

III.—*Some Features of the Over-taxation of Ireland.* By Nicholas J. Synnott.

[Read Thursday, 14th January, 1897.]

MORE than two hundred years ago, Sir William Petty in his *Political Anatomy of Ireland*, referred to "the great policy of the English" in their dealings with Ireland, as "keeping the chain or drawbridge between the two kingdoms on the English side." A century later, in 1785, we find the younger Pitt expressing a similar opinion, that "Ireland has been made completely subservient to the interest and opulence of Great Britain, which system however necessary it might be to the partial benefit of districts in Britain, promoted not the real prosperity and strength of the Empire." Though another century has now elapsed, and the Elizabethan policy referred to by Petty, of plantations and confiscations has disappeared, equally with the Eighteenth Century system of commercial war and persecution to which Pitt alluded, it is still unhappily true that in the great domain of taxation and finance, in spite of the union of exchequers and parliaments "the chain or drawbridge between the two kingdoms is kept on the English side." The declarations of Grattan, Foster, and the protesting Irish peers in 1799, as to the injustice or the financial provisions of the Act of Union, and in particular those relating to the ratio of taxation, have been demonstrably proved to have been true by the almost unanimous Report of the Financial Relations Commission, whilst their prophecies, that the stipulations and policy of the Act as to uniformity of taxation would be wrought to Ireland's injury and disadvantage, have been admitted to be true by the great majority of the members of the Commission. The contentions so long and assiduously brought forward in Parliament by O'Connell, General Dunne, Mr. Longfield and others, and in later times so elaborately and earnestly developed by Sir Joseph M'Kenna and Mr. Giffen, can no longer be sneered at as the grievances of prejudiced patriots or the dreams of statisticians. The names, *the status*, the experience of the members of the Financial Relations Commission, coupled with the exhaustive and conscientious nature of their enquiry, make their conclusions unassailable. The most remarkable result, however, of the enquiry is that it has made all Irishmen what they never were before—unanimous. Without trespassing upon politics, I may be permitted to notice the curious fact, that a Royal Commission that admittedly owes its origin to a Home Rule Bill and a projected alteration of the Act of Union, should in the result bring men of all classes and all opinions in Ireland to be of one mind, and of all things in the world to be united in upholding the integrity of those provisions in the Act of Union that have been violated or strained to Ireland's injury.

In this paper, out of the wide ground covered by the recent investigation, I have chosen a very small field. I shall leave untouched the construction and effect of the Act of Union;

the immense question as to the relative wealth of the two countries and the still more intricate problems that arise as to the incidence of taxation. I doubt whether on all these heads, there being so much of pure speculation mixed up with matters of fact, considerations such as these will turn the balance of opinion. Speculations as to what would have been Ireland's financial position had her parliaments and exchequers been separate; had her contributions to military and naval expenditure been voluntary; how she would have fared in her agriculture or commerce with a separate parliament and a system of bounties and custom duties; as to whether taxation if indirect, and therefore voluntary, is to be taken into account; and how far taxation of luxuries is a burden on the consumer, however ingenious, will be always too shadowy to persuade the British taxpayer at any rate that he has driven an unfair bargain or violated a fair one.

It will be more to the point if it can be shown that within the last forty years, during the period that it has been fashionable to preach not only goodwill but generosity to Ireland, the "drawbridge has been kept on the English side," and that in spite of, nay in a measure, because of Ireland's necessities and increasing poverty her over-taxation has largely increased.

The points I propose to discuss are two, the history and effect of the imposition of the Income Tax on Ireland, and some aspects of the loan account between the Imperial Treasury and Ireland. It will be seen that these two subjects, seemingly unconnected, are not really so, inasmuch as the alleged remission of a loan was for the Chancellor of the Exchequer the opportunity and excuse of putting upon Ireland the burden of new taxes including the income tax, and ever since, this and other remissions of loans have been put forward by grave authorities as a set-off to and justification for alleged over-taxation.

The Budget of 1853 is our point of departure. Certain plain figures show the effect of the legislation of this period, making it the turning point in Ireland's financial history. Virtually the whole increase in revenue raised in Ireland took place in the decade 1850-1860. As Mr. Childers summarized it in his Report, p. 154:

"Between 1820 and 1850 the Irish true revenue, without very great fluctuations, stood at about 5½ millions; subsequently to 1860 it has stood without great fluctuations, at about 7½ millions. It may therefore be said that in this period about 2¼ millions per annum were added to the permanent taxation of Ireland."

According to a table furnished by Sir Edward Hamilton, of the Treasury,* the total tax revenue per head of population in Ireland rose from 13s. 11d. in 1849-1850 to £1 5s. 4d. in 1859-1860, or an increase of about 80 per cent. in ten years, whilst for Great Britain during the same period, the increase was only from £2 7s. 8d. to £2 10s. per head; and bringing down the figures to recent years, whereas in 1893-1894 the total tax revenue of Great Britain has fallen to £2 4s. 10d. per head, that of Ireland has gradually increased

*Vol. ii. Evidence, p. 191

to £1 8s. 10d. That is to say, the *decrease* since 1849-1850 in the case of Great Britain has been 2s. 10d. per head, the *increase* of taxation in Ireland has been 14s. 11d. per head, or more than 100 per cent. A fair consideration of the circumstances of Ireland in 1853 would show incontestably that the unanimous report of the Royal Commission, that "the increase of taxation was not justified by the then existing circumstances" is far too mild a statement. A consideration of Ireland's position and a *fortiori* comparison of Great Britain and Ireland at this period will show that the circumstances demanded not an increase but a decrease in taxation.

