

# ENGLAND IN EVOLUTION

BY HAROLD J. HOWLAND

FIRST PAPER

## THE BUDGET BEGAN IT

The illustrations which accompany this article are reproductions of election posters selected from a score or more sent to us from England by the author of the article, who is a member of the editorial staff of *The Outlook*. These posters are printed in bold colors, and in some instances are affixed to what we call "billboards" and what the English call "hoardings." But more often they are pasted in any available space where they may attract public notice, after the manner of theatrical and circus advertisements in this country. In the election preceding the present one prizes were offered on behalf of the Liberal party for the best and most taking designs for such posters, and the offer resulted in a very lively, widespread, and successful competition throughout the British Isles. In this respect the English elections are very much less conservative than American elections. It is as if the Democratic party spread broadcast throughout the United States cartoons of Mr. Taft, or the Republican party put up in all sorts of public places caricatures of Mr. Bryan and the so-called Populist farmer. This method of attracting the attention of the voter may very easily degenerate into an undesirable lampoonery, but custom and tradition enable the English party managers to keep within proper limits. The purpose of these English posters is not to arouse personal passion or animosity, but so far as possible to make the voter think. The present article will be followed by others from Mr. Howland's pen, giving some description of actual scenes and personal incidents in the Budget campaign as they appear to an American observer.—THE EDITORS.

ENGLAND at a crisis. A crisis involving a fiscal policy, a programme of social reform, a constitutional question between two estates of the realm, a conflict between the interests of two classes of the people. That is the subject which I am to depict for American readers. And it must be done in a series of sketches in which the truth is suggested rather than drawn in with scrupulous fidelity to detail. The pictures will be, not the photographs of the microscopist, in which the number of hairs on the hind leg of the flea may be counted with infallible accuracy, but the sketches of the impressionist, which must be viewed at arm's length, and judged on their effect as a whole, not on the accuracy of each particular line. I shall show the scene as it looked to an observer from without, watching for a few weeks the shifting play of opposing forces. The first sketch shall be somewhat historical, and may be called, *The Budget Began It*.

In one respect England manages her problems of income and expenditure better

than we. At the beginning of each year the Chancellor of the Exchequer, like the financial manager of any business, takes stock of his prospective expenses for the next twelve months, considers the sources of income open to him, and strikes a balance between the two. The result he embodies in proposed financial legislation, including the appropriations and the taxation for the year. That is, he prepares a Budget. Here he plans an economy to meet a shrinking income, there he suggests a new tax to provide for an inevitable increase of expenditure.

In April last, Mr. David Lloyd-George, the Liberal Chancellor of the Exchequer, in casting up his accounts, found himself confronted with a prospective deficit of £16,000,000, or \$80,000,000.<sup>1</sup>

The deficit was due to three causes: a decrease in the imports of spirits, the growing cost of the navy, and the new

<sup>1</sup> In these papers I shall consider the English pound as equal to five dollars, and the shilling as equal to twenty-five cents. While this is obviously not a perfectly exact translation of values, it is sufficiently so for the purposes of a series of impressions.

# THE BUDGET LEAGUE



**"OUT OF THE WAY, MY LORD !"**

A LIBERAL POSTER



policy of old age pensions. Public opinion, aroused by the rapid strides being made by Germany in naval construction, had persuaded the Liberal Government to provide for the laying down of eight great battle-ships—super-Dreadnoughts in the parlance of the day—instead of four, as it had at first proposed. Such an extended naval programme involved an increased expenditure for 1909 of \$15,000,000. The Old Age Pension Law, passed by the Liberals in 1908, grants to every needy person seventy years old, of British nationality and twenty years' residence in the United Kingdom, not a pauper receiving local aid, a weekly pension of from one to five shillings (25 cents to \$1.25), depending on the extent of his other income. The Chancellor estimated the cost of this measure of social amelioration, by which, in 1909, 700,000 persons would benefit, at \$27,000,000 for the year.

