

## **BRITISH BUDGETS**



MACMILLAN AND CO., LIMITED  
LONDON · BOMBAY · CALCUTTA  
MELBOURNE

THE MACMILLAN COMPANY  
NEW YORK · BOSTON · CHICAGO  
DALLAS · SAN FRANCISCO

THE MACMILLAN CO. OF CANADA, LTD.  
TORONTO

# BRITISH BUDGETS

1887-88 TO 1912-13

BY

BERNARD MALLET, C.B.

MACMILLAN AND CO., LIMITED  
ST. MARTIN'S STREET, LONDON

1913

X71-3.NI

E 3

3432

**COPYRIGHT**

## PREFACE

IN the preface to his *Twenty Years of Financial Policy* (1862), the late Lord Iddesleigh, then Sir Stafford Northcote, explained that his intention in writing that admirable book, a model of its kind, was to provide a "convenient summary of the financial measures of recent years"; and Mr. Sydney Buxton's more comprehensive volumes, *Finance and Politics*, which dealt with the national finance (and much besides) in a most interesting fashion, from the days of Pitt and Huskisson, carried on the story of the budgets to the year 1885-6. Since that date, in spite of the much greater attention which has been paid by economic writers to questions of taxation and finance, nothing has been published on similar lines; and those who have been in the habit of consulting Mr. Buxton's valuable work must often have wished that he could have found time to bring it up to date. Parliamentary experience is not the only qualification for a survey of this kind which I can make no claim to share with these two distinguished public men; and I should certainly have hesitated

to attempt a continuation of their work, however limited in scope, if I had not been warmly encouraged to do so by Mr. Buxton himself when I propounded the idea to him a few years ago. His advice, and the ample published materials available, decided me not to shrink from a task which no one else seemed inclined to undertake, and which, if it succeeded in giving another "convenient summary" of the financial policy and budget figures of recent years, might, I thought, be of some use to students of the subject.

As regards the general plan of this book, my object has been, first, to give from the Parliamentary Reports as fair an account as I could in a very condensed form of the budget statements and discussions, bringing out by quotations from (or summaries of) the speeches the opposing arguments on any important question raised in them, especially on any question of principle (Part I.); and secondly, to put together the figures for the whole period, the budget tables with full details of alterations in taxation in Part II., and in Part III. notes and tables analyzing and illustrating, as far as space would allow, the various items of revenue and expenditure and the probable incidence (in a very general way) of the burden of taxation. For obvious reasons I have, unlike Mr. Buxton, confined myself strictly to the fiscal aspect of the subject, and I have, further, not attempted to link this volume to his by carrying the comparisons

back but have treated my period as separate and self-contained.

The last quarter of a century has been signalized by events and changes which have profoundly influenced public finance. The expansion of the great industries, the wonderful growth of foreign trade and of shipping, and the development of cosmopolitan finance of which London is still the most important centre, have raised the standard of living in all classes; and by creating new wants and weakening the sense of any need for economy, they have given a great impulse to expenditure both in private life and in public administration, and encouraged the national propensity to look upon lavish outlay as synonymous with efficiency. The conscience of the community has become increasingly alive to all that is unfavourable in the material condition of the poorer classes; an unlimited confidence in the efficacy of public action and public money in dealing with social problems has taken the place of a somewhat too dogmatic reliance upon spontaneous development and individual effort and foresight; the principles of state socialism have largely superseded those of free exchange in every direction except that of foreign trade; and the conception of the objects for which taxation may legitimately be imposed has therefore been immensely widened. In the political sphere this period has witnessed the final though long delayed triumph of the democratic elements in

the constitution ; and it has also witnessed, whether as a consequence or not, a continuous decline in the power to control expenditure which statesmen of the era of Mr. Gladstone were accustomed to exercise. Quite as significant in its financial effects has been the growth of foreign rivals, both in industrial efficiency and in naval strength, which has seriously altered the relative position of this country. England is no longer, as she still was at the beginning of the period, the workshop of the world and the unchallenged mistress of the sea ; and leaders of public opinion are constantly urging upon her fresh efforts to hold her own in both capacities, efforts which, however necessary they may be, are making ever fresh demands upon the public purse.

