protracted debate on the respective economic merits of small and large

farming units was conducted throughout the nineteenth century, and

2 continued into the twentieth. But whether in or out of tune with economic

rationality, SH failed to convert the farmers and landowners to Liberalism.

For this reason, and particularly after the 1884 Reform Act, the SH and

allotment slogan became a bid for the mute soul of the English agricultural

labourer, and a challenge to his traditional masters. Like its contemporary,

the bicycle, the SH programme of the 1880s became a Liberal vehicle into

the countryside.

Joseph Chamberlain raised allotments and small holdings from the

personal crusade of his protege Jesse Ceilings to a resonant national

political issue. 'Three acres and a cow 1 became the central (on one
3
opinion, the .only) plank of his 1885 'unauthorised programme. 1 Good

Liberal results in English country constituencies in the subsequent

4 elections appeared to vindicate the strategy. An exhaustive rehearsal of

the supposed pros and cons of the question can be found in a debate
that followed on the election - Jesse Collings' amendment to the address

in January 1886 - a debate that ended with Salisbury's defeat. Three main

questions were involved.' First, was it for the good - of the labourer, the
»

farmer, the landowner, society at large - that the worker should acquire

land? Second - what size of plot was best - a part-time allotment or a

full-time Small Holding? Third, given the need, how to meet it? from

1. 'The Chartists,' New York Daily Tribune, 25 Aug. 1852, quoted in
T.B. Bottomore and M. Rubel, Karl Marx, Selected Writings in Sociology
and Social Philosophy (Pelican edn. 1965), pp. 204-5.
2. H. Levy, Large and Small Holdings, trans. R. Kenyon (1911), passim.
3. For Collings, see J.L. Green, 'Mr. Collings and Land Reform,' in J.
Collings and J.L. Green, The Life of the Right Hon. Jesse Collings
(1920), Pt. II, chaps. XVII-XXIIj on the 'unauthorised prograrme 1 and
the centrality of SH see A. Simon, 'Joseph Chamberlain and the Unauthorised Programme' (Oxford University D.Phil, thesis 1970),
pp. 226-7, 230 ff., 444.
4. Simon, oj^. cit. pp. 265-6. The contrary argument by H. Felling,
Social Geography, p. 16, is not well-documented, and is partly contradicted on p. 128.
5. H.C. Deb. 3s. 26 Jan. 1886, cols. 443 ff.

283

Charity or glebe lands? voluntarily, by sympathetic landlords or by the

State compelling the owner? And if the latter, then should the labourer

lease the land or buy it? Liberal answers to these questions nay be sum-

marised as (1) Yes. (2) Both, depending on circumstances. (3) Opinion

differed. Collings favoured compelling the landlord, and selling to the

labourerj Goschen opposed. Although many landlords provided allotments,

and a few even set up small-holdings schemes, Conservative attitudes in 1886 2
were still largely negative.

What worried the Tories x^as compulsion, and its implied contraction

of the landowner's sovereignty. Collings assured them that SH was a

conservative measure, designed to save the owners from their social isolation,

While the farmers worried that allotments might divert labour just when

4 it was most urgently required, owners were beginning to see the force of

Collings' argument. Contrary to.popular belief, Chaplin said in the debate,

the Tory party was in favour of extending land ownership, because

a large increase in the number of owners of land such as I desire
is, I think, the surest and perhaps the only safeguard against
the predatory instincts of a class whose Socialistic schemes
have found such powerful exponents in these days...

After the Liberal split, and under the pressure of opinions like those of

Chaplin, the Conservatives were forced to concede compulsory powers to

local bodies for providing allotments. Not, however, without the

strongest misgivings. Lord Salisbury, for example, attempted to show

that with 766,612 agricultural labourers (in 1881) and 691,410 allotments,

1. Loc. cit. J. Collings, cols. 444-5; G.J. Goschen, cols. 493-4.
2. Lo c. cit. see Captain Verney, col. 447; H. Chaplin, cols. 448 ff.;
M~.~E.G~." Finch-Hatton (son of the Earl of WinchiIsea), cols. 472-9.
Henry Chaplin, the agrarian politician and Chancellor of the Duchy, suggested a voluntary law for increasing the supply of allotments.
See CAB 37/17/11, H. Chaplin, 'Allotments,' 14 Jan. 1886, p. 7. For
the activities of the 'Land and Glebe Owners Association for the Voluntary Extension of the Allotment System' see the Earl of Onslow, Landlords and Allotments (1886), passim.
3. 302 H.C. Deb. 3s. 26 Jan. 1886, col. 446.
4. Loc. cit. Finch-Hatton, col. 475.
5. Loc. cit. Chaplin, col. 457.
6. The Allotments Act (50 & 51 Vict. c. 48). See Hasbach, History,
pp. 315-6.

284

there was no shortage. But his main fear was that allotments would be the

first instalment of redistribution effected politically.

Land has never been taken forcibly by Parliament from one individual merely to benefit another individual. The principle so introduced
will spread. The restriction^to one acre is purely artificial, and
will speedily be overstepped.

Soon after, as we have already seen (see chap.6, pp. 93-4), he embraced

the Free Trade in Land line of reasoning. And if sales were kept voluntary,

small holdings would become bulwarks of property. To this extent, at least,

he was willing to support Chamberlain, and the permissive and ineffective

3
Small Holdings Act of 1892 was an expression of this equivocation. The

4 property press still held SH in almost equal horror as TLV. But Salisbury

was shrewd enough to realize how the former could neutralise the latter.

It is rather the fashion to look upon landowners as a semi-criminal
class (laughter) upon which it is quite reasonable to heap every
burden you like in the shape of rates. But when we have the alliance
of those sturdy yeomen whom we hope-to create we may expect to be
treated in a very different manner.

Collings was compromised by the Unionist connection. His Rural

Labourers' League, set up in 1888, became a Unionist organ, advocating

allotments to gain the ear of Liberal labourers. Support came mainly

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from wealthy Liberal Unionists. The League continued to decline and Colling

later confessed, 'I had to dip my hands into my own pocket for hundreds of

9
pounds, which I could ill afford, in order to keep the organisation alive.1

1. CAB 37/18/53, Lord Salisbury, 'Allotments Bill, Note of Objections, 1
6 Dec. 1886, p. 4.
2 . Ibid. p. 2.
3. Small Holdings Act (55 & 56 Vict. c. 31); see Hasbach, History,
pp. 316-21.
4. See, e.g. 'Lord Salisbury and the Land,' Estates Gazette leader,
28 Nov. 1891.
5. Speech at Exeter, The Times, 3 Feb. 1892', 6c.
6. See, e.g. Joseph Chamberlain Papers at the University of Birmingham
Library, JC 6/5/6/4 Rural Labourers' League leaflet, 'The Truth about Allotments,' n. d. [mid 1890s].
7. JC 6/5/6/5 'The Rural Labourers' League,' typed Memorandum, n.d.
[2 arly 1890s?l 2pp.
8. Ibid. p. 2 and see Rural Labourers' League Seventh Annual Report
Tl89~6), p. 18.
9. Long Papers WRO 348, J. Collings to Long, 7 Sept. 1910. .

285

On the Liberal side, however, Land Settlement received new impetus.

General William Booth made it into an element of his solution for the social

problem, and the Salvation Army established a number of farm colonies in

the early 1890s. London vestries followed the example, and in addition,

a number of co-operative colonies under various auspices were established

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by the mid 1890s. Aspiring young Liberals carried out SH and allotment

agitation work in the countryside and two idealistic and wealthy Liberal

landowners, Richard Winfrey and Lord Carrington, established successful

3 small-holding schemes in Lincolnshire. Joseph Fels, whose money fertilised

the land reform movement around the turn of the century, fervently believed

in rural regeneration and purchased farm colonies for London's unemployed.

Keir Hardie and George Lansbury, to name just two of Labour's leaders,

shared in Fels' belief in Home Colonisation. Liberalism was moving towards

a more collectivist conception of the countryside; but even the arid soul

of Sidney Webb was willing to contemplate small holders interspersed with

the municipal sewage farms, 'recreation reserves' and colonies for defectives

and incurables which made up his own rural vision.

For the Liberal party, Land Settlement was a mission into uncharted

territory. The Land Societies had opened the routes with their Red and

Yellow vans in the late 1880s, and Liberal agitators followed in their

1. See W. Booth, Darkest England, pp. 124-42.
2. See, e.g. J.A. Hobson (ed.) Co-operative Labour Upon the Land (and
Other Papers) (1894); London, 4 April 1895, 256-7, 30 May 1895, 403,
13 June 1895, 472, 27 June 1895, 503, 1 Aug. 1895, 620, 15 Aug. 1895,
666, 22 Aug. 1895, 695,5 Sept. 1895, 739. See also J. Harris, Unemployment and Politics 1886-1914 (1972), pp. 115-24, 135-44.
3. See, e.g. Herbert Samuel's notebooks on social conditions in
Oxfordshire in the 1890s, Samuel Papers A/6 and A/7, his agrarian pamphlets from this period in A/9, and H. Samuel, Liberalism (1902),
'The Land Question,' pp. 97 ff. On Lord Carrington and Winfrey's experiments, see Peacock, 'Land Reform,' pp. 147-9, 174 H.C. Deb.
4s. 27 May 1907, R. Winfrey, cols. 1432-7, and L. Jebb, The Small Holdings of England (1907), pp. 214-45.
4. See M. Fels, Joseph Fels (1920), esp. chap. 5; Hardie, see ibid.,
p. 59; Lansbury, ib_id_-, p. 32 ff.; also notes 1-2 , p. 274 above.
5. S. Webb, 'Preface,' in Hasbach, History, pp. x-xi.

286
wake for the 1892 election. If the chieftains remained hostile, it was widely believed that the natives were ready to embrace the faith. The rural mission was also intended to re-vitalise the moribund metropolitan heartlands. Campbell-Bannerman's first speech as Prime Minister, on the 21st December 1905, could be mistaken for a revivalist meeting. The Albert Hall was filled to its 9000 capacity and many had to be turned away. 'For an hour before the proceedings began the audience passed the time in singing

2 with much fervour the familiar political songs.' The whole leadership packed the platform. After dwelling on foreign and fiscal affairs, the Prime Minister turned to the land, singling out Chamberlain as his main target.
We desire to develop our undeveloped estates in this country (cheers) -
to give the farmer greater freedom and greater security in the exercise
of his business; to secure a home and career for the labourer who is
now in many cases cut off from the soil. We wish to. make the land
less a pleasure ground for the rich (loud cheers) and more of a
treasure house for the nation (Renewed cheers). Now why cannot Mr. Chamberlain drop his project of taxing corn and cheese and so forth,
and come back to his old love of three acres and a cow?... After all,
the health and stamina of the nation are bound up with the~main-
tenance of a large "class of workers on the soil. (Cheers) .
After twenty-five years of depression all was not well with agri-
culture and much remained that had been unsatisfactory before. Even
4

defenders and spokesmen were prepared to admit this. On the social, economic and regional aspects of the malaise we cannot dwell: it was reflected in the range of ameliorations put forward. In Parliament Liberals were full of genuinely constructive goodwill; without losing sight, however, of political ends. Small Holdings were given legislative priority.
So much was expected to flow from their diffusion: Stemming rural de-popu-lation and alleviating urban overcrowding. Mending those deformities in the national physique and character that the previous war had revealed, and

1. See Peacock, 'Land Reform, 1 pp. 127 ff., 153 ff.
2 - The Times, 22 Dec. 1905, 6a.
3. Ibid. 6c.

4. See R.H. Rew, Decline in the Agricultural Population of Great Britain,
1881-1906. Report; P.P. 1906 Cd. 3273 XCVI, esp. pp. 9-21. H. Rider Haggard, Rural England (2nd edn. 1906), 'Conclusion, 1 pp. 536-76.

287

building them up for the next. Securing food supplies for wartime. Replacing imports. Making full use of the nation's landed resources. Preserving rural values and virtues. Promoting social stability and mitigating class conflict. Improving rural incomes and rural housing. Touching the labourer with the magic wand of property, and enabling him to mount the social ladder. Compelling the landlord to accept social respon-sibility. All these and more were expected by true believers, who were
to be found in both parties. Unionists did not dissent; many of these ends

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and outcomes were also inscribed in their own books. They only professed to differ on the best way of attaining them.
Party differences crystallized over the question of tenure. Lord Carrington, the Lincolnshire SH enthusiast, was President of the Board
of Agriculture. Farmers' security of tenure was greatly extended by two Agricultural Holdings Acts in 1906 and 1908, and much parliamentary time was consumed by the Small Holdings and Allotments Act in 1907 and the following year. This latter act obliged County Councils to provide Small Holdings and gave them compulsory powers to do so. In particular, it enabled them to compel a landowner to hire out land (through the Council) to small-holding tenants. As Hermann Levy pointed out, such tenants were favoured with the 'three Fs' of Gladstone's Irish Land Acts. As in Ireland, landowners complained of the diminution of their tenure into 'dual

3 ownership.' As in Ireland, some were willing to contemplate state-aided

purchase instead. A.J. Balfour spoke out for those when he stated at Birmingham in September 1909,
There is no measure with which I am more proud to have been connected
than with that giving peasant ownership in such large measure to
Ireland, and I hope to see a great extension of such ownership to
England, Nothing could be more desirable or important.

1. See the Small Holdings and Allotments bill introduction debate,
174 H.C. Deb. 4s. 27 May 1907, esp. L. Harcourt, cols. 1377-87;
and the second reading.debate, 175 H.C. Deb. 4s. 12 June 1907, cols. 1444-1539.
2. E.g. J. Ceilings, Land Reform (1906) and E.A. Pratt, Small Holders:
What they must do to succeed (1909) .
3. "see Levy, Small Holdings, "pp". 140 ff.

288

The pre-condition of success at SH farming was 'a feeling of ownership

and nothing else.' On the Liberal side, great emphasis was placed on

9

the difference between a council tenancy and outright ownership." The

Land Nationalisers regarded tenancies as an instalment towards their

programme, and they satisfied the collectivist predilections of the 'New

Liberals.'