Everyone knows now that the famine of 1846 was not a mere exceptional and isolated catastrophe, but only the worst of a series, the effect as much as the cause of prolonged pauperism.*

I cannot forbear citing the evidence of one who certainly was not prone to exaggeration and least of all in regard to Irish grievances. On the introduction of Irish Poor Law Bill, the Duke of Wellington, on 21st May, 1838, stated that—

"There never was a country in which poverty existed to so great a degree as it exists in Ireland. I held a high situation in Ireland thirty years ago, and I must say that from that time to this there has scarcely elapsed a single year in which the government has not at certain periods of it entertained the most serious apprehension of actual famine. I am firmly convinced that from the year 1806 down to the present time, a year has not passed in which the government have not been called on to give assistance to relieve the poverty and distress which prevailed in Ireland."

The establishment of the Poor Law had been forced as a necessity on economists and statesmen to put an end to the scandal of three million of human beings existing from hand to mouth, on mendicancy; but when established that Poor Law had been found to be a very partial remedy and to involve enormous increase in the local rates. In the year before the famine the Devon Commission had reported that "the labouring classes live under sufferings, greater we believe than the people of any other country in Europe have to sustain."† As the distress and poverty of Ireland did not begin in 1846, so neither did they end there. The chronic causes of penury were further aggravated after the famine by a disturbance of agricultural methods and a wholesale exodus of population. The Repeal of the Corn Laws was intended to save Ireland from starvation, but it involved the eviction or ruin of hundreds of thousands of Irish farmers. All this must have been known, one would have thought, to English statesmen in 1853, and in fact it had been formerly admitted by Parliament by its action in remitting, in 1848, £2,000,000 of the debt incurred in the relief of the famine; whilst

*For a succinct account of these partial famines and the ensuing distress see "The Irish Crisis," by Sir Charles Trevelyan, Bart, K.C.B., which first appeared in the *Edinburgh Review* for January, 1848, and was reprinted in 1880.

† The census Commissioners of 1841 reported that 43.5 per cent. of the population were "living in the lowest state in cabins consisting of but a single room," and an additional 40 per cent., "but little removed in comfort." Thus 83 per cent. inhabited mud-cabins.

a committee of the House of Lords had just reported in 1852, that another £2,000,000 of the same debt ought to be remitted, stating that "since the famine the resources of the country had greatly diminished, while the local taxation had greatly increased."*

This then being the time chosen by Mr. Gladstone, with a budget showing a surplus of nearly a million, to put increased taxation on Ireland to the extent, according to his own estimation, of about £660,000 a year, *i.e.*, £460,000 income tax and £198,000 by increase in the spirit duties; let us with all respect examine the reasons given. The Budget speech on this occasion was republished long after, revised and corrected by Mr. Gladstone himself, in a volume styled *Financial Statements*, so that we may take it as the mature expression of his financial opinions.

His justification seems to consist of the following pleas:—

(1) That as proposed the income tax was to be a temporary tax, and was to expire in seven years, *i.e.* 1860.

(2) That the stamp duties and spirit duties in Ireland which had been increased by Sir Robert Peel in 1842 had been since lowered.

(3) That the principle of equality of taxation should be applied as between Great Britain and Ireland.

(4) That Ireland should share the burden of income tax with England as she had shared, and would still further share with England in the benefit of the general reduction of indirect taxation.

(5) And lastly, to meet the suggestion that it was hard measure to impose increased taxation when Ireland was recovering from the dire calamity of a famine, the Chancellor of the Exchequer proposed as a set-off, the remission of £4,000,000 of consolidated annuities, which remained outstanding as a debt from Ireland to the Exchequer, due to the establishment of the Poor Law and the Relief Measures of 1846. He added, moreover, on this head that the burden and distress due to the famine were local, and to use his own words (p. 59, *Financial Statements*), "All Ireland is not alike, and there are certain districts which do not need to shrink from their full taxation, and which have no reasonable claim or plea to offer for exemption."

To take the points in order. That Mr. Gladstone intended the income tax to last for only seven years is in itself merely pleading extenuating circumstances to an admitted wrong. An income tax to Ireland meant fresh taxation; to England it only meant the re-

* No more clear or impartial account of the state of Ireland at the time of the famine and of the measures taken for its relief can be found than in the Report of the Central Relief Committee of the Society of Friends, published in 1852, of which Mr. Jonathan Pim was Secretary. The following sentence expresses a truth which many glib historians have forgotten:—"Many have attributed this state of chronic poverty to the facility with which a bare subsistence was obtained by the cultivation of the potato. Such does not appear to us to have been the case. The people lived on potatoes because they were poor, and they were poor because they could not obtain regular employment." P. 9, *Report, ibid.*

placing of some other tax. Chancellors of the Exchequer know better than anyone else how difficult it is to find substitutes for existing taxation, and even if the income tax had not become permanent, it was an injury to Ireland to inaugurate a new code of taxation that tended to become so. But it is clear that the desire of the Chancellor of the Exchequer that the income tax should be levied only temporarily, was not due to any special regard for Ireland's position, but to his opinion, then carefully reasoned out, that the income tax was "not well adapted for a permanent portion of the ordinary financial system," and that, apart from its inequalities, there were "objections to it of the gravest character."