It is therefore not surprising that the outstanding feature of these years from a budget point of view should be the growth, accepted as inevitable if not welcomed as beneficial, of the national expenditure ; and the main interest of the present review lies in the process of expansion and adjustment by which the revenue system has so far been enabled to cope with the increasing cost of administration. Throughout these discussions there is traceable a constant preoccupation with the question of the " ability " or " capacity " of the tax-payer, and a successful endeavour to apportion the burden of taxation, both as between individuals and as between classes, in accordance with modern theories of equity in such matters.



As regards owners of property and income-tax-payers generally the idea that a tax should be levied at a constant rate, irrespective of the amount of the income, has by degrees been largely superseded by the adoption of progressive rates; and graduation, which relieves the poorer at the expense of the richer members of this class and thereby increases the productiveness of the imposts to which it is applied, is now a recognized element in direct taxation. As between the income-tax-paying class on the one hand and those below the income-tax limit on the other, the proportion of taxation falling upon each, as shown by the proportion of direct to indirect taxation, has been very considerably altered since the beginning of this period to the advantage of the poorer sections of the population. Even the rough and ready rules which prevailed during the earlier years, and indeed until after the South African War, rules which aimed at a general equality between these two branches of taxation, and which provided that each should be affected *pari passu* by increases or remissions, have now been so much modified in practice that little remains except a bare assertion of the general principle that all classes ought to be required to contribute proportionately (however that term may be understood) to the revenue.

The progress which has been made in this direction during a period of growing liabilities is probably without a parallel in the fiscal history of great civilized states. In none of them except our own have both

questions I have addressed to them on points of detail, by supplying me with accurate figures, or by referring me to the publications in which the information I sought was to be found. I should like especially to thank Mr. W. E. Willan of the Estate Duty Office, Inland Revenue, who has rendered me great assistance not only in his own special subject but in the preparation of the accounts of several of the budget discussions, and also Mr. G. H. Tregear B.Sc. Econ., of the General Register Office, whose help in drawing up and arranging the statistical tables, in reading the proofs, and in many other ways, has been invaluable in all the later stages of the work.

B. M.

## CONTENTS

### *PART I.*

#### *BUDGET STATEMENTS AND DISCUSSIONS.*

#### THE RIGHT HONOURABLE GEORGE J. GOSCHEN, M.P.

##### FIRST BUDGET, 1887-8.

Joins Lord Salisbury's administration. Remarkable budget speech. Describes revenue as inelastic. Reduction of fixed debt charge. Severe criticism, Lord R. Churchill. Creation of local loans fund. Reduction of income-tax to 7d. and tobacco duty to 3s. 4d. Local taxation grant. Tasks to be undertaken - - - pp. 1-8

##### SECOND BUDGET, 1888-9.

Large surplus due to excise (beer) and probate and legacy duties. Conversion of National Debt. Mr. Ritchie's Local Government Bill. Pessimism about revenue. Local government finance. System of grants-in-aid. New system of assigned revenues. Contribution from personalty through probate duty. Criticism of proposals. Van and wheel tax and horse duty. Merits and defects of the budget - - - - - pp. 9-23

##### THIRD BUDGET, 1889-90.

Fresh demands. Local taxation. Lord G. Hamilton's Naval Defence Bill. Surplus criticized, Sir W. Harcourt, Mr. Buxton. Interesting review of revenue and expenditure of past year. Cautious estimates. Fresh reduction of fixed debt charge. New 1 per cent. estate duty (super tax). Alteration in specific gravity of beer. Criticism of reduction of debt charge, Mr. Buxton. Naval defence. Mr. Goschen and Sir W. Harcourt on broadening basis of taxation. Mr. Bartley,

Mr. Goschen, and Sir W. Harcourt on incidence. Estate duty and principle of graduation. Mr. Goschen's vindication of his finance - - - - - pp. 23-33

#### FOURTH BUDGET, 1890-91.

Apologies for another large surplus. Rush to alcohol. Success of new stamp duty. Great reduction of debt. Tea duty reduced by 2d. Duty on currants reduced. Graduation of house duty. Further local taxation proposals. Spirits and beer. Proposal for reduction of licenses. Criticism and opposition, Mr. H. S. King, Sir W. Harcourt, Mr. Shaw Lefevre, Mr. H. Fowler. Compensation clauses of Local Taxation Bill dropped - - - - - pp. 33-45

#### FIFTH BUDGET, 1891-2.

Surplus explained. Undue caution. Good returns from indirect taxes. Careful estimates for current year. No changes in taxation. General criticisms on financial policy. Defence loans, National Debt. Sir W. Harcourt's attack and Mr. Fowler's - - - - - pp. 45-53

