

A GREAT FIASCO.

The Irish Land Purchase Act, 1903.

II.

"If we look forward a little, to the time when a large number of peasant proprietors will have been constituted, either as owners in fee or as perpetuity tenants, it becomes evident that the purchase clauses cannot by themselves afford a settlement. Some, probably many, of the new owners will fail. They will borrow on their holdings, and will only quit them when the mortgagee has swallowed up the value. The new owner will be, in many cases, a creditor. He will perhaps sell, but will most likely let the holding. The relation of landlord and tenant will be reconstituted."—Report of the Bessborough Commission, 1881.

Neither the famous Land Act of 1881 nor the subsequent Land Purchase Acts, to which we have already referred, had served to make Ireland either prosperous or contented. In 1901, the Unionist Chief Secretary for Ireland, Mr. George Wyndham, had deemed it necessary to put in force the provisions of the Coercion Act of 1887. And in the Parliamentary Session of 1902 he found it expedient to introduce yet another Irish Land Purchase Bill. Many circumstances combined to make such a step desirable in the interests of the Irish landlords. In the first place, land-purchase was not making progress, partly on account of the fall in the market price of the Guaranteed Land Stock created under the Act of 1891, and partly on account of the discretionary powers of the Land Commission, which tended to prevent the landlords securing such prices as they desired to obtain. In the second place, as already mentioned, under the Land Act of 1881 judicial rents were adjustable every 15 years at the instance of either tenant or landlord, and the third-term readjustment would take place in 1911. The average reduction made on the first-term was over 20 per cent.; that of the second-term averaged 22 per cent.; and it was anticipated that 1911 would result in, at least, an equal reduction which, naturally, was not regarded with equanimity by the landlords of Ireland. This Bill was objected to by the Irish Party, with the exception of Mr. T. M. Healy, and in October the Government announced their intention to drop it and to introduce another in the following year.

Toward the end of 1902 a Conference was held in the Mansion House, Dublin, between some of the leaders of the United Irish League and certain representatives of the landlord party, and its proposals were placed before the public through the Press in January, 1903. It was upon the lines of these proposals that Mr. Wyndham framed his Irish Land (Purchase) Act of 1903, which was aptly described in the House of Commons as "a Bill to ransom the Irish landlords." At the time of the passing of the Bill, some £24,300,000 had been advanced, under the sanction of previous Acts, to the tenant purchasers, some £830,000 was being paid in annuities, and the arrears were £3,000,000. As already pointed out, land purchase was not making progress, and the accepted official view, repeated in the recently issued Report, was that this was due "to the difficulty of devising a scheme for voluntary land purchase which should provide for the landlord obtaining a price for his land, at which he would be willing to sell, while allowing the tenant a sufficient reduction in his rent, in the shape of an annuity, to induce him to buy." The Act attempted to overcome this difficulty by calling upon the British taxpayer to provide a sum, not to exceed £12,000,000, for the purpose of providing the landlord with a bonus over and above what he could induce the tenant-purchaser to promise to pay; and by

lowering the rate of interest payable by the tenant-purchaser to 2½ per cent., the sinking fund to 10s. per cent. per annum, thus extending the period of repayment to sixty-eight and a half years. As a further privilege, the landlords were enabled to sell their mansions and demesne land to the Land Commission, to be bought back by themselves on the same advantageous terms as were granted to the tenant-purchasers.

For the first time in the history of Irish land legislation, despite the earnest warnings of such men as John Dillon and T. W. Russell, the Land Commission was deprived of their discretionary powers and were obliged to sanction an advance of the whole purchase-money to an occupying tenant, provided only that "the purchase annuity payable in respect of the advance shows a reduction of from 10 per cent. to 30 per cent. in the case of rents fixed after August 14th, 1896 (second-term rents), and from 20 per cent. to 40 per cent. in the case of rents fixed before that date (first-term rents)." The Act appropriated the sum of £100,000,000, repayable out of the tenant-purchaser's annuities, for the purpose of buying out the landlords, and a further sum of £12,000,000 for the purpose of giving them a bonus; this latter sum was to be provided from the British Exchequer, to which every cup of tea we drink or cigarette we smoke contributes its quota.