His anticipations were that in 1860, when the income tax was to cease, the deficiency thus caused in revenue would be met partly by natural growth of revenue due to increased commerce, stimulated by tariff reductions, and to increased importation of articles still dutiable; partly to the produce of the new succession duty which was, be it remarked, to be levied in Ireland as well as Great Britain. The result is well known. The succession duty, for reasons afterwards clearly stated by Sir Stafford Northcote, produced only a fraction of the sum anticipated, and the natural expansion of industry was impeded by the Crimean war and the Indian mutiny, which again involved large new liabilities. Instead of being gradually reduced, as was proposed, from 7d. in the pound in 1853 to 5d. in 1857 to 1860, then finally to disappear, the income tax was increased to 14d. in 1855, and to 16d. in 1856-1857, and now, like the poor, it has remained always with us. Comparing expectations and actual results, whilst Mr. Gladstone anticipated that the income tax in Ireland at 7d. would bring in £460,000 (and following out the same proportion) by the end of 1860 would have then produced a total of £2,692,000, I find that for the year ending 31st March, 1855, the income tax collected in Ireland amounted to £823,839,* in 1856 to £1,149,290, in 1857 to £1,180,452, in 1858 to £842,910 in 1859 to £509,245, in 1860 to £718,368, or a total for six years of £5,224,104, or as nearly as possible double the estimated amount. In all, Ireland has paid in income tax alone, from 1853 to 1896, an average annual sum of £550,000, or a total of 23½ millions.

It may be urged that the Crimean war was an unforeseen contingency, and that it was not unreasonable that she should bear this increased burden in the form of a war tax. But Ireland had not been subject to income tax during the whole of the great war, and moreover the liability to pay did not cease with the conclusion of peace. In 1863 Mr. Gladstone was again Chancellor of the Exchequer, this time with a surplus of £3,874,000, the income tax was 9d. in the £1, the country was engaged in no war, yet it does not seem to have occurred to him that his statements made in 1853 as to the temporary nature of the income tax imported any special engagement or obligation to Ireland. But was Ireland better able to bear additional taxation in 1863 than in 1853? I need only

* See table, p. 373, Appx. I, Vol. I, and Appx. to Report, p. 214, Royal Commission on Financial Relations.

refer on this head to this very budget speech of 1863, in which Mr. Gladstone estimated that there was a decrease in Ireland for the year of agricultural produce of twelve millions sterling. "This amount," to use Mr. Gladstone's words, "equals nearly one half of the total estimated value of the agricultural products of the country. . . . It falls not very far short of the full amount of the established annual valuation of the country which is £13,400,000."*

The second reason given is based on the reduction of the stamp duties and spirit duties which had been originally increased in 1842 by Sir Robert Peel. It is true that Peel had increased the taxation of Ireland in this respect as a sort of an equivalent to the non-imposition of income tax in Ireland, and it is true also, that, whilst the special increase in Irish stamp duties still remained, the increase in the spirit duties had been taken off. But inasmuch as in 1853 the spirit duties in Ireland were increased from 2s. 8d. to 3s. 4d. per gallon, with no corresponding increase in England, and as the new income tax also was imposed in Ireland, it is difficult to see where the *quid pro quo* comes in. If international principles of finance such as there were to obtain amongst individuals one could pay a creditor by borrowing afresh from him.

The point as to the stamp duties is interesting as a specimen of the way in which in this taxation juggle Ireland has been worsted, and the "drawbridge," again to quote Petty, "kept on the English side." This is Mr. Gladstone's account of the transaction. The equivalent (1842) of the income tax, to quote his exact words :

"In the second place consisted of an augmentation of the stamp duties—that augmentation was indeed levied for some years, but in 1850 my right honorable friend, the President of the Board of Control, made a great reduction in the stamp duties both of this country and of Ireland, and in that reduction disappeared that increase which was enacted in Ireland as an equivalent for the income tax."

The exact nature of these changes is to be found in the statement furnished by the Inland Revenue Department to the recent Royal Commission, and appearing at pp. 225, 226 of the Second Vol., Appx. xii. In 1842 the Irish stamp duties were assimilated to those of Great Britain, that is they were raised to the British scale, involving an increase of taxation falling on Ireland amounting to £121,000, and this increase of taxation was paid by Ireland up to 1850. In that year there was a reduction not of Irish stamp duties alone, but of certain stamp duties of agreements, conveyances, etc., *common to Great Britain and Ireland*. There was therefore no remission of which Ireland got the special benefit, no reversion to her former *status* as regards this particular form of taxation, and certainly nothing that could be taken as an equivalent or ground for fresh taxation *on Ireland alone*. A remission common to both countries would fairly be met by an equivalent increase of taxation of a kind also common to both, but what was done, and it seems to

* *Financial Statements*, pp. 341, 389.

be one unjustly, was to make a benefit common to both countries the ground of the special fresh taxation of one only.

As to the principle of the equal taxation of individuals throughout the three kingdoms, which Mr. Gladstone next invoked, it is not necessary to do much more than refer to the findings of the recent Royal Commission, as showing that such an abstract principle worked a double wrong to Ireland, in violating her historical rights, under the Act of Union, to special treatment; and in ignoring the fact which had been admitted by Pitt, and repeatedly urged by O'Connell and others, that such an axiom of finance would be unjust to the poorer country, where the gross and average amount of wealth was relatively much less. One is reminded of Mr. Lowe's doctrine propounded in 1870, that "equalisation of pressure was equivalent to distribution of financial misery," but the problem will not be solved by Mr. Lowe's cynical theory that the taxpayer is "like the little animals at the bottom of the ocean who successfully withstand the pressure of three tons to the square inch, because the pressure was equalised," or that "the duty of the Chancellor of the Exchequer was to contrive to make everybody a little uneasy."—(Buxton, *Finance and Politics*, Vol. II., p. 157). Mr. Gladstone's statement of the principle in 1853 was more serious and plausible, and has often been invoked as a financial axiom. His words were:—

"The exemption of one man means the extra taxation of another, and the exemption of one country means the extra taxation of another; and as this applies to changes in the income tax generally so it is true of Ireland relatively to England."