Lloyd George was earnest about his vision of rural regeneration,

perhaps more so than on any of his other enthusiasms. But he was not

inwardly committed to the Liberal Small Holding Peasants' Paradise. In

the summer of 1910, during the Budget impasse, he made the well-known

coalition proposals to Balfour. The text of this highly confidential

memorandum is open to many interpretations, and should certainly not be

taken entirely at face value. That part of the memorandum which relates

to the land is remarkable chiefly for its negations and these, in the

nature of the document, must have been genuine (the positive aspect was

vague, and possibly intended to accommodate the other side) . One thing

is clear: Lloyd George regarded the Small Holdings programme as politically

divisive and economically dubious.

There is no question which would gain more, by the elimination of
Party strife and bitterness, than that of the land. It is admitted
on all hands that the land of this country is capable of much more profitable use than is now given to it. Both parties seem to
imagine, for the moment, that the real solution lies in the direction
of establishing a system of small holdings. I think thay have been
rather too readily rushed by small, but well organised groups of
their own supporters into the acceptance of this doctrine. These
groups are inspired by men of no marked intelligence and with little knowledge of land cultivation. The small holdings craze, is of a
very doubtful utility: and I do not think its devotees have sufficiently

1 - The Times, 23 Sept. 1909, 7e.
2. See, e.g. Mrs. R. Wilkins (L. Jebb), The Small Holdings Controversy:
Tenancy v. QynersJlJJP. (1909) , passim.
3. S~ee, e . g.J. Hyder, The Case for Land Nationalization (2nd.edn.
1914), p. 259; L.T. Hobhouse, Liberalism (Home University Library,
n.d. [1911]), pp. 175-6.
4. See Lloyd George: A Diary by Frances Stevenson, ed. A.J.P. Taylor
(1971), pp. 191NT262.
5. P. Rowland, Lloyd George (1975), pp. 236-8.

289

considered whether farming on a large scale by competent persons with adequate capital is not more likely to be profitable to the community than a system which divides the land amongst a large number of more or less incompetent small holders.... If a mistake
is made, it will be irreparable for generations. Once a system
of small holdings is rooted in this country, it will be almost impossible for a very long time to substitute for it a system of
farming on a large scale with adequate capital, where the.state
might very well assist, and under intelligent management.

When coalition came to nothing, Lloyd George did not hesitate to fall

back on the faddists, and extract the utmost from the partisan potential

of the Liberal rural programme.

What then was the outcome of the SH legislation? It was not entirely

negligible. Between 1908 and 1914 more than 14,000 holdings were created,

and some 200,000 acres were acquired by Councils for this purpose, despite

2 the misgivings of their agrarian members. But this fell rather short of

social revolution. During roughly the same period (from 1909 to 1913)

there was actually a net loss of holdings under 50 acres, mainly, it is

3
claimed, because of urban encroachment. Liberal policy was failing to

effect a rural transformation. The reason is not far to seek; it may be

found in that same Albert Hall speech of December 1905 which painted the

glorious vision. Prior to declaiming on the land, Campbell-Bannerman made

a commitment to budgetary retrenchment, a pledge he proceeded to honour

by cutting expenditure and stepping up the redemption of the national

debt. Small Holdings were meant to be strictly solvent, and popular demand

for a house and a holding was frustrated by strict economic tests. • Councils,

landowners, and farmers also put obstacles in the way. Risks were to be

borne by the Councils. Finance was limited to a penny rate, and there was

1. House of Lords Record Office, Lloyd George Papers (hereafter LG)
C/3/14/18, ['...the memorandum which he [L.G.] had drawn up as the
basis of a discussion of the possibility of a coalition of the two
great parties,' A. Chamberlain in a covering letter to the untitled
memo, 29 Jan. 1915], 17 Aug. 1910, pp. 8-9.
2. C.S. Orwin and E.H. Whetham, History of British Agriculture, 1846-
1914 (2nd edn.Newton Abbot, 1971), pp. 334-5.
3. J.A. Venn, The Foundations of Agricultural Economics (2nd edn.
Cambridge 1933), p. 111.
4. See Mallet, British Budgets, pp. 288-90, 294-5.
5. See, e.g. Lord Ernie, Whippingham to Westminster (1938) , pp. 232-3
and The Land, i, 217 ff.

290
no question of subsidies. SH legislation embodied the old Liberal
belief that the shackles of tenure had only to be removed for Free Trade to work its benefits. Despite trappings of 'socialism' in the fora of Council tenancies, it remained an essay in Free Trade in Land.
An unbridgeable gap between ends and means characterised Campbell-Bannerman's cautious SH policy. One member of the Cabinet, at least, was impatient. In August 1908 a survey of the rural land problem was hurriedly prepared for the new Chancellor of the Exchequer, Lloyd George. Written
by E.S. Montagu, Asquith's PPS, it largely spoke in terms of landlord-tenant relations. Dwelling on achievements, it began with the Agricultural 2
Holdings Act of 1908, which extended farmers' security of tenure. 'The object of the Liberal agricultural policy,' wrote Montagu, accurately describing the limits of that policy, was 'to endeavour to replace a
system which depends on the existence of the well-to-do landlord by a system depending only on the energy and success of the man who tills the 3
soil.' But Lloyd George was concerned not with the salvation of indi-viduals, but with rural society and economy as a whole. For the 1909 Budget he came up with a true innovation, a central, government-financed Development Fund to encourage scientific and practical agricultural research, to promote rural co-operation, marketing and transport, to disseminate technical instruction and build up technical education, and to initiate afforestation. National intervention was necessary because 'the limit of development possible under our system of local government has been reached.' Lloyd George envisaged a central, rational, and concerted effort. What is more, in a year of severe financial pressures he was willing to find substantial sums, at the expense of the sacred sinking fund. In justi-

1. AP 24, E.S.M[ontagu]., 'The Chancellor of Exchequer, 1 [typed
Memorandum] 22 Aug. 1908, ff. 273-7.
2. On this subject, see Matthews, Fifty Years, chap. VI.
3. AP 24, Montagu, op. £i_t. f. 274.
4. From another (critical) Montagu memorandum, William Runciman Papers
WR/30, E.S.M[ontagu]. 'English Development,' [typed Memorandum]
April 1909, p. 1.

291

fication, he invoked the same vitalist metaphor cited at the beginning of

this chapter:

We have drawn on the robust vitality of the rural areas of Great
Britain, and especially of Ireland, and spent its energies recklessly
in the devitalising atmosphere of urban factories and workshops as if
the supply were inexhaustible. We are now beginning to realise that
we have been spending our capital, and at a disastrous rate, and it
is time we should make a real concerted, national effort to replenish
it. I put forward this proposal, not a very extravagant one, as a beginning.

II

Unionist responses to the Liberal challenge wavered between two poles.

On the one side were those who advocated an accommodation with the new

regime; on the other, those who, like Balfour and Bonar Law, believed in

outright resistance. But the landed interest, the most directly affected,

lacked a firm voice. The Central Chamber of Agriculture had lapsed from

its previous pre-eminence as the Parliamentary organ of the agrarians, to

2 the disquiet of its members. At the same time, the other sectional

interests were strengthening their organisation. A Land Agents' Society was

set up in 1901; Agricultural Trade Unionism was rejuvenated in 1906, and

from local beginnings early in the century, a National Farmers' Union was

3 established in 1908. On the third of July 1907 a group of (mainly)

Unionist politicians met at the Junior Carlton Club and founded the Central

Land Association, in order to create a Parliamentary front against the

Small Holdings Bill. The Association claimed non-party status and co-opted

a number of Liberal MPs on to its executive committee. In three years

it grew to more than a thousand landowner members, and aspired to become

1. 4 H.C. Deb. 5s. 29 April 1909, col. 495.
2. Discontent came out in the form of a demand for an agricultural party
in 1907 and 1908. See Matthews, Fifty Years, chap. XIII.
3. See H.M. Walker, 'The History of the Central Landowners' Association
1907-1947,' (typescript, n.d. [c. 1948]), p. 8, in the Museum of
English Rural Life (University of Reading) Records of the Country Landowners Association (hereafter CLA), CLA C/l.
4. CLA A/VII-1, 'Report of the Proceedings at the Inaugural Meeting of
the Landholders Central Association, 1 3 July 1907, (16 pp.). See also
The Times 4 July 1907, 14c, and 'A Constructive Land Policy, 1 EG,
6 July 1907 ,7.

292

the landowners' 'Trades Union.' The President and guiding personality was

Walter Long, the foremost political squire in the House of Commons. Long's

attitude was not combative. In hi's heart Long had probably given up the

fort already. Landed society had had its day, and now was the time to

retire with good face and pocket intact. 'The position is very different

from what it used to be,' he told the founders of the CLA,

Many of the amenities connected with the ownership of land have been largely reduced in value. Some have almost disappeared and there is
no doubt that throughout the country there are opportunities for the transfer of land which did not exist in the days that are gone....If
we could agree upon a policy of purchase I believe that would be a
very great step in the right direction for all who are concerned with
our industry.

Whether for political or for other reasons, large old estates were being

3
dismantled at a growing, pace in the late Edwardian period. The Unionist

leaders were pestered with would-be reformers who tried to interest them

in Land Banks, Co-operation, State purchase and other devices to foster

4 small holdings on supposedly non-Liberal lines. In this atmosphere of

uncertainty Long embraced Jesse Ceilings and his state-financed small-

ownership scheme, which he repeatedly tried to press upon Balfour. Many

landowners and farmers still regarded SH as a threat to the established

rural order.

Long was no longer personally committed to the rural order, and was

more concerned, it appears, to preserve a market for land. Early in

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1. Membership reached 1,011 in 1910. See Walker, op. cit. p. 2.
'Trades Union 1 - CLA A/VII-2, CLA 'Second AnnuaI~General Meeting, 1
15 July 1909, Lord Onslow, p. 5.
2. CLA A/VII-1, CLA, 'Proceedings at the Inaugural Meeting, 1 p. 3.
3. See Thompson, Landed Society, pp. 320-26. But Venn, Agr. Economics,
p. 113, points out that the number of owner-occupied farms in England
and Wales actually declined by 12.8% between 1909 and 1913, to 48,760.
4. See, e.g. Sir Gilbert Parker, The Land for the People (1909) with a
preface by Balfour. For the background, and references to many of the schemes, see Long Papers, WRO 947/438, R.D. Blumenfeld [editor of the Daily Express and a co-operation enthusiast] to W. Long, 22 Aug. 1910,
and J. Collings to Long, 7 Sept. 1910.
5. See Long Papers, WRO 947/438, Long to Balfour Carbon copy, n.d.
[late 1909?].
6. For evidence, see The Land, i, 217 ff.
7. See note 5, above.

293

September 1910 he wrote to Balfour:

Even with all its risks I personally am a convert to the system of
small ownership, for one reason above all others. I believe it is
the only way in which we can -resist the march of Socialisrr., as
exemplified, not by Snowden and Keir Hardie, but by the present
financial policy of the Government, which must undoubtedly make the
ownership of land in large quantities impossible for anybody who has
not got other very large sources of income.

He echoed Balfour's idea that the state-financed withdrawal of the aristocracy

from Ireland was a suitable precedent for England. State-aided purchase had

2
quenched socialism in Ireland and he urged its adoption in Britain. A few

days later he wrote to Ceilings:

I am selling a portion of my own estate now simply and solely because
I feel that it is impossible for poor men like myself to keep large
estates in face of the present burdens.

What was the reality of the'burdens'?

1. Long Papers, WRO 947/438, Long to Balfour, Carbon copy, n.d. [early
September 1910], fols. 2-3.
2. Ibid. Balfour was non-commital. See WRO 947/438, Long to Collings,
15~Sept. 1910.
3. Ibid.

294
CHAPTER EIGHTEEN: THE PEOPLE'S BUDGET AND THE RURAL LAND CAMPAIGN,
C. 1910-1914
I

Lloyd George's Budget had thrown the gauntlet to the whole tenurial
interest of the country. On top of the super-tax, increased death duties, doubled stamp duties, new road and petrol taxes and higher duties on drink, the Land Values duties singled landowners out for special severity of treatment. In the Finance Bill the duties followed the preamble and took
up half the text of this very long bill. To the owners, there was an ominous gap between the cumbersome machinery and the meagre revenues expected. In Limehouse, on the 30th July 1909, the Chancellor questioned the very legitimacy of landed property, and on the 30th October they were told that 'the new state valuation must be the basis of all plans for comnunal purchase He also invoked Irish land purchase, but with a different emphasis. Scores of millions of British credit were being pledged to rid that country of *rhc

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crippling influences of landlordism.' Was nothing to be done for Britain?" Grand national valuations were no novelty, and were carried out as a
matter of course every five years for income tax Schedule A. Capital valu-ations were also routinely scrutinized for death duties by the Inland Revenue Valuation Department, which was entrusted with the new valuation. Nevertheless, even apart from the entirely new scale, there was an important difference. The valuation went beyond the market and into the realms of pure theory: beyond rents, beyond selling prices, even beyond capital valuation, to tease out and capitalise the pure Rent. This was already implicit in Moulton's original kite of 1889, and was the Achilles heel of the whole project, for it made the valuers' task doubly difficult and provocative. Five different values had to be establised. The most straightforward was the first, the composite selling value of the site and structures ('gross value'), from which mortgages and other charges and

1. See The Times, 31 July 1909, 9 (esp. c-d) .
2. D. Lloyd George, 'The Issues of the Budget,' The Nation, 30 Oct. 1909, 182.