The problem before the Chancellor of the Exchequer was to balance his Budget by providing an additional revenue of \$80,000,000. He attacked the problem fearlessly. England's main sources of revenue are customs duties on spirits, sugar, tea, and tobacco; internal revenue taxes on beer and spirits; liquor licenses; death duties, or inheritance taxes; stamp taxes; and the income tax. Mr. Lloyd-George's proposals group themselves under eight heads:

1. **Income Tax.** An increase of one-sixth in the tax rate on all unearned incomes and on earned incomes above \$10,000. In addition, a super-tax of two and one-half per cent on incomes of over \$25,000, the super-tax being chargeable, however, only on the sum by which the income exceeds \$15,000. Thus an income of \$30,000 would pay a tax of \$1,750 and a super-tax of \$375. It was also provided that a man whose income was less than \$2,500 might have deducted from it, in calculating the tax, \$50 for each child under sixteen years of age.

2. **Death Duties.** The tax on estates under \$25,000 was unchanged, remaining at one, two, or three per cent, according to value. Above that figure the Chancellor proposed, to use his own words, "to shorten the steps and steepen the

graduation." The maximum rate of fifteen per cent was not to be increased, but it was to be reached at \$5,000,000, instead of at \$15,000,000 as under the existing law. Increases were also made in the rates on settlement estates, where the property does not pass into absolute ownership, and on legacies and succession in any but the direct line of descent.

3. **Stamp Taxes.** The tax upon transfer of property was raised from one-half of one per cent to one per cent.

4. **Tobacco.** The import duty on tobacco was increased 90 cents a pound.

5. **Spirits.** The import duty on spirits was increased 93 cents a gallon.

6. **Liquor Licenses.** The license fees for public-houses and all kinds of places where liquors are sold were substantially increased, especially on those houses doing the largest business.

7. **Motor Cars.** A new tax on motor cars, ranging from \$10.50 on a car of less than six and one-half horse-power to \$210 on a car of more than sixty horse-power. Doctors' cars to be taxed at only one-half these rates. In addition, a duty of six cents a gallon on petrol (gasoline) used for motor cars. The revenue from these two sources was to go into a fund for the construction and maintenance of good roads.

8. **Land Taxes.** Four new taxes on land, beginning with a tax on undeveloped or unimproved land, not agricultural or park land to which the public has access, of one-tenth of one per cent. Second, a tax of ten per cent on the benefit accruing to the landowner at the expiration of a lease. (This tax, which depends on a system of land tenure comparatively unknown in the United States, requires some further elucidation, which I shall try to give in a later article.) Third, a tax of five per cent on mineral royalties; that is, on the royalties which a landowner receives on the output of mines on his land which he allows others to work. Fourth, a tax of twenty per cent on the unearned increment in land; that is, on that increase in the value of land which is due "to no expenditure of capital or thought on the part of the owner," but is "entirely owing to the energy and the enterprise of the community." This tax to be paid when the land was sold, when it

passed at death, on the granting of a lease for more than fourteen years, and on land held by corporations ("which do not die"—Mr. Lloyd-George), every fifteen years. From the increment tax were excluded agricultural lands and lands used for sport whose value for such use was not greater than their value as agricultural land.

Mr. Lloyd-George's proposals, with two exceptions, have, it will be noted, one dominant note—increased taxes on property. Spirits and tobacco are luxuries, of however extensive use, and higher duties on them are justified by the financial needs of the country. But the increase in the tax on large incomes, the steeper graduation of the death duties, the higher license duties, the tax on motor cars and the raw material of their motive power, and the four taxes on land, are all aimed at property. And the most important, the most far-reaching, and, in the minds of his opponents, the most revolutionary taxes in the Lloyd-George Budget were aimed at the property which is founded on natural resources. It was not by accident that this was true. The Chancellor, wisely or unwisely, fairly or unfairly, with the skill of a statesman or the blindness of a demagogue, aimed at just such a goal. "All we ask," said he, "is that wealth shall pay its fair share. We are simply seeking to establish in an Act of Parliament a very old friend and honored fiscal principle, that men should contribute to the needs of the State as God has prospered them."

As I have said, two causes lay beneath the need for more taxation—the demand for a bigger navy and old age pensions. The demand for the greater navy came most loudly from the owners of property; therefore, said Mr. Lloyd-George, let them pay their rightful share of the bill. And on the second point, of pensions for the aged needy, he declared: "I do, without fear of misrepresentation, say that the first charge on the great natural resources of this country ought to be the maintenance above want of all those who are giving their labor and brain and muscle to the cultivation and development of those resources." Property must pay for the protection against the foreigner which it demands; property must pay its fair

share for the amelioration of the condition of those who have helped to build up property and in their old age are suffering want.

