

What were the effects of the Lloyd George Budget of 1909 on the internal politics of the Unionist party, particularly in terms of relations between the Tariff Reformers and the Free Traders?

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What were the effects of the Lloyd George Budget of 1909 on the internal politics of the Unionist party, particularly in terms of relations between the Tariff Reformers and the Free Traders?

When Lloyd George announced his first budget¹ in April 1909, he declared it to be, 'a war Budget. It is for raising money to wage implacable warfare against poverty and squalidness.'² In truth, the wars the budget caused were fought elsewhere. The budget was far more controversial in thought than in deed; the introduction of Land Taxes, so vehemently opposed by the Unionists and so dogmatically defended by the Liberals proved to be of little consequence to either party. Raising little money for the Exchequer and proving to be less than disastrous for the landed class, the tax was quietly repealed in the budget of 1920, under the Premiership of Lloyd George himself. The budget was a response to the growing cost of government caused by Asquith's increases in social security coupled with the growing expenses of naval armaments. Interestingly, the similarities between Lloyd George's budget of 1909 and C. T. Ritchie's budget of 1903 are notable. Ritchie reduced income tax as well as repealing the duty on corn. Indeed, Ritchie's 1903 budget seems simply a version of Lloyd George's made during a period of surplus. The effect of the budget on the politics and government of the United Kingdom is unquestionable, enabling greater state spending on social reform. One of the advisers for the 1909 budget was William Beveridge, whose famous 1942 report laid the foundations for the welfare state. For the Unionist party, the budget seemed an aggressive reaffirmation of Free Trade, designed to pacify the working class whilst goading the wealthy. Free Trade had, throughout the first decade of the century, been the one factor which united the Liberals and divided the Unionists.

What the 1909 budget served to do was to allow the Tariff Reformers within the Unionist party to define Free Trade as the primary enemy of the party, both internally and externally. Joe Chamberlain had written to Neville as

¹ Although Lloyd George was technically Chancellor for the May 1908 budget, Asquith had so recently departed the Treasury that he felt the budget to be his; even announcing it himself to the House of Commons. Certainly, it marks more of a continuation of the steady pragmatism of Asquith's tenure at the Treasury than a precursor of the radical budget of 1909.

² In John Grigg 'Lloyd George: the people's champion (1990)' p.173

early as 1904, 'The Free Traders are common enemies. We must clear them out of the party and let them disappear.' Whilst most Tariff Reformers shared Chamberlain's³ sentiments, they had yet to convince the leadership of the party. This they achieved through the vehemence of their campaign against the budget, and by demanding its rejection by the peers. This can be denoted the ideological effect of the budget, in that it enabled the Tariff Reformers to at once oppose the Liberal government and those within their own party who they had long been suspicious of. The practical effect of the budget was that it forced an election at which the Free Traders within the Unionist party were all but destroyed. Neither effect would have been possible were it not for the dynamic leadership of the Protectionist faction by Joseph Chamberlain in the years before his incapacitation in 1906. Chamberlain understood the role of the local organisation, and its potential power. Many contemporaries of Joe Chamberlain spoke of his 'Birmingham caucus' but far more important in the latter years of his life was his 'Tariff Reform caucus'. Throughout the period 1903-1909 Chamberlain had worked to achieve near universal control of the local Unionist organisations. This meant that when the time came in 1909 that the Unionists could fight an election against Free Trade, they had the means to annihilate the Free Traders in the constituencies.

A common question asked of the Unionist party in this period was regarding the great paradox: how did the Unionists so easily defeat the Free Traders in their own party when Tariff Reform was so unpopular in the country? One major contributing factor to their disastrous defeat in 1906 was their campaign for Imperial Preference, something that voters felt would mean a rise in food prices. In fact, it was precisely because the Unionists were so heavily defeated that the Protectionists were able to convert the party to Imperial Preference. When a party, of any persuasion, loses an election of this magnitude, they are by definition reduced to being supported only by their core voters. Thus, after the 1906 election, the Unionists had been comprehensively beaten, most importantly in the North of England and Scotland. This allowed the Tariff Reformers to accelerate their programme of

³ For ease of reference, any mention of 'Chamberlain' refers only to Joseph. All other Chamberlains will be prefaced by a forename.

controlling local organisations, as well as allowing them to bring greater pressure to bear upon Balfour.

It has been much argued whether Lloyd George's budget was a deliberate provocation of the Lords. Whether or not, it cannot have escaped the Cabinet's notice that the budget would have great ramifications for the Unionists in the House of Commons. The constitutional effects of the budget are absolutely undeniable, culminating in legislation ensuring the supremacy of the Commons over the Lords. More subtly, a large part of the battle between the Lords and the Commons was fought internally within the Unionist party. Moreover, it must not be forgotten that the Unionists in the House of Lords were acting under instruction from Balfour, a member of the Commons, famously encapsulated by Lloyd George's denunciation of the Upper Chamber as 'Mr. Balfour's poodle'. The 'war' that Lloyd George spoke of seems less like the orthodox interpretation of Lords versus Commons and direct versus indirect taxation, and more of a struggle between factions of the Unionist party, specifically the battle between Free Trade and Protection, both within the party and the country.

The Unionist party that opposed Lloyd George's budget was one that was much changed from the Conservative party of Disraeli. The twenty year period between the Liberal schism of 1886 and their resounding victory in 1906 was marked as much by changes within the Unionist party as by the late resurgence in the Liberal party itself. These two decades saw the Unionists in power for all but three years, giving rise to the famous belief that they are the 'natural party of government'. It was this mistaken belief that caused Balfour to resign in 1905 without asking for a dissolution. He believed that the Liberal party would face too many internal difficulties to govern, and the Unionists would be returned to power at the next election⁴.

The 1886 realignment, led by the eponymous Joseph Chamberlain served to change the character of the Unionist party, both inside Parliament and in the country as a whole. Aside from Chamberlain's personal guarantee

⁴ The irony being that the Liberal party proved more cohesive than the Unionists. Balfour felt the Liberal Imperialists would refuse to serve under Campbell-Bannerman, but ultimately Asquith lacked the conviction to force the issue.

of around thirty Birmingham and West Midland seats, the Liberal Unionists Conservatives broadened the Conservative appeal of the party to more than the traditional voters. The Unionist party could now count upon many more middle-class voters in industrial areas. The split of 1886 also strengthened Unionist support in nonconformist areas, such as Scotland and the north of England. Perhaps most importantly for the Unionists, what Chamberlain brought to the party was a firm understanding of politics at the local level. His dominance of Birmingham politics was such that even when he left the Liberal party in 1886, he still retained effective control of the constituencies in the municipality. The 1906 election was notable for the fact that the Unionists actually increased their share of the vote in the West Midlands at a time when they were being ravaged in the rest of the country. Indeed, Balfour lost his seat in Manchester. Joe Chamberlain was distrusted by many within both the Conservative and Liberal parties, particularly the elites. Yet he served as a Cabinet member under Gladstone, Salisbury and Balfour, some of the most selective leaders in the history of both parties. Chamberlain was at worst tolerated and at best lauded by successive leaders⁵ due simply to his powerful populist appeal.

After the 1900 'khaki election', Chamberlain 'sought to give a fresh meaning to Unionism and to strengthen his own political position by advocating, with an imperial bias, the old creed of protection'⁶. The important distinction made by Rempel (aside from Chamberlain's attempts to 'strengthen his own political position') in explaining Chamberlain's actions was that this was a linking of protectionism with imperialism. Had Chamberlain advocated a return to the protectionism of the pre-Peel period the result would have been catastrophic for the Unionists. It had become the received wisdom within politics that Free Trade meant peaceful international relations, cheap bread and relative inter-class harmony. The period 1846-1903 had witnessed Britain's greatest economic expansion, a combination of increased success abroad and cheap food at home. The 'imperial bias' that Rempel speaks of

⁵ A notable example of this was in 1895 when Salisbury allowed Chamberlain to choose any Cabinet position he desired. It cannot have escaped Salisbury's notice that Chamberlain had quadrupled the Unionist majority in some constituencies in Birmingham.

⁶ Richard A. Rempel 'Unionists Divided: Arthur Balfour, Joseph Chamberlain and the Unionist Free Traders (1972)' p.15

was Chamberlain's way of linking the universally popular empire with protection. It was a natural link to make. For fifty years Britain had maintained the strongest merchant navy in the world. For half a century ships had left British docks with manufactured goods and returned with cheap materials from the empire. Much of the impetus of the British Empire was based on finding new resources across the globe which Britain could trade. Whether it was sugar in the West Indies, gold in South Africa or diamonds and copper in both Southern and Northern Rhodesia, Britain had become extremely rich on a combination of Free Trade and Imperialism. However, the slowing down of British growth in the final quarter of the century had been ascribed by a small minority in the country as being caused by Free Trade. The self-sufficiency that Britain had demonstrated during the Napoleonic wars had ceased to be the case, and this was felt by many landowners to be a result of an ending of protection. This found much resonance during the late-Victorian and Edwardian period, at a time when Britain was ending her isolation in international relations and was once again considering the possibility of a major European war. This view was, however, much in its infancy and was advocated only by a small minority. The fiscal orthodoxy remained Free Trade.