#### SIXTH BUDGET, 1892-3.

Amount of taxes on consumption encouraging. Statistical digressions. Test of national wealth, articles of consumption, and examination of income-tax assessments. Basis for estimate of revenue, Mr. Gladstone's praise. General election. General review of Mr. Goschen's finance. Policy of Lord G. Hamilton's Naval Defence Act. Mr. Goschen's record at the Treasury. Mr. Asquith on his career. Rise of expenditure under Mr. Goschen (foot-note) pp. 53-68

### THE RIGHT HONOURABLE SIR WILLIAM V. HARCOURT, M.P.

#### FIRST BUDGET, 1893-4.

Question of surpluses and capital expenditure, Mr. Goschen. Closeness of revenue to estimate. Increase of expenditure under heads during Mr. Goschen's seven years. Anticipated deficit met by 1d. addition to income-tax. Direct v. indirect taxation and question of incidence on poorer classes, Mr. Goschen, Sir W. Harcourt, Mr. Gladstone. Income-tax differentiation, Mr. Bartley, Sir W. Harcourt. Mr. Courtney on dangers of taxation by death duties. pp. 69-76

## CONTENTS

xv

### SECOND BUDGET, 1894-5.

Mr. Gladstone's retirement. Another year of close estimates. Increases of expenditure during twenty years. Large deficit to be provided for. Alteration in arrangements for Imperial and Naval Defence Acts. Budget historical on account of reform of death duties and institution of new estate duty. Main principles. Realty brought into line with personalty and graduation on value of whole aggregated property passing at death. Mr. Goschen had these points in view. The new proposals. Lord R. Churchill's scheme in 1886. How it differed from Sir W. Harcourt's. Arguments in favour of latter. Sir R. Webster and Mr. Fletcher Moulton on aggregation. Proposals further described. Scale of rates. Financial results forecasted. Income-tax raised 1d.; but abatements extended and allowances granted under Schedule A (land and houses). Spirit and beer duties increased. Discussion on estate duty. Burdens on land, Mr. Fowler. Mr. Bartley on graduation and differentiation. Sir. W. Harcourt on differentiation effected by death duties. Mr. Chamberlain, Mr. Balfour, and Mr. Goschen on principle of graduation. Division in Commons. Duke of Devonshire and Lord Salisbury on budget. Lord Salisbury on position of Lords to Finance Bill - - - - - pp. 77-94

### THIRD BUDGET, 1895-6.

Surplus appropriated to redemption of debt. Exactitude of estimate of income-tax and death duties. Indirect taxes attest prosperity. Liquor. Death duty results and stamps. National Debt. Large estimated expenditure. Navy for first time higher than Army. Grave warnings on expenditure. Limits of tolerable taxation reached. Additional beer duty reimposed - - - - - pp. 95-101

### THE RIGHT HONOURABLE

SIR MICHAEL E. HICKS-BEACH, BART., M.P.

### FIRST BUDGET, 1896-7.

Past year financially remarkable. Large totals. Year of records. Surplus to Naval Works Act. Revenue under-estimated. Estate duty results. National Debt. Survey of expenditure since 1875-6. Increasing burdens on direct taxpayers not conducive to economy. No reversal of death duty legislation. Land tax and grant in relief of agricultural rates. Sir H. Fowler on burden of rates. Report of Royal Commission on Agriculture. Sir W. Harcourt and Sir H. Fowler condemn the proposal for relief of rates  
pp. 102-110

## SECOND BUDGET, 1897-8.

Another very prosperous year and great surplus. Large supplementary estimates become the rule. Surplus to Military Works Act. Debt. Disposal of prospective surplus; suggestions of Mr. J. Lowther, Mr. Pretyma, Sir W. Harcourt. Sir M. H. Beach opposes these. No reduction of taxation. Jubilee of Queen Victoria. Sixty years' retrospect in budget speech. Financial Relations Commission. Conclusions. Bearing on question of incidence of taxation on the poorer classes. Mr. Bartley, Sir M. H. Beach, Mr. J. Lowther, Sir W. Harcourt on question of indirect taxes. Capt. Pretyma, Sir M. H. Beach, and Sir W. Harcourt on estate duty. Industrial income of husband and wife. Duty on works of art - pp. 110-124

