

and honorable friendship of their fathers, warn the Southern people not to look forward to separation and independence, but to embrace every opportunity for co-operation with the conservative men of the North, who will aid with their lives, if need be, to secure them all their rights and institutions as free and equal citizens of the United States. If this be done, the approaching presidential election will bring peace, union and liberty. But if the peaceful popular revolution of the ballot-box fails to produce these results, then darkness will settle upon the face of the deep, and the free institutions of America will exist only on the page of the future historian. Four years more of our present policy will leave the Republic an unshapen mass of ruins — a wreck more melancholy and hopeless than any that strew the pathway of ages. And here, in this fair young western world, as in all former times, a despotism will arise from the shattered fragments of self-government, to which each succeeding generation shall pay the extorted tribute of its blood and toil.

SIR WM. V. HARCOURT



THE RIGHT HON. SIR WILLIAM VERNON HARCOURT, P. C., M. P., a distinguished English Liberal statesman, the grandson of a former archbishop of York, was born Oct. 14, 1827, and educated at Trinity College, Cambridge, where he had a brilliant career. Called to the Bar of the Inner Temple, London, in 1854, he became Queen's Counsel in 1866, professor of international law at Cambridge University in 1869, and solicitor-general, 1873-74. He entered Parliament as Liberal member for Oxford in 1868, and was Secretary of State for the home department in 1880. On the fall of the Liberal party, in 1885, he went out of office, but on its return to power in January, 1886, he was made chancellor of the exchequer, to which post he was again appointed in 1892. From 1880 to 1895 he represented Derby in the House of Commons, but has since sat for West Monmouthshire. In Parliament, he has long been ranked among the ablest speakers and vigorous debaters, as well as an impressive orator, his oration upon Gladstone before the Commons being especially memorable. His budget of 1894, which created a great sensation on its appearance, is usually accounted his greatest achievement. In 1899, he retired from the Liberal leadership and now sits in the House as a private member. He was one of the original contributors to the "Saturday Review," and his "Historicus" letters on international law to the "Review," and the "Times" were collected in a volume in 1883. Sir William has been conspicuous in the Commons for his defence of Irish Home Rule.

OUR NATIONAL POSITION

SPEECH DELIVERED IN THE HOUSE OF COMMONS ON AUGUST 1, 1900, ON
THE SECOND READING OF THE SUPPLEMENTAL WAR LOAN BILL

WE HAVE now come to the last supplementary estimate of this Session, although anybody would be extremely rash to say that we have come to the last supplementary estimate of the present financial year. But, as this Session will be recorded as one of the most memorable financial chapters in the history of the Parliament, I think that this is the proper opportunity for taking

some note of what have been the incidents of its financial procedure.

But before I advert to earlier matters I have some explanations to ask of the Chancellor of the Exchequer. We have had what are practically three financial statements, three fragmentary Budgets—one before the financial year was complete, one when the financial year was completed, and another after the financial year was completed. Now, I have endeavoured to make what I believe the theologians call a harmony between the right hon. gentleman's gospels, with, I am sorry to say, very imperfect success. I have over and over again, with as much care as I have been able to devote to the subject, endeavoured to ascertain what the actual cost of this war was, what the estimated cost of this war was, and what is the financial provision that has been made for it. Upon not one of those heads have I been able to arrive at any satisfactory conclusion. I observe that originally the right hon. gentleman, in his first Budget speech in March, put the estimated cost of the war at £60,000,000. That was repeated, I think, afterwards, in April; the Under-Secretary for War gave it some weeks ago in stating the estimates to which this Bill is a corollary; and last night, I see by the papers, the right hon. gentleman said that the present cost had been £42,000,000. I want to have an explanation upon these points. The provision that has been made for the war, according to the right hon. gentleman, up to the time of this Bill is defective by £8,500,000. (Sir M. Hicks-Beach: No.) I am going to read to the right hon. gentleman what his words were. He said in his speech, when he was introducing this matter, that "he required, out of the £13,000,000 he asked for, £8,500,000 for what he might call South African purposes connected directly or indirectly with the un-