Inseparably connected with the Budget, in the intentions of its framers, is a programme of social reform of which the old age pensions already established formed the first item. "This," said Mr. Lloyd-George, "is a War Budget. It is for raising money to wage implacable warfare against poverty and squalidness. I cannot help hoping and believing that before this generation has passed away we shall have advanced a great step toward that good time when poverty and the wretchedness and human degradation which always follow in its camp will be as remote to the people of this country as the wolves which once infested its forests."

The Budget was hailed as revolutionary, Socialistic, confiscatory. The land taxes in particular were denounced and attacked, derided and assailed. The debate in the House of Commons lasted from the end of April until November, when the bill was passed by the great majority of 230. The vote was 379 to 149. In the House of Lords the Budget was attacked with even greater vehemence, and, after a powerful debate, the House took the unprecedented action of declaring "that this House is not justified in giving its consent to this bill until it has been submitted to the judgment of the country."

The motion was adopted in spite of weighty warnings from some of the most eminent peers that the House was going beyond its rights and powers in rejecting a Finance Bill, and thus refusing to grant to the Crown the supplies necessary for the carrying on of the Government. The vote in the Lords was 350 to 75. On December 2 the House of Commons adopted a resolution declaring "that the action of the House of Lords in refusing to pass into law the financial provision made by this House for the service of the year is a breach of the Constitution and a usurpation of the rights of the Commons."

There was nothing left but an appeal to the country. Parliament was prorogued, with the intention of dissolving it early in January, and the campaign for a general election began forthwith.

Here let us look a little at the system

# THE BUDGET LEAGUE



**"THE LIBERALS GAVE ME BREAD,  
YOU OFFER ME A STONE."**

A LIBERAL POSTER





# THE RADICAL "FREE TRADE" SLAVES

A CONSERVATIVE POSTER



A CONSERVATIVE POSTER

# **THE BUDGET LEAGUE. OUR OLD NOBILITY.**



**NOBLE LORD:**

**"YOU HAVE SERVED ME  
FAITHFULLY FOR 60 YEARS; NOW I'M GOING  
TO REDUCE YOUR WAGES BY HALF, THEN YOU'LL  
BE ELIGIBLE FOR THE OLD AGE PENSION!  
SEE?"**

A LIBERAL POSTER

of party government in England, which in certain noteworthy particulars is quite different from our own. Parliament is the legislating body; and legislation on public questions is, very completely under the control of the Cabinet. That body, which differs essentially from the Cabinet of an American President, is composed of the King's Ministers, chosen from the dominant party in Parliament. It performs a threefold function: it leads its party, controls legislation in the House of Commons, and administers the executive functions of the Government. In its legislative capacity the power of the Cabinet is well-nigh absolute so long as it commands a majority in the Commons. In fact, a prominent authority on the government of England has said: "To say that at present the Cabinet legislates with the advice and consent of Parliament would hardly be an exaggeration. . . . It does not follow that the action of the Cabinet is arbitrary; that it springs from personal judgment divorced from all dependence on popular or Parliamentary opinion. The Cabinet has its finger always on the pulse of the House of Commons, and especially of its own majority there, and it is ever on the watch for expressions of public feeling outside. Its function is in large part to sum up and formulate the desires of its supporters, but the majority must accept its conclusions, and in carrying them out becomes well-nigh automatic."

It follows, from the function of the Cabinet as the real legislative body and from the principle of party government, that a Ministry which has been defeated in the House of Commons on any but the most unimportant measures cannot continue in office. In the contingency of an adverse vote in the Commons, two alternatives are before the Cabinet. It may resign, when the Crown must select some statesman, generally of the opposite party, to form a new Cabinet; or it may dissolve Parliament and appeal to the country at a general election.

Parliamentary elections (which are the only elections in England except those for purely local purposes) are held, then, not at stated intervals,<sup>1</sup> but whenever a Ministry loses the support of the House

of Commons and decides, as a consequence, to appeal to the country.

It is the support of the House of Commons, be it noted, that determines the status of the Cabinet, and therein lies the anomaly of the present crisis. "A Cabinet," says Lowell in his "The Government of England," "never thinks of resigning on account of the hostility of the Lords; nor is its position directly affected by their action."