## THIRD BUDGET, 1898-9.

Uselessness of apology for miscalculation which had resulted in another large surplus. Buoyancy of receipts, especially estate duty. Sir W. Harcourt on productiveness of graduation. Expenditure a less agreeable topic. Satisfactory reduction of National Debt, but great growth of local debt. Comments on growth of expenditure by Mr. James Lowther and Sir M. H. Beach. Latter's defence of cost of defensive services. Prospective surplus disposed of by extension of income-tax abatements and reduction of tobacco duty. Remarks on. Why preferred to reduction of tea duty. Free trade argument against reduction of duty on unmanufactured tobacco alone (foot-note). Sir W. Harcourt and Sir H. Fowler on subsidies to local taxation and form of public accounts - - pp. 124-133

## FOURTH BUDGET, 1899-1900.

Less cautious estimates justified by small surplus. Tobacco disappointing. Heavy supplementary estimates. Sir W. Harcourt on (foot-note). Continued growth of expenditure for domestic and defensive purposes. Sir M. H. Beach's alarm at lavish expenditure on armaments, especially Navy; instrumental, however, in preserving peace. Proposal to reduce fixed charge for debt redemption. Excuses for. New stamp and wine duties. Sir W. Harcourt, Mr. Courtney, Sir H. Fowler, Mr. Pretyma on reduction of debt charge. Mr. Moulton, Mr. J. Lowther, Mr. Courtney, Sir W. Harcourt on direct v. indirect taxation. Sir W. Harcourt on extravagance. Mr. Beckett, Mr. T. G. Bowles, Sir M. H. Beach, Mr. Goschen, Mr. Moulton on reduction of debt charge. Beginning of fall in Consols. Outbreak of South African War. Expenditure of 10 millions authorized - - - - pp. 133-148

## FIFTH BUDGET, 1900-1.

The first war budget. Early date (March 5). Three further financial statements, April, July, and September. Customs clearances in anticipation of taxation; attempt to deal with. Trade still very prosperous and revenue good. Large proportion of deficit due to war. How far to be met by taxation and how far by borrowing. Historical precedents. Addition to income-tax (raised to 1s.), stamps, beer, spirits, tobacco, and tea duties. Suspension of sinking fund. War loan 30 millions. Question of too narrow basis of taxation discussed by Mr. J. Lowther, Sir M. H. Beach, Sir W. Harcourt, Sir Edgar Vincent, Mr. Pretyman. Estate duty. Exemption for persons killed in war. Third reading (April 6) and presentation of definitive estimates for the year. Remarkable figures of past year. Balance-sheet, shewing position as to war expenditure. Estimates revised in July and September. Fresh balance-sheet. Unionist majority maintained at dissolution of Parliament. Mr. Goschen retires with peerage - - - - - pp. 148-165

## SIXTH BUDGET, 1901-2.

Death of Queen Victoria. Serious financial situation. Prospective deficit £55,370,000. Great increase of ordinary expenditure, besides cost of war. Sir M. H. Beach on necessity of broadening basis of taxation. Discards taxation of manufactured goods. Definition of required taxes. Revival of sugar duty. Imposition of coal export duty. Income-tax again raised (to 1s. 2d.). Sinking fund again suspended. Fresh borrowing powers for £60,000,000. Danger of unfunded debt; Mr. Goschen on. Sir E. Speyer and Sir F. Banbury on (foot-note). Issue of Consols (foot-note). Sir W. Harcourt on budget statement. Sir Edgar Vincent. Discussion on coal duty; Prof. Marshall's opinion; Mr. J. Lowther, Sir E. Grey, Mr. C. Wilson, Mr. Russell Rea, Mr. Robson, Mr. Fenwick, Mr. Thomas. Modification of proposal. Little opposition to sugar duty. Remarks on income-tax by Mr. Bartley and Mr. Moulton. Mr. Lowther, Sir H. Vincent, and Mr. J. Morley on taxation of imports. Mr. Sydney Buxton's criticism; too little raised by taxation for war. Lord Welby on expenditure. Supplementary estimates pp. 165-181