295
rights were deducted to arrive at the 'total value. 1 Then, in the most controversial procedure, buildings and other improvements were deducted
to arrive at 'full site value'; another set of deductions (for improvements affecting the site) reduced this to the 'assessable site value.' All the values were to be established retroactively for the 30th April 1909, and
not the date of actual valuation. Finally, owners were allowed to
substitute for the 'original site value' of 1909 any higher value actually recorded in a transfer up to twenty years previously (effectively neutralising the increment tax until values exceeded those of the previous boom). agriculture enjoyed yet further allowances.
At each step owners could be confronted with debatable valuations
which no reference to the facts could possibly settle. Every valuation
was vulnerable to appeals in sympathetic courts. Despite the apparent goodwill of the revenue staff, the task was formidable and the valuation got off to a bad start. More than ten and a half million 'hereditaments' (i.e. separate units of tenure) had to be valued. In August 1910 the
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department sent out 10.5 million copies of the notorious Form IV, which required owners to return an elaborate personal valuation of all five values within a month under pain of a £50 fine. The Unionist and property press shouted themselves hoarse with protest, and even the Liberal press printed 3
very critical letters from supporters of the government. In subjecting tenure to such scrutiny, the Liberals were tampering with a large

4 constituency of their own supporters. Even Charles Trevelyan was

1. Text of Finance Bill, as amended in Committee and on Report, see
D. Lloyd George, The People's Budget (1909), pp. 135-90. The
relevant sections are Pt. 1,2. (3) and 25.
2. IRAR; P.P. 1911 XXIX, Pt. I, p. 159; CAB 37/117/96, [inland Revenue,
Taxation and Rating of Site Values], 24 Dec. 1913, p. 10. See
J.H. Whitworth, A Practical Guide to Form IV (1910).
3. E.g. The Times, 16 Aug. 1910, 3a-b et seq. esp. leader, 27 Aug. 9d-e;
EG leaders, 20 Aug. 1910, 325; 3 Sept., 405; 17 Sept., 485; The Nation, T~Sept. 1910, 801-2; 17 Sept., 878-9; 24 Sept., 909-10.
4. See e.g. WR 35, R. Chalmers to W. Runciman, 8 Sept. 1910; CPT 29,
F. Marshall to C.P. Trevelyan, 22 May and 10 June 1912, "illegible signature] to Trevelyan, 22 Sept. 1912; J. Aynsley to Trevelyan, 6 Oct. 1912 (all this despite exemptions for small owner-occupiers) . Also
IRP [PRO IR 63/31] N 21.5, 'Points likely to be raised on behalf of
the small owner of house property,' n.d. j-912], fols. 150-3.

297

discomfited with the valuation of his house in Newcastle (£7,300) ,

Hundreds of qualified valuation staff had to be recruited in a hurry, and

the opposition of property professions gave way to boundary disputes in

2
competition for well-paid employment in a period of market depression.

As criticism and dissatisfaction mounted in 1911, the arbitrary values

and deductions gave rise to such Alice-in-Wonderland concepts as 'negative

3 site values. 1 Edgar Harper, who had long preached the simplicity and

cheapness of valuation, was called in from the L.C.C. to prove his point

4 and was given responsibility for the Valuation Department in May 1911.

In the nature of his talents, he only succeeded in making confusion worse

confounded. Robert Chalmers' lucid and terse advice gave way to opaque

disquisitions propounding expedients of mounting desperation.

Walter Long disapproved of the diehard resistance of the House of

Lords, in spite of his distaste for the Budget; the Central Land Association

kept up correct relations with the Chancellor of the Exchequer, achieved a

considerable concession for its members and managed to retain Liberal MPs

on its executive committee. Other landowners were in a more combative

mood. Foremost among them was Ernest G. Pretyman. He had been an obscure

artillery captain until 1889, when an unforeseen bequest placed him in

possession of a large landed estate near Ipswich, 'said to be twenty-two

1. WR 68, Trevelyan to Runciman, 14 Jan. 1912..
2. See IRP M3.ll, H. Thomas, 'Draft Notes on the Organisation of the
Land Valuation Department,' June 1910, which includes an account of relations with the professional associations and a breakdown of the qualifications of the first cohort of 275 officers. By 1914 the
number of valuers had risen to 753, backed up by 3890 other staff; see
IRP M6.47, 'Memorandum on the Valuation Office,' 1920, f. U.S.
3. IRP [PRO IR 63/25] N19.2 (Revenue Bill, 1911), 'Minus Site Values, 1
fols. 411-2; IRP [PRO IR/63/44] N22.6 (Revenue Bill, 1914), f. 505.
4. For the circumstances, see Haward, L.C.C. from Within, pp. 218-21.
5. See chap. 19 below,pp. 325-6. For a typical Harper memorandum see
IRP [PRO IR 63/31] N21.5, 'Report by the Chief Valuer as to possible Amendments of Section 3,' 9 Feb. 1912, f. 59 ff.
6. For the concession, see chap. 2 above, p. 14. Retention of Liberal
MPs, see CLA A./II, Executive Committee Minutes 2, 24 Feb. 1910; for moderate tone of criticism of Form IV, see IRP [PRO IR 63/31] N21.5,
CLA memorandum, Oct. 1910, fols. 40-52.

298

miles long by six wide' with a promising urban stake in Felixstowe.

He used his new-found eminence to embark on a political career, and was

elected to Parliament in 1895. Large parties came down from London for

shooting on the grand scale and Pretyman also became Master of the Brocklesby
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Hounds on an outlying part of his estate in Lincolnshire, but despite the

trappings of social elevation he did not disdain to descend in pursuit of

a political base. In opposition he specialised in tenurial politics, and

3 repeatedly stressed the local tax question.

Pretyman led the Parliamentary resistance to the Budget almost

4 from the start, and set out to fan the apprehensions created among the

mass of small proprietors by the Land Value Duties. On the 28th of

April 1910 the first meeting of his 'Land Union' took place. Unlike

Tory magnates, the new association did not stand aloof from the small

fry.

The Land Union gives particular attention to the interests of
small owners of Land and House Property, also to those of Farmers, Builders, and others who without its aid would be unable individually
to defend themselves against a powerful government department.

In addition to wealth and position, Pretyman possessed a thorough

mastery of the detail of the Land Value Duties which he used to harass

the Chancellor of the Exchequer in Parliament, the Press and direct

correspondence. His most successful arenas, however, were the courts

1. The information on Pretyman is based on an interview with his son,
Mr. G. Pretyman, on 25 Aug. 1977, and on three albums of press*
cuttings in his possession. This quotation is from Truth, 24 Oct. 1901.
2. Pretyman Cuttings, descriptions and photos of shooting parties at
Orwell Park, Nacton in vol. I, ff. 52 (1901), 64 (1903); vol. II,
ff. 82 (1905), 85 (1905). Mastership of hounds, The Throne, 5 Oct.
1907. Account of a visit, see A. Chamberlain, Politics from Inside
(1936), pp. 107-8.
3. See e.g. his speech reported in the Essex Weekly News, 2 Aug. 1907.
4. Almost three columns of the Hansard index for 1909. See 13 H.C. Deb.
5s. pp. 374-6.
5. The Land Union, Objects and Policy (1913), p. 3. This pamphlet
surveys the work of the Union up to that date. A monthly Land Unior^ Journal (not consulted) was one of many other publications.
6. For a victim's view of his campaign, see e.g. IRP [PRO IR 63/31]
N21.5. E.G. Pretyman to R.G. Hawtrey, 25 July 1911 and subsequent correspondence and memoranda. For a full-dress Parliamentary attack
see e.g. 28 E.G. Deb. 5s. 25 July 1911, cols. 1522-35; 52 H.C. Deb.
5s. 28 April 1913, cols. 838-56.

299
of law.

Lord Eversley described how, by a careful choice of cases, courts
and judges, the preservation of many commons was secured between the 1860s and the 1880s. But by the turn of the century, with the middle class retreat from Liberalism, there was a shift among the judiciary as well.
In 1905 the Commons Preservation Society suffered its first major legal

9 defeat when it failed to secure free access to Stonehenge. From its inception the Land Union subjected the Land Valuation to extensive liti-gation, and the Inland Revenue suffered numerous embarrassing mishaps in the courts. Two celebrated cases developed into serious reversals. In
the first of these, popularly known as the Lumsden case (1911) the judgement implied that builders' profits were liable for increment value duty, thereby confirming builders' and owners' apprehensions and laying on the govern-

3 ment the damaging onus for the depression in housing. Try as they might

to show that other factors were also involved, the Liberals had to admit that those apprehensions had taken root, and had exercised an adverse
effect on construction. With incomes on the rise and vacancies decreasing, the stage was set for a repetition of the housing famine of the late 1890s; and builders' profits were a borderline type of increment that exposed the inherent contradictions, unintended consequences and careless drafting of the Land Values taxation.
Even more serious in its effect was the 'Scrutton judgement 1 of

1. Eversley, Commons, pp. 30-1.
2. Ibid, pp. 302-11.
3. For a survey of the legal campaign from the Land Union side, see
R.B. Yardley, Land Value Taxation and Rating (n.d. [1930 j) , pp. 642-55. From the Revenue point of view, the list of cases in the Inland Revenue Annual Reports, and IRP [PRO IR 63/32A]N21.6 which deals with the ramifications of the Lumsden case between 1911 and 1913. For the case itself see Lumsden v. Commissioners of Inland Revenue, [1914], A.C. 877.
4. The Land, ii, 80-96.
5. Bad drafting, see IRP IPRO 63/32AJ N21.6, Sir Matthew Nathan
[Chairman of the Board of Inland Revenue] to Sir John Sir.on MP,
18 April 1913, fols. 104-8, and other documents.

300

February 1914. l Sir Thomas Edward Scrutton (1856-1934), the High Court

judge, was a living demonstration of the shift in judicial attitudes from

high Victorian Liberalism. In 1887 he published a prize essay on Commons

and Common Fields which, although it questioned some of the legal assumptions

underlying Commons Preservation Society tactics, gave wholehearted support

2 to their aims and suggested additional ways of advancing them. In

Commissioners of the Inland Revenue v. Smyth [1914] he decreed, in effect,

that all previous agricultural valuations were invalid, and prescribed

an impracticable new method of valuation. This brought the levying of

Vacant Land Duty, the most productive of the duties, and the original

'Harper Tax' of 1908, to a halt; pending an appeal or new legislation, it

3
placed the whole elaborate valuation project in abeyance. Six years later,

in 1920, Lord Justice Scrutton made these observant remarks:

the habits you are trained in, the people with whom you mix, lead
to your having a certain class of ideas of such a nature that, when
you have to deal with other ideas, you do not give as sound and
accurate judgements as you would wish.... It is very difficult
sometimes to be sure that you have put yourself into a thoroughly impartial position between two disputants, one of your own class and
one not of your class.

The Scrutton judgement revealed an aspect of the influence of the legal

system that was already familiar to Liberals: the ability of individual

judges to divert the political engine from its pre-determined path, or

even to bring it to a halt.

II

Mounted at a cost of more than £2 millions, and bringing in only a

5 quarter of that amount in revenue, the Land Valuation must be judged

an abortive and expensive raid on the Landed Interest's pocket; but it was

1. Commissioners of Inland Revenue v. Smyth, [1914] 3. K.B. 423. This
case, also known as the 'Norton Maleward case 1 was also sponsored by
the Land Union.
2. T.E. Scrutton, Commons and Common Fields (Cambridge, 1887), pp. vi—
viii, 174-6.
3. PRO IR 63/86, [unsigned memorandum], Board of Inland Revenue, 'Sent
to Chancellor,' 'Land Values Duties and the Valuation under Part I
of the Finance (1909-10)Act, 1910,' 13 Feb. 1919, fols. 115-6.
4. T.E. Scrutton, 'The Work of the Commercial Courts,' Cambridge Law
Journal^ I (1921), 8.
5> TRP~~[PRO 63/35] N22.1, E.J. Harper, 'Cost of Valuation, 1 2 Hay 1914,
f 168- ibid. [M. Nathan], 'Use of Valuation...for Local Taxation
and OtneFPlTrposes,' ?2 fsich-lay 1914, f. 172.

301
only one prong of a concerted attack. Lloyd George also aimed at the heart of landed society, at its sport. Sporting rights amounting to almost £1.3 millions a year were leased out in Great Britain in 1910, and much shooting land was kept in hand for the entertainment of estate owners
and their guests. Large shooting parties would descend on country houses in the autumn and engage in a curious and cruel competition for the largest number of bags. On the 18th of December 1913, for example, 3,937 pheasants were dispatched by shotgun at Hall Barn, Bucks., home of Lord Burnham, setting a British record. The second Marquess of Ripon exterminated more than half a million birds and beast in a lifetime of shooting, and more

2 than 10,000 in both 1911 and 1912. Fox hunting was even more integral to
3
country life and symbolic of the old regime. In a chapter of his memoirs entitled 'Glorious days of hunting the fox,' Lord Willoughby de Broke,
the diehard peer, exclaimed: 'it is doubtful if France before the revolution 4
was a better place than Warwickshire before the war.' Price Collier, an American observer with a bent for Social Darwinism noted the extraordinary outlay on sport and rationalised it:
we turn to... riding, walking, shooting, fishing, climbing mountains
and hunting wild game, in order to keep alive in us the hardier
virtues, which, in the beginning, made our forefathers capable of
winning a place for us in the world.
But he advised that an excess of exercise was already dimming the British mind. Collier estimated that outlay on sport exceeded the resources devoted to the Army and Navy, to religion and education; his comments and detailed figures are mainly remarkable for being extracted and placed before the Chancellor of the Exchequer.

1. IRAK, 1912; P.P. 1912-13 XXIX , pp. 105, 113; and see Stamp,
British Incomes, pp. 44-8.
2. See J.G.Ruffen, The Big Shots; Edwardian Shooting Parties (n.d.
[1978]), pp. 134-5.
3. See R. Carr, English Fox Hunting: a History (1976), esp. chap. IX.
4. Willoughby de Broke, The Passing Years (1924), p. 196.
5. P. Collier, England and the English from an American Point of View
(1909), p. 240.
6. Ibid, pp. 272-3.
7. For detailed breakdov/ns of dubious authority, see ibid. pp. 234-5;
for extracts see LG C/28/1/1.