Under this Act payments to the landlords were to be made in cash. The necessary ready money was to be raised by the creation of 2½ per cent. Guaranteed Land Stock, redeemable at par after 30 years from the commencement of the Act. The total re-payments by the tenant-purchasers, however, would only be just sufficient to redeem this stock if it were possible to issue same at par. To date of the Report some twenty-one millions only had been raised for the purposes of land purchase; but the indebtedness thus created amounts to £23,750,000; that is to say, about £113 of debt has been created for every £100 of cash raised. The difference between the amount of cash raised and the amount of indebtedness created, already involves a repayment for sixty-eight and a half years of £92,215 per annum, involving a total cash repayment of over six million pounds sterling. And this sum will have to be found by the Irish ratepayers, the majority of whom are also tenant-purchasers. In addition, they will have to make good any default in the annuities promised by the tenant-purchasers—the amount of which will, naturally, depend upon the seasons and the prices obtainable for agricultural produce during the next 60 or 70 years—and also incidental charges estimated to amount to twenty to forty thousand pounds for each five million of Stock issued.

At the time the Bill was before parliament it was estimated that the value of the rented land yet to be purchased amounted to about £100,000,000 that, consequently this sum would suffice to finance it, and the British taxpayers' generous grant of £12,000,000 be sufficient to provide cash bonus on all transfers. The increased value given to land under the provisions of the Irish Local Government Bill of 1898, which exempted landed property from poor rate, was not taken into account, nor the inevitable effect of the presence in the land market of the bottomless purse and practically inexhaustible credit of the British Government. We need not be surprised, therefore, that the recently issued Report on the subject (Cd. 4,005) tells us that: "This estimate now appears to have been fallacious, and from the information put before us it appears that the amount of cash (*exclusive of bonus*) required to carry land purchase in Ireland through to completion on the present term will be £160,000,000 or more."

Now, if £12,000,000 was necessary to provide cash bonus on £100,000,000, £20,000,000 will manifestly be required to provide a similar cash bonus on £160,000,000. This, then, would be the chief item in the ransom to be paid

to Irish landlords by the poor, patient, apathetic British taxpayer. In addition he will have to bear the heavy cost of administering this Act, which already amounts to £175,450 a year, but which, as the Report says, "will increase rather than diminish as land purchase proceeds." Nor has there yet been any "reduction in the cost of other branches of administration in Ireland, such as was hoped for from the operation of the Act."

This, however, is trifling compared with the burden that will fall upon the ratepayers of Ireland, if this precious scheme of land purchase is carried to completion under the provisions of this recklessly extravagant and ill-considered Act. As we have already seen, the comparatively small amount already raised has involved them in an annual charge for over sixty-eight years of over £92,000. And, as the Report well says, "If the balance of the cash required, viz., £139,000,000, were to be raised on precisely the same terms (the probability is, of course, that it would have to be raised on even worse terms) the charge . . . would ultimately amount to about £705,000 a year." And this sum would directly or indirectly fall upon the Irish ratepayers. To pay this sum annually for 68½ years would involve a total cash payment of over £48,000,000, or over three times the total Rateable Valuation of the whole of Ireland. To express ourselves as mildly as possible, we venture to doubt the wisdom of imposing such a burden upon the Irish people for the sole purpose of facilitating the transfer of the claims of one set of Irish land-holders to another set of Irish land-holders, even though the latter may be disposed to make a more legitimate and far better use of the land, and to regard it as a means of producing crops, not solely of yielding rent.