I am not going to be so presumptuous as to attempt to better the reasons given in the recent report showing the injustice of a strict application of such a principle to Ireland. What may be here shown is that in this very Budget Mr. Gladstone was violating his own principle to the disadvantage of Ireland. That the exemption of one country means the extra taxation of another is as true of indirect as of direct taxation; yet one of the plain features of this Budget was the remission or reduction of a number of duties, hitherto applicable to Great Britain alone, involving, according to the doctrine announced, the extra taxation of the sister isle to pay for these exemptions. As the illustration of this effect of the Budget proposals is involved in the next argument, we may consider them together. To quote Mr. Gladstone's own statement:—

"We see no reason why the income tax should not be levied in Ireland, as she through the income tax which England has borne alone, has received her full proportion of the benefit attending the remission of taxes up to the present time, and she is likely also to profit largely by the remissions I have to propose to the House."*

The twofold statement here made that by the past reduction of the tariff Ireland was benefited *equally* with Great Britain, and that the proposed reductions had a like effect, can be proved beyond all doubt to be incorrect. I emphasize "equally," for Mr. Gladstone

* *Financial Statements*, p. 60.

was justifying an *equality* of income tax, and therefore the expression "full proportion of benefit" must mean "equal benefit" or the argument is not sound.

As regards remissions previous to 1845 we have the recorded statement of Sir Robert Peel (made after a careful analysis of the tariff proposals), as a reason for not extending the income tax to Ireland "that from the remission of duties upon important manufactures Great Britain will derive by far the 'greater advantage'" (Hansard, vol. 77, p. 779, etc.). That advantage took two forms. An examination of the tables prepared by Mr. Chisholm in 1865 for the Select Committee then sitting, and of those furnished by the Inland Revenue for the recent Commission (vol. 2, Appx. 12), shows that of the taxes abolished from 1816 to 1853 a large proportion were taxes on Great Britain alone, from which Ireland was free; and as regards the reduction or abolition of taxes on food stuffs and raw materials, common to both countries, it is hardly to be doubted that Ireland as an agricultural, non-manufacturing country has lost rather than gained. As for the reductions in the tariff proposed in 1853 it will be found that they too were in great part reduction of taxes falling in Great Britain alone, an exemption, in other words, to England to be paid for by Ireland.

The following table shows particulars of duties repealed or lowered from 1816 to 1852 inclusive, to which Great Britain was subject and not Ireland, with the amounts estimated to be lost to the revenue by the abolition or reduction:—

Year.		Tax.		Amount of Loss.
1830,	...	Beer Duty,	...	£3,055,000
1831,	...	Printed Cottons,	...	525,000
1832,	...	Candles,	...	470,000
1833,	...	Half Soap Duty,	...	593,000
1834,	...	Starch,	...	91,000
1850,	...	Bricks,	...	456,000
Total,				£5,190,000*

As against this large total, what is there to show in Ireland's favour? The solitary item I can find in the remission of an Irish tax is the reduction in the tax on malt made from beer in 1830 giving the miserable sum of £8,000.

I have advisedly left out of this account (though their inclusion would strengthen the argument) taxes like the Salt Tax (involving a remission of £1,800,000) as according to the return, England and not Scotland was subject to this tax, and the account I wish to take is that between Great Britain and Ireland. I have also omitted any reference to the Spirit Duties, for the reason that they were so con-

* I have taken the figures from the table recently furnished by the Inland Revenue and not as stated by Mr. Childers (p. 156, Report) as he appears to base them on earlier returns. As a matter of fact Mr. Childers's totals show a greater remission to England. See Financial Relations Commission, Vol. ii., Appendix xii.

stantly being changed in each of the three countries that it would seem impossible to work out in money the net effect of each charge. But one has only to glance at the memorandum presented by Sir Edward Hamilton (Vol 1, Evidence, p. 343) to see that the plain result of all these alterations in the Spirit duties has been to extract a relatively greater revenue from Ireland. It appears that while the duty on English spirits has increased since 1825 from 7s. to 11s. a gallon, that on Irish spirits has increased from 2s. 10d. to 11s.

It will be seen that the same operation of exempting Great Britain at the expense of Ireland, was skilfully performed in the 1853 Budget. The chief remissions of taxation appear to have been as follows:—

Soap Tax—net receipts	£1,126,000
Stamp Duties	{ Life Assurance Policies 29,000
	{ Receipts 155,008
	{ Attorneys' Certificates 50,000
	{ Advertisement duty 160,000
	{ Hackney Carriages 26,000
Assessed Taxes—	Man Servants, &c. 290,000
	Tea duty 3,084,000
	Butter, Cheese, &c. 262,000
	Minor duties 120,000
	Colonial postage 40,000
Total	£5,342,000

Now of this total, the Soap tax and the assessed taxes were levied in Great Britain alone, and the Hackney Carriage taxes in England alone, so that Great Britain got the sole benefit of the remission of these taxes, amounting to £1,442,000. Of the balance of remitted duties, viz., £3,900,000, Ireland of course got her proportion, and taking this proportion to be a tenth, the relief extended to Ireland amounts to the sum of £390,000 *per annum*. But seeing that apart from her share (nine-tenths) of the remission of common taxation, Great Britain was relieved of £1,442,000 of taxation hitherto falling on her alone; it is plain that so far from the 1853 proposals justifying an increase of Irish taxation, they demanded the reverse.

These methods of making Ireland pay for remissions to England unfortunately did not cease in 1853. In 1859 the Spirit duties in Ireland were further increased from 6s. 2d. to 8s. a gallon, estimated to produce an additional £500,000, and thus a few years afterwards, in 1861 and 1863, there is the means found to reduce and repeal the hop duties falling on Great Britain alone, amounting to £350,000. (Vol. ii., Appendix xii.)

