

and did undoubtedly raise in the minds of the poor the belief that the passing of the Budget would bring to them a golden age. The outbreak in August, an outbreak of a kind absolutely new in this country, was in my belief simply the ripened fruit of the seed which was sown two years ago. There is also another cause. During the last ten years there has been a great increase in the total wealth of this country, but, as we know from information supplied by the Board of Trade, the position of the working classes has not improved; it has actually deteriorated. During that period there has been a rise of nearly 10 per cent. in the cost of living, and there has been no rise in wages. That is in itself a sufficient explanation for discontent. I said that the working classes desire a larger share of the profits of industry; but I think I can go further and say that all classes, including employers, among whom all my life I have had many of my most intimate friends, would desire that the working classes should receive as large a share as is compatible with the success of the industry in which they are engaged. (Cheers.) Now, how is this result to be obtained?

THE TAXATION OF CAPITAL.

There is one method, the method adopted by the Government, which is to take from the rich in taxation and hand it over to the poor in doles. That is a simple method, but it has its dangers. If capital is taxed suddenly and unexpectedly it may fly beyond our reach. The Prime Minister, whose economic views are at least original, has told us that the more capital leaves the country the better for that country. (Laughter.) If he is right, then we have never had greater benefactors than the present Government, for, as we know from the report of the Inland Revenue Commissioners, the amount of capital invested abroad has increased since the present Government came into office, taking the average of five-year periods, to a greater extent than during the whole 20 years preceding their accession to power. That is one fact, and there is another. We have been passing through a period which, so far as statistics can tell us, has been a prosperous period for trade; and yet during all that time there has been a steady flow of emigration from this country on the largest scale. Do you think there is no connexion between these facts? I think there is. If you not merely put sudden burdens on capital, but if, what is far worse, the holders of power in this country speak of the men who have accumulated wealth as public enemies, treat them as beasts of prey to be shot at sight, then you will indeed injure the capitalist, but you will injure far more deeply, far more vitally, the man whose only capital is his skill and his industry, and who, in order to invest that capital, requires not merely the wealth of the capitalist but the energy in directing industry which has created that wealth. (Cheers.) That is one method. There is another.

FISCAL REFORM AND UNEMPLOYMENT.

In my belief the greatest of all social reforms would be to raise the general level of wages in this country, and in that way not so much to help the working classes directly as to put them in a position to help themselves. I believe that a change in our fiscal system will tend to produce that result. I have defended that change now for many years, and, however mistaken I may have been, I have never put forward any claim in which I did not in my heart believe. I do not pretend that a change in our fiscal system will cure all evils, but I do contend that it will help the greatest of our social evils—chronic unemployment. For this claim there is at least some justification. The rise in the cost of living, combined with stationary wages, is peculiar to this country. In Germany, for instance, while there has been during the last decade a rise in the cost of living perhaps as great, certainly not greater, than in this country, there has been at the same time, as we know from the authoritative report of our Consul presented to this Government, a rise in wages which has more than compensated for the increased cost of living. I believe that a change in our fiscal system will tend to raise wages, but this at least is certain, that without such a change a general rise is absolutely impossible. (Cheers.)

AN ILLUSTRATION.

In illustration of this, take the Insurance Bill. Whatever its merits, this Bill does undoubtedly impose a new burden on industry, and it is a heavy burden. I have taken much trouble to find out exactly what it means. I have received returns from a large number of employers, and find that the new burden represents, if stated in the form of an additional income-tax, amounts varying from less than 1s. to more than 20s. in the pound. Is it not obvious that the whole of this burden ought not to fall upon the producer, but that part of it at least should be borne by the consumer? The Chancellor of the

Exchequer has himself suggested that the consumer should bear a part of it, but how is that possible under our present system? Of all the manufactured goods consumed in this country something like 10 per cent. is imported from abroad. This is a small fraction, but every business man knows that it is large enough to regulate prices, and if you put a new burden on the home product, while no corresponding burden is placed on a foreign product which competes with it, is it not certain that there will be a great increase in the effectiveness and extent of foreign competition? Mr. Lloyd George is, it is true, improving. After passing the Old-Age Pension scheme he took a voyage across the North Sea, where incidentally he discovered Germany, in order to study the German Pension scheme. He has acted otherwise in regard to the Insurance Bill, for he made his visit first and not afterwards, but while this is true, it is also true that he missed the one lesson which German experience should have taught him. It was Prince Bismarck who passed the German Insurance Scheme, but it was Prince Bismarck also who gave to the German workman security in his own market, and the fiscal change, and not the Insurance Scheme, came first. He first stopped the leak which was sinking the ship, and it was easy afterwards to improve her sailing qualities. We must do the same. If we do not, then, in my belief, Bills brought forward probably with the best intentions to help the poor, to help unemployment, may prove to be in reality Bills to increase the number of the poor and to create unemployment. (Loud cheers.)

MR. LLOYD GEORGE ON THE NEED FOR LAND REFORM.

SPEECH AT THE NATIONAL LIBERAL FEDERATION CONFERENCE.

Speaking at the Annual Conference of the National Liberal Federation at Bath on November 24th, Mr. Lloyd George said, according to the TIMES:—

Now the Bill (Insurance Bill) does not profess to do everything to mitigate the social evils of the day. It is purely a contribution—I believe a considerable one. (Cheers.) For instance, it penalises the slums. That is good enough.* After all, the slum affords a better shelter than the roadside, and you have no right to clear out the slums unless you are prepared to put up better houses, and you cannot do that without imposing a crushing burden of taxation and until you reform our land system—(cheers)—in both town and country; it hinders everything—hinders small holdings—(hear, hear)—hinders allotments, hinders workmen's dwellings, and hinders every attempt at social amelioration; it thwarts every enterprise, commercial, industrial, social, and economic, including municipal enterprise, and you will do no good until you recast the system. The feudal system might have been very useful in the Dark Ages, but it is absolutely unsuited to the needs of to-day. It is just like clothing a member of the Territorial Army in a coat of armour; it impedes his movements, weighs him down. It is just the same with this system. You have got to reform it.

What is one of the greatest and most urgent needs of Britain to-day? Well, I will tell you. (A voice, "Votes for Women," and laughter, in which Mr. Lloyd George joined.)

The interrupter, a man, was ejected from the hall, and when order had been restored Mr. Lloyd George said:—He has earned his railway fare very easily. (Laughter and cheers.)

I think the most urgent need of Britain to-day is the regeneration of rural Britain. You will not do that without a complete reform in the land laws. What is happening now? You have got millions of robust citizens driven by the present system from the healthy environment of the soil to the allurements of our great cities. Hundreds of thousands, if not millions, passed into other lands. I am not surprised. When the just rewards of labour are given to those who labour not—(hear, hear)—and where those who do toil are requited with wretched wages and still more wretched houses, you will not keep the labourer on the land. (Hear, hear.) Even in the old days when movement, when escape from bondage, was much more difficult, it is recorded that a race of labourers faced seas, wildernesses, and rivers to escape from slavery. And now that with half a week's wage invested in a railway ticket the labourer can get deliverance in the towns, and when with half a year's rent of a leaky, damp cottage invested in a steerage ticket he can become a yeoman possessing his own freehold of 160 acres, the labourer will not long undergo the privations of his present conditions. (Cheers.)

* The GLASGOW HERALD report records this sentence "That is not good enough." This seems to be the correct reading.