In view of the above facts, we cannot be surprised that further action under the Irish Land Act of 1903 threatens to come to a standstill. Of the £12,000,000 granted from the British Exchequer to provide the cash bonus, over £7,000,000 has either already been allotted or will have to be allotted on agreements which will come in before November 1908, leaving only some five millions to provide cash bonus on future agreements to the amount at least of another £100,000,000. To provide more will necessitate another deliberate Act of Parliament; and the Parliament of 1908 is very differently constituted and inclined from that of 1903. Even the representatives of the landlords have come to realise that Ireland cannot stand the burdens imposed upon it by this Act. To judge from a letter by Lord Dunraven in "The Times" of May 4th, they would transfer at least a considerable part of this burden to the British taxpayer. Hence it is satisfactory to note that the framers of this Report deliberately express the view, which we cordially endorse, that, "In our opinion the contribution made by the taxpayer to land purchase is fully sufficient, and could not equitably be increased for the purpose of relieving the Irish ratepayers of a charge imposed upon them by the Act." It is, however, also true, as Lord Dunraven contends, that "Ireland can do no more in the way of a guarantee, and should not be asked to do so much. To defray losses on flotation out of educational grants, grants in aid of rates, and out of the rates themselves is cruel and absurd. It would lead to universal county bankruptcy, and, as the purchasing tenants are ratepayers, to annuity default."

When the Bill of 1903 was before the House of Commons Mr. A. J. Balfour frankly told the House that, "Irish land is not and has not been for years a marketable commodity." At the time English and Scottish agricultural land was selling at 18 years' purchase; and sales made of Irish land under previous Acts had averaged about the same. Under the provisions of the Act of 1903, however, Irish land has been selling, exclusive of bonus, at from 20 to 29 years' purchase, averaging 24 years. As the Report well says: "It would appear from the evidence we have received

that the price obtained by the landlord for his land in many cases exceeds (with bonus) the price paid for the best secured ground rents in Belfast." Surely, then, these gentlemen can equitably be asked to make some sacrifices to facilitate the continuance of an Act which has so greatly benefited them, and the operation of which their representatives consider "it would be fatal to suspend." As the framers of the Report say: "We are not convinced that the landlords as a whole would refuse to sell at prices lower than those now obtaining." Certain it is that if the representatives of Ireland were enlightened enough to demand the repeal of the Act, and to demand in its stead an alteration in the system of rating that would exempt all improvements, landlords, without compulsion and without bonus, would soon be disposed to sell at prices far lower than those they are now obtaining.

One point seems to us to deserve special consideration. Though the Irish peasants have forcibly manifested their determination that their claims to the use and continuous occupancy of the soil of their native country and to the improvements their labours have created, shall be recognised and respected, they have never manifested any desire to obtain what is known to English law as the fee-simple of the land. Hence it is manifest that all the numerous Land Purchase Acts have been evolved and passed, not in the interest of the Irish peasant, or of the Irish nation, but of the handful of Irish landlords. If, therefore, such Acts are to be persisted in, despite the excessive burdens they necessarily impose upon somebody, it seems only equitable that, neither the British taxpayer nor the Irish ratepayer, but the Irish landlords themselves should pay at least the whole of the costs incurred in obtaining the ransom they have demanded before they would relinquish their impoverishing hold over the Irish people. This is the least contribution they can equitably be called upon to make towards the financial sacrifices demanded by an Act by which they almost alone have so greatly benefited.

If there were any possibility of such a measure permanently solving the Land Question, the agrarian problem and the social problem, in Ireland, no one would need question the policy of carrying it through to completion. Whatever its money cost it would be cheap at the price, and neither the British taxpayer nor the Irish ratepayer would need begrudge the sacrifices it would demand. But as the Bessborough Commission wisely warned our legislators over 25 years ago, it can do no such thing. It would still leave the landless masses of Ireland the helots, the hewers of wood and drawers of water of a limited privileged class, still deprived of all the blessings and advantages of our advancing material civilisation. In the place of a few big landlords, it would create a number of little landlords, who, after they have helped to pay the ransom demanded of the country as a whole, would in their turn be privileged to control the use of the land and to rack-rent future generations of their landless fellow-countrymen. Manifestly the upas-tree of landlordism cannot be cut down by any such operation. To exterminate it root and branch very different measures are required: measures which by doing justice to all would neither impose undue burdens nor confer undue privileges on any. Sooner or later the representatives of the Irish people, as of the English people, will have to consider and to adopt such measures. In the interest of both the Irish and the British people it is to be hoped that they will determine to do so at once.

L. H. B.

THE Scottish League for the Taxation of Land Values have provisionally arranged to entertain Mr. Louis F. Post, in Glasgow, on August 14th. Those wishing to meet him should communicate with Mr. James Busby, 13, Dundas Street, Glasgow.