happy prolongation of the war." Therefore, what provision has been made before this Bill was, according to this statement, insufficient to the amount of £8,500,000? Whether correct or not, those are the words. What I want to know is, is that sum to be added to the £60,000,000 which upon repeated occasions has been stated to be the estimate of the cost of the war? If so, the provision for the estimated cost of the war would be nearer 70 than 60 millions. My hon. friend the member for Carnarvon asked a question, to which he got no intelligible reply, and I have tried as hard as I could to understand from these triple statements what is the view of the Chancellor of the Exchequer himself upon this subject. But then, in the same statement, the right hon. gentleman said, "We have got £6,000,000 in hand." Then, if you have £6,000,000 in hand for the particular purpose, you do not want £8,500,000 in addition; one would suppose that what you really want is £2,500,000 in addition to what you have got in hand. I desire to know whether the right hon. gentleman really does want, in addition to the £6,000,000 which he says he has got in hand, £8,500,000, or whether he wants the balance between the £6,000,000 he has in hand and the £8,500,000. For what I want to ascertain is this—not so much what has been spent up to this time, for that is not material, but what out of the taxation of the country has, independent of this Bill, been granted by Parliament to the expenses of the war. That is the first fact I want to get at.

I will try to state what the position is so far as I can ascertain it from the figures before us. In his first Budget speech the right hon. gentleman said there was an estimate of £23,270,000 for the South African war, and of this he said £5,500,000 would be met from what he then estimated would

be the surplus of last year. This surplus then, according to his Budget statement, was to form part of the provision for the cost of the war. Then, later on, he found he had a much larger surplus and consequently less deficit to meet in the coming year. He said, "I have got £5,500,000 and have £23,000,000 to meet, therefore the deficiency is £17,000,000." But then, having a larger surplus by about £4,000,000, the deficit became £13,000,000, and not £17,000,000 as he had estimated. What I want to make clear is that he treated the surplus of last year as part of the cost of the war, which surplus turned out to be near upon ten millions. Then in March the right hon. gentleman, dealing with the finances of this year, said he expected to have a deficiency of £20,000,000, but in consequence of the anticipation of payments to the revenue he found afterwards that though the deficit was £4,000,000 less in the preceding year it was £2,000,000 more in the present year, and the consequence was that altogether there was a deficit £2,000,000 less than was anticipated in March. Finally, in his statement on what may be taken as the corrected estimates, the right hon. gentleman said his position in April was that he had a margin of £1,127,000 and borrowing powers, not then employed, of £5,000,000. That was what he had in hand to deal with. That was the statement in April last. I want to know what has become of that £6,000,000? The right hon. gentleman stated in April that he had taken the odd million—not on any definite estimate, for it was difficult to make an estimate—he took the odd million as a margin, with the borrowing powers for £5,000,000, to meet contingencies that might arise after April; the return of troops, I suppose, among other contingencies, but specifically he included reserve of ammunition necessary in consequence of the waste of the war. Then we

have got the right hon. gentleman with his estimates, so far as he could make them, for the war to its conclusion. He still adheres, I believe, to the belief that the whole thing will be wound up in September, therefore there is nothing that should alter his calculations. He having made his estimates for the war to September and not having used the £6,000,000 balance, comes now and says he wants £13,000,000, of which £8,500,000 are for purposes of the war. These various statements are difficult to reconcile, but, as far as I can understand, the provision for the war up to this time stands thus.

In the first place there was a surplus last year of £10,000,000 in round figures which would have been expended in reduction of debt, but was devoted to purposes of the war. Then there was £4,600,000 which would have gone this year to the Sinking Fund, but was suspended. Then there was an estimated margin this year, upwards of £1,000,000. I think £1,125,000. Then there is taxation—"a small quantity of bread to a great deal of sack"—amounting in its ultimate yield to £12,000,000. Then there were the Treasury Bills raised last year and renewed to the amount of £8,000,000. Then the war loan of £30,000,000. Then there are the extra borrowing powers of £5,000,000, which he said he hoped he would not want to use, but he has these in hand. Now what does all this amount to? To £71,000,000 as the provision in hand or employed for the war. Well, on the top of that, the right hon. gentleman comes this week and asks in terms for £8,500,000 more in respect of the war. Now without some explanation there is confusion in the figures. From one sentence in the right hon. gentleman's speech the other night I gather that he has got £6,000,000 in hand to set against £13,000,000. Why then does he want

£13,000,000? Why does he ask for the additional amount, specifically for the war?