So it has been in the past. But so it was not in the year of grace 1909. The action of the House of Lords very directly affected the position of the Cabinet; and while the hostility of the hereditary chamber did not make the Ministry "think of resigning," it did make it appeal to the country. A Financial Bill (otherwise Budget) stands on a very different footing from other bills. If it be not enacted, the sources of the country's revenue are dried up. Taxation, the very breath of life to a government, in large measure ceases, and a continued failure to enact a Finance Bill would quickly produce chaos. A Cabinet which cannot pass its Budget must either give way to its opponents or secure from the country a mandate which its opponents cannot ignore.

This is the first time in hundreds of years, if not in the history of England, that the House of Lords has rejected a Budget. The situation brought about by its action could have but one outcome—dissolution and a general election—for the Cabinet, with a majority of 230 in the Commons, could not resign. The course adopted by the Lords, therefore, set up two contentions, from both of which the Liberal party dissented: First, the right of the House of Lords to interfere in financial legislation; secondly, the right of the House of Lords to force a dissolution of Parliament and an appeal to the electors.

The Liberal party, therefore, went before the people on two questions, one fiscal, the other constitutional: Shall the principles of taxation embodied in the Budget—the increased taxation of property and the wealth that comes from natural resources—be adopted by the nation? Shall the right of the House of Lords to share in the control of the nation's finance and to force at its pleasure a dissolution

<sup>1</sup> Except in the rare case that a Parliament has expired by statutory limitation at the end of seven years.



# IT'S WORK WE WANT



# A FREE TRADE VICTIM

A CONSERVATIVE POSTER

of Parliament be flatly and explicitly denied?

The first question the Conservative party has met with a negative and with an alternative policy, Tariff Reform, otherwise Protection. To the second it has also said No, but less loudly and less insistently. In a controversy over the constitutional question the Conservatives have all to lose and little to gain. The *status quo* is plenty good enough for them. The Lords *have* made use of the powers which the Liberals would deny them, and it is better for the Conservatives to unite

in the positive advocacy of Tariff Reform than in the negative defense of the acts of the hereditary chamber. Or so it seems to the observer seeking impressions.

The Liberal battle-cries, then, may be said to be, "The Budget and Social Reform," and (to put it a little brusquely) "Down with the Lords;" the Conservative slogans, "Tariff Reform and Prosperity for All," and "A Strong Second Chamber to Check Radical Extravagance."

London.

## PRISONS AND PROGRESS

BY LYMAN BEECHER STOWE

NOT long ago a report reached the Attorney-General of the United States that the conditions were bad in the Western Penitentiary of Pennsylvania at Allegheny, where were confined twenty-one Federal prisoners. Immediately he despatched an inspector of the Department of Justice to investigate. The inspector recommended the prompt removal of the eight Federal prisoners whose terms did not soon expire to the Federal Penitentiary at Fort Leavenworth, Kansas. Four of these prisoners, among them a millionaire ex-banker, were at once transferred to Fort Leavenworth. The other four, on their own request, were allowed to remain at least for the time being in the Pennsylvania institution. This was the official result of the investigation. Its unofficial result was to fan into new life a vigorous press discussion of the conditions in this penitentiary which had earlier been started by an investigation made by the Board of Charities of the State.

The charges contained in the report of the inspector of the Department of Justice were briefly as follows:

First: Owing to the State law regulating and limiting prison labor, approximately one-half the prisoners were idle.

Second: The inspector said, "The day before my arrival, when one of the Board

of Inspectors of the institution was in the dining-room during the noon meal, the prisoners arose in a body and hurled their food, plates, etc., at the Inspector and called upon him to witness the quality of their food."

Third: "Several of the higher-class prisoners, men of good education and former high standing, expressed dissatisfaction because they were compelled to eat at the general mess."

Fourth: Almost without exception the prisoners complained of vermin in the cells.

Fifth: "The warden, deputy warden, physician, chaplain, and clerk, admitted to me that tuberculosis, chiefly in pulmonary but also in other forms, is prevalent in the institution."

Sixth: "The institution is overcrowded, and the warden says it will be more so when the fall terms of the courts begin. The population August 31, 1909, was 1,301. More than one-half the number are confined two in a cell."

I was commissioned by The Outlook to investigate these charges. By way of securing a standard of comparison, I first visited the short-term penitentiary on Blackwell's Island (where, by the way, the atrociously small and dark cells are a disgrace to New York State), and then the Maryland Penitentiary at Baltimore,