Chamberlain therefore proposed a maintenance of this Free Trade within the Empire, with no tariffs on goods imported or exported within the Imperial nations. This would ensure that Britain could benefit from maintaining an empire, and forge closer links between the nations ruled by London. Protectionism as a policy is always more controversial for those whom it excludes than for those who are included. Most notably, Germany and the United States were to be excluded from Free Trade with the United Kingdom. Both countries had made significant strides in industrialising in the final quarter of the nineteenth century and this was felt to be at the disadvantage of Britain, particularly for the weakening steel and textile industries. This was most keenly felt from within Chamberlain's Midlands heartland, where around one quarter of the Tariff Reformers in Parliament had their constituency. As Secretary of State for the Colonies, Chamberlain had a keen interest in the Empire, and felt that that increased trade between the Imperial nations would benefit all. Following the meeting of the Imperial Conference in April 1907,

and a subsequent Tariff Reform rally at the Albert Hall, Joseph wrote to (or rather had his daughter Ida write to) Austen, stating,

I do not believe that such a meeting as that of the Albert Hall could have been held two years ago. It shows that the cause [Imperial Preference] is making great way, and... I attribute this in great measure to the interest now taken in the Imperial Conference. Although one cannot expect great immediate results as long as we have a government pledged against all [fiscal] reform the present conference will make the ground more certain for the Unionist party whenever it returns to power'⁷

Joseph clearly believed that the protectionist movement was gaining in popularity, and that this populist appeal should serve the Unionists well when they returned to power. His semantics are important too: in speaking of 'making the ground more certain' for the party he clearly means that the public support for Imperial Preference should indicate to the party (by which he presumably means Balfour) that they have a clear mandate for Tariff reform.

The Unionist party that governed during the 1900-1906 parliament was disparate. The coalition between the Conservatives and the Liberal Unionists had been a relatively successful alliance, with the Conservatives accepting men of ability from across the floor. Men such as Goschen, Hartington and Chamberlain were more than able politicians and Home Rule was a good ideological unifier between the two parties. There remained, however, a subtle uneasiness between the two groups, shown by the fact that many Liberal Unionists were unable to bring themselves to join the Carlton Club. Balfour's selection as Salisbury's successor as premier in 1902 owed as much to Balfour's traditional Tory Cecil background as to his skill in the House of Commons. The varying heritage of many members of the Unionist party gave rise to great divergences in beliefs and ideologies. It was this that led to first

⁷ Joseph Chamberlain to Austen (as dictated to Ida Chamberlain), April 29 1907. Austen Chamberlain Papers, (AC1/4/5/35).

the disagreement and eventually the split over fiscal reform. When Ritchie announced his first budget as Chancellor he intended to 'present a popular tax-cutting budget'⁸. Whilst this is not an entirely surprising statement from a new Chancellor, the budget Ritchie introduced 'was one of the most defiantly free trade statements for fifty years'⁹. Defiance is an aptly selected concept, for this was a deliberate rejection of the policies of Joe Chamberlain.

Chamberlain's attempt to convert the party to Tariff Reform was one that was met with great suspicion from within the Unionist party. It was not forgotten what he had done to the Liberal party in 1886, and what he was capable of doing to the Unionists. The Unionist Free Traders, as the opponents to fiscal reform became known, comprised of three disparate groups, initially significant minorities within the coalition. The first group were some of Chamberlain's oldest enemies: the 1886 Whigs. Those such as the 8th Duke of Devonshire (formerly Lord Hartington) had disapproved of Chamberlain since his 'unauthorised programme' of the 1880s. Chamberlain felt that he personally represented the popular feeling in the country. It was this feeling in 1885, as well as in the period 1902-6 that led him to act independently of the party leadership. The 1886 Whigs contained influential, although ageing members of the House of Lords, Lord James of Hereford and Lord Goschen. As well as being opposed by those who had accompanied him across the floor in 1886, Chamberlain also found much resistance from within the Conservative party. As a Unitarian, and a member of the minority party of the coalition many of the established Tory families resented his attempts to control the direction of policy. The Cecil family, Hicks Beach, Lord George Hamilton and Lord Balfour of Burleigh were amongst those who disliked Chamberlain the man, as well as Chamberlain the politician. Furthermore, the young men of the Unionist party, centred around Lord Hugh Cecil and Winston Churchill rejected protectionism. The 'Hughligans' as the faction became known, were the smallest of the groups within the Unionist Free Trade umbrella, their size constantly diminished by members crossing the floor to join the Liberals.

⁸ David Brookes 'The age of upheaval – Edwardian politics 1899-1914 (1995)' p.49

⁹ *ibid.* p.49

All these men opposed fiscal reform for differing reasons. Some felt that protectionism meant increased corruption, and more state intervention, others felt that peaceful international relations were intrinsically linked to free trade; a minority were simply dogmatically attached to Cobdenite openness of trade.

Another crucial opponent of Tariff Reform was the civil service. Whilst Chamberlain was himself President of the Board of Trade between 1880 and 1885 he had been consistently briefed by Lord Farrer against Protection. Well into the twentieth century it was the Board of Trade that was seen as the bastion of Free Trade in the country¹⁰. Following Ritchie's 1903 budget, the Corn tax was described by Sir Edward Hamilton, a civil servant working within the treasury as a 'Trojan horse within the free-trade fiscal system.'¹¹ This therefore presented Chamberlain with an institutional opposition to Tariff Reform.

The different standpoints from which fiscal reform was opposed meant that the Chamberlainite Tariff Reformers had a unity of ideology and action that was crucially lacked by the Free Trade interest within the party.

1903 began to define the divisions in the Unionist party that culminated in the 1909 budget. The beginning of the Tariff Reform campaign was the first step in the process that would lead to the internal division of the Unionist party, and ultimately the defeat of the 'Free Fooders' by 1910. In May 1903, in a speech in Birmingham, Joe Chamberlain called for

'A campaign for domestic production to assist industry and to secure revenue for social reform and preferential tariffs in favour of the colonies to promote imperial consolation.'¹²

Chamberlain's announcement of support for Imperial Preference without wholehearted support from much of the Unionist party drew many minds back to the 'unauthorised programme' of 1885. Nevertheless, Chamberlain's

¹⁰ This can be traced as far back as William Huskisson during the ministry of Lord Liverpool.

¹¹ As quoted in Brooks 'The age of upheaval' p.49

¹² Rempel 'Unionists Divided' p.11

dynamism found much support amongst the Unionist party, particularly in the backbenches. Many shared his view that Unionism needed to reinvigorate itself. A meeting called by Chamberlain in favour of Tariff Reform took place on 24 June 1903 in the House of Commons in which '130 MPs met or sent letters supporting Chamberlain'¹³. Less than one month later these MPs, along with Unionist businessmen and journalists formed the Tariff Reform League. The presence of important businessmen was fundamentally important: it was their financial contributions that allowed the League to distribute large amounts of information and to establish constituency organisations that wielded great power in the subsequent elections. In comparison with the Free Food League, the Tariff Reformers had superior organisation and resources that, when combined with Chamberlain's populism, meant that they were a formidable force. The superior assets of the Tariff Reformers were closely linked to the funding of the Liberal Unionist party. Within the Unionist coalition it was the Liberal Unionists who were far wealthier than their Conservative allies, a point missed by Michael Pinto-Duschinsky in his review of British Political Finance between 1830 and 1980¹⁴. Both the Unionist Free Traders and Balfour soon realised that the fiscal reform faction was immensely, and perhaps ominously, powerful. Chamberlain had now gained the solid platform from which to force Imperial Preference on Balfour and the party, something that many Unionists felt extremely uneasy with. The most notable early opponents of Chamberlain's policies were C.T. Ritchie, the Chancellor of the Exchequer, and the Duke of Devonshire, both of whom were committed Free Traders. Neither was prepared to serve in a Cabinet with Balfour as only the titular head.

Although the resignations of Ritchie and the Duke of Devonshire were accompanied by the resignation of Joe Chamberlain, it seemed as if Tariff Reform had gained the upper hand, with Austen Chamberlain becoming Chancellor. The replacement of Ritchie, who resigned in protest at the proposals for Imperial Preference, with Austen Chamberlain, son of the leader of the Tariff Reform campaign, was no coincidence. Although Austen was an able politician, his filial connection with Tariff Reform was certainly not lost on

¹³ *ibid.* p.44

¹⁴ Michael Pinto Duschinsky, 'British Political Finance 1830-1980 [1980]'

Balfour, himself no stranger to family connections in politics. Jenkins, in his essay on C. T. Ritchie, described Austen Chamberlain as 'His father's vicar in the Cabinet'¹⁵ and there was no one who believed anything different about Austen's appointment, although subsequent analysis has questioned Balfour's intentions in appointing Austen to the role of Chancellor. Austen's lack of obvious ability makes clear his appointment was more due to who he was than his capabilities, although his predecessor, Ritchie was a man of little talent. Moreover, David Dutton argues that Balfour's Machiavellian abilities led him to appoint Austen as Chancellor:

'In many respects Austen's position became that of a hostage. While he remained as Chancellor his father could scarcely attack the government, even if Balfour's adherence to tariff reform began to waver.'¹⁶

Essentially Balfour had engineered a situation that controlled Joe Chamberlain. If Austen failed as Chancellor, he would heavily undermine his father; if he succeeded he would undermine tariff reform. Whether this was Balfour's deliberate intention cannot be known, although he certainly would have felt more comfortable attempting to browbeat Austen at the Cabinet table than his father. Indeed, this began a period for Austen that continued throughout much of his life where he was seen as the deputy to his father: a role that he played even after the elder Chamberlain's death in 1914.