Of course, what I have said is subject to any explanation the Chancellor of the Exchequer may give us; but I do submit that, when we have three financial statements difficult to reconcile, the House of Commons before giving a third reading to this Bill, if it is to have any control over the taxation expenditure and debt of the country, should have a clear statement in the form of a Parliamentary paper laid before it showing exactly the estimated cost, the actual cost, and the provision made for the war. This ought not to be left to loose statements that my intellect, at all events, finds difficult in reconciling one with the other, and I think this is not an unreasonable demand which I hope the right hon. gentleman will consider. It is quite plain that somehow or other he wants more money. Well, that is a position which in a state of war in several parts of the world is with a Chancellor of the Exchequer not an unusual one, and so with a little coy reluctance the right hon. gentleman tells us he is going to borrow. It has been said of lying that it is an abomination, but a very present help in time of trouble—a moral situation which is equally true of borrowing.

The courage of our soldiers is as of yore, the courage of our financiers is not of the same character. We fought with the same energy in the Russian war at a cost of 60 or 70 millions. Fifty years ago our politicians and statesmen were, of course, far inferior to those of the present day, but they had some financial conscience and some financial courage, and out of this £70,000,000 they provided £35,000,000 from taxation. We, so much wiser in our generation, provide only £12,000,000 from taxation; they provided half, we provide less than a fifth. Different times have brought

different manners. This is the situation. The people of this country are willing to give their services and their lives; but there is one thing Her Majesty's Government shrink from demanding—their money. There is one thing will not bear the test of dissolution—that is, taxation. The right hon. gentleman wants to borrow £13,000,000, but he has £6,000,000 in hand, and the amount should be £7,000,000, not £13,000,000. Assuming the borrowing, I approve his declaration that he will not make it a permanent borrowing, that he will earmark it as a temporary loan. That shows that, as far as circumstances admit, the Chancellor of the Exchequer has a sound financial conscience, and he has done it for this purpose—he desires to point out to the Chancellor of the Exchequer of that future day that at the earliest moment he is to make a provision for the redemption of the loan. An excellent principle! I only hope he may be that Chancellor of the Exchequer and that he will act upon it. Then he says that the provision for the redemption of the loan is to form a part of the first financial statement after the war in South Africa is happily over. That will be next April.

The war, he says, will be over in September, and we shall have the financial statement as to the liquidation of the debt next April. How is it going to be provided according to his view? He says that he is sanguine of recovering the cost from the Transvaal. But the Transvaal contains two populations. From which of the two is he going to recover it? Does he expect to recover £40,000,000 from the Boers? I daresay the right hon. gentleman would like to do it, but, no doubt, he is familiar with the old proverb that you cannot get more out of a cat than its skin; and if he thinks that in the present condition of the Boers in the Transvaal he is

going to recover from them the money he borrows, I think he will be disappointed, and I do not think that is a hopeful prospect to extend to the taxpayers of this country. Does he expect to get it from his friends the 'Uitlanders? The Uitlanders in these circumstances would be no more satisfied with their new than with their late administration. He says he is sanguine that because the mines are uninjured this money will be paid by the mine-owners of the Rand. If he thinks he is going to get out of them the money that has been spent on this war I must be excused from veiling my opinion on the subject in a learned language—Credat Judaeus Apella. The Judaeus of South Africa is a sagacious and wary personage.

The right hon. gentleman next says that he wants the liberty of borrowing. With his present majority he is a chartered libertine, and they give him, I have no doubt, what he desires. I agree that in the present state of the money market he ought to be able to pay his money and take his choice. How much money he will have to pay when he makes his choice I do not think my hon. friend opposite (Mr. Cohen) will be able to tell him. He will not touch Consols. He is quite right there. A year or two ago every one was in a panic about the high price of Consols. It was said that there never was such a disaster as in having Consols at 114 and 115. There were alarmists who said that they would rise to 150, and then where should we be? As long as I was responsible for the finances of the country I could never see that the high price of public credit was a public injury. We had all kinds of alarms about the Savings Banks, and it was said that if you get Consols up to this high price we must have a revolution in the Savings Banks legislation.