302

Radicals were literally spoil-sports. 'A radical, 1 in Willoughby
de Broke's book, 'was a person whose motto was "Down with everything"
and who certainly could not be trusted with a gun in his hand within shooting
distance of a fox,

"For I looked into its pages, and I read the book of Fate, and saw Fox-hunting abolished by the State." 1
In Scotland the memory of the clearances made deer-forests into an
emotional issue, and deer-stalking was challenged by the many Access to Mountains bills, of which the latest had been introduced by C.P. Trevelyan

2 in 1908. In England's arable counties shooting was a serious farmers' grievance and was cited even by a Conservative expert as one of the main reasons for 3 agricultural backwardness. After the start of the land campaign, a farmer wrote in to Lloyd George to say

I am absolutely opposed to you in politics so I have no axe to grind except I do not like feeding other peoples' animals at my
own expense and the landlord getting two rents for the same ground.

Small Holdings could not be created because owners feared that small holders would swamp the game. Even troops on maneouvre were' shut off from shooting land, well before the season, in a conflict of loyalties that Punch found more distressing than amusing.
For all these reasons Lloyd George chose sport as a central target in
his attacks on landowners. 'Are they going to reduce their gamekeepers?' he asked in mocking tones at Limehouse in 1909. At Bedford on the llth October 1913, at the opening of the land campaign, he stated that gamekeepers had increased from 9000 in 1851 to 23,000 in 1911, while farmworkers had
o

declined by 600,000. But the Liberal Kulturkampf was lacking in

1. Willoughby de Broke, The Passing Years, p. 167.

2. See 188 H.C. Deb. 4s. 15 May 1908, C.P. Trevelyan, cols. 1439-47. 3 See C Turner, Land Problems and National Welfare (n.d. [1911]), pp. 17-8, 38, $57"XH=*~.
4. LG C/10/1/95, W.H. Cooper to Lloyd George, n.d. [Oct. 1913]. 5. See, e.g. The Land, i, 220, 223-4.
6. '"Preserving" the Country,' (cartoon), Punch, 21 Sept. 1910, 201. 7.' The Times, 31 July 1909, 9d.

8. The Times, 13 Oct. 1913, 13d.

303

conviction. Given the opportunity and the means, wealthy Liberals loved

to indulge in Tory pleasures. Charles Hobhouse, Postmaster-General, was

a long-range cyclist but also a passionate rider to hounds and a big shot.

C.P. Trevelyan was not content with the man hunt: 'I got 16 brace to my

2 sole gun,' he boasted to Runciman in 1910. After Lloyd George reproached

the game tenantry at his Swindon speech, Bonar Law found no difficulty in

. . 3
obtaining a list of Liberal shooting tenants. With a mind peculiarly

indifferent to the attractions of nature, he was personally irrmune to such

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a line of attack. And while the Chancellor concentrated on the ravages

of the grouse and the pheasant, he avoided the subject of fox-hunting,

maybe in obedience to the Prime Minister's wife, who demanded in January

1913, 'Promise me you won't mention fox hunting in your land speeches. 1

Liberals were compromised by their complicity in the culture of the rural

ascendancy. But Lloyd George's concrete proposals were part of a Rural

Land Campaign of much wider scope.

Ill

The origins of the Liberal land campaign of 1912-14 have been

traced, and the story of the campaign is familiar in outline; the

internal coherence of its proposals has not, however, been fully appreciated

1. Inside Asquith's Cabinet, pp. 5-6, 120,122.
2. WR 35, 19 Sept. 1910.
3. BL 30/3/60, W.J. Marshall, 'List of Scottish Shootings owned or
rented by Radicals...', 27 Oct. 1913.
4. See Blake, Unknown Prime Minister, pp. 18,30-1; Beaverbrook tells of
a meeting between Asquith and Law at the beginning of the war:
Bonar Law was harsh and Asquith subsided into silence. Asquith
then tried to relieve the tension by walking to the window and expatiating on the beauty of the view as it extended across the
valley to the opposite hill. There was nothing like it, he
remarked, in the South of England, except the view from Hindhead. Unfortunately, this kind of observation never had the slightest
effect in rousing Bonar Law's interest.
Lord Beaverbrook, Politicians and the War 1914-1916 (one-vol. edn.
1959), p. 42.
5. LG C/6/12/1, Margot Asquith to Lloyd George, 3 Jan. 1913.
6. A. Briggs, Social Thought and Social Action: A Study of the Work
of Seebohm Rowntree (1961), pp. 64 ff.
7^ Most of the studies listed in note 1, p .251 above, cover this episode,
particularly Emy, Gilbert, King and Murray.

304

First, a massive 'Land Enquiry 1 was launched in June 1912. Unofficial enquiries had been invented by Joseph Chamberlain: the Radical
of 1885, and the much more elaborate Tariff Commission of 1905. l Following these precedents, the Enquiry was designed to translate an overriding political impulse into detailed practical policies and to give it publicity and impetus. Like the Tariff commission, the Land Enquiry eventually published a valuable record of economic and social conditions. Unlike the Tariff Commission it avoided public hearings and pronouncements. Instead, it tapped hundreds of informants in every part of the country for private information about tenurial and labour conditions, thoroughly alerting both supporters and opponents and creating a heightened sense of apprehension and expectation. Practical men, experienced social investi-gators, idealists and hardened politicians joined together, at once to further social and economic ends by political means, and to harness such 2
aspirations for political ends. B.S. Rowntree provided the initial spark in 1912, and undertook the administrative, methodological and financial
3
responsibility. His own interest arose from the connection between poverty and land tenure which the enthusiasts for SH and decentralisation perceived. Small Holdings and better access to the countryside stood near the top of his priorities and a deeply rooted moral preference for the

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country over the town informed his analysis. It pained him when a
town labourer recalled his days in the country and said 'I felt as if I
was buried alive.' He rejoiced when another put up with the hardship in

1. See J. Chamberlain, A Political Memoir 1880-92 (1953) ed. C.H.D. Howard,
p. 108 and Amery, Chamberlain, vi, 529-34.
2. See LG, esp. C/2 for the enthusiastic atmosphere of the Enquiry.
3. Briggs, op. cit • Rowntree's father contributed £10,000 and William
Lever another £5000; see LG C/2/3/16, B.S. Rowntree to Lloyd George,
6 Oct. 1913 and C/10/1/58, W.H. Lever to Lloyd George, 22 Oct. 1913.
4. See B.S. Rowntree, Land and Labour: Lessons from Belgium (2nd edn.
1911), pp. v, 542-7.
5. Ibid. p. 540 n.

305

order to live in the country and cycle for work into town.

Lloyd George was by no means so keen on small holdings, and

occasionally even failed to distinguish between Unionist and Liberal
2
enthusiasts. Other considerations must have weighed on his mind. After

1910 the English Tory rural constituencies remained the last electoral

frontier still open to the Liberal party and their capture could shift

the political balance in its favour. 'Half of the seats in England which

the Liberals could hope to win in 1915 were rural in character,' writes a 3
student of the electoral configuration. Only 35 out of 150-odd English

rural constituencies had been held by the Unionists continuously since

4 1885. It suited the Chancellor that the Enquiry placed rural poverty at

the centre of its concern. Wages in agriculture were low, employment

often casual or seasonal, the work hard, the hours long. Housing was bad

and its tenure insecure. Farmers were becoming restive over Unionist

shifts and turns on tariff reform, particularly after food tariffs were

abandoned in January 1913. Game leases and insecurity of tenure added to

their worries. From these elements of discontent Lloyd George forged a

strategy for land. It was simple in structure, masterly in conception and

incisive in effect.

The plan was apparently settled in outline in Lloyd George's mind in

the summer of 1912. Asquith gave public consent to a land campaign in

1. LG C/2/4/12, B.S. Rowntree to Lloyd George, 2 April 1914, enclosing a
letter from S.F. Harrison to Rowntree, 11 March 1914 describing the tribulations of finding a suitable rural dwelling.
2. See above, p. 288 . He was impressed by the writings of J.L. Green,
Jesse Collings' lieutenant, and in ignorance of his identity, asked
whether he could be recruited for the land campaign. See LG C/2/1/19,
Lloyd George to J.S.G. Heath, 12 Sept. 1912.
3. A.S. King, 'Some Aspects of the History of the Liberal Party in Britain,
1906-1914,' (Oxford University D.Phil. thesis, 1962), p. 325.
4. Ibid, p. 326.
5. The Land, i, Pt. I.
6. See B. Gilbert, Farmers and Tariff Reform (1913), passim, and The
Land, i, Pt. III.
7. See LG C/9/3/9, F.A. Huckle (Mid-Oxon Liberal Association) to Lloyd
George, 19 July 1912 (a detailed reply to an inquiry about labour conditions in agriculture) and C/2/1/22, Lloyd George to Heath (secretary of the Enquiry), 14 Sept. 1912.

306

October of that year, and private approval in February 1913. Lloyd George

kept abreast of the progress of the Enquiry, but did not wait for its

2 conclusion. A proposal was circulated to the Cabinet on 21 August 1913,

and the principles were acknowledged by two other ministers in important

3
Cabinet papers in September. Yet discussions of detail continued and the

plan did not come before the Cabinet until 15 October 1913, four days

after the official launching speech at Bedford. Only at Swindon, on

the 22nd October, was it presented in full. The Cabinet documents were

long, and full of administrative detail. The land speeches were even

longer, and clouded by transcendentalist rhetoric. The plan which the

Chancellor placed before his colleagues was a ramshackle affair, and took

'three long Cabinets' to consider. A jumble of concrete proposals without

clear priority were piled on top of each other, and even the Chancellor soon

needed a list of all his promises. As in previous instances of tenurial

policies, the cutting edge was hidden in a sheath of subordinate detail.

Nor was obfuscation without a function. It served to tone down the partisan

o

purpose of the proposals; and with very good effect, as we shall see.

On the 18th October Bonar Law's advisers tendered their own interpretation:

In a few words, MR. LLOYD GEORGE'S POLICY is as follows:-
The labourers in this country are getting an insufficient wage,
and they must be paid more.

1. Speech at Ladybank, 5 Oct. 1912. See Annual Register (1912), 214;
WR 82, Lloyd George to Runciman, 10 Feb. 1913.
2. See LG C/2/1 (July 1912) - C/2/3/14 (Oct. 1913) for the record of
his relations with the Enquiry.
3. These were CAB 37/116/56, 'Land,' ('embodies the suggestions of some
members of the Cabinet') 21 Aug. 1913; CAB 37/116/58, W. Runciman,
'Rural Land,' 13 Sept. 1913 and CAB 37/116/64-5, S. Buxton, 'The Land Question,' and 'Figures Relating to the Land Question, 1 dated Sept.
1913 and printed 3 Oct. 1913.
4. See Inside Asquith's Cabinet, pp. 146-8, and compare Runciman's notes
from the Cabinet meeting, WR 74.
5. See The Times, 13 Oct. 1913, 14, and 23 Oct. 1913, 9-10.
6. Inside Asquith's Cabinet, pp. 147-8.
7. See LG C/2/3/37, Heath to Lloyd George, 8 Nov. 1913 and enclosed
'Summary of Proposals outlined by the Chancellor in his speeches.'
8. See below, pp. 312-13.

307
This increase in wages must not come out of the pockets of
the farmers, who cannot afford it, and the deficiency must therefore
be made up by a deduction from their rent.
The chief point of this policy is the extreme difficulty it
presents in combating it from a political point of view...
It could not be better put. The proposals were a crowbar intended to
pry the tenures apart and let a Liberal constituency loose; an ancient Radical conviction held that this would also raise production in the

2 countryside and elevate its moral and physical well-being. The essence

of the plan was simple: a minimum wage for agricultural labourers,
raising it to the level of the best-paying districts and making an increase of from one-quarter to a third or more in most districts. A living wage would enable the labourer to pay an economic rent and end his bondage to the farmer's tied house. To meet the increased wage-bill, farmers could get pro rata remissions of rent from the landowners, and were also promised compensation for game damage and greater security of tenure. The policy was to be effected amicably by arbitration and conciliation in
Wage Boards and Rent Courts, an extension into agriculture of the old Liberal rent courts in Ireland, and the wage boards instituted by Asquith's government in sweated occupations and the coal mines. Arbitration powers were to be vested in a Land Commission:
Abuses of the present system show themselves in unfairness of contract between the landlord and tenant or between tenant and labourers or
workmen; and the cardinal point of the present proposals is that a Commission should have discretionary power to intervene in any case
in which it was alleged that an unfairness of contract existed which prevented land being used in the best interests of the coinnunity.
All the rest (small holdings and allotments, land registration, compulsory purchase, education, afforestation, rural transport, law reform, etc.) was

1. BL 30/3/35, H.C. Thornton (on National Union notepaper) to Miss Tugander (Bonar Law's secretary), 18 Oct. 1913, enclosing, '...a Memo-randum which has been prepared by Mr. TollemacheC B. Tollemache,
secretary of the CLA] for Mr. Bonar Law's Use,' p. 1.
2. S. Buxton's preamble (CAB 37/11/65) spoke in similar terms;
Runciman's time horizon was defined by the coming election (CAB
37/116/58, pp. 4, 7-8); the 'Radical conviction 1 is spelt out in
3. CAB 37/116/56,'Land, 1 p. 1.

308

elaboration and dressing. An urban policy on the same principles was

also outlined. In October, a new administrative superstructure ('A

. . 2 Ministry of Land 1) was projected to pull all the strands together.

Nevertheless, the policy retained an overriding virtue: it was cheap.

Like the previous SH legislation, no substantial government spending was

3
envisaged. Alterations of tenure would take care of everything and the

cost would come out of Rent.