Free Trade did not lack able spokesmen; it was simply that they existed mostly in the Liberal party. When Joe Chamberlain began his tour of the country in autumn 1903 he was pursued and rebutted in a parallel series of speeches by Asquith, sent by the Liberal party as the most able orator on free trade. This served to create a situation in the public mind whereby the policies of free trade and tariff reform took on partisan groundings. Although Balfour was officially undecided as to fiscal reform, Chamberlain's proactive campaign made him seem confident enough with his leader's support. The

¹⁵ Roy Jenkins 'The Chancellors (1998)' p.110 in the Chapter on the chancellorship of C.T. Ritchie.

¹⁶ David Dutton 'Austen Chamberlain – Gentleman in Politics (1985)' pp.34-5

polarity of the argument between Asquith and Chamberlain meant that a clear dividing line was being drawn between the parties. The paradox of the Liberal pro-free trade argument undermining the Unionist Free Traders was something much repeated in the period following Lloyd George's 1909 Budget.

The crucial mediator in the Unionist party was Balfour. In the period between 1903 and 1906 election (and it would have been for a longer period under the septennial Parliament system, had he not resigned his government in 1905) he attempted to hold the middle ground between fiscal reform and free trade. The Balfourian faction of the party had, throughout this period been silent. They believed in neither Chamberlain, nor Cobden. Balfour wrote to the Earl of Selborne in September 1903 'I think it possible that we might find a way of conferring 'preference' without touching corn.'¹⁷ This typically encapsulates the conciliatory nature of the Balfourite approach to party leadership. Their ideological loyalty lay only to the Unionist party, and its continuation in power. A split in the party was therefore to be avoided at (almost) all costs. It was based on this principle that Balfour worked in conjunction with Lansdowne in the House of Lords to ensure that the party was not irretrievably divided before the 1906 election. Immediately before the 1906 election, 83 out of 392 Unionist Members of Parliament could be classed as 'Free Fooders'. Balfour therefore felt the need to pacify the Tariff Reformers, who were demanding the exorcism of the Free Trade section of the party, without openly supporting either faction. He claimed the ideal situation would be to gain concessions from other protectionist states in order to gain genuine free trade between all nations. As Martin Pugh states,

'However tactically shrewd, this failed to satisfy the emotional forces unleashed on both sides of the debate; moreover, the two wings of the party soon became so unequal that any compromise proved irrelevant.'¹⁸

¹⁷ From 'The crisis of British Unionism – the domestic political papers of the second Earl of Selborne, 1885-1922 (1987)' D. George Boyce (ed.) pp.30-1. Letter dated 11 September 1903

¹⁸ Martin Pugh 'The Making of Modern British Politics 1867-1945(2002)' p.102

The battle between the Tariff Reformers and the Free Traders for the Unionist party had now escalated to such a level that no one could pacify either side. The vehemence with which each side fought was such that one side would be destroyed, it was only to be decided where and how it was to be achieved. Such were the battle lines drawn.

Balfour's resignation in December 1905 was a Machiavellian act which failed. The underestimated strength of Campbell-Bannerman's convictions, combined with the offer of high office for all of the 'Relugas' conspirators meant that the Liberal government was formed and ready for an election in early 1906, one that was necessary in order for the Liberal government to achieve a majority in the House of Commons. This was not the case with the Unionist Free Traders. 1906 has become a date in political history synonymous with 1945 and 1997 as great Conservative/Unionist defeats. 1906 was one of the greatest landslides in British history, yet it tends only to be viewed in terms of the Liberals' subsequent decline. The Unionist party, however, fought the election both internally and externally. The election campaign further cemented the polarisation between the parties as that between free trade and tariff reform. Balfour found it increasingly difficult to rein in the protectionist instincts of the Chamberlains without seeming against the policy of fiscal reform. Ultimately his election address attacked the Liberals' dogmatic defence of Free Trade, which is crucially different from pledging to reform the fiscal system. It was claimed that,

'The fiscal creed of the new Radical is that what was good 60 years ago must not only be good now, but must for ever be incapable of improvement. I take a more conservative view. I believe in the wisdom of adopting our policy...to the changing conditions of a changing world.'¹⁹

Joe Chamberlain instead focussed on the promise of increased employment which failed to supersede the Liberal claim of cheap bread. 'Hands off the people's food!' was the resounding message from the country. The Liberals were extremely canny (or fortunate) in their campaigning, in preventing any talk of Home Rule for Ireland. Campbell-Bannerman even went so far as to publish a 'step-by-step' guide for Ireland that did not contain any plans for a Home Rule Bill. Moreover, in campaigning for a new Education Act, the Liberals were able to gain many nonconformist Unionists who had

¹⁹ From 'Arthur Balfour's Election address' (1906)

disapproved of Balfour's attempt in the previous Parliament. The positive creed provided by an alternative Education Bill, combined with a defence of fiscal orthodoxy meant that the Liberals could focus great attention on rebutting the claims of Tariff Reformers. It is no accident that the election became known as the 'Big loaf, little loaf' campaign.

The great shift from Unionist to Liberal that took place clouds more subtle changes. The 1906 election was more disastrous for the Unionist Free Traders than the Unionist party as a whole. The Liberal party itself obtained 377 seats, giving them a majority of 84 over all other parties. This in itself is a substantial majority, but when combined with the 53 Members who gave regular support to the Labour movement²⁰ and 83 Irish Nationalist MPs, it meant that the Liberal government had around 513 supporters in the Commons, or a working majority of around 356. The Irish Nationalists were less reliable allies in Parliament than the Labour party, but this only manifested itself when the government proposed that favourite policy of Nonconformism: increased duties on alcohol.

The Unionist result is one of the most catastrophic in its history. The Unionist alliance was reduced to 157 seats, shared between 132 Conservatives and 25 Liberal Unionists, the largest grouping of which came from the Birmingham and West Midlands seats²¹. However, the major defeat of the election was that of the Unionist Free Traders, who were reduced to a rump of only 20. Compared with 109 Tariff Reformers, and 23 Balfourites (the rest being the 5 who classed themselves as 'uncertain'), they were the major casualties of an election fought on issues that provided a conflict of interest. The collapse of the Unionist Free Trade faction from 83 in the 1900-1906 Parliament to just 20 after the 1906 election requires greater investigation in order to ascertain whether their destruction was as a result of the Tariff Reform League alone. Rempel identifies the 83 Free Trade Members who sat

²⁰ Documenting the exact numbers of 'Labour' supporters is always somewhat problematic, given that the 'Labour party' had not yet been formed. What the 'Labour movement' consisted of were those members of the LRC (the precursor to the Labour party), who in 1906 numbered 29, as well as between 24 and 25 'Independent Labour', 'Labour interest' and those members of the 'Lib-Lab' grouping who had a partial interest in both Labour and Liberal. The number of 'Labour' supporters is reasonably supposed to therefore be either 53 or 54.

²¹ Whitaker's Almanack (1907)

in the Balfourian Parliament, as of early December 1903²². The geopolitics of their constituencies is varied: since they were elected before 1903, their fiscal credentials had not been approved or disapproved of by their constituents. It is therefore reasonable to assume that their stand on reform was based on conscience and not a mandate. Of this initial 83, 12 had become Liberals before the 1906 election, most notably Winston Churchill in May 1904. A further 20 Unionist Free Trade MPs had retired from active politics before the 1906 election, amongst them, influential men such as Michael Hicks Beach and C.T. Ritchie. When this is combined with two Free Fooders who had reached the 'Elysian Fields'²³ of the Lords and the one Free Trader who had gone to the real thing by dying before the 1906 election, there remained only 48 MPs who fought the 1906 election as Unionist Free Traders.

The work of the Tariff Reform League is establishing local organisations contributed greatly to the Free Trade defeat in 1906. With the League being particularly active and popular in industrial and urban areas, they often had the resources and support to fund a Tariff Reform candidate to oppose the Unionist Free Fooders. In areas such as Durham, Glasgow, Sunderland and six London seats the League had candidates. The rare cases in 1906 where a Unionist Free Trader lost his seat to a Tariff Reformer took place in three places, two of which were Durham and Sunderland. The University seats also told a similar tale, although this was reflective more of these seats as bastions of mainstream Conservatism than due to the strength of the League. Gorst lost his seat as one of two Members for Cambridge University, and candidates who stood for Glasgow and Aberdeen, and Edinburgh and St. Andrews Universities were also beaten by Tariff Reform opponents²⁴. Indeed, of the 56 candidates who stood at the 1906 election as Unionist Free Traders (including the eight who were not previously MPs), the twenty who survived did so in anomalous circumstances. Of the nineteen candidates described by Rempel as 'hard core' Free Traders, only four were returned to Parliament. Three of these stood in areas where Protestant

²² Rempel 'Unionists Divided' Appendices I-V (2) pp.225-229.