The general result is summarised by Mr. Childers in his report (pp. 155, 156) showing that whereas for the period 1817-1821 the estimated total revenue in Great Britain from taxation not imposed on Ireland was annually £20,279,490, the same total amounted in 1893-1894 to £4,103,784,;—*i.e.*, the richer and more prosperous partner was relieved of £16,000,000 of taxation, and the poorer has had to take a share of this burden with no compensating relief.

We may now understand how it is that in Ireland the taxes on

commodities per head of population has increased from 12s. 2d. in 1849-1850 to £1 2s. 0d. in 1893, whilst the same taxes in Great Britain have decreased from £1 10s. 3d. to £1 4s. 1d. (Vol. ii., Appendix, p. 191.)

The general effect of the remission of taxes which fell at equal rates on both countries, is rather an economic than a statistical question, and I shall not attempt here to discuss it. If the "springs" of manufacturing industry were lightened, Ireland's share of the benefit was fractional; and as to whether she was on the whole the gainer by being permitted to see foreign corn, live stock, butter, eggs, and other articles of food dumped down on these shores, free and untaxed, is at least doubtful. I am almost content on this point to quote the opinion of an Ex-Chancellor of the Exchequer who served under Mr. Gladstone. "It may even perhaps be said that just as Ireland suffered in the last century from the protective and exclusive commercial policy of Great Britain, so she has been at a disadvantage in this country from the adoption of an almost unqualified free-trade policy for the United Kingdom." (Report, Childers, p. 160.) As far as the benefit of these general reductions can be apportioned in figures, I cannot put the case of Ireland better than Sir Edward Hamilton himself has stated it. Speaking of the changes in the tariff down to 1853, Sir Edward Hamilton thus states the case without answer or qualification:—"Ireland's participation in the relief had, it was estimated, been only £400,000, or a thirtieth part of Great Britain's relief," *i.e.*, £12,000,000 of customs and excise duties remitted. But as he points out, England had gained this relief by submitting to an Income tax of £5,500,000, therefore the utmost Ireland should have paid for this was £180,000, and this amount was more than covered by the addition to her Spirit duties.*

I now come to the worst feature of the 1853 Budget, which I think can be shown to deserve the description of a financial juggle; for an alleged act of benevolence to Ireland was made the excuse at the time for putting fresh taxation on Ireland; and down to the present day has been treated by the Treasury as a continuous debit against Ireland, and made the ground for fresh charges on the poorer partner. No stage soldiers have ever been used with such multifarious and reduplicated effect, as the Imperial Exchequer has used alleged remissions of Irish loans, in particular those coming under the head of the "Consolidated Annuities." Mr. Gladstone approached this topic in his speech in 1853 with expressions of sympathy and benevolence to Ireland. Pointing out that £1,500,000 of the "Consolidated Annuities" was due to the establishment of the Poor Law in Ireland, and about £3,000,000 to debts connected with the famine, he stated that "The Government has deemed itself bound to have regard to the actual situation of Ireland, recovering as it is from a season of the deepest distress, and also to have regard to the harmony of relations between the two countries," (Financial Statements, p. 71.) Reverting to the fact that a Committee of the House of Lords had recommended a remission of £2,000,000 of these

* Vol. i., Appendix I., p. 343.

annuities he proceeded : " Sir, the plan of Government after maturely considering the whole question, is to propose to Parliament that the Consolidated Annuities shall be wholly swept away, they propose that the whole sum due from Ireland to England be remitted " (*ibid* p. 72). Even after allowing for Income Tax imposed, Ireland, he said, would be a gainer on the whole, for whilst the remitted Consolidated Annuities' charge of £245,000 would have lasted in whole or part for forty years, the Income Tax charge of £460,000 a year would according to his plan cease in seven years.

Now it is clear in the first place, that if the Report of the House of Lords Committee was to be considered at all, at least £2,000,000 of the above sum was wrongly treated as a ground for additional taxation. The Committee had only just reported that it should be remitted without qualification, as £2,000,000 of a similar charge had already been remitted in 1848, that the money represented by the famine works was spent wastefully, and uselessly; that in great part the works begun not only failed in their object in relieving distress, but induced a train of fresh evils of their own making.*

The report of this Committee had been, shortly before the Budget Statement, the subject of discussion in the House of Commons, and had been the subject of a deputation to the Chancellor of the Exchequer headed by Lord Monteagle; so that the Committee's recommendations seem to have been deliberately ignored.

Now-a-days, most persons would find it hard to deny that an advance of money to support existence should have been an Imperial and not a local charge on the distressed district; and as even Sir David Barbour states in his otherwise dissentient Report on the recent Commission :—" In view of the fact that Ireland was to be treated under the Act of Union as an integral part of the United Kingdom, if this charge was remitted it should have been taken against the United Kingdom, and not specially against Ireland " (Report, p. 119, par. 34). Apart from this view, it is unquestionable that the taxable capacity of Ireland was generally lowered by what she had suffered during these terrible years, so that the increase of taxation would be at this particular moment more heavily felt. But it was preposterous to treat these famine transactions as giving rise to the ordinary relation of debtor and creditor between the two countries. Ireland did not voluntarily borrow, she did not control the expenditure; and the greater part of these famine charges were imposed on the rates of the localities affected, though such localities had little or no voice in the spending or application of the money. Even were these annuities equitably a charge on the particular districts where starvation was rife, that was no ground for the imposition of a general tax which placed an obligation to repay on all the country. The imposition of the Income Tax in lieu of the Consolidated Annuities in fact amounted to this; that Great Britain having incurred, as she conceived, a bad

* Report of Select Committee of H. L. 64 of 1852.

debt in one part of Ireland, got repayment from the more solvent parts of the country. *

Mortua quin etiam jungebat corpora vivis
Complexu in misero, et longa sit morte necabat.

