

Gladstone and Ireland:

A Financial Approach

Shortly after William Gladstone's death in 1898, Arthur Balfour discussed his legacy over breakfast with the journalist W. T. Stead. One of the 'the chief achievements by which' Gladstone would 'live in history', Balfour mordantly predicted, was 'that his financial genius bled the Irish white as veal'.¹ Balfour's witticism appositely calls our attention to what has, in fact, been a relatively neglected and poorly understood aspect of Gladstone's Irish policy—his close engagement with Irish finance. This involvement ran from 1841—when Sir Robert Peel launched him on his career as a financier by appointing him Vice President of the Board of Trade—down to 1893, when as Prime Minister he piloted the second home rule bill through the House of Commons. Of particular significance were Gladstone's two terms as Chancellor of the Exchequer in the Aberdeen, Palmerston, and Russell ministries (1852-55, 1859-66), during which he did more than any of his contemporaries to redefine the Anglo-Irish financial relationship by moving to assimilate Irish and British taxation, inadvertently reviving Irish grievances relating to public finance under the Union in the process.

The earliest scholarship to address the subject of Gladstonian finance in Ireland often echoed Balfour. Alice Murray, surveying Anglo-Irish relations from an Edwardian vantage point, denigrated Gladstone's decision to augment Irish taxation before the island had recovered from the Famine.² J. L. Hammond, writing thirty years later in his otherwise admiring study of *Gladstone and the Irish Nation*, was embarrassed by his protagonist's attitude toward Irish expenditure. Gladstone, according to Hammond, was too inclined to apply the 'Treasury Mind to

¹ W.T. Stead to John Morley 24 Aug. 1898 (Morley Papers, Bodleian Library, MS Eng d. 3596, f. 152).

² Alice Effie Murray, *A History of the Commercial and Financial Relations Between England and Ireland from the Period of the Restoration* (New ed., London, 1907), 383-6.

Ireland in a pedantic spirit,' and consequently 'was too ready to dismiss all projects for active Irish policy as impracticable or risky'.³ More recent historians have sometimes endorsed Hammond's judgment. Roy Jenkins, for example, has remarked that Gladstone's tenure at the Exchequer made him 'suspicious of Ireland as a potentially dangerous source of demands upon the Treasury'. At the same time, however, Jenkins has argued that Gladstone's 'parsimony' helped to shape the Irish policy of his first premiership, as he sought to mollify nationalists without raiding the Treasury.⁴ Jenkins's analysis, in turn, has been affirmed by Allen Warren, the only historian to have attempted an overview of Gladstone's attitude toward Ireland during his epochal chancellorships.⁵

Other historians, in contrast, have greeted this interpretation—which owes much to nineteenth-century nationalist complaints about over-taxation and under-expenditure in Ireland—with scepticism. William Vaughan, for instance, has adopted a comparatively benign view of Gladstone's efforts to increase taxation in Ireland at mid-century, suggesting that his Irish critics 'were lamenting the loss of a palpable regional privilege, rather than the imposition of an intrinsically unfair system of taxation'.⁶ Liam Kennedy and David S. Johnson, similarly, have suggested that British fiscal policy had only a limited impact on Irish economic performance in the nineteenth century.⁷ Perhaps more commonly, scholarly admirers of Gladstonian finance have simply ignored its Irish implications.⁸

³ J.L. Hammond, *Gladstone and the Irish Nation* (London, 1938), 72.

⁴ Roy Jenkins, *Gladstone: A Biography* (New York, 1995), 281-2.

⁵ Allen Warren, 'Gladstone, Finance and the Problems of Ireland, 1853-66', in *Gladstone: New Studies and Perspectives*, ed. Roland Quinault, Roger Swift, and Ruth Clayton Windscheffel (Farnham, 2012), 203, 213.

⁶ W.E. Vaughan, "Ireland, c.1870," in *A New History of Ireland*, vol. v, *Ireland under the Union, 1801-1870*, ed. W.E. Vaughan (Oxford, 1989), 788.

⁷ Liam Kennedy and David S. Johnson, 'The Union of Ireland and Britain, 1801-1921', in *The Making of Modern Irish History: Revisionism and the Revisionist Controversy*, ed. D. George Boyce and Alan O'Day (London, 1996), 48.