²³ Benjamin Disraeli, becoming Earl of Beaconsfield in 1878.

²⁴ The University seats, until their disestablishment in 1948 were illustrious seats to hold for MPs. The Younger Pitt and Sir Robert Peel both held University seats during their premierships; and later, Ramsay MacDonald following his premiership.

Unionism was the dominant issue: Glasgow Tradeston, Glasgow Camlachie and Belfast. The fourth was Hornby in Blackburn, who was 'a popular and sitting local Tory'²⁵. The case of Hornby in Blackburn is somewhat anomalous given that the Hornby family had close links with the Blackburn constituency. Philip Snowden stated that, in Blackburn, 'Toryism has become Hornbyism'²⁶; the Hornby family had represented Blackburn at Westminster for much of the nineteenth century, and Hornby himself was famously passive in the House of Commons, never making a speech in almost a quarter century as one of the Members for Blackburn. Hornby was instead, always open to the wishes of his political leaders, and perennially reflected the view of the Conservative, and later Unionist leadership. Nevertheless these results clearly illustrate the 'squeezing' effect on the Unionist Free Traders, as the Unionists lost contests in Scotland and the North of England which were based on Free Trade, but won those in urban areas that strongly supported Tariff Reform.

Two key battles in the election were that of Greenwich and Durham. It is always difficult to find one or two seats that can accurately be said to be microcosms of the entire election, although journalists, commentators and politicians still try to this day. In the case of the 1906 election, Greenwich and Durham were crucial not for who won, but for who was defeated. In both cases the incumbent Unionist was ousted by a Tariff Reform candidate. Both were significant illustrations of the ruthlessness of the intra-party feud. Greenwich was the seat, prior to 1906 of Lord Hugh Cecil, the youngest son of the former Prime Minister. The leader of the 'Hughligans', his battle to retain his seat was on that took centre stage. It seemed to many observers, particularly the Liberal press, that this was both indicative of the split in the party and a battle for the soul of the party. A Cecil, son of the former Prime Minister was in danger of losing his seat to a candidate sponsored by a Chamberlainite organisation. The battle between Highbury and Hatfield was nowhere more neatly encapsulated. The Manchester Guardian covered the constituency fight in great detail. The most crucial factor in this contest, and

²⁵ Roy Jenkins 'The Chancellors (1998)'. pp.258-9. The election is notable for being the entry to Parliament for future Chancellor Philip Snowden (Blackburn was a two-seat constituency). As Jenkins admits, 'It was a remarkable result for 1906, with a Conservative at the top and a Liberal at the bottom of the pile.'

²⁶ Peter Clarke, 'Lancashire and the New Liberalism (1971)' p.224

the one that gave it wider ramifications was the unwillingness of Balfour to intervene. Cecil was hugely popular with many in the party, and was believed to be one of the finer young minds in Parliament. Balfour's refusal to endorse Hugh Cecil, his cousin, despite the constant requests from the Cecil family was crucial in the ensuing loss of Greenwich to Free Trade. Balfour's unwillingness to act is also odd given that he endorsed Robert Cecil in East Marylebone, although the different makeup of the constituents may have convinced Balfour that any opposition to Cecil would be unlikely to succeed. Whatever the reasoning, it is curious that Balfour did not intervene in Greenwich when he could have made a difference, and did in Marylebone when he couldn't. This is indicative of either Balfour's wider desire to maintain neutrality in increasingly difficult circumstances or his inability to maintain a consistent course of action under such intense circumstances.

The contest in Durham²⁷ was no less important, albeit for different reasons. The sitting MP was Elliot, the Liberal Unionist Free Trader. The candidate sent to oppose Elliot, Jack Hills was widely regarded as one of the most brilliant Tariff Reformers, and was sent by Chamberlain personally. The battle that took place here was a battle that illustrated the personal nature of Chamberlain's campaign: Elliot was one of the few Liberal Unionists who could challenge Chamberlain. Chamberlain's desire to dominate the Liberal Unionist organisation showed further his craving for any form of organisation base. Elliot's defeat in Durham was a personal gain for Chamberlain, and so the Manchester Guardian argued, a loss for the Unionist party as a whole.

The inability of the Unionist Free Traders to come close to matching the resources of the Tariff Reformers is both cause and effect of their disorganisation. It is effect in the sense that the diverse ideological backgrounds within the faction meant that there was no conclusive and united act to combat the Chamberlainites. As late as 1905 Hicks Beach was still attempting to prevent the Free Fooders from militant opposition to fiscal reform, and the constant debate that existed between the Liberal Unionist and Conservative members of the Free Food league prevented decisive and

²⁷ All statistics relating to Durham in the General Election of 1906 comes from F.W.S Craig, 'British Parliamentary Election Results (1885-1918) [1974]' p.108

coherent policy. It is the cause of the later disorganisation because their indecisiveness in the years preceding the 1906 election led to their easy defeat at the polls by both the Liberals and the Tariff Reformers. This in turn meant that they were now too small a force to seriously challenge the Chamberlainites, who outnumbered them five to one in the 1906-1910 Parliament. Moreover, their disorganisation meant that those who did survive the cull at the election were elected on principles other than their Free Trade credentials. Wolff in Belfast, Hornby in Blackburn and Corbett in Glasgow had other mandates from their constituents than that of Free Trade. Indeed, Wolff in Belfast did not mention finance once in his entire campaign.

The Unionist Free Traders were therefore in their death throes in the House of Commons, with only twenty members, the majority of those less than vehement supporters of Free Trade. Where the Free Traders had not been, and could not be defeated, however, was in the House of Lords. The House of Lords contained such influential supporters of Unionist Free Trade as Lords St. Aldwyn, Cromer, Milner, Balfour of Burleigh and James. All of these were former members of Unionist Cabinets, and all of these would be notable opponents to the policy of rejection in the months leading up to November 1909.

The battle within the Unionist party between Free Trade and Tariff Reform had therefore undergone a shift after the 1906 election. The destruction of all effective support for Free Trade from the (now) Opposition in the House of Commons meant that the spotlight was firmly fixed on the relationship between the two Parliamentary Houses. Balfour himself stated in January 1906, after having lost his seat in East Manchester, 'the great Unionist party should still control, whether in power or in opposition, the destinies of this great Empire.'²⁸ This is an extreme statement from a man who could not even control the majority of his party. It reflects the actions of the previous four years, and pre-empts those of the next four. It also asserts the fact that the battle between Unionism and Liberalism, effectively in 1906 that between Tariff Reform and Free Trade, had now changed to one being fought not in the House of Commons, but between the Commons and the

²⁸ Robert Blake 'The Conservative Party from Peel to Churchill (1972)' p.190

Lords. The Tariff Reformers in the 1906-1910 Parliament found it easy to link the opposition to the government with opposition to the Free Fooders, and the wider battle between the two Houses of Parliament soon became a macrocosm of the battle within the Unionist party.

Conflict between the Lords and the House of Commons was nothing new in political life. Throughout the political period beginning with the 'Great' Reform Act of 1832, the Lords had increasingly become a bastion of reaction. During the days of the Whig/Tory split in Parliament, the Lords reflected relatively evenly the balance between the two parties, albeit tending slightly towards the Tory party. This continued through much of the nineteenth century until the 1886 realignment. This caused those Whigs who still sat in the Lords to cross the floor and join the Unionists, as did the vast majority of the Liberal peers. Of the period between the great Liberal schism and the triumph of 1906, the Liberal party was rarely in government enough to challenge the Lords. When they were, however, they were very slow to propose reform; despite the fact that much of their legislation had been blocked by the Upper House. In the period 1892-5 when Gladstone and Rosebery were in power, much rhetoric was spoken on reforming the Lords, but very little, if anything, was put in action.

In 1893, Gladstone's Second Home Rule Bill had been defeated in the Lords by a vote of 41 for and 413 against. One curious reason why the Liberal party may have been unwilling to reform the Lords has been suggested, both by contemporaries and by more recent historians. Martin Pugh stated that the unreformed Lords in the late Victorian period may have actually benefited the Liberal party, in that many Liberal Unionists felt able to remain under Gladstone, safe in the knowledge that Home Rule would not pass²⁹. Indeed, Balfour wrote to Lansdowne on 13 April 1906,

'I conjecture that the Government method of carrying on their legislative work will be this: they will bring in Bills in a much more extreme form than the moderate members of their Cabinet

²⁹ 'The making of modern British politics 1867-1945 (2002)' in his Chapter on 'The Edwardian Crises 1895-1914' pp. 91-106

probably approve: the moderate members will trust to the House of Lords cutting out or modifying the most outrageous provisions.'³⁰

Aside from the fact that the 'moderate' Liberals (Asquith and Campbell-Bannerman) may have preferred an unreformed system, the Liberals were unable to find a populist motive to challenge the Lords' prerogative. Home Rule in the 1890s certainly was not, and nor would any of the Liberals' Bills until the 1909 Budget. Moreover, even if the radical wing of the party had wished to launch a campaign against the Lords, the loss of Chamberlain and Dilke had left them without a spokesman: that is, until Lloyd George began his rise.