When the details of the transaction are looked at it will be seen how little it savoured of remission of debt. Taking Mr. Gladstone's own estimate that a 7d. Income Tax involved an annual payment by Ireland of £460,000; by the end of the seven years at the rates proposed, the total sum paid by Ireland for Income Tax would have amounted to £2,692,000, and adding to this, seven years' proceeds of the spirit duties—(£1,386,000) we have a total of new taxation of £4,078,000, very nearly equal to the amount outstanding of the Consolidated Annuities. Thus even on Mr. Gladstone's own estimates, the famine debt was thus practically paid for in meal and malt in 1860. As however the Income Tax was raised to 14d. in 1855, and to 16d. in 1856 and 1857, and the spirit duties were also increased in Ireland in 1854 and 1855, whilst those in England remained the same, the famine debt was more than wiped out before 1860, leaving the extra taxation after that date an uncompensated burden upon Ireland.† I dwell particularly on the fact that there was in fact no grant or remission of this £4,000,000 of Consolidated Annuities, but a re-payment in cash by Ireland, before the time originally contemplated, inasmuch as ever since Treasury officials, and statesmen who have adopted their figures, have been treating this transaction of 1853 as a remission of debt to Ireland; and more than one witness before the recent Commission, and I regret to say also Lord Farrer, Lord Welby and others,‡ have first of all treated as a cancellation of debt, what was in fact a repayment, and then put forward this alleged wiping out of Irish loans as a sort of set-off against the complaint that Ireland has been over-taxed.

I now come to the second head of this paper. How far these has been up to date, a real remission of loans to Ireland, to what extent such remissions can be considered compensation for increased taxation are questions that have been only briefly considered in the recent Report; but a detailed examination of this loan account has convinced me that any *prima facie* claim to be considered generous the British Treasury may appear to have, entirely disappears when the origin, nature and method of extinction of the greater part of these loans are examined. I should not now briefly pursue this topic, which seems far afield from the 1853 Budget, but that our old friend the Consolidated Annuities having served its purpose then, is even after 1860, and in the very latest Treasury returns,

* On the wastefulness and uselessness of the Relief Works, see *Nassau Senior Journals and Conversations*, Vol. I., pp. 268-296; and on the injustice of requiring repayment of the Famine Loans, *ibid.* Vol. II., pp. 3-5.

† We have already seen (p. 8 *supra*) that in Income Tax alone Ireland paid from 1855 to 1860, inclusive, the sum of £5,224,104, or a million more than the amount of the debt said to be remitted.

‡ Report, par. 97, p. 49.

trotted out as a debit against Ireland. The total of £10,396,534, which figures in the Treasury returns contained in the appendices to the Evidence on the Financial Relations Commission as the amount remitted to Ireland (Vol. I., p. 479, Vol. II., p. 236), included not only the £2,000,000 (half the Labour Rate advances) remitted in 1848, but also £4,422,925 Consolidated Annuities alleged to have been remitted in 1853. Even if the results of the 1853 Budget had not been what they were, viz., a repayment by Ireland of more than the liabilities outstanding, to treat these amounts as loans at all, is inconsistent with the express terms of an Act of Parliament, and with the previous action of the Treasury. The Local Loans Act of 1887 (50 and 51 Vic., c. 16) made provision for the repayment of loans outstanding, by means of a sinking fund, and made special exception of this £6,500,000, which as the recital of the Act states, "should be treated as a grant by Parliament," and we accordingly find that it is only for the balance of the sum outstanding is any annual charge made. The Commissioners for the Reduction of the National Debt took the same view in 1891, and reported* that about £6,500,000 "advances to Ireland in the past in periods of famine, should have more properly been treated as a grant than a loan." No part, therefore, of this sum should properly have appeared in the Treasury return as remitted loans. Deducting this £6,500,000 from the £10,396,534, which figures as "loans remitted," we have left a balance of about £3,900,000. It is interesting to see how this amount is made up. The following are the principal figures:—

	£
(1) Commissioners of Wide Streets, Dublin	226,728
(2) Dunleary Harbour	145,254
(3) Suitors' Fund, Court of Exchequer	125,932
(4) Relief of Clergy	33,493
(5) Board of First Fruits	92,620
(6) Constabulary	236,347
(7) Tithe Composition	227,726
(8) River Drainage and Navigation	1,207,582
(9) Grand Canal Company	87,670
(10) Maynooth College	15,857
(11) Tithe Relief	900,000
	£3,299,209

The first three items were remitted by the Public Works Loans Act of 1877 (40 and 41 Vict., c. 27), and it is to be noticed of these, as indeed of all the other items above stated, that although they were in terms cancelled by Acts of Parliament or Treasury letters at various times previous to 1887, the date of the Loans Act, provision was made by that Act for their repayment, and in fact they are one and all now being so repaid. There is therefore in fact no real remission, but fresh security taken for repayment, as we shall

* Report by Secretary and Comptroller General for 1891.

see. It may be within the letter of the Local Loans Act, but it is hard to believe that the Legislature ever intended to sanction this new way of paying old debts, which has been in terms forgiven, still less the assumption of generosity with which it has been accompanied. Whether there was much of generosity in these formal remissions an examination of the items will show.

(1) The £226,728 first in the list, was a sum advanced from time to time to the Commissioners of Wide Streets in Dublin for the purpose of improving the City, at various rates of interest from five per cent. to three per cent., which interest was secured on the coal dues vested on the Commissioners. There appear to have been no security for the principal sum; and in fact the coal dues expired in 1832, apparently without any fresh security being required. Either the Treasury was grossly careless, or what is more probable, they intended the money to be treated as a grant. At any rate it was a purely local obligation, if an obligation at all.