## SEVENTH BUDGET, 1902-3.

Peace in sight. Financial and commercial situation not unfavourable. Budget results. Success of sugar duty and coal duty. Death duties and income-tax good. Prospective deficit. Suspension of sinking fund. 1d. on income-tax (1s. 3d.). Revival of corn duty. Loan 32 millions Consols. Cessation of hostilities in South Africa, and

consequent revisions in estimates. Cheque duty dropped. Sinking fund restored. Application of loan. Discussion on corn duty, Sir M. H. Beach, Mr. A. Chamberlain, Mr. Bonar Law, Sir W. Harcourt, Mr. Moulton, Sir H. Fowler, Mr. Morley, Prof. Bastable, Lord Goschen. Question of indirect taxation in connexion with increase of expenditure; views of Sir R. Giffen and Mr. W. Churchill. Difficulty of increasing direct or indirect taxes. Mr. Morley on absence of any standard to adjust relation between the two. Consequent failure to raise sufficient proportion of war expenditure from taxation. Retirement of Lord Salisbury and Sir M. H. Beach. Mr. Ritchie succeeds latter under Mr. Balfour as Prime Minister. Sir M. H. Beach's record at Treasury - - - pp. 181-198

### THE RIGHT HONOURABLE C. T. RITCHIE, M.P.

#### BUDGET, 1903-4.

Cost of the war reviewed. Amount from taxation and loans respectively. Mr. Buxton's return. Comparison with other wars. Mr. Crammond on indirect cost of the war. National Debt; Mr. Ritchie on. Fall of Consols. Provision for redemption of debt, Mr. Ritchie, Sir E. Vincent, Mr. Cohen. Growth of expenditure. Remissions of taxation. 4d. off income-tax (to 11d.) and repeal of corn duty. Reception of. Mr. Chamberlain's speech on colonial preference at Birmingham, and its results on the Government. Budget discussions on free trade and the corn duty, Sir M. H. Beach, Mr. A. Elliot, Mr. Asquith, Mr. Chaplin, Mr. Balfour. Discussion of proportion of relief given to poorer taxpayers by budget proposals, Sir W. Harcourt, Mr. Buxton, Mr. Haldane. Coal duty; Mr. J. Walton and Mr. J. Wilson on. Sir H. Fowler, Mr. Bowles, Sir E. Vincent, Mr. Buxton, Sir M. H. Beach, and Mr. Ritchie on national expenditure. Transvaal loan and Irish land purchase - - - pp. 199-222

### THE RIGHT HONOURABLE AUSTEN CHAMBERLAIN, M.P.

#### FIRST BUDGET, 1904-5.

Fiscal controversy. Trade depression. Large deficit owing partly to failure of receipts but also to excess expenditure (Somaliland and Navy). Unclaimed dividend account supplies one million towards this. Prospective deficit met by 1d. on income-tax (to 1s.), 2d. on tea, and rearrangement of tobacco duties. Sinking fund not suspended. Departmental Committee on income-tax. Mr. Ritchie



## CONTENTS

xix

and Sir M. H. Beach on budget. Sir H. Campbell Bannerman, Sir M. H. Beach, Mr. Churchill, Sir W. Harcourt on expenditure. Discussion on 3d. duty on stripped tobacco. Alleged protective effect - - - - - pp. 223-240

### SECOND BUDGET, 1905-6.

Satisfactory out-turn of previous year. Mr. A. Chamberlain on decline of alcohol revenue. Reduction in Navy estimates. Mr. Chamberlain on National Debt. Addition to fixed charge and proposal for dealing with Exchequer bonds. Reduction of 2d. on tea duty. General approval of budget. Discussions on graduation and differentiation of income-tax, Sir M. H. Beach, Mr. J. H. Lewis, Mr. Trevelyan, Sir G. Bartley, Mr. H. Samuel. First real move for many years towards reduction of expenditure and debt  
pp. 240-253

### THE RIGHT HONOURABLE H. H. ASQUITH, M.P.

#### FIRST BUDGET, 1906-7.

Resignation of Mr. Balfour and Liberal victory at general election. Another good year. Reviving trade. Large surplus. Mr. Asquith on revenue from alcohol. Survey of expenditure, debt, taxation. Floating debt to be dealt with. One million added for redemption. Other capital liabilities. Tea duty reduced from 6d. to 5d. Select Committee on graduation and differentiation of the income-tax appointed. Prospects of continuance of policy of economy. Repeal of the coal tax. Mr. Harwood, Mr. J. Wilton, Mr. John Wilson. Mr. Asquith on reduction of duty on stripped tobacco. Mr. Balfour on loans for naval and military works - - - - - pp. 254-268