At the beginning of the 1906 Parliament, Lansdowne and Balfour began a series of correspondence detailing the Unionist plans to challenge the Liberals in the House of Lords. Lansdowne wrote,

'The Opposition is lamentably weak in the House of Commons and enormously powerful in the House of Lords. It is essential that the two wings of the army should work together, and that neither House should take a line of its own without carefully considering the effects which the adoption of such a line might have upon either House.'³¹

Whilst this initially sounds like a cautionary note, it is an aggressive assertion of the power of the Lords. Furthermore, it implies that Lansdowne is allowing himself to become effectively Balfour's puppet in the Upper House. It was the subservience of the Lords to the leader of the Opposition that led to Lloyd George's famous remark in 1908: 'the House of Lords is not the watchdog of the constitution; it is Mr. Balfour's poodle'.³²

³⁰ Reproduced in Roy Jenkins 'Mr. Balfour's Poodle (1968)' p.39

³¹ *ibid.* p.38

³² A phrase which lends itself to the title of Roy Jenkins' famous study of the battle between the Commons and the Lords in the period.

Following the 1906 election the Liberal government had a clear idea of what they wished to achieve in their first Parliamentary year. The King's Speech announced a desire to replace Balfour's Education Act, as well as legislation pertaining to Trades Dispute and Plural Voting. The Education Act was easily the most controversial of the three policies, and would prove to be the first skirmish in the battle between the Unionists and the Liberals, the Commons and the Lords.

The Education Bill was essentially a reconstruction of the classic division between Conservatism and Liberalism, and represented one of the death throes of the religious-based politics of the nineteenth century. The polarisation that it caused was very much the same as existed in the days of Disraeli and Gladstone. The nonconformist Liberals supported much less Church of England involvement in education whereas the Anglican Conservatives favoured more. Whilst the Bill passed its third reading on 30 July 1906 by 369 votes to 177, it was understood that the real interest lay in the Lords' reaction to it. Whilst the conflict over the Education Bill had little ideological relevance for the division between the Tariff Reformers and Free Fooders, it provides a useful precedent on two counts. Firstly, and most obviously, the truculence of the Lords caused the Bill to pass backward and forward between the two Houses before it was abandoned by the government. This demonstrated early in the Parliament the intentions of the Lords to veto (or in this case amend unrecognisably) all controversial legislation³³. The second precedent set was the revolt against the Unionist policy in the House of Lords. When the Bill came before the Lords the second time, a motion was announced stating 'this House [of Lords] do insist on its amendments to which the Commons have disagreed'. Although the motion was easily passed, two notable Unionist peers did not vote in favour. The Duke of Devonshire and Lord Ritchie of Dundee (the former Chancellor) both revolted against party policy. This echoes their dual resignations from the Cabinet in 1903 and foreshadows the wider unwillingness of many moderate

³³ The hypocrisy of the Unionist peers; who had hereto strongly defended the 'Salisbury Convention' is immense. This was the belief that the Lords had a responsibility to allow to pass all Bills that the government had a legitimate mandate for, and to scrutinise those that did not. The irony of this convention was that very few Bills were truly scrutinised when the Unionists were in government. Moreover, the Liberals could reasonably claim a popular mandate for a new Education Act.

Unionist peers to engage in constitutional warfare against the Commons. It is no coincidence that the 'moderate' Opposition peers were also those who were committed to Free Trade.

The Opposition in the Lords could act relatively freely in its relationship with the Commons due to the fact that the party had such a poor election result. If any of the actions of the 1906-7 Parliamentary session had caused a dissolution, the Unionists could scarcely hope to fare any worse. Moreover, they could act safe in the knowledge that Campbell-Bannerman felt that none of the issues of the Parliamentary session were popular enough to go to the country on. This, coupled with the fact that the Liberal party were nowhere near wealthy enough at this point to afford two elections in as many years meant that the risk for the Lords in their vetoes were relatively small.

The passage of the Trades Dispute Act through the Lords, whilst mostly uncontroversial is notable for the fact that Lansdowne himself was personally opposed to it. Indeed, in the debate on the Bill he even spoke against it, but under orders from Balfour he allowed it to pass into the statute book. Nothing greater illustrates Lloyd George's complaint that the Lords were under the personal control of the leader of the Opposition than this measure. This also served to remind many in the Unionist party, particularly the bulk of the Tariff Reformers, of the dubious qualities of Lansdowne. As an arch-Balfourite, Lansdowne was viewed with suspicion by many in the party, especially as he was not a member of the Carlton Club.

The 1907-8 Parliamentary session continued in a similar fashion, with the Lords rejecting much of the work of the Commons. By summer 1907 the government had reached a stalemate, with the golden glow of their great election victory now only a distant memory. The year had seen the Liberals unable to pass either Licensing or Land Bills. On 24 June 1907 the government passed a motion, 'that in order to give effect to the will of the people as expressed by their electoral representatives, it is necessary that the power of the other House should be so restricted by law as to secure that within the limits of a single Parliament the final decision of the Commons must prevail.' The frustration that the Liberal government must have felt is illustrated by Campbell-Bannerman's attack on Balfour in the Commons,

'I cannot conceive of Mr. Disraeli or Sir Robert Peel, treating the House of Commons as the Rt. Hon. Gentleman has treated it. Nor do I think there is any instance in which, as leaders of the Opposition, they committed what I can only call the treachery of openly calling in the other House to override this House.'³⁴

Considering the passions felt by many within the Liberal party, it appears strange that no attempt was made to reform the Lords. It widely appeared at the time that unless the government could find a way to fight the Lords, that Liberalism itself was under threat. Professor Emily Allyn in her study of the battle between the Lords and the Commons³⁵, claimed that the Cabinet was divided over the issue, presumably between the more cautious Liberals such as Asquith and Grey, and the more Radical members such as Lloyd George. Whatever the reasoning, the accession of Asquith in April 1908 marked very little departure in policy as regards the Lords from that of his predecessor.

The Licensing Bill of November 1908 was a further escalation in the relationship between both the Lords and Commons and the inter-party relationship of the Unionists. A highly controversial Bill that was vehemently opposed, unsurprisingly, by the influential Liquor interest, this met great opposition in the Commons as well as the Lords, particularly from the Irish Nationalist Members. The Unionists in the Lords had already decided upon rejection, apart from a notable cabal of moderate peers: St. Aldwyn, Cromer, Milner, Balfour of Burleigh and Lytton. Despite their rebellion the Bill was rejected by 272 votes to 92 (with many abstentions).

Jenkins wrote of the mood following the end of the third session of the 1908 Parliament,

'As in the two previous sessions, no measure other than a money Bill, had passed onto the statute book in anything like its original form unless, on third reading in the Commons, it had

³⁴ Hansard, Parliamentary Debates, Commons, Fourth Series, vol. 176 cols. 929-30

³⁵ Called 'Lords vs. Commons' and reproduced in Roy Jenkins 'Mr. Balfour's Poodle (1968)' p.55.

secured the acquiescence of Arthur Balfour. For three years the smallest Opposition within living memory had effectively decided what could, and what could not be passed through Parliament.³⁶

The stage was therefore set for a dramatic end to the stalemate. More subtly, the Unionist Tariff Reformers had been increasing the pressure on Balfour to officially endorse fiscal reform, an action that would effectively end any chance of a free trader remaining a Unionist member. The actions of the 'Confederacy' in putting pressure on both Balfour, and local Unionist organisations had ensured that the spectre of Tariff Reform would not easily leave Balfour's attention. The frustration felt by both the Liberal government, and the Tariff Reformers would be released much sooner than either had anticipated.

³⁶ Roy Jenkins 'Mr. Balfour's Poodle (1968)' p. 63

At the beginning of the 1909 session of Parliament, the Unionists were confident of a victory in the next election. The stalemate that had paralysed the Liberal government gave hope to the Opposition that this Liberal government was as short-term as the one that had existed in the 1890s. 1908 had seen a series of by-elections lost by the Liberals. More worryingly, these defeats took place in a broad range of constituencies from industrial Newcastle to rural Ross-on-Wye. Indeed, Winston Churchill, already a popular orator, had lost his seat in North-west Manchester in seeking re-election after being appointed to the Board of Trade. Moreover, the Liberals seemed unable to regain the support of the country without breaking the deadlock with the Lords. The new Chancellor, Lloyd George also found himself with the dual expenses of raising money for Old Age Pensions whilst also finding funding to build the new Dreadnoughts. It is perhaps indicative of both the broad nature of the Liberal party and the extenuating pressures at this time that they were spending money on social welfare and an increase in naval firepower. Moreover, the budgetary increases in duties on alcohol and tobacco, although a staple of Liberal policy actually caused an increase in the cost of living for the working classes. The financial damage to the working classes was one of the major criticisms by the Liberals of the Unionists' Tariff Reforms.