This panic even affected my friends at the Treasury, and

when it was necessary to justify the cutting down of the Sinking Fund, the excuse was the terrible price of the Consols in which you had to invest. Nothing more childish or more ridiculous was ever put forward in a solemn Government memorandum. I consoled my alarmist friends by saying, "Do not be too timid; you enjoy an Administration which will soon bring the Consols down." But speaking of Consols at 115, there are persons who believe that the thermometer is always to be at 93 deg. in the shade. I have great confidence myself in the vicissitudes of the seasons, and the right hon. gentleman has been equal to the occasion. He has got Consols down to 97, and it is possible that he will rival the First Lord of the Admiralty who succeeded in getting them down to 95. I think we shall hear no more of the Savings Banks Bill which has come to an untimely birth, and that there will be no difficulty in investing the savings of the country at a depreciated price in Consols. The right hon. gentleman is quite right not to touch Consols. I do not think there is any man who can tell him what the price would be if he issued £13,000,000 to-morrow. Then he shies a little at the war loan.

The right hon. gentleman is a most generous antagonist, and he has testified to the value of the services that I rendered to him with respect to the war loan. It is true that it was a confidential communication, but in these days of the new diplomacy the natural place which a Cabinet Minister chooses for a confidential communication is at the Mansion-house in a speech addressed to the bankers. There he was good enough to recognise that by my contribution of £100 I had greatly supported the loan of £30,000,000. I have to confess that, out of personal regard for the right hon. gentleman and in my interest for the well-being of the

country, I was not unwilling to risk that considerable sum. Like a generous man he is thankful for a small mercy, and I am glad that I should have rendered him that assistance; and if I did good by stealth I do not blush to find it fame. I must confess to the right hon. gentlemen that my object was not exclusively patriotic. I had another object. I wished to have my own personal barometer by which I could test the exact value of his financial arrangements. During the high tide of enthusiasm for this war I told him that I thought he had put the price too low, and that he might easily have got half a million more than he did. That was some weeks ago; but things have a good deal changed in the last few weeks. People do not seem to be so keen about the war loan as they were; and the loan which was at a high premium then is at a considerable discount now. I watch its fortunes with much interest, and the result of that investment; and I agree with the right hon. gentleman that he had much better not try his luck at another slice of war loan, because it is impossible to say that if he were to issue £13,000,000 of a war loan he would be quite certain of issuing it at $2\frac{1}{2}$ premium. Again, I think he is right in the decision at which he has arrived.

It is plain to any one who understands these things that he knows very well that what he will have to do is to issue this money on floating debt of some kind or other, either Treasury bills or Exchequer bonds, or some short security of that nature. I know that the right hon. gentleman agrees with me as to the evil of floating debt, because he and I together reduced the floating debt almost to a minimum. It stood in the time of the former Administration at £36,000,000. That is a great evil. When you come into a tight money market you have to pay a high price; and if he raises

this money by £13,000,000 his floating debt will, I think, exceed £30,000,000. What price does he expect to get them at? There are gentlemen in the House who can tell him. His last price was 4 per cent. Does any one say that that is the extreme price to which they are likely to rise? I do not profess to be an expert in these matters, but no one looking at the present state of the money market of the world can predict what the price of the floating debt will be at any particular time. I do not know what estimate he has made for the interest which in future he is bound to raise on a floating debt of upwards of £30,000,000.

The right hon. gentleman has spoken of Exchequer bonds. I am all for short currency of debt, but I cannot help recollecting that in the time of the Crimean war Exchequer bonds were raised with a view to liquidation, and as soon as the time came for liquidation they were renewed. I rest with confidence on the hope that if the right hon. gentleman is responsible for the financial affairs of the country next April—and I know nobody equally fit—that he will lay before the House a scheme for the liquidation of the debt which during the present year we have incurred. That is a matter, in my opinion, quite apart from any party interests, of the highest consequence to the welfare and the credit of this country.

Passing by these minor details I should like to make a few remarks upon the finance of which this is the concluding chapter this year. It is very remarkable how the financial aspect of the war began. When the Government entered upon the war in October their estimate for its conduct and conclusion was ten millions of money—I forget the number of men; in February it was 13 millions; in March $37\frac{1}{2}$ millions; and now to that we have to add the figure of $7\frac{1}{2}$ mil-