#### SECOND BUDGET, 1907-8.

Large surplus. Local taxation payments to be made in future from consolidated fund. Need for improving national credit by further reduction of debt. Social reform not incompatible with maintenance of free-trade system. Old-age pensions foreshadowed. The revenue therefore not to be permanently reduced by remission of taxation. Differentiation of income-tax instituted. Loss made up by raising upper part of estate duty scale of rates. Remainder of prospective surplus added to new sinking fund for one year. Comments on the recommendations of the income-tax committee on graduation and differentiation. Wise provisions of this budget. Doctrine that finance minister should budget not for

one year only but for several years. Question whether conducive to economy. Note on changes in local taxation arrangements, 1896 to 1911 - - - - - pp. 268-286

### THIRD BUDGET, 1908-9.

Introduced by Mr. Asquith as Prime Minister. Sign of slackening trade, but very large surplus. Income-tax largely exceeds estimate. Success of differentiation. Great reduction of debt. Excise transferred from Inland Revenue to Customs. Old-age pensions, principles of. Reduction of sugar duty. Estimated cost of pension scheme. Policy of building up fund for discarded. Comments of Lord St. Aldwyn, Mr. Buxton, Mr. L. Hardy, Mr. Theodore Taylor, Lord Cromer. Mr. Asquith foreshadows reduction of debt provision. Optimistic view of revenue, Mr. A. Henderson, Mr. Chiozza Money. Mr. Austen Chamberlain on incidence. Mr. Bowles declares economy at an end - - - - - pp. 286-297

## THE RIGHT HONOURABLE D. LLOYD GEORGE, M.P.

### FIRST BUDGET, 1909-10.

Budgets of 1894 and 1909 compared. Wide scope and consequences of the latter. Prospective deficit of 16½ millions. Reduction of sinking fund and additions to taxation. Mr. Lloyd George's speech. Income-tax changes. Super-tax. Death duty increases. Land valuation and land duties. Changes in latter in committee. Rejection by Lords and dissolution. Temporary borrowing. Finance Bill reintroduced under guillotine. Collection of taxes after rejection of Bill. Deficit of £26,248,000 owing to uncollected arrears. Mr. Asquith on the situation. Losses caused by rejection of budget pp. 289-313

### SECOND BUDGET, 1910-11.

Unprecedented circumstance of introduction of budget resolutions. Mr. Bowles on novel practice in regard to collection of last year's arrears. Growth of expenditure unchecked. Prosperity prophesied. View of new spirit duty. Insurance system foreshadowed. Criticism of budget by Mr. A. Chamberlain. Mr. Bowles and Mr. Snowden on expenditure. Mr. Asquith replies as to expenditure and reduction of debt. Finance Bill postponed pending the conference of leaders on constitutional question. Abridged bill passed in November before dissolution. Revenue Bill introduced to complete business in the new Parliament. Discussion on land valuation and the new duties - - - - - pp. 313-323

## CONTENTS

xxi

### THIRD BUDGET, 1911-12.

Surplus on two years, 1909-10 and 1910-11. Due to expansion of revenue. Part of surplus appropriated to sanatoria, Uganda, and development fund. Foot-note on development and road improvement funds. Large increase of estimated expenditure, Navy, Old-age Pensions, and Post Office. Revenue estimated on assumption of another prosperous year. The spirit duty and its results. Cocoa duty. Scheme of 1909 again remains practically unaltered. The Coronation, the Parliament Bill, and National Health Insurance. Finance Bill again postponed till autumn, and then passed in haste. Mr. Lloyd George on contribution of all classes to taxation. Mr. Pretyman on land values duties and Mr. Austen Chamberlain and Mr. Snowden on inadequate opportunity for discussion of finance. Mr. Snowden on taxation. Finance Bill not endorsed by the Speaker as a Money Bill - - - - - pp. 323-331

### FOURTH BUDGET, 1912-13.

Return to more normal conditions. Largest realized surplus on record. Increases even in beer and spirits. Financial results of last three years. Justification of policy. Further increase of expenditure in coming year. Another prosperous year predicted in spite of coal strike. Case for and against land valuation and duties (foot-note). Question of disposal of the surplus. Mr. Lloyd George yields to representations from Mr. A. Chamberlain and others against his first proposal to retain it in his balances. Mr. Snowden's opinion that savings should go to development fund. Mr. Hobhouse on the old sinking fund. City views on price of Consols, Mr. Russell Rea, Mr. John Ward, Mr. Lloyd George. Effect of growing liabilities on national credit, Mr. Chamberlain, Mr. Mills, Sir F. Banbury, Mr. E. Cecil, Mr. Sydney Arnold. Total cost of pensions and insurance. Increased necessity for reduction of National Debt. Dangers of recent developments of finance. Mr. Chamberlain on Treasury control (foot-note). Criticism of free-trade finance in nineteenth century. How social reform policy would be justified economically. Results of year 1912-13. Unequalled prosperity of British trade. Small surplus owing to expenditure. Summary figures for 1913-14. Provisional Collection of Taxes Bill - - - - - pp. 331-350