After a sluggish start at Bedford, the rural campaign took 'like

4 wildfire.' So deep was rural despondency that the promise of decent

wages was irresistible; devotional scenes abounded. Scores of Liberal

missionaries poured into the countryside and brought back reassuring

messages. Farmers sent in testimonials; Liberal candidates were enthu-

siastic. At one stage 90 to 120 meetings were being held every day;

millions of pamphlets and leaflets were distributed. On 28 May 1914

the Secretary of the campaign organisation took stock of the situation and

reported that the rural effort had achieved its goals:

1. Sources in n.3 above. The foregoing is my own distillation of a
mass of detailed proposals.
2. See CAB 37/118/9, 'Ministry of Land, 1 9 Jan. 1914, including Cabinet
note of October 1913 (pp. 22-3).
3. See AP 25, 'Mr.Asquith on Land Policy, at a dinner at the National
Liberal Club, December 12, 1913, to celebrate the inauguration of the
Central Land and Housing Council The Land Campaign organisation ,' f. 76a
4. LG C/10/1/71, Oliver Brett (Liberal candidate in the Unionist-held
Tavistock, West Devon constituency) to Lloyd George, 26 Oct. 1913.
Brett was the eldest son of Viscount Esher.

5. For detailed reports from the constituencies see LG C/2/4/23-9,
late May 1914.
6. Letters from farmers, see LG C/10/l/87b, F.W. Hood to Sir J. Herbert,
24 Oct. 1913, and C/10/1/95, W.H. Cooper to Lloyd George, n.d. Oct.-
Nov. 1913 ; from candidates, see Brett, LG C/10/1/71 and C/ll/1/56,
W.J. Potter (prospective candidate for Bow and Bromley, but describing conditions in Chelmsford, Essex) to Lloyd George, 5 June 1914. Some farmers wrote in to ask how owner-occupiers could afford higher wages,
and to complain of displacement by SH. See LG C/10/2/83, C. Samuda
to Lloyd George 23 Dec. 1913 and C/ll/1/1, J. Monk to Lloyd George,
4 March 1914. See also C/10/1/90, 0. Brett to Lloyd George, 31 Oct.
1913.
7. LG C/2/4/20, G. Wallace Carter, 'The Plan of Campaign,' report on
the Land campaign by the secretary of the Central Land and Housing Council, to Lloyd George, 28 May 1914, f . 2.

309

THE RURAL CAMPAIGN; speaking of the country as a whole I may say without exception the Government's proposals are arousing unprece-dented enthusiasm in the rural constituencies. In a large number
of villages every elector physically capable of doing so has attended the meetings. Men walk five, six and seven miles to be present.
The women are as enthusiastic as the men. The people will stand
for an hour or more in the drenching rain or piercing wind to hear the proposals explained. For the first time in the history of modern Liberalism farmers who do not support the Liberals are attending Liberal meetings where owing to violent opposition or small popu-lation, no meeting has been possible before. I get two reports from each meeting; one from the speaker and one from the local organiser and the story of success is universal....In the Rural districts we are making friends wholesale among non-Liberals, and the Tories have no sort of reply to make to our case. The farmers are thinking as they have never thought before... [and] I am perfectly sure we are
going to get the support of farmers, and labourers who are not
hopeless Tories. This means that unless some accident happens we
shall sweep the rural constituencies.

IV

How well-conceived this policy was is attested by the Unionist response

From the land campaign's very beginning in 1912 it threw the agrarians

into disarray. The Earl of Malmesbury, for example, warned Bonar Law on

the 1st of July 1912 that 'there is not the slightest doubt that Mr. Lloy,°

George intends making another violent, uncalled-for and unjust attack

upon Land.' He asked Law to commit the party to Jesse Collings* land

2 purchase proposals. The Unionists were disunited. At least three

separate study groups were separately commissioned, by Walter Long,

Austen Chamberlain and Arthur Steel-Maitland, chairman of the Party, on

top of the existing pressure groups, the CLA, the Land Union and Collings'

3 Rural League. Walter Long's experts made an accurate prediction of

Lloyd George's policy: 'We regard it as evident, 1 they reported, 'that

the Chancellor of the Exchequer has his attention directed to the question

of Agricultural Wages, and contemplates steps to raise them by Act of

1. Ibid, pp. 2, 4.
2. BL 26/5/1, Earl of Malmesbury to Bonar Law, 1 July 1912. For
Collings' proposals at this stage, see 34 H.C. Deb. 5s. 23 Feb.
1912, B. Stanier, cols. 888-96; Collings, cols. 896-903.
3. See WL WRO 947/439, W.H. Trustram Eve to Long, 14 July 1912 and
note 1 below.

310

Parliament.' Henry Trustram Eve, a land agent, surveyor and trusted

Unionist agrarian expert, was commissioned by Steel-Maitland to help

Alfred Milner in drafting an authorised 'land policy for rural districts.'

He advised informally that the Unionist party was defenceless in the face

of such Liberal proposals. Labourers had a grievance, and Liberals

promised tangible benefits where the Unionists could offer none. In

addition to Old Age Pensions, 'the best tangible result of politics they

have ever known,' the spirit of Limehouse was a source of disaffection.

The whole political atmosphere has been changed since Limehouse, Newcastle, etc. and I suppose it is a fact of history that when
once the respect of one class for another is gone, there is no
halting place. It is either there or it is gone - like a pebble
thrown in a pond.

Lord Milner circulated his authorised report in the winter of

1912-13. It ran to 43 printed pages in the blue covers and Cabinet-

paper format used by the Unionists for their policy documents. Lord

Lansdowne responded on the 13th April 1913 in similar format but shorter

3 4 length. Milner admitted that agricultural wages were 'much too low. 1

Walter Long's experts had suggested a sliding scale for agricultural

wages pegged to the price of produce, on the lines of the tithe commu-

tation index. Milner took up their idea of a bounty on wheat to compensate

farmers for higher wages, and put forward a profit-sharing scheme, in line

with a contemporary anti-socialist vogue. Unionist hearts were not in

1. Long Papers (hereafter WL) WHO 947/439. This study was connissioned
in a letter from Long to B.E. Peto MP, 29 June 1912, and the report,
10 pages dealing with both urban and rural land, is dated 1 Aug. 1912.
The signature is illegible, the quotation from p. 7.
2. Steel-Maitlands's commission, see WL WRO 947/439, Eve to Long,
14 July and 7 Aug. 1912. Quotes from WL WRO 947/439, H.T. Eve,
'Random Notes in June 1912. Suggestions for the Unionist Party. 1
(14 pp., typewritten), pp. 1, 2. Long sent this outspoken survey of
rural politics to Bonar Law on 8 Aug. 1912, see BL 27/1/28.
3. WL WRO 947/439, [Viscount Milner], 'Confidential 1 [Memorandum,
undated, unsigned, untitled]; L[ord Lansdowne], 'Observations on
Lord Milner's Memorandum - (Agricultural Reform.)', 13 April 1913.
4. Milner, op. c_ijt. p. 35.
5. WL WRO 947/439, [Land study group report], 1 Aug. 1912, pp. 6-8.
6. Ibid. p. 8, and Milner, op. cit. pp. 35-6. On profit-sharing see
A. Williams, Co-partnership and Profit Sh&ring (1914), passim. and G.D.H. Cole, The WorId of Labour ~(1917 edn.), chap. X.

311

higher wages. Eve opined that 'the dignified course is to be patient and

wait.' In spite of its acknowledged urgency, the question of rural

poverty was given much lower priority in the counsels of the party than

reinforcing the bulwarks of property, in the tradition of Salisbury.

Lord Milner gave forceful expression to this line of reasoning.

There can be no manner of doubt that the institution of private
property is seriously menaced at the present time - more seriously
menaced perhaps in Great Britain than anywhere else in the world....
If the present Social Order is to endure, it is simply necessary, at whatever cost, to effect a great increase in the number of people who
have a direct personal interest in the maintenance of private property, There is no bulwark to communism at all equal to that provided
by a large number of small property owners and especially small ov::er,~
of land.

Most of the proposals were designed to further this end: 100 per cent

State aid for purchase, co-operative small-holding settlements, credit

banks, even 're-enclosure' of villages so as to give labourers some land

3 ' 4
close at hand. Lansdowne damned these schemes with faint praise. The

old landed magnates held back: reluctant to acknowledge or hasten the

break-up of their old authority, yet eager to get the best possible der.I

when sale became desirable or inevitable. Two debates on Ceilings' state-

aided purchase schemes, and Lansdowne's wavering approval for Irish-model

purchases reflected this indecision. In the summer of 1913, the party

faced the coming onslaught without a clear lead.

Even Lord Lansdowne had to admit that rural conditions were crying for

reform.

We cannot, as politicians, conceal from ourselves the seriousness
of the position in the agricultural districts. The farmers are discontented and suspicious. The labourers are unsettled, and
attracted by the prospect of a minimum wage; and there is a serious

1. WL WRO 947/439, Eve, 'Random Notes,' p. 4.
2. Milner, op. cit. pp. 1-2.
3. Ibid . passim.
4. Lansdowne, op. cit. passim.
5. See the Parliamentary debates on Collings 1 proposals, 34 H.C. Deb.
5s. 23 Feb. 1912, E. Jardine, cols. 928-32 and 11 H.L. Deb. 5s.
7 March 1912, esp. cols. 338, 380 (Marlborough and Lansdowne).
The point is explicitly made in Eve, 'Random Notes,' pp. 7-8. See also Lansdowne, op. cit. pp. 2-3, 14.

312

risk that we may lose a number of the seats which we now hold in
the rural districts.

Yet in spite of repeated pleas ir> the first half of 1913, Bonar Law

2 declined to give a lead. A powerful movement gradually built up in the

party, with the object of disarming Lloyd George by embracing his proposals

Lord Edmund Talbot, Chief Unionist Whip, led the conciliators together

with Leslie Scott MP, a prominent 'progressive' Unionist. In August

Talbot was spurred into action by Alexander Thynne, MP for Bath and a

landowner, who described in detail how far real wages had declined due to

rising prices, and how the agrarian economic revival had passed the

labourer by. In a tone of great urgency Thynne called on Talbot to

inaugurate a voluntary movement among landowners to encourage wage

increases by lowering rents, and threatened a back-bench revolt in support

3 of Wage Boards if no action was taken. Bonar Law was perturbed, but

Lansdowne advised against concession and the party chairman, Steel-

4
Maitland, warned against any diversion from the main issue, Ulster.

Whereupon the back-bench reformist group adopted the Wage-Board

principle, drafted a Wage Board bill, published a manifesto and finally,

in the face of their leader's impassivity, approached Lloyd George with an

offer of co-operation, in return for a promise not to 'Limehouse' the

landlords and the party. Rural regeneration was a nostrum that numbed

the political reflexes of many Unionists. Lloyd George had successfully
•

1. Lansdowne, 'Observations,' pp. 1-2.
2. See BL 29/1/24, Lord Selborne to Law, 19 Feb. 1913; 29/6/19,
J. Baird MP to Law, 11 July 1913.
3. BL 30/1/31, E. Talbot to Law, 29 Aug. 1913, enclosing letter from
A.E. Thynne to Talbot, 22 Aug. 1913.
4. See BL 33/5/53, Law to Lansdowne, 2 Sept. 1913; 33/5/54, Law to
Talbot, 2 Sept. 1913; 30/2/4, Talbot to Law, 3 Sept. 1913; 30/2/7, Lansdowne to Law, 4 Sept. 1913; 30/2/17, Lansdowne to Law, 20 Sept.
1913; 33/5/54, Law to Lansdowne, 24 Sept. 1913; 30/2/26, Steel-
Maitland to Law, 25 Sept. 1913; 30/2/24, A.E. Weigall MP to Law,
25 Sept. 1913.
5. 'A Group of Unionists,' A Unionist Agricultural Policy (Sept. 1913),
esp- pp. 9-11. See also BL 30/2/17, Lansdowne to Law, 20 Sept. 1913
and 30/2/24, A.E. Weigall MP to Law, 25 Sept. 1913. For pourparlers
with Lloyd George, see LG C/2/8/1-2, Leslie Scott to Lloyd George,
29 Sept. and 6 Oct. 1913. 'Limehouse 1 as a verb appears in the second.

313

invoked that moral heritage which formed the subject of our preceding

chapters. Even Milner succumbed to moral frustration under the Welsh

wizard's spell. 'I think George's handling of the Land question...quite

detestable,' he wrote to Bonar Law after the Swindon speech. 'With some

of his particular proposals and with what he professes to be his object...

I quite agree. 1 Lloyd George had no use for Unionist collaboration, and

Leslie Scott's group then appealed to their own leader. 'An attempt simply

to ignore the Land problem,' they wrote early in November, 'cannot in the

nature of things meet with success .... the agricultural voter might be

inclined to think that he had to choose between sacrificing Ulster and

o

sacrificing his own private interest. 1

Late in September, in response to the moderates' manifesto, Trustram

Eve came up with a counter-suggestion: a new, impartial inquiry to

establish the facts, propose remedies and lift the land question out of the
• 3

realm of party politics. The conciliation movement gathered strength

with the public accession of William Joynson-Hicks, an influential Unionist

4
back-bencher. Even Bonar Law admitted, in a speech at Norwich, that far-

wages were unacceptably low. Pretyman wrote to Law, 'You cannot expect

your agricultural followers to accept such a policy as these "social

reformers" are putting forward.' And Long warned, 'I am sure you recognise

the danger of estranging or even alarming the landowners and farmers who

are the backbone of our party. 1 But the alacrity with which the inquiry

1. BL 30/3/50, Milner to Law, 24 Oct. 1913.
2. BL 30/4/12, letter from fifteen reformist Unionist MPs and experts
to Bonar Law, 8 Nov. 1913.
3. Contained in BL 30/2/26, A. Steel-Maitland to Lansdowne, 24 Sept. 1913
Eve was secretary of the 'Land Conference,' a front body which united
the Land Union, Farmers' Club and Rural League with the property pro-fessional associations. 'I have reason to believe we could use this
body for our purpose,' wrote Steel-Maitland, 'and if we got them, we
also have the others. 1
4. See his letter in the Pall Mall Gazette, 27 Oct. 1913. For an angry
response see BL 30/3/64, Pretyman to Law, 28 Oct. 1913. Cutting in
LG C/15/1/11.
5. See The Times, 14 Nov. 1913, lOb-c.
6. BL 30/3/66, Pretyman to Law, 29 Oct. 1913.
7. BL 30/3/77, Long to Law, 31 Oct. 1913.