(2) £145,254. *Dunleary Harbour*.—This money has been advanced for building the present Kingstown Harbour, on the security of certain coasting dues, and also of certain tolls on passing ships, received by the Lights Commissioners to the extent of £4,000 a year. These dues and tolls were afterwards abolished by the Legislature, and the trade declared a coasting trade (see 1 Geo. IV., c. 24; 1 Geo. IV., c. 69; 24 and 25 Vic., c. 47). It is obvious that Parliament intended the money expended to be a grant, and this would be only natural and proper, seeing that as constituting a mail-packet station and harbour of refuge, the works were of far more than mere local advantage. The Act of Geo. IV. in fact recites the benefit would result from the harbour providing shelter for merchant vessels and also for His Majesty's ships.

(3) *Suitors' Fund Court of Exchequer*, £125,952.—How this came ever to be treated as the remission of a debt would surprise anyone except, perhaps, a Treasury official. The sum named was issued for the purpose of compensating officers of the Court of Exchequer, and was repayable out of the Suitors' Fund. Payment was in fact taken in another way, by selling Stock standing to the credit of the Fee Fund of the Court of Chancery, amounting to £175,982, which was paid into the Exchequer. Not only was the obligation fully met but apparently the Treasury gained some £50,000 by the operation (40, 41 Vic. c. 27).

(4) *Relief of the Clergy*, £33,493.

(5) *Board of First Fruits*, £92,620.

(7) *Tithe Composition*, £,227,726, and

(11) *Tithe Relief*, £900,000, may conveniently be taken together.

The origin of these loans is to be found in the Tithe War of Ireland in the early part of the century. The sums mentioned were part of monies authorised to be advanced by Acts of Parliament to Clergymen of the Established Church in Ireland, as one of the Acts says: "For the purpose of removing the necessity for collection of

Tithes," (3 & 4 Wm. IV. c. 100, A.D. 1833). As to First Fruits it is obvious that clergymen who did not receive the Tithe could not pay First Fruits out of it. It is not necessary to dwell on the reasons which made Tithe practically impossible to collect throughout a great part of Ireland in 1831 and 1832; it is sufficient to say that the Tithe payers, as a body, held a firm belief in its injustice. In 1832 a Committee had reported that "a fundamental change of the system would be required, and that such a change to be satisfactory must involve a complete extinction of Tithes . . . by commuting them for a charge upon the land," (Annual Register for 1832) whilst in 1869 it was once for all admitted by the Legislature by the Disendowment Act of that year, that the principle of compulsory support by all of the Church of a minority could not be supported. It was impossible thereafter for Parliament fairly to ask for repayment of sums advanced for the support and relief of clergymen, and to prevent scenes of disorder and bloodshed. The money was advanced in great part without security, no interest was charged, and the principal was repayable in 5 years' instalments.

That the Legislature ever imagined or intended that money advanced under the circumstances to impoverished and starving clergymen would be repaid is very doubtful. At any rate by the Act of 1881 (44, 45 Vict. c. 32) the Legislature in express terms authorised the two largest items of £900,000 and £227,726 to be treated as a grant.

In the face of all these facts how the disappearance of these sums from the account can be in any sense the remission of a loan at all; or how in particular it can be made the justification or excuse for increased general taxation on the whole community it is hard to understand.

But the matter does not end there. We shall presently see that all these sums are in fact in course of repayment by the general body of taxpayers, or by such persons as happen to borrow money from the Treasury.

(6) *Constabulary*, £236,347.—This sum was remitted by a Treasury letter of 31st March, 1841, the terms of which I have been unable to discover.

The origin of the debt dates from the period when a portion of the cost of the Constabulary force was borne by the counties. As, however, in 1846, Sir Robert Peel placed the whole cost of the Constabulary on the Imperial Exchequer, recognising that Ireland required some compensation for the Repeal of the Corn Laws, and as since that time (as Mr. Gladstone himself pointed out in 1853), the increase in excise duties has imposed upon the force new duties in regard to the prevention of frauds on the revenue, we may be excused from considering the wiping out of this loan little more than an act of justice.

(7) *River Drainage and Navigation*, £1,207,582.—Part of this sum namely, £800,000 should, it is clear, not have figured as a loan at all, as according to the provisions of one of the Acts of Parliament cited in the returns of the Treasury as authorising remission

of the loans, the money was intended from the beginning to be given, not lent.

The statute 18 & 19 Vict. c. 110, recites, "whereas it is expedient to make further provision *by way of free grant* for the purpose of the said navigation, etc.," and by sec. 1 empowers the Treasury to issue £800,000 towards the completion of the navigation of the Bann, Erne, and Woodford Rivers, and of Loughs Corrib and Mask; and the 4th sec. provides that if any part of the sum issued is applied (under sec. 3) to reducing the proportion of charges already allocated on Counties and Baronies, *such advances should be deemed to be free grants.*"

As to the rest of the item it is only necessary to state that it represents money spent by the Commissioners of Public Works for drainage, etc., with power to charge the expense on the localities or proprietors of lands supposed to be benefited.

The recital in the Act (16 & 17 Vict. c. 130) authorising such charges to be reduced or remitted, shows that Parliament was doing a mere act of justice; the statement in the Act being: "Whereas, in many instances the estimates of the expenses of such works have been exceeded, and many of the said works are still unfinished, and in certain cases the assents requisite to authorise the charge on the lands to be improved have not been obtained." It is to be noted that the money thus spent was primarily in the control of an Imperial authority, namely, the Commissioners of Public Works, who also were mainly responsible for the planning and execution of the works. The Imperial Legislature was in fact repairing the blunders of its own executive officers, and certainly was not remitting any obligation which Ireland ought fairly to bear.