⁸ Ireland merits only the briefest of mentions, for example, in the seminal studies of Gladstonian finance by H.C.G. Matthew and Martin Daunt, and is omitted from Eugenio Biagini's important analysis. See H.C.G. Matthew,

Discussion of the financial provisions of the first and second home rule bills has also been marked by controversy. For H. C. G. Matthew, the financial clauses of the first home rule bill, which stipulated ‘a fixed sum of money’ as the Irish contribution to imperial expenditure, represented ‘a spectacular boon for Ireland’, because later British ministries would have found themselves unable to pass rising costs off to the Irish government.⁹ What Matthew has lauded as a merit of the scheme, however, Iain McLean has condemned as a fatal defect. McLean has dismissed home rule finance as ‘purblind’, because it would have permitted Ireland ‘to take a free, or a cheap, ride on ... public goods’.¹⁰ Yet James Loughlin, considering Gladstone’s financial proposals from an Irish perspective, has argued that the home rule bills were too stingy. The Prime Minister’s desire to secure an imperial contribution from Ireland, according to Loughlin, ensured that neither of the bills would have provided an autonomous Irish legislature with a viable budget surplus, rendering Irish self-government unworkable.¹¹ More recently, Theodore Hoppen has maintained that the imposition of budgetary discipline was precisely the point—home rule would have facilitated ‘cheap government’ in Britain while enforcing ‘fiscal prudence’ on Ireland.¹² This is also the view of Julian Hoppit.¹³

This essay attempts to clarify the confusion surrounding the Irish dimension of Gladstonian finance by adopting the long view. It situates Gladstone’s ideas about Irish taxation and expenditure in the context of his enduring commitment to ‘sound’ finance: that combination

‘Disraeli, Gladstone, and the Politics of Mid-Victorian Budgets’, *Historical Journal* 22, no. 3 (1979), 627, 631; Eugenio F. Biagini, ‘Popular Liberals, Gladstonian Finance and the Debate on Taxation, 1860-1874’, in *Currents of Radicalism: Popular Radicalism, Organised Labour and Party Politics in Britain, 1850-1914* (Cambridge, 1991); Martin Daunt, *Trusting Leviathan: The Politics of Taxation in Britain, 1799-1914* (Cambridge, 2001), 191 n. 22.

⁹ H.C.G. Matthew, *Gladstone, 1809-1898* (Oxford, 1997), 503-4.

¹⁰ Iain McLean, *The Fiscal Crisis of the United Kingdom* (Basingstoke, 2005), 44.

¹¹ James Loughlin, *Gladstone, Home Rule and the Ulster Question, 1882-93* (Atlantic Highlands, NJ, 1987), 72-4, 260-3, 287-8.

¹² K. Theodore Hoppen, *Governing Hibernia: British Politicians and Ireland, 1800-1921* (Oxford, 2016), 238-9.

¹³ Julian Hoppit, *The Dreadful Monster and its Poor Relations: Taxing and Spending in the United Kingdom, 1707-2021* (n.p., 2021), 133.

of fiscal policies involving low taxation, minimal government expenditure, balanced budgets, and free trade which he claimed to have learned from his ‘great teacher and master’, Sir Robert Peel.¹⁴ If the economic goal of ‘sound’ finance was to remove restraints on Britain’s industrialising economy and buoy working-class living standards, the political objective was to enhance the legitimacy of the state by establishing its impartiality.¹⁵ Unlike the eighteenth-century state, with its reputation for ‘old corruption’, the nineteenth-century state was to refrain—or, perhaps more accurately, was to appear to refrain—from privileging any social class or sectional interest.¹⁶ Peel and Gladstone imbued these precepts, it has been argued, with a moral fervour rooted in a providential understanding of the economic order.¹⁷

From an early stage of his career, however, Gladstone departed from Peel’s precedent in a crucial respect. Whereas his mentor was willing to accommodate Irish economic and political difference when framing fiscal policy, Gladstone contended that public finance should be geographically neutral. This distinctive emphasis entailed the extension of ‘sound’ finance to Ireland, often in the teeth of Irish opponents who insisted that fiscal nostrums tailored to an urban and industrial economy were ill-suited to its rural and agrarian periphery. Gladstone’s policy preferences thus served as an unintentional stimulus to Irish nationalism; but they also

¹⁴ William Gladstone to Lady Julia Peel, 20 Apr. 1853, in Charles Stuart Parker, ed., *Sir Robert Peel from his Private Papers*, 3 vols. (2nd ed., London, 1899), iii. 560. For valuable recent discussions of ‘sound’ finance see Todd C. Campbell, ‘Sound Finance: Gladstone and British Government Finance, 1880-1895’ (PhD Thesis, London School of Economics and Political Science, 2004), 4, 8-10; Charles Read, ‘The Political Economy of Sir Robert Peel’, in *Money and Markets: Essays in Honour of Martin Daunton*, ed. Julian Hoppit, Duncan Needham, and Adrian Leonard (Woodbridge, 2019), 72.

¹⁵ David Eastwood, ‘“