314

proposal was taken up on all sides, including the intransigents, amounted

to an admission of the unanswerable force of the land campaign. Pretyman

wrote, 'If it were not for our own- "Land Reformers" I should propose to

2 fight straight without enquiry, but they ma'ke this very difficult.' So
3
an official enquiry became the party line. But dissension continued to

rack the landed interest, notably within the Central Land Association,

which was torn between conciliation and admiration for Land Union

4 militancy. So despite a plethora of publications and some of the best

talent money could buy (notably the writer and historian R.E. Prothero) ,

the Unionist response remained defensive and negative. There remained

another property sector, where the Unionists had come to grief a decade

before. How well did the Liberals handle the urban question?

See BL 30/3/50, Milner to Law, 24 Oct. 1913, and note 2 below.
BL 30/3/66, Pretyman to Law, 29 Oct. 1913. See also 30/3/64,
Pretyman to Law, 28 Oct. 1913 and 30/3/65, C.H. Kenerdine (secretary
of the Land Union) to Law, 28 Oct. 1913.
See BL 33/6/91, Law to Pretyman, n.d. [reply to Pretyman lettzers of 28-29 Oct. 1913; see note 2 above]; 34/1/17, Law to Lord Salisbury,
26 Jan. 1914; 32/3/13, Long to Law, 6 May 1914.
For an abortive move to co-operate with the Land Union, to which the CLA was losing members, see CLA A/II, Executive Committee minutes, vol. 3, 15 April, 2 June, 7 July 1913. Initiatives for voluntary rent reductions as a counter to the Land Campaign, see ibid.
10 Dec. 1913, and "CLA A/VII/3, letter from A.H. Smith (chairman of the CLA Executive Committee) to the members, 19 Dec. 1913.
See e.g. The Times, 31 July 1913, lie; 4 Nov. 1913, 13c-d; WL WRO 947/439, 'Notes on the Report (Vol. I Rural) of Mr. Lloyd George's Land Enquiry Committee,' ['Confidential,' 24 pp. printed, unsigned, Dec. 1913, bears the marks of Prothero T s hand, esp. Pt. Ill on the historical outline, pp. 5-7. For his editing of the Land Agents' Society's Facts About Land (1915), see Ernie, Whippingham to Westminster, pp. 205-8.

315

CHAPTER NINETEEN: THE URBAN QUESTION AGAIN, 1910-1914

The urban conundrum would not.go away just because governments had

changed. It remained essentially -the same: liabilities were growing faster

than resources, and government failed to step in the breach. Education

was still the primary complaint: school meals, medical care, better staffing,

higher standards and salaries and a great numerical expansion in 'secondary*

education were all adding to the financial strain on local authorities.

Starting in 1907, a tide of resolution, reports, pamphlets and deputations

exercised never-failing pressure on the government, culminating in a

mammoth A.M.C. and County Council Association deputation to the Prime

Minister on 18th March 1909. Walter Runciman, who had Cabinet responsibility

for education, accepted the justice of the complaints. He told the Cabinet

in December 1909 that government expenditure on education had actually

declined since their assumption of power; that the share of government

grants for elementary education had fallen to half the cost; and that the

distribution of grants at a fixed rate per child took no account of enormous

disparities in the level of expenditure between different areas. Lloyd

George had resisted any increase, but this could not continue: a million

pounds were urgently required.

several Local Authorities are on the brink of revolt; I ain
constantly hearing from all quarters that the hostility of
the ratepayers offers an insuperable obstacle to educational improvements; I have reason to believe that the National
Union of Teachers have decided to launch their powerful
organisation into an active campaign; and pressure is now
being exerted on the county candidates. A movement is
developing which it would be difficult for any Government
to resist, and there are obvious advantages in dealing with
the problem before our hands are forced. 2

1. See, e.g. PRO 30/72/37, A.M.C. (1907), Appendix. 'Deputation to the Chancellor of the Exchequer and President of the Board of Education,'
n.d. [March 1907], passim; another deputation, see PRO 30/72/38, A.M.C. (1908), pp.97-104; resolutions, ibid, pp.135-6, 173; etc. 18 March 1909 deputation, see The Times, 19 March 1909, 6c. Reports, see PRO 30/72/43, A.M.C. (1912) 'The Incidence of the Cost of Education in the 70 County Boroughs of England as regards Elementary and Higher Education,'
[Pamphlet] December 1908. Meetings, see the National Federation of Ratepayers, Report of the First Public Conference... Subject: "The Cost__of Education." (9 June 1909), passim.
2 t CAB 37/101/158, W. Runciman, 'The Need for an Increase of Exchequer Grants in Aid of Elementary Education,' 12 Dec. 1909, pp.1-2.

316

London again led the van of the municipal agitation, but after the

alternation of metropolitan politics in 1907, the London boot was on the

other foot, and it was the L.C.C. Unionist majority that took its turn

to harass central government in June 1909. Municipalities had high

hopes from TLV and were angry to discover that the duties were going into

the national, not the local chest. Political exigencies had forced this

course but the uproar had been foreseen and might have been appeased. An

A.M.C. deputation to the Chancellor on the 8th of July 1909 complained that

municipalities had been the pioneers of TLV. 'They have sown the seed,

and they have looked to the increasing value of their land as their
2
rightful inheritance.' Instead of giving them their due, the Budget
3
actually damaged the towns by depressing rateable values. 'We are two

rival authorities, 1 the A.M.C. Vice President said, '... whatever rights

we... have to prey upon the public, for goodness sake let us have not

right to prey upon the other.'

The towns put in a claim for part of the Land Value revenues.

Lloyd George had to concede one-half; moreover, he promised to set aside

a substantial portion out of the following year's ample budget surplus

'to relieve the burdens of local authorities.' But this opened another

thorny issue: how were the revenues to be distributed between the different

towns? The question which suddenly forced itself upon the Chancellor's
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advisers lay at the very heart of historical Liberal doctrines of local

taxation: if the tax was to be collected nationally, was it not right to

use it as an instrument of equalisation? This opened up a hornet's nest

1. See IRP Chalmers Papers,LT 2. Reports of the LCC Finance, Local Govern-ment and Parliamentary Committees, 9, 11 and 17 June 1909, respective-
ly , containing detailed criticism of the Budget, ff.138-155.
2. PRO 30/72/39, A.M.C. (1909), 'Deputation to the Right Hon. DAVID LLOYD-GEORGE [sic] .... July 8th 1909,' A.H. Scott MP [Lib.], p.149.
3. Loc. cit., Report of AMC Law Committee on the Finance Bill, 30 June 19^09,"Tip. 13 5-6.

4. Loc. cit. deputation (see note 2 above), J. Harmood-Banner -MP [Cons.] p7i~49"
5. See 6 H.C. Deb. 5s. 22 June 1909, Lloyd George, col. 1578.
e! A.M.C. 'Deputation,' 8 July, Lloyd George, p.155.

317

of local interests. The Budget impasse of 1909-10 gave a year's respite,

but in 1911 the question of grants and their distribution had not yet

been settled. Instead, and in the face of continuing local authority

pressure, a Departmental Committee was appointed, and the towns deprived

of their half-share of the duties until 31 March 1914 by the Revenue Act

of 1911. 2

The agrarians had never abandoned the demand for rate-supported

3 grants, and urban Unionists took it up in 1911 with redoubled zeal.

That old device, the amendment to the address, was again pressed into

action to make an occasion for raising popular banners and testing the

4 wind. Powerful support came from the Webbs, who promoted grants-in-aid

(subject to tests of efficiency and need) as an instrument of Poor Law

reform. That a Departmental Committee on Local Taxation had to be

appointed was a sign that Liberal statesmanship had failed to grapple with

the problem and was playing for time. Edgar Harper's appointment to this

committee hinted at the d.rift of Lloyd George's designs. Indirectly,

the government's social policy had already made an impact on the urban

problem. Old-age pensions, when extended to paupers in 1911, made a

discernible dent in Poor Law expenditure in the big towns. National

insurance was to have a similar effect. Lloyd George pressed ahead in

1. IRP Chalmers Papers, LT 2, 'Local Taxation Claim' [Memorandum], 'beginning June 09,' ff. 28-31; untitled, unsigned, undated memorandum, loc. cit. ff. 52-6; 'Allocation of Assigned Revenues, 1 undated,
unsigried", loc. cit. ff. 57-63. See also 9 H.C. Deb. 5s. 1909, cols. 1466-7, and 11 H.C. Deb. 5s. 27 Sept. 1909, Lloyd George, cols.
940-1, 962-3.
2. GLC Local Govt. and Tax Cttee. Pr.P 75, 1913, H.E. Haward, London and the Imperial Exchequejr; L.C.C. Report to the Finance Cttee. (no.1620)
2 July 1913 [printed], pp.37-8. The pretext was a trade-off for the indirect relief provided by old-age pensions. See 21 H.C. Deb. 5s.
20 Feb. 1911, Lloyd George, cols. 1644-5.
3. Agrarian demands, see e.g. CLA A/VII-2, CLA; Second Annual General Meeting,' [Shorthand notes] 15 July 1909, Walter Long, Presidential Address, p.9.
4. See 21 H.C. Deb. 5s. 13 Feb. 1911, cols. 700-818.
5. See Poor Laws and Relief of Distress. Royal Commission Minority Report; P.P. 1909 Cd. 4499 XXXVII, Chapter X, 'Grant.s-in-Aid,' esp. pp.968-76. This was developed in Webb, Grants-in-Aid (1911).
6. GLC, Haward, London (1913), pp.39-40.

318

1912 with an ambitious campaign against tuberculosis, and the Road Fund

first infused £1.4 millions into trunk roads in 1911. Asquith's

government had moved beyond the terms of nineteenth-century fiscal

controversies and had assumed some limited responsibility for social

welfare - but in a way that slighted the dignity and competence of

municipal government.

Liberal finance remained true to the Liberal doctrine against doles,

and inflicted real damage on town budgets. Between 1907 and 1911 the

assigned revenues (above, pp. 136-7) which had guaranteed an expanding

grant income for the towns, were gradually replaced by fixed allocations

from the Consolidated Fund. Two-thirds of government grants-in-aid

were 'stereotyped' in this way by 1911. Central government expenditure

increased by almost thirty per cent between 1908 and 1913, while grants-

in-aid increased by just over two (local authority spending grew by 18
2
per cent.) "As house-vacancies began to decline with the onset of

employment and prosperity in 1911 the 'housing question* began to press

3 with renewed urgency. But education remained the field of primary

4 liability and of greatest neglect. On the 13th December 1913 the

President of the Board of Education was moved to warn his Cabinet

colleagues in the same terms his predecessor had used four years before.

National education was in danger of collapse, he said. 'My own personal
*

view is that, if the Government attempt at the present moment to resist

the public demand for some relief in rates during the year 1914-15, public

opinion will be too strong for the government. 1

1. See Mallet, gritish Budgets, i, 285-6.
2. 28.3 per cent in the former case, 2.3 per cent in the latter. Budget expenditure in 1913 was £184 millions, grants-in-aid £21.9 nillions,
local expenditure £140.3 millions. See M&D, pp.398, 414-8.
3. "The Daily Chronicle" Special Commissioners, The Lost Ho~es of England
(1912) is a symptomatic publication. Decline of vacancies, see
Spensley, 'Urban Housing Problems, 1 169-71. See also The TL~.es series
on housing in London, 6, 9 and 10 April 1912.
4. See PRO 30/72/44, A.M.C. (1913) 'Imperial and Local.Taxation,' Minutes
of the proceedings at a Conference of representatives of Administrative Counties and County Boroughs...' 24 April 1913, esp.. pp.60-1; GLC,
Haward, London (1913), p.46.
5. CAB 37/117/90, J.A. Pease, 'Note on the necessity for increased financial aid to local education authorities in 1914-15,' 13 Dec. 1913, p. 3.
See also Pease's two May 1913 memoranda, CAB 37/115/32-3.

319

Had the Tories been less demoralized they would have been in a better

position to exploit the government'-s procrastination. A conclave of influential

party leaders, including George Wyndham, F.E. Smith and Austen Chamberlain

(with some reservations) urged that the way to defeat the Land Value Duties

and blunt the appeal of the 'People's Budget' was to give local TLV powers

to the towns. A letter to Balfour (bound with correspondence from Austen

Chamberlain) set out the attractions of this policy in March 1910.

a proposal on these lines coming from the leader of the Unionist
Party would be very popular with the .great Town Councils who had
forced Lloyd George to share his plunder and even now grudged the Treasury the half which Lloyd George retained. It is certain
that if we do nothing the Radical Party will sooner or later establish their national taxes, and once established in that form any Radical Chancellor in need of money, or any Socialist Chancellor in pursuit of the policy of nationalisation... will find it an easy task to give a turn to the screw and raise the levy from year to year. On the other hand, if this source of revenue, such as it is, is once given to the municipalities,
the Treasury will never be able to put its finger in the pie
again and the Chancellor of the Exchequer will have no temptation
to screw up taxes from which he derived no advantage.... Those
present believed that if it were made clear by someone speaking
with authority that this was the Unionist Policy it would
produce an enormous effect on the Boroughs.1

Bonar Law, who was also present, was alone very sceptical of the plan;

2 after 1911, it was his view that counted.

The urban demand for rate-support grants was doubly embarassing for the

government. First, Lloyd George's social policy gave Insurance and Pensions

a higher priority and money was short. Secondly, grants were the old
•

Unionist prescription of 'doles' to which Lloyd George had once led the

resistance, and which still raised deep misgivings among many of the

Radical faithful. These embarassments were skilfully exposed by the

Unionists in the Housing Bill they introduced in February 1912. A Unionist

'social reform committee' drew up the bill in consultation with the councils

of nine large towns, called for support from the Town Planning and Housing

lobbies, and gained the approval of socialists and socialisers. The bill

1 B 7 Add MSS. 49736, A.J. Balfour Papers. Holograph letter <not in A. Chamberlain's"hand) headed 'P.S. to XVI', [Private Secretary?], 9 March 1910, fols. 79-80.
2. Ibid. f-79.