(8) *Grand Canal Company, £87,670.*—Certain works on the Grand Canal seem to have been undertaken at the end of last and the beginning of this present century, largely with the object of finding employment for the poor, during several of the partial failures of the potato crop, and for this purpose the Government advanced three several sums of £47,108, £33,416, and £18,000 on the security of the Canal tolls. The works seem to have been largely unprofitable, as was usual in such cases, and the Act remitting the loan (7, 8 Vict., c. 98), states that "the tolls and profits were wholly inadequate," and accordingly compounded the debt and freed the Canal Company from all claims on payment of a sum of £10,000. Either the money advanced was, or ought to have been, in substance treated as a grant, or the Treasury miscalculated the value of the security.

Maynooth College, £15,857.—This is a comparatively small sum, but its history affords a characteristic example of Treasury practice.

As is well known, up to 1869, Maynooth College received an annual grant from the Imperial Exchequer. Part of that grant took the form (under 8, 9 Vic., c. 25, sec. 6) of fixed annual sums payable to the trustees of the College for the 20 Dunboyne students and the 250 senior free students on the foundation. The trustees appear to have borrowed, for College purposes, the sum in question, £15,857, on the security of these annual grants. By the Church

Act of 1869 (32, 33 Vic., c. 42) the parliamentary grant wholly ceased, and so the security for the loan came to an end, and in fact it was formally remitted. But inasmuch as compensation for the discontinuance of the parliamentary grant was provided not out of Imperial funds, but out of Irish resources, namely the Irish Church Fund, so far from being a loser, the Imperial Treasury was on the whole a gainer to the extent of the capitalized value, at fourteen years' purchase, of the grant, of which the sum remitted was the merest fraction.

I should have been tempted whilst on this point to give further illustrations of dealings with the Church Fund, showing what convenient machinery it has provided for being generous to Ireland at Ireland's expense, as seen in the provisions made thereout for Intermediate Education, the Congested Districts Board, and relief of distress; but that is another story, and moreover one which Mr. Murrough O'Brien has made all his own.*

I now come, in conclusion, to what is perhaps the most extraordinary feature in these transactions. Of the items selected as alleged remissions I have shown that one, the Suitors' fund, has been repaid in cash, that the Maynooth loan was more than counter-balanced by a large Treasury gain which is not accounted for; that other, such as the Dunleary Harbour loan, should in fairness be treated as a grant and not a debt; that in the case of the Drainage and Navigation loans, Parliament admitted that to enforce the loan would work injustice, and expressly treated the money as a grant; and that the sums advanced in relief of Tithes were also considered by Parliament as a grant, and for the other reasons specified could in no way import an obligation on the country in general. Moreover they had all been formally cancelled by statute or Treasury authority.

These considerations have all been set aside or overlooked, and the whole £5,500,000 (including all the items except the so-called Famine loans) is now being repaid by the operation of the £130,000 annually set aside as a "Restitution Fund" under the Local Loans Act. There is in fact no writing off or remission, and the official return therefore is absolutely misleading in this respect. Moreover the persons who are thus compelled to repay these sums are not, in Ireland at any rate, in any way connected with the persons or bodies to whom the loans and grants were originally made. The "Restitution Fund" is, under the Local Loans Act, "applied out of the sums receivable for interest on outstanding loans"; in other words, the present borrower from the fund is charged on an average the unduly high rate of $3\frac{1}{2}$ per cent. (when $2\frac{3}{4}$ Consols are at 110), in other words, made to pay for alleged past losses to which the Government had already forgiven to other persons.

Shakespeare's Jew would, it is evident, have learnt much from acquaintance with modern Treasury methods. Shylock's pound of flesh after all had to come from the body of his debtor, not from someone else's body, and Shylock moreover had not given a release in full when he insisted on his bond. The truth is the annuity of £130,000 is, as the Report of the majority of the recent Commis-

* See Memo., vol 1, p. 390, Answers, 6,489-6,519.

sion find, a profit to the Treasury, whatever else it may be called ; and as the Report continues :—

Loans granted under such circumstances are in reality another means of adding to the revenue of the State, and instead of being set down as special advantages given to the country where they more largely prevail, they should be entered on the opposite side of the account as additional sources of revenue derived from that country.*

I have now shown that the dealings of the Treasury in regard to the loan account between Ireland and the Imperial exchequer afford substantially no set-off to the system of overtaxation inaugurated in 1853, and continued to this day.

IV.—*The Struggle between the State and the Drunkard.* By E. D. Daly, Esq.

[Read Tuesday, 23rd February, 1897.]

No one can be competent to discuss the Drink Question unless he has thought over it sufficiently to realize how complicated the subject necessarily is. It is intimately interwoven with details of economic laws which pursue their course regardless of preacher and moralist ; and under which causes generated by want of work, vile housing, and widely spread ignorance move on to degradation and drunkenness as their effects. Even beneath such a reign of law, however, human character may struggle and be helped upwards by the influence and example of friends, neighbours, and teachers of all kinds ; while State interference through Parliament can do much to repress the forces of evil and secure at least fair play for the weak and the struggling. Thus the great cause of national sobriety is open to and requires many different lines of social inquiry and action, and no paper such as this could possibly deal with all of them.

I have selected one particular channel along which practical effort might be pursued ; first because it has I think been overlooked to a very disastrous extent ; next because I happen to have had some special opportunity of studying it ; and finally because of the Royal Commission on the Licensing Laws now sitting which affords an opportunity for influencing practical legislation in the direction I am about to speak of unlikely to occur again for many years.

Let me at once set aside what is outside the scope of my present purpose, and at the same time guard myself against the supposition that I underrate the importance of what I refrain from dealing with.

First of all then, this paper is not concerned with the various forms of organising moral influence. I do not treat of total abstinence pledges, blue ribbon societies, coffee palaces or temper-

* Report, par. 52, p. 13.