Estimates from within the Unionist party placed themselves likely to gain a majority of around twenty at the next election. Despite the divisions within the party between the Unionist navalists and the Unionist conscriptions, about to be brought to the fore by Captain Kincaid-Smith in April 1909 in the Stratford by-election³⁷, the party remained confident of winning the next election. The new electoral register which was due in the New Year, combined with Austen Chamberlain's predictions that the economy would downturn in mid-winter meant that the Unionists felt that conditions were favourable, should an election be forced. The Tariff Reformers were somewhat uneasy about gaining a small majority, feeling that this would enable the Free Traders in the party to hold the balance of power. The

³⁷ Captain Malcolm Kincaid-Smith was technically a Liberal, although his vehement support of conscription won him many supporters in the Unionist party. His decision to resign his seat and then contest the by-election based on conscription was intended to force debate over the issue of defence (and the best means of safeguarding British interests). Unfortunately he chose to do this at the exact point at which Lloyd George announced his budget. Unsurprisingly the attention of many within Parliament was drawn elsewhere and he lost.

potential of the Free Traders to hamstring a protectionist budget was yet another galvanising factor in mobilising the forces of the Tariff Reformers to remove free trade from the party. The Free Traders within the party felt this pressure, and began to consider a split from the Unionists, becoming a 'fourth party' in Parliament. Robert Cecil's overtures to Asquith in January 1909 led to the Daily News writing,

'It is best to avoid all ambiguity and circumlocution and to say at once that the Liberal party does not want the Free Fooders...already the party is overloaded with the relics of the Whigs and the Imperialists.'³⁸

This sort of disloyalty to Unionism lost the Free Traders much support from the moderate Unionists, such as the Balfourites. Cecil's actions also contrast with the later actions of the Free Fooders, in that Cecil seems to regard Free Trade as the primary policy. After the announcement of the Budget, many felt that an opposition to socialism was more important than financial policy. Again, this is indicative of the lack of unity and consistency in the campaign for Unionist Free Trade.

Due to the duality of Liberal expenditure, Lloyd George had to create a Budget that was able to finance the naval project whilst pacifying the left of his party, and the Labour members – both of which opposed the naval race. Herbert Samuel wrote in 1910 that 'It is the abiding problem of Liberal statesmanship to arouse the enthusiasm of the working classes without frightening the middle classes.'³⁹ If anything, with this Budget the converse was true. Lloyd George had to enthuse the middle classes without provoking the working classes. The Liberal party had long been seeking an issue with which they could ally themselves with the middle classes against the House of Lords. To do so with the working classes would be to lay the government open to accusations of revolution, to ally with the upper classes would be

³⁸ As quoted in Rempel 'Unionists Divided' p.189. As for 'the relics of the Whigs and the Imperialists': the Liberal party had lost the majority of the Whigs in 1886, and the Imperialists in the government were somewhat quieter than those on the Opposition benches.

³⁹ Herbert Samuel, quoted in a review of the 'People's Budget' in *The Economist*, January 10 1981.

impossible. This attempt at linking with the middle classes ultimately proved disastrous for the Unionist Free Traders as they had essentially become the middle-class representatives within the Unionist party. Tariff Reformers tended to be grouped as either wealthy industrialists or those within the 'financial houses' of the city of London. The working classes fell predominantly into the Liberal or Labour umbrella, although there were notable exceptions.

Lloyd George's budget was announced to the House of Commons on April 27 and the debate that followed gave little indication as to the controversy that was to come. The campaign against the Budget was not even begun until May 7, when Balfour spoke to the Primrose League showing clear indignation at Lloyd George's terms. The financiers of the City sent Asquith a letter on 15 May stating their opposition to the Budget. The Budget was also opposed by the Irish Nationalists, who opposed the whisky and tobacco tax. When this is combined with the Liberal defeat at the Stratford by-election a few days after the Budget's introduction, it seemed as if a popular protest campaign was beginning. The Budget Protest League was founded by the Unionists in early June to focus the anti-budget feeling in the country. Unfortunately for the Unionists, the speed of the reaction in the country did not equate to its scale. Indeed, the reaction of the country to the Budget is the exact converse of the reaction within the Unionist party. The Unionists were slow to react, but when they did it was with extreme vehemence. The second reading of the Budget was met with a determined campaign of filibustering, which resulted in 554 divisions of the House⁴⁰. The outcome of the Commons debate was already inevitable, and the Budget eventually passed its Third Reading on 4 November.

⁴⁰ Jenkins compares this with the entire Parliamentary session of 1946/7 when there were only 383 for the entire duration. 'Mr. Balfour's Poodle' pp.84-5

The Tariff Reformers in the party had begun a campaign for the Budget's outright rejection, even before it had passed the House of Commons. Joe Chamberlain even went so far as to cut short his holiday to France in order to campaign for the rejection by the Lords, even in his now debilitated state. Some of the most vocal speakers against the Budget were the richest members of the peerage, many of whom were firm believers in protection. Lloyd George spent much of the early campaign baiting 'the Dukes' (this later turned into more general attacks on the Lords), and responses from Dukes such as Beaufort, Rutland, Portland, Buccleuch and Somerset were soon forthcoming. Balfour was slightly more guarded, but was encouraged by the perceived reaction of the country, and tended more to the side of the Tariff Reformers than the moderation of the Free Fooders. The Unionist Free Traders, unsurprisingly, did not respond in a unified way to the budget. Many had based their opposition to protectionism on a dislike of 'big government', feeling that it bred corruption. They therefore felt that the Budget, with the increase of state activity was as fiscally dangerous as protection. Furthermore, there was a strong feeling within the Free Fooders that the choice was between Socialism and Protectionism. When Lord Avebury left the Unionist Free Trade Club, he stated,

'It seems to me that the two great dangers of the day are Socialism and Protection: the first would rob us of our freedom, the second of our commerce. I value commerce very much but freedom even more. Moreover, socialism is the danger of the moment, the fight over protection may or may not come⁴¹.

What Avebury failed to appreciate was that the fight over protection was intrinsically linked with his party's response to the Budget. The very fact that he was leaving the Free Trade Club shows that battle for protection was being fought at that very time.

The battle between the Tariff Reformers and the Free Fooders had as its prize the support of Balfour (and therefore official Unionist policy). Balfour

⁴¹ Quoted in Rempel 'Unionists Divided' p. 195

had found himself increasingly in a position whereby the majority of his party called for him to support rejection of the budget. Lansdowne acknowledged Balfour's conversion to Tariff Reform on 3 May 1909 at a speech given to the Liberal Union club, claiming that the Unionists would fight the government's 'reckless foreign policy' with the alternative policy of Tariff Reform, 'which Mr. Arthur Balfour has made his own'⁴². This however, was slightly different than Balfour himself endorsing the policy, particularly in the context of the budget. Balfour was unable in the spring and summer of 1909 to continue his policy of moderation and was now compelled to either endorse or reject Tariff Reform. This is the most pivotal consequence of Lloyd George's Budget. Any endorsement by Balfour would lead to Free Trade becoming something of a deviant policy within the Unionist party. Moreover, it would lead to the split of the Liberal Unionist and Conservative Free Traders, as many Conservatives felt a loyalty to Balfour over any fiscal beliefs. According to Newton's biography of Lord Lansdowne, he had decided by 2 October that rejection was the only option, although Newton states that 'Mr. Balfour had, from an even earlier period, believed that a compromise was impossible'⁴³. The point at which Balfour became committed to rejection, or even Tariff Reform, is something of a distraction on the issue. It matters little whether Balfour believed in protection or not. It was evident throughout the entire period 1903-1909 that Balfour was intent on maintaining the unity of his party, even at the cost of refusing to be drawn into comment on fiscal policy. This could indicate that Balfour himself was opposed to Protection although increasingly aware of the growing swell in backbench support for tariffs. Balfour's intransigence over fiscal reform during his premiership would suggest that he was not converted to Chamberlainite finance, particularly in his unwillingness to commit the Unionists to anything less than two elections before the introduction of Imperial Preference. What is certain is that Balfour realised that unity was impossible, and he was forced to ally himself with the Chamberlainites. In the context of the year 1909 this had manifested itself in the decision of whether

⁴² Lansdowne, 3 May 1909, as quoted in John Grigg, 'Lloyd George: the people's champion' pp.298-90.

⁴³ From Newton 'Lord Lansdowne', p.408, reproduced in Jenkins, 'Mr. Balfour's Poodle (1968)' p.179

or not to reject the Budget in the House of Lords, but it is clear that this has wider ramifications.

Aside from the implications within the party, Balfour's decision was made easier by the strength of Tariff Reform within the country. As Frans Coetzee states, 'There was little doubt that tariff reform sentiment was more extensive in the country and its prospects for success were far better than at any point since 1903.'⁴⁴ The reasons why Balfour would have felt this are easily quantifiable: protectionist 'propaganda' had increased in production dramatically, rising from 1.5 million leaflets in 1906 to 6 million in 1908. Membership of the Tariff Reform League had also risen hugely. In 1909 the League raised over £42 000 in donations⁴⁵. To some extent this can be attributed to the realisation that an election was becoming increasingly likely, but this was an obvious encouragement to Balfour that Tariff Reform was increasing in its appeal to the electorate.

Lansdowne's claim of July 16 that the Lords would not swallow the budget 'without wincing' is an example of the indecision in the leadership of the Unionist party. All this statement illustrated was that the Lords disliked the Budget, but did not rule out passing it⁴⁶. Lansdowne initially felt that the Budget would irrevocably split the Unionist party, and he did not wish to be accused of 'playing Birmingham's game'⁴⁷. He was, however, drawn by an immense dislike of the budget; most specifically the land valuation taxes which was aimed at the wealthy landowning class, of which he was a member. Ultimately, however, the decision on the Budget's fate rested with Balfour, who in turn was hostage to the number of Tariff Reformers clamouring for outright rejection.

Whereas the anti-budgetary protest in the country was gradually losing support, the battle within the Unionist party was increasingly gaining momentum. As early as 4 and 5 August, Northcliffe's Times and Daily Mail were proclaiming that the Budget protest had lost all support outside the City.

⁴⁴ Frans Coetzee in 'For Party or Country – Nationalism and the Dilemmas of popular Conservatism in Edwardian England (1990)' p.118

⁴⁵ All figures taken from *ibid.* pp.118-9

⁴⁶ It was often said of Lansdowne that he was more a diplomat than a politician. An ability to make ambiguous statements that sound decisive is a clear benefit during a time of indecision. Nothing less should be expected of a great-grandson of Talleyrand.

⁴⁷ Bruce K. Murray 'The People's Budget' Chapter VIII – Rejection p.118

The Budget Protest League had even had motions defeated at their own meetings. Despite this empirical evidence against popular support for rejection, it became increasingly apparent that this was Balfour's likely course of action. By the beginning of October 1909 the focus of attention was no longer on the Liberal government, who were no longer the protagonists in the crisis, but on Balfour and Lansdowne. The Liberal government spent much of this period either campaigning against the Lords and for the Budget or preparing the ground for a possible rejection. Balfour, however, was

'leading a Parliamentary party the great majority of which was far to the right of him on the protection issue...At a time when it greatly needed firm and far seeking leadership the Tory party had thus succeeded, by internal schism and distrust, in destroying the self-confidence of its leaders and making them incapable of anything more adventurous than a little gentle swimming with the tide.'⁴⁸

Whether Balfour's self-confidence had been eroded is not clear, but certainly he no longer felt able to stand up to the Tariff Reformers. The point at which Balfour decided upon rejection is placed by many as being in August 1909, when he stated that 'if the Lords do not reject the Bill, he could not continue to lead the party'⁴⁹. With the speed of events in this period, it is likely that he had only recently decided on rejection. Balfour soon convinced Lansdowne that rejection was the only option. For a long time the most likely course of action seemed to be an amendment in the Lords to remove what the Unionists felt to be the 'tacked' part of the Budget. It soon became clear that the Liberal government would regard an amendment in the same way as a straight rejection, thus making rejection a better option to fight a likely election on. The events of the summer and autumn of 1909 had overtaken Balfour, and he was now hostage to the vast majority of his party. Undoubtedly rejection was a risky issue, one on which Balfour gambled the House of Lords and the Union with Ireland against the advice of many influential members of his own party. Nevertheless, the aggression and fervour with which many Tariff Reformers

⁴⁸ Jenkins, 'Mr. Balfour's Poodle' p.98

⁴⁹ Bruce K. Murray, 'The People's Budget' Chapter VIII – Rejection p.124

had demanded rejection meant that Balfour was compelled to either choose to reject, or destroy his own party. It was a difficult decision, but at the time it appeared to be the most sensible.

The Unionist Free Traders in the House of Commons were being alienated from the debate in favour of those in the House of Lords, where the fate of the Budget was to be decided. Whilst Hugh Cecil and Abel Smith continued to recommend policies other than rejection, the argument was soon taken up by the Free Trade peers. Unionist Free Traders in the House of Lords included Lords James of Hereford, St. Aldwyn, Balfour of Burleigh, Cromer and Lytton, all of whom were anti-rejection, and had been immensely influential figures in the Unionist party. Undoubtedly both Goschen and Devonshire would have opposed rejection, but had died in 1907 and 1908 respectively. Many based their opposition not on an admiration for the Budget, but rather for the unwillingness to risk the loss of a general election on something they considered to be constitutionally immoral. Cromer's speech on 22 June at the Unionist Free Trade Club focussed specifically on opposing the financial aspects of the Budget, and stating that reconciliation with the Tariff Reformers was not impossible. The Unionist Free Trade peers often retained the objectivity in the crisis that was missing from the more hysterical Tariff Reformers. Jenkins claims that 'the advice which came from it [the Free Traders in the Unionist party] was given far less attention than it deserved.'⁵⁰ Many accurately felt that the country was not behind them in rejection, and the Lords would 'offend the deeper conservative instincts of the country'⁵¹. Lord Rosebery, the former Prime Minister, strongly opposed the Budget, both in the country and in Parliament, but he felt that rejection was not a wise option. Rosebery had much in common with the Free Food peers in that they were former grandees who had been left behind by their parties, and that neither was listened to in the crisis.

The Budget entered the Lords on November 23 1909, and the debate took only five Parliamentary days to complete (compared with seventy in the Commons). Lansdowne's amendment to the Bill had been decided upon by 10 November, and was to be 'that this House is not justified in giving its

⁵⁰ Jenkins 'Mr. Balfour's Poodle' pp. 62-3

⁵¹ As Lord Balfour of Burleigh famously phrased the actions of the Lords.

assent to the Bill until it has been submitted to the judgment of the country'. In reality it mattered little how the amendment was phrased, except for the attempt to maintain some level of constitutionality in the behaviour of the Unionists. The result of the division was a foregone conclusion, but this did not stop many eminent peers from entering the debate. When the division was taken, seventy-five voted 'content' with the Budget, including Balfour of Burleigh and the Archbishop of York. 350 peers voted 'not content', the vast majority of whom were the Unionist peers, excepting those who had abstained on conscience. The Budgetary crisis had therefore entered its second phase, and the one on which all parties agreed – that there was to be a dissolution, and an election based on the Budget, or the actions of the Lords. Both of these were intrinsically linked with the split in the Unionist party.

The Tariff Reformers, appalled by the moderation of the Free Fooders saw their opportunity to attack them en masse, and remove them from the Unionist party. The Free Fooders, for their part, felt that their only chance of survival was in some form of hung Parliament, whereby they could form an alliance with the Liberals, or become essentially a 'fifth party'⁵². The Unionists in the country, particularly those activists who were Tariff Reformers, felt that the Free Traders had proven their disloyalty to Unionism during the budgetary crisis and looked at any upcoming election as an opportunity to extract revenge.

⁵² After the Liberals, Unionists, Irish Nationals and Labour.

It seemed inevitable that the Tariff Reformers, after the 1906 election, would continue to work to remove free trade from the party. The Unionists, however, expected to gain in the forthcoming election (now announced for January 1910) and the Free Traders felt that this could be to their benefit, particularly in the Lancastrian seats where free trade was almost sacrosanct. Moreover, the Unionist Free Trade club was still in existence, ostensibly to give support to the Free Trade MPs in the election, but in reality to provide something of an ideological lifeboat for the Free Traders to cling to. The indecisiveness of the Free Trade Club was also evident, when on the 7 December it was agreed that all members would be free to vote as they wished in the upcoming election. This lack of coherence was to hamstring the Free Traders for this final time when there was no sense of unity upon entering the election.

Initially there was talk of a 'compact' that would allow Free Traders of note to stand without Unionist opposition. This referred primarily to Cecil, Bowles and Abel Smith, men who it was felt would do much harm to the Unionists to lose. Once again, Balfour's unwillingness to intervene meant that the 'Confederacy' in combination with the Morning Post was able to launch extreme attacks on all Unionist Free Traders. Not for the first time, the extremist views of the Tariff Reformers had assailed the more moderate Free Traders under the reticent eye of Arthur Balfour. Robert Cecil felt that he was unlikely to win East Marylebone against a Tariff Reform opponent, and instead moved to contest Blackburn, recently departed by the resignation of Hornby. The two months between the Lords' rejection and the General Election was marked by many within the Unionist Free Trade umbrella stating that they would henceforth support Tariff Reform (or at least not oppose it) rather than 'socialism'. This may have individually saved many Free Traders, but it destroyed them as a force in the Unionist party. Men such as Bentinck and Peel ran as Tariff Reform candidates in their respective constituencies⁵³.

The campaign of January 1910 was marked as much by the total and absolute destruction of the Unionist Free Traders, as for anything else. Even Robert Cecil lost in Blackburn. The only former Free trader who had regained

⁵³ The irony of the Peel and Bentinck families uniting over Protection is immense given the early history of Free Trade in Britain.

his seat was Lord Hugh Cecil, who campaigned much more on traditional Conservative values and not at all on Free Trade. For the next two years, Hugh Cecil would focus much of attention on the Parliament Bill and Opposition to Home Rule. The Unionist Free Traders had now ceased to exist in the House of Commons after only seven years of Tariff Reform. Their defeat was unequivocal, and it would not be until the 1920s that Free Trade began to become an issue in the (now) Conservative party again.

Considering the situation in 1903, it seemed highly unlikely that Free Trade in the Unionist party would be eradicated by 1910. Tariff Reform was proposed by a former Liberal, and a man viewed with suspicion by many within the party. Chamberlain was tolerated by the party rulers, Balfour and Lansdowne, and actively disliked and distrusted by others. Free Trade had become the financial orthodoxy, on which Britain had become the world's leading nation. The Empire, so beloved by Chamberlain was founded on principles of Cobdenite Free Trade. Since 1846 it had been accepted that Free Trade meant cheap bread, and peaceful relations with rival states. Chamberlain's proposals challenged this.

The Unionist party had been in power for eight years before Chamberlain began advocating Tariff Reform, not the most natural time for a radical rethink of fiscal policy. The Cabinet resignations of 1903 of C.T. Ritchie and the Duke of Devonshire illustrated to Balfour (and many others) that Tariff Reform was unpopular within the traditional core of the party, who felt it would lead to a growth of government, and therefore increased bureaucracy and corruption. The disastrous election of 1906 was empirical evidence for the Unionist party that Tariff Reform was not popular in the country, and yet it was allowed to take hold of the party, and destroy its internal opponents by 1910.

The Budget of 1909 is often seen as an appendix to the conflict between the Unionist Free Traders and the Tariff Reformers. Rempel in his book on the Unionist Divisions dedicates a mere seventeen pages to the period following Lloyd George's announcement of the Budget. This is somewhat misleading, for it was the Budget that ensured that the Free Traders were able to be completely purged from the Unionist party in the House of Commons. It enabled this in two ways: firstly, the Tariff Reformers (not understatedly known as 'Whole Hoggers') were able to combine opposition to the Liberal government with opposition to Free Trade, something they had been unable to do over previous government issues such as the Education or the Licensing Bill. Secondly, in the face of widespread confusion by the Unionist Free Trade Club, Balfour was able to conclusively give endorsement to the policies espoused by the Tariff Reformers. The lack of

coherency in the Free Food argument meant that they were constantly shouted down by the louder, and more numerous Tariff Reformers. Once Balfour had agreed with the Chamberlainites that rejection of the Budget was the only option, he had yoked himself to this group. The 1910 election was characterised by viscous attacks on Free Fooders from the Morning Post which Balfour was unwilling, or unable to stop.

It is perhaps too strong to say that the Budget distracted the Free Fooders from the issue of protection, but it certainly led to a reassessment of priorities that meant that they focussed on opposition to the Liberals than on protection. This was not a mistake the Tariff Reformers were making. The Budget allowed them to oppose the policy of Free Trade wherever it was found. It gave them reason to appear to be acting in the interests of the party, when in reality they were attacking the Free Traders on their own side in Parliament. That is not to say that the Tariff Reformers took the opportunity to 'turn in' on the party, but rather that they polarised the budgetary debate on protection vs. free trade lines.

The defeat of the Free Fooders was not inevitable. A populist leader of the Unionist Free Trade Club may have saved them, or at least prolonged their political survival. There simply was no one who matched the abilities of Chamberlain, and thus the group lacked unified actions. However, even up until the January 1910 election, the moment of their actual eradication the results could have been different. Although the election caused a 'hung Parliament', the Irish Nationalists were able to give support to the Liberals and ensure they remained in office. The Unionist Free Traders had hoped that the situation would arise whereby they would be able to form a centrist coalition with some members of the Liberal party. It was only five years before a coalition took place in the House of Commons, albeit under the auspices of a total war. Had the election not taken place in January 1910, the Free Traders would have had more time with which to plan an election campaign. This may not have saved them, but it may have changed their fate somewhat.

The Tariff Reform versus Free Trade debate did not die with the Free Fooders, it continued in the Unionist party for at least thirteen more years. Shortly before the second election of 1910, Balfour stated that the Unionist party would not commit the nation to Tariff Reform without first submitting it to

a referendum. It is clear that Balfour knew how politically unpopular Tariff Reform was, but he was slowly losing his grip on the party. By 1911 he had been succeeded by Bonar Law, one of the most ardent Chamberlainites in the party. The softening of the Tariff Reform aspect of Unionist policy took place in 1913, when Lord Derby convinced Bonar Law to drop food taxation as a policy. It seemed as if the destruction of Free Trade within the Unionist party had served only to purge those whom many activists thought to be disloyal to the Unionist cause. Tariff Reform continued to be an issue, with the defeat of Baldwin's government in 1923 being a result of attempting to gain a mandate for Tariff Reform.

The period between 1903 and 1910 was one in which the Unionist party was purged of Free Trade elements. After January 1910 only Hugh Cecil remained, and only because he focussed on issues other than fiscal policy. The Budget of 1909 was the seminal moment in ensuring that the Free Fooders were outmanoeuvred, both in Parliament and in the country. Without it, the Free Fooders could have survived within the party until the next election (due sometime before 1913), and by then, grandees such as Lord Derby may have successfully made the case that Tariff Reform was too unpopular in the country. This ventures into the counterfactual, but what is certain is that without the Budget of 1909, Balfour could have remained moderate and consensual and the Tariff Reformers would have no cause to oppose both the Liberal government and the Free Fooders at the same time. These things would have ensured that the Free Trade faction of the Unionist party survived past the early months of 1910. Following the General Election of January 1910, the Unionist party had successfully removed all Free Trade members from the House of Commons, although at great cost. By the second election of 1910, there existed few Unionists who retained any trust in Balfour. Balfour's perceived 'slipperiness' on the issue of Tariff Reform had directly affected the image of the party leadership to the backbenchers, as well as the interaction between the Tariff Reformers and the Free Fooders. To a certain extent Balfour's reluctance to commit to Tariff Reform may have stemmed from his constituency in Manchester. Balfour had already been defeated in his constituency in recent times, and may have felt that a rejection of Free Trade may have caused a repeat. Balfour's mediocre support for Tariff Reform in the

period following Joe Chamberlain's resignation from the Cabinet frustrated both Austen and Joe, and this manifested itself in aggression to the Free Fooders. It was felt by the Tariff Reformers that if Balfour was to be intransigent over fiscal reform then the solution was to leave him with no option but to endorse the policy. By 1906 the Chamberlainite machine had removed much Free Trade from within the party, leaving much of the party to the right of Balfour. His continued unwillingness to commit to Tariff Reform led to the constant attacks on Free Traders, as the renegade elements of the Tariff Reformers showed their frustration without the shackle of collective responsibility. Had Balfour committed earlier to Tariff Reform, elements such as 'the Confederacy' would be officially undermining the position of the party leader. His reticence led to a disinclination to condemn the radical Protectionists, and this allowed them to temporarily forget the binds of party and focus instead on faction. Only when faction and party could be successfully reunited in 1909 did the Tariff Reformers once again seek to place pressure upon Balfour. Following the passing of the budget through the Commons, Balfour was left with no choice. Either he allowed the budget to pass the Lords and lose any remaining control over the Tariff Reformers, or he rejected it and effectively allowed Protection the legitimacy of official party support. At this point the battle for the soul of the Unionist party had been won; it was only a question of how long the Free Fooders survived.

A notable epilogue for the period 1903-10 was the Unionist leadership election following Balfour's resignation in 1911. The three candidates that were in contention were Austen Chamberlain, Walter Long and Andrew Bonar Law. All three were Tariff Reformers, only fitting for a party that had purged all Free Trade elements from within. Austen's candidacy was very much hampered by personal dislike from both supporters and enemies of his father. Those who had followed Joe in the preceding years felt that Austen had been nothing but a disappointment and an uncharismatic heir to the Chamberlain name. Traditional Conservatives had spent much of the period following 1886 trying to limit Joe's influence within the Unionist party and were unwilling to allow power to fall into the hands of his son. Walter Long was a 'country squire with impeccable credentials to represent the traditional land-holding influence'⁵⁴. He had sat in the House of Commons since 1880 and had been one of Balfour's most senior supporters. It was this, however, that hampered him. The Unionist party felt that Balfour and the Balfourites were not reliable on the issue of Tariff Reform, and it was felt that Long would represent a simple continuance of Balfourite policy and leadership style. The eventual selection of Bonar Law, following the withdrawal of Chamberlain and Long was due to the fact that they both realised that Bonar Law had much stronger (and in Austen's case, less unsatisfactory) records over Tariff Reform. Moreover, as an Ulster Scot, Bonar Law was more qualified to speak on issues relating to Ireland, an issue that was predicted to emerge in upcoming Parliaments. Bonar Law had followed Joe Chamberlain throughout the period 1903-1910 and yet had not been tainted by any previous ministerial positions under Balfour.

Bonar Law's election to the leadership of the Unionist party reflects a change in the character of the party. Just as the Unionist election defeat of 1906 was a result of general voter dissatisfaction with an incumbent government that had been in power for a long time, so the election of Bonar Law as leader is indicative of the Unionist desire to change the nature of the party after nine years of Balfour's leadership. The Unionist split that occurred between 1903 and January 1910 was reflected totally in the prejudices and

⁵⁴ David Dutton 'Austen Chamberlain – Gentleman in Politics (1985)' p.92

opinions of the leadership election of 1911. The candidates who lost did so because of unfavourable links with both Balfour and Joe Chamberlain. Both men had offended the traditional instincts of the Unionist party. Although the party was effectively united behind Tariff Reform, it was an uneasy unity.



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