320

provided for a government grant of a million pounds for local authority housing, to be spent under the direction of government Housing Commissioners. The latent affinity between Tory etatism and State Socialism was revealed once again. John Burns was placed in embarassing opposition to an ameliorative measure with natural appeal to working-class and municipal sections of the Liberal electorate. The government majority destroyed the bill. Ramsay Macdonald and Snowden remained loyal, but Labour left-wingers voted with the Tories. The episode was played out again in 1913. 2 Land
o

Taxers led in opposition to the Bill; they had their own solution to urban problems.
The Land Taxers 1 intentions had been restated in a memorial presented
by 173 Liberal MPs to the Prime Minister and the Chancellor of the Exchequer on 18 May 1911. They asked, specifically, for the valuation to be accelerated; for powers for local authorities to rate on the basis of the valuation; and for a national tax on all Land Values to be used for grants-in-aid for locally-provided 'national services': education, poor relief,
4
roads etc; and in relief of remaining duties on food. Here was the comprehensive, alternative Liberal programme for the reform of local tax-ation. When Edgar Harper was appointed to head the Valuation, the Property Owners' Journal put two and two together. 'Assessment of site values, instead of rateable values ... will inevitably follow such an appointment, for Mr. Harper's opinions have not been kept exclusively to himself. 1
The single-taxers had never regarded the Chancellor as one of their own; repeatedly they swore him to loyalty and brandished the penalties of deviation. Despite the humiliations and disappointments that the poor

1. For a short description of the background, see F.E. Smith, Unionist Poiicy_and Other Rssay_g_ (1913), pp.307-12.
2. It has~~been described by P. Wilding, 'Towards Exchequer Subsidies for Housing, 1906-1914,' Social and Economic Administration, VI (1972), 3-18, and D. Englander, 'The Workmen's National Housing Council, 1898-1914,' (Warwick University M.A. thesis 1973), pp.300-9-
3. See e.g. the 2nd reading of the bill, 35 H.C. Deb. 5s.15 March 1912, J.C. Wedgwood, cols. 1437-52; T.D. White, cols. 1452-5.
4. Copy of the memorial, LG C/15/1/4.
5. POJ ,June 1911 , 1.
6. Note 1 above; LG C/9/3/10 Crompton Llewellyn Davies [Secretary of the UCTLV] to Lloyd George, 4 Aug. 1912; note 2 below.

321

formulation and conduct of the valuation had already subjected him,

Lloyd George was willing. On 25 June 1913, on the eve of the Land Campaign

he made a compact with the single tax leaders, which they preserved for the

record.

We understand that the principle [sic] proposals put before
us are the complete abolition of the present system of rating
which falls upon improvements, industry and houses. In place
of this there will be substituted a national land value tax in
relief of rates, and a rate levied on the land value alone.
It will no longer be open to Local Authorities to raise their
ordinary rates on any other basis.

Only if rating reform was implemented prior to the tenurial elements of the

2 land campaign were they willing to co-operate.

But rating reform was destined to wait. The underlying paradigm of the

Land Campaign was arbitration between tenures in support of the underdog:

labourer against farmer, farmer against landowner. The same principle was

also applied to the relations between capitalist leaseholder and urban

groundowner. One of the highlights of the Limehouse speech of 1910 had been

the grievances of Gorringe, a prosperous draper and tenant of the Duke of

Westminster. When his lease expired the Duke increased the ground-rent
3
ten-fold to £4000 and demanded a fine of fifty thousand. Liberal urban

policy was outlined to a deputation of shopkeepers from the 'Town Tenants'

4 League 1 on 30 October 1913 and shortly afterwards at Holloway. Lloyd

George promised these capitalists continuity of tenure and compensation for

•

improvements. It was the old Leasehold Enfranchisement constituency all over

again (though facilities for purchase were not offered) and a good ploy so

1. See Pretyman's attacks in Parliament, 52 H.C. Deb. 5s. 28 April 1913, eso. cols. 838-56. The Revenue Bill, which embodied concessions to meet those criticisms, had to be withdrawn owing to unexpected controversy
it raised, and an adverse speaker's ruling. See the Land Union, The
Lost Revenue Bill of 1913 - and After (1913), pp.3-5.
2. LG C/9/4/62, E.G. Hemmerde, R.L. Outhwaite, J.C. Wedgwood, E.R. Jones, C.E. Price, P.W. Raffan, C. Trevelyan and F. Neilson, 'Note to the Chancellor ... following conversation of June 25th [1913] .'
3. The Times, 30 July 1910, 9c.
4. LOC. cit. 31 Oct. 1913, 9-10; Holloway speech, loc. cit. 1 Dec. 1913,

322

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far as it went. On the 5th of December Lloyd George reported to Asquith that the traders were delighted. C.P. Scott had told him 'that the Government proposals had given great satisfaction to the Middle classes, whom we are in danger of losing. 1 London Conservatives were certainly alarmed; the member for North Islington wrote to Walter Long: 'If we let the Radicals monopolise this policy we should lose both votes and workers, and possibly the seat itself. It would determine the vote of many shop-

2 keepers. 1 Long came up to the same-hall in Holloway and promised the
3
traders everything they had asked for; apparently this was deemed insufficient for Long was urged to go one better and promise leasehold

4 enfranchisement. Yet capitalist leaseholders, as we have seen, could

never be more than a marginal constituency: important, perhaps to tilt
the balance but not the solid mass of urban support that the Liberals needed. The Lumsden case had placed the onus for the building depression upon
the government. When Lloyd George took up the land question in the towns
he counter-attacked on the same front, and stressed groundowner responsibility for the shortfalls of supply. Overcrowded dwellings and bad urban facilities were both blamed on monopoly landowners who inflated land prices for private dwellings, municipal housing and public works. A large stock of examples was available for this standard item of the repertoire.
In the first 'urban* speech of the campaign at Middlesborough Lloyd George cited the case of a Peer who had sold some bare and isolated moorland to Leeds city council for 200 years purchase. 'He demanded a huge sum of money because the construction of the waterworks would disturb the game ... it would interfere with the pheasants when they were attending to the crops. (Laughter).'"' In addition to the groundowners, the lawyers and surveyors

1. Asquith Papers 25, Lloyd George to Asquith, 5 Dec. 1913, f. 65.
2. WRO 947/441, G.H. louche MP to Walter Long, 6 Jan. 1914. Other letters in the same vein in the file.
3. On 17 Jan. 1914. See cutting from Birmingham Daily Post, 19 Jan. 1914, p.12 in LP WRO 947/441.
4. WRO 947/441, A. Steel-Maitland to Long, 26 June 1914, enclosing two schemes and referring to a third.
5. The Times 10 Nov. 1913, 4b.

323

who administered the compulsory purchase system came under attack for conceding extravagant claims and for inflating their own costs, often beyond even the level of the groundowners ' compensation. The Land Campaign's two instruments were tailor-made to counter those evils. National site valuation would establish fair prices, and the Land Commissioners would take over arbitration. Land nationalisers were given to hope that these were steps in their direction. Whether urban deprivation could really be ascribed to deficiencies on the supply side alone is yet another question, which Lloyd George acknowledged but weakly. 'A fair day's wage for a fair 2
day's work was also required,' he said. But except for a vague reference to the Trade Boards Act an urban minimum wage did not form any prominent part of the campaign.
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Lloyd George's Budget of 1914 was destined to be the climax of the
Land Campaign, and of sixty-five years of tenurial politics as well. The Budget constituted a remarkably idiosyncratic bid to transform the system
of local taxation. Since Goschen's ill-fated Local Government and Taxation Bills of 1871 no politician had mustered the courage to clean those Augean stables, and piecemeal improvement merely underscored the anomalies of local finance. Considering that discontent over urban finance had done so much
to bring the Liberals into power in the first place, and in view of their repeated promises and dismal record of urban support, reform was long overdue. Urban clamour was high. At a special AMC Conference in April 1913 five million pounds of grants were demanded. '...we must, 1 said Cyril Jackson
(an LCC alderman and veteran educationalist), 'bring before the Chancellor that he has really jeopardized the whole of the local government of England by delaying this matter year after year, and apparently decade after decade.' It was a bumper Budget year, 'and if we cannot be relieved now we shall never

1 See LG C/2/3/47, 49, J.S.G. Heath (Secretary of Land Enquiry) to Lloyd George, 4 Dec. 1913 enclosing letter (same date) from L.C. Money;
^ pp. 376-7.
2. The Times, 10 Nov. 1913, 4c.

324

get any relief at all.' A general election was impending, either in

the summer of 1914 or in 1915, and this was the factor that determined the 2
timing of reform. With National Insurance safely on the statute book

local taxation was to be the next major instalment of social reform. Both

official and unofficial inquiries (the Departmental Committee on Local

Taxation and the Liberal Urban Land Enquiry) were only due to report

around Budget day, i.e. in March-April 1914; so it was decided to

anticipate them.

The reform of local taxation was mentioned off-hand at the end of the

August Cabinet memorandum and formed no part of the land proposals
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discussed by Cabinet on the 15-17 of October. But the Chancellor had not

been idle. On the 16th October alternative courses of action were outlined

in a memorandum prepared by his trusted expert, Edgar Harper. Harper

had already prepared a confidential proposal for the Chancellor a year

before, and the new document contained the main elements of the subsequent

programme. With further assistance from Harper, it was metamorphosed into

a Cabinet paper which Lloyd George circulated on 13 December 1913. One

result of the promotion of Scottish Site Value bills in 1907-8 was that

their principles had been assimilated into Liberal rating doctrine, arid were

now enunciated by Lloyd George: 'From both the "revenue" and the "productive'

point of view it would clearly be desirable to transfer all rates from the

composite hereditaments to sites, and further to levy all rates directly on

1. PRO 30/72/44, A.M.C. (1913), 'Imperial and Local Taxation, 1 Minutes of proceedings at a Conference .... 24 April 1913, pp.83-4.
2. For the political context, see B.C. Gilbert, 'David Lloyd George: The Reform of British Land.noIding and the Budget of 1914,' Hist. Journ. XXI (1978), 117-41, and B.K. Murray, 'Lloyd George and the Land: the Issue
of Site-Value Rating,' in J.A. Benyon et al.(eds.), Studies in Local History (Cape Town, 1976), pp.37-47.
3. See, e.g. Inside Asquith's Cabinejt, pp. 147-8, and the 'Cabinet Note on Minis try "oFLand7 T Oct. 1913 in CAB 37/118/5, 'Ministry of Land,' 9 Jan. 1914, pp.22-3.
4. IRP [iR 63/35] N22.1, E.J. Harper, 'Alternative Systems for the Relief of Improvements from Taxation,' 16 Oct. 1913, fols. 1-5.
5. Loc. cit. E.J. Harper to C.J.H. Thomas [Valuation Dept- Official] , 2 Nov". 1913, f.18.
6. CAB 37/117/92* D. Lloyd George, ['Pt. I. The Rating of.Site Values' etc.], 13 Dec. 1913.

325

owners,' he wrote. This did not constitute additional taxation, but merely a redistribution of the existing rate burdens from the owners of structures to the owners of sites. A 'sudden and complete transference 1 (such as he had promised to the single-taxers) was out of the question for practical reasons. It would have unacceptably 'drastic results on the fortunes of individuals. 1 A scheme of partial transference, however, would

2 be both expedient and just. But mere re-distribution was not sufficient

any more and a positive contribution was required: 'It is assumed that there is a general agreement that further grants must be made from the
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Exchequer in relief of local rates. 1 This was a break with Liberal dogma and Lloyd George went even further by suggesting that part of the money should come from taxes on personalty. The rest was to come from an orthodox source: four to six million pounds could be raised from a -^d. in the pound national tax on site values. Such a tax could be used to effect a measure of national redistribution from sites in the rich districts to structures

4 in the poor.

It had become axiomatic in Liberal circles that shifting the rates on
to the sites was going to have a beneficial 'productive' effect. Precisely what sort of effect? Harper was given just one day to ponder the question and draw up a Cabinet brief for the Chancellor. A substantial contribution could be expected from certain values which now escape, he wrote, namely vacant land and empty property. Rates would be equalised between high- and low-value districts, and investment of capital in improvements upon land would be encouraged. The effect would work through like Ricardo's paradox: 'The probability is that the present rather steep curve of rental value, rising from the suburbs to the centre of the town, would tend to become

1. Ibid,, p.3.
2. Ibid, p.6.
3. Ibid', p.8.
* Rp -v'j-ft 53/35] N22.1, M. Nathan (Chairman, Board of Inland Revenue), to Lloyd George, 11 Dec. 1913. f.33.
6. CAB 37/117/96, [E.J. Harper, M. Nathan and C.J.H. Thomas] , 'I. National Tax on Site Values,' printed 24 Dec. 1913, pp. 3-5 (for the attribution
of the various parts, see n.5 above).

326

flatter, the large additional burden on the most valuable sites tending
to depress their [rental] value.' But Harper was forced to admit that this conclusion was subject to a fatal qualification: the persistence of existing capital values could not be assumed by any means. On the contrary, property values were bound to be affected by the transfer of rates and

9 their new distribution could not be predicted with any confidence. As

we observed when introducing the scheme at its first appearance in 1889,

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the rate would destroy the valuation it was based upon. It had taken twenty-five years for this to dawn upon Harper.
Even with the valuation completed, it was impossible to predict the
new incidence of rates. Detached consideration suggests the opposite effect to that envisaged by Harper. For if rates were to be proportional to site values then centrally located property would pay more and peripheral property less. Since demand for structures is relatively inelastic, a steeper rent gradient would ensue in the short run. And who could predict
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the long-run equilibrium? Harper admitted that he could not. If the reform actually succeeded in its aim of stimulating tenurial demand, then the old gradient of effective rents would quite possibly reassert itself. The immediate result would undoubtedly be a one-off distribution of property from central to peripheral owners of composite property (and the latter were not bound to pass on their gains to users). The most important social gain would be the interception of new conversion rents, and this was the greatest source of relief in Harper's examples. On top of these intrinsic difficulties, the valuation still had to be completed and adapted to its new tasks. It had been launched in 1910. On 16 October 1913 Harper estimated that '...it is unlikely that the basis of assessment can be completely ready before 1917 - or at the earliest, in time for use in connection with the fiscal year 1916-17.'