## PART II.

### BUDGET TABLES 1887-8 TO 1913-14.

pp. 351-407

*PART III.**NOTES ON SUCCEEDING TABLES.*

	PAGE
1. General remarks on classification - - - - -	409
2. Description of Tables - - - - -	420
(a) Revenue Tables - - - - -	422
(b) Expenditure Tables - - - - -	424
3. Further statistical data - - - - -	427
(a) Population - - - - -	428
(b) National income - - - - -	429
(c) Capital wealth - - - - -	436
4. Analysis of revenue - - - - -	441
5. Relation of national burdens to national income - - - - -	447
(a) Proportion of national burdens on the two main divisions of taxpayers - - - - -	449
(b) Direct taxpayers - - - - -	451
(c) Indirect taxpayers - - - - -	456
6. Analysis of expenditure - - - - -	464
(a) Debt - - - - -	464
(b) Local taxation, defence services and social services	465
Conclusion - - - - -	471

*LIST OF TABLES.*

## TABLE

I. Summary of Revenue from Budget Tables - - -	474
II. Summary of Expenditure from Budget Tables - - -	476
III. Net Receipts from Customs and Excise Duties on Spirits, Beer, Wine and Tobacco, and Liquor Licenses - - - - -	478
IV. Consumption per head of Population of Beer, Spirits, and Tobacco; Total Quantity produced of Beer and Spirits, etc. - - - - -	480

## CONTENTS

xxiii

TABLE	PAGE
V. Net Receipts from Customs Duties on Tea, Sugar, Corn, and other articles; Consumption per head of Population and Rates of Duty on Tea and Sugar	481
VII. Total Customs and Excise Net and Exchequer Receipts, and Allocation to Local Taxation Accounts - -	482
VII. Total Taxable Income; Rates of Duty of Income-tax and Produce per Id. of the Tax - - - -	484
VII.a Total Income and the Number of Persons chargeable to Super-tax, with Net Receipts of the Tax - -	486
VII.b Classification according to Amount of the Incomes chargeable to Super-tax - - - - -	486
VIII. Estate and Probate Duty: Net Capital Values of Estates, Number of Persons liable, and Average Value of Estates - - - - -	487
IX. Estate and Probate Duty, shewing Seven-year Averages	488
X. Classification of the Numbers and Aggregate Amounts of Estates according to Categories of Value - -	489
XI. Rates of Estate Duty - - - - -	490
XII. Receipts from Death Duties and Income-tax, with Percentages of Increases - - - - -	491
XIII. Net Receipts from Stamps Duties - - - - -	492
XIV. Percentage of the Revenue derived from Direct and Indirect Taxation - - - - -	493
XV. National Debt: Nominal Amount under the Principal Heads of the National Debt, the Amount created, and the Amount redeemed each year - - - -	494
XVI. National Debt: Amounts devoted each year to the Payment of Interest, etc., and the Repayment of Principal - - - - -	496
XVII. Local Indebtedness - - - - -	498
XVIII. Naval Expenditure from Votes, Loans, and Special Funds: the Amount of New Construction in Tonnage, and the Numbers of Personnel - - - - -	500
XIX. Army Expenditure, from Votes and Loans - - -	504
XX. Total Army and Naval Expenditure: Cost per head, and Percentages of Total (Gross) Expenditure, and of Increases and Decreases - - - - -	505

CONTENTS

<b>TABLE</b>		<b>PAGE</b>
<b>XXI.</b>	<b>Civil Service Votes : Exchequer Issues - - -</b>	<b>506</b>
<b>XXII.</b>	<b>Civil Expenditure classified according to Civil Services, Social Services, Postal Services, and the Collection of Revenue, with Percentages - - -</b>	<b>508</b>
<b>XXIII.</b>	<b>Gross and Net Revenue from Post Office Services -</b>	<b>510</b>
<b>XXIV.</b>	<b>Payments to the Local Taxation Accounts from the Assigned Revenues and the Consolidated Fund -</b>	<b>511</b>