1. Ibid. p. 5. 2. Ibid - PP- 6 ~7 - 3 - Above, p. 133.
*[IR 63/35] N22.1, Harper to M. Nathan, 5 Dec. 1913, -f. 19 and note
2 above. .
5. Loc. cit. Harper, 'Alternative Systems.... f.5.

327

Despite these uncertainties, Lloyd George went ahead. The land
campaign needed an urban boost and the land taxers continued to pester.
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Their influence in Scotland had to be taken into account. In Glasgow, on the 4th of February 1914, the Chancellor made a public commitment to
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rating reform. Treasury officials got their briefing on 29 January, and more details on the 24th of February. It was imperative to get at'least 6d off the rates, he told them, so some six million pounds of grants would be required. Relief would be given to improvements alone, and the local assessment system would have to be converted to a site-value basis. A rating bill would see to that. National site valuation would be

4 accelerated. Cabinet had apparently struck out the tax on site values.

At Middlesborough in November Lloyd George had complained of the burden
of armaments. Were it not for recent additions, he said, he would 'next year take eighteen pence in the pound off the rates of everybody in the United Kingdom.' This was a reminder of the greatest constraint on social expenditure. He had just passed through a stormy struggle over the Naval estimates and a Cabinet member later explained the Budget in these terms: 'He is taxing heavily in order to meet the claims of his friend at the Admiralty and he aimed at gilding the pill by a heavy set of subsidies to the local authorities. 1
So many questions were still unresolved: boundaries would have to be re-drawn, new allocations negotiated with the towns, vested interests placated. The valuation would have to be de-capitalised to fit in with income-based local assessments, at a large expenditure of money and time.

1. Weakness of urban campaign, e.g. LG C/2/4/6, B.S. Rowntree and others to Lloyd George, 4 February 1914. Land Taxer pressure, LG C/2/4/1, W.
Raffan, for the Land Values Group, 17 Dec. 1914, and Lloyd George's public'promise, 1 Jan. 1914 [cutting, same item] .
2. LG C/10/2/84 James Pens [?], Glasgow, to Lloyd George, 24 Dec. 1913.
3! The Times, 5 Feb. 1914, lOc.
4 lRP~TlR~~63/46] N22.8, M. Nathan, 'Memorandum of Interview [with Lloyd George],' 29 Jan 1914, fols. 24-6; IRP [IR 63/35] , holograph report of meeting of Treasury officials and the Chancellor by R.V.N. Hopkins (Revenue official), fols. 69-75.
5. The Times, 10 Nov. 1913, 4c.
6 vjR~T357~Runciman to Robert Chalmers, 24 June 1914.

328

It was still a year off completion and already five years out-of-date. Harper had preached the simplicity of valuation since the 1890s. He had assumed personal responsibility in May 1911, and had not been skimped. The project would cost £2.8 millions to completion in 1915, and another
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million or so was required for adaptation to rating. Valuation was a White Elephant, useless for its intended purpose; Harper had been-given his chance, had failed to appreciate the political urgency, and had let his master badly down. On the very eve of the Budget speech Lloyd George was told by his senior advisers that there was no prospect of a site-value rating bill until the valuation was completed in 1916, and such
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grants as he proposed could only be distributed on a rateable value basis. The Chancellor was apparently too deeply committed to turn back. Such was the origin of the budget proposals of the 4th of May 1914.
The 1914 Budget statement was a leap in the dark. Had it been capable
of fulfilment (which it was not), it would still contain elements designed to antagonise Unionists, Liberals and municipalities at the same time. Income tax rose to a new peacetime high. Rate-support grants financed from the income tax (i.e. from 'personalty') were an old Conservative principle

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and drew no opposition, except from Liberals. The Chancellor indulged
in a little rewriting of history to justify the new departure, and made the preposterous claim that he had not opposed the Agricultural Rates Act in principle, but only because the grant was fixed and did not rise with expenditure. 5 Differential relief for improvements was given prominence, but details were put off to a Revenue Bill. Adpating the valuation for local taxation 'would not be a very considerable task, 1 Lloyd George said, less than truthfully. The towns welcomed the grants, but resented government 1 IRP IR 63/35 22.1, Hopkins, fols. 69-75; and note 3 belev.
?'. Ice. cit. E.J. Harper, 'Cost of Valuation, 1 2 May 1914, f. 168.
3* TTc' cltf. M. Nathan , 'Use of Valuation Under the Finance (1SCS-10)
A~cT* T9~TO, for Local Taxation and Other Purposes,' ?2 [sic] May 1914,
fnl's 169-74- Sir Arthur Thring (Parliamentary draughtsman) , 'Grants
to Local Authorities,' ?3 [sic] May 1914, fols. 175-8.
4 They were welcomed by such thorough Conservatives as Sir F. Banbury;
- ee 62 H.C. Deb, 5s. 4 May 1914, Banbury, col.62. Liberals, see below,
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5. Ibid. Lloyd George, col.67. 6. Iden. col.69.

329

interference in the assessment system. Conservatives did not relax their

suspicion of the valuation. Perhaps Lloyd George hoped for a good

political row over the principle of site-value rating, a re-enactment of

the Peers v. the People. In the event, the chance never came. Splitting

the measure between a Finance and a Revenue Bill, and making the first

conditional on the second was a constitutional irregularity, which Pretyman 2
was the first to identify. Lloyd George then tried to tack the grants on

to the Finance Bill, abandoning the principle of a subsidy for improvements,

the last purely Liberal element in the bill. When the 'cave 1 of Liberal

right-wing and industrialist MPs ganged up on him, in June, their main

complaint was that he was violating the old Liberal interdict on doles for 3
landlords. The grants were then withdrawn and the whole plan came to

nothing.

For the Chancellor's colleagues the withdrawal of the grants was a

shattering fiasco, which they nevertheless took with a pinch of Schaden-

freude. Runciman sent ah account to Robert Chalmers, who had helped to

prepare the 'People's Budget 1 and was now Governor-General in Ceylon:

You can imagine the blow this has been to Lloyd George and
the dreadful muddle we are now in for. Banks and local
authorities and electioneering Radicals are all enraged;
our programme and legislation are horribly upset .... We
are indeed in a precarious plight, and but for the follies of
Bonar and his Orange and Tariff Reform colleagues we should
be easily displaced.5

Chalmers thanked Runciman for information 'as regards the goat's cropper, 1

and gave his own insider's assessment.

It all springs from the besetting sin of the creature that
he will not work at his business beforehand & betimes, and
it serves him perfectly right that he has got it 'on the week. 1
Yet I am sorry for him in a way because I think his Budget the
clearest, if Lnot?] the easiest that he has produced. 6

ss- 1 E IRP ClR 63/35J N22.1, Birmingham Corporation and Birmingham Asse ment'union, 'Memorandum,' printed June 1914, pp.1-3 (fols.238-40).
2. See Gilbert, 'Budget of 1914,' p. 133; idem, pp.133-14 for the unfolding of this episode.
3. The Times, 18 June 1914, 8b.
4. siTGilbert, op,, cit. pp. 138-41
5. WR 135, Runciman to Chalmers, 24 June 1914.
G! WR 135, Chalmers to Runciman, 13.July 1914.

330

Prof. Gilbert claims that the Budget might have been fatal to Lloyd George's career. This is difficult to accept. Failure had not been fatal to Goschen, though it had done something to turn the Liberals out in 1874. Local taxation was known to be an intractable problem, and the Chancellor had established his bona fides. He had known in advance that little was possible before 1916, and kept a brave face; work on the rating bill proceeded, and the Cabinet was beseeched not to abandon the land
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campaign. One element at least did reach the Statute Book. At Swindon Lloyd George had promised to apply National Insurance funds to housing,
and after the war broke out, £4 millions of government loans were allocated 3
to local authorities and other agencies. Ironically, a concerted effort in 'rural regeneration, 1 with Agricultural Wages Boards and planned production, was presided over by R.E. Prothero, the land campaign's old bugbear, as coalition President of the Board of Agriculture during the war. To continue the TLV .programme after the war, the Scrutton judgement had to be contested in the Lords, or remedied by legislation. In 1920, and despite a Chancellor's reluctance to give up a source of revenue, the valuation was abandoned.
Such was the sad end of the London Radicals' TLV plan and its chosen instrument, separate valuation for structures and sites. Improbably, it
had reached the very threshold of acceptance, only to founder on its own
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inner contradictions. Given better management and a more hospitable political environment, it might yet have been applied, without making all that much of a difference. In its most daring form, it constituted a one-off capital levy on Rent. It foundered on the difficulties, both political and

1. Gilbert, op. cit. pp.140-1.
2. CAB 37/120/7771T. Samuel, 'Rating Bill, 1 29 June 1914; CAB 37/120/78, 'Land Policy. Declarations of Ministers,' 29 June 1914.
3. Housing (No.2) Act, 1914.
4 IR 63/86 'Land Value Duties... Note by the Board of Inland Revenue, 13 Feb. 1919, fols. 114 ff; and R.P.M. Gower to E.W. Verity (Revenue officials) 7 Aug. 1919, regarding the decision of the Chancellor to
keep the valuation alive pending the report of the Land Values Select Committee.

331

practical, of isolating Rent as a separate, morally repugnant fraction
of capital. Even on the most charitable interpretation, the separate valuation was a case of the best driving out the good. For long years the opportunity of undertaking a structural reform of local taxation was put off; inequities persisted and the distribution of grants remained haphazard. In the long run the alternative policy, Disraeli's non-discriminating government grants, was to prevail. Henry George's doctrine was a voluntarist heresy, a destructive worm in the apple of the new Liberalism, a diversion from the high road of gradualist re-distribution and administrative reform. It was infused with the dream of Ricardo's paradox: a device for the reduction of inequality through the erosion of Rent. Its political failure arose from disregard for the distribution of British tenure. The bulk of urban property was composite, and not divided between groundowners and capitalists. A programme which based itself on this division had to accept the limitations of a minority cause.

332

CONCLUSION

Local taxation bore on the most fundamental process of social
change in nineteenth-century England: the country's final transformation from an agrarian to an urban, imperial, manufacturing and trading society; the extended growth of the economy; and the massive provision of urban collective capital and a measure of education and welfare for a large and growing population. Taxation, Austen Chamberlain said, was 'an insurance for the safety of capital ... that part of his wealth which every citizen gave to obtain the secure possession of the remainder. 1 The task of the politicians was to establish a balance between the conflicting demands of social order, international posture, private property and local and national political ascendancy, giving due regard to the changing weight of internal and international forces.
Politically, the problem was confronted in two successive rounds,
first by Salisbury and Chamberlain, between 1895 and 1902, and then by Asquith and Lloyd George, between 1908 and 1914. In both rounds, statesmen gave preference to the war machine and the incomes and dividends of the propertied classes over the claims of the capital and social infrastructure. This bias stimulated popular challenges which occasionally threatened party ascendancies but were never sufficient to endanger the political order. Lloyd George, under greater pressure than his Conservative predecessors, realised the risks and made bold attempts to forestall them.
Idiosyncratic personalities and ideas were important: the implicit
etatisrn of Disraeli; the utopianism of Henry George; the obscurantism of Treasury advisers; the earnestness of C.P, Trevelyan; the misleading

1. 115 H.C. Deb, 5s. 30 April 1919 f col. 207. The epigram was attributed to Montesquieu.

333

confidence of Edgar Harper; the sway of political dogmas and cultural attitudes; the reckless audacity of Lloyd George - all helped to determine the course of events.

Only by examining the property world itself is it possible to con-
prehend the precise nature of the demands that politicians were facing.
The first round was conducted against a background of urban boom, the burgeoning demands of an expanding urban economy and the creation of speculative fortunes. The second, against a substantial decline of urban property values and a recession of urban economies, in a period of techni-cal change and the permeation of Ricardo's paradox. The decline of urban property, combined with the previous depression of agricultural rents, marked the decline of territorial possession as the main arbiter of local and national politics, and the increasing importance of the central state. The magnitude of the urban decline indicates that some groups of middle-class proprietors were undergoing an experience of relative stress not dissimilar in its mental effect to that experienced by the workers during the same period due to stagnating real wages. If confirmed by further study, such experiences will add another dimension to the demise of 'Liberal England 1.
The course of the property cycle gives rise to speculation. Was
it due for an upturn had the war not come? The capitalist is ever hopeful. If the Edwardian generation of capitalists and builders had become demorali-sed by fiscal exigencies, this is no reason to think that they would not have adapted to the challenge of renewed demand with new methods. Adap-tations of this kind took place after the war. But such speculation is idle; the war did break out. In an export economy, backed by imperial world power, it is improper to detach domestic policy from external contexts. Late-Edwardian social and economic contentions echoed with the strains of an

334

imperial posture in a competitive world. The war may not have been inevitable, but internal and international conflicts in Europe sufficed to precipitate it and to draw Britain in as a combatant. War was not
a deus ex raachina stopping the property cycle in its tracks, but an outcome of a process of which, the property cycle was also a symptom. Nature abhors a vacuum, and even before the war new forms of tenure
were making ready to displace the old. The Conservative scheme for making small property a bulwark of the large was strongly rooted in the tenurial realities of Edwardian England, and the subsequent development of owner-occupation has further extended this 'economic franchise' as an antidote to the radical potentialities implicit in the extension of the political franchise, bolstering the old 'landed interest' with a new one. Another bulwark of the social order was the one actively canvassed by Sidney Webb as well as A.K. Rollit - property in a different form, vested in the administrators, councillors, contractors and professionals who manage society's collective capital, who have raised themselves into a powerful new estate, drawing on the collectivity for political legitimacy, and not on the individual's sacred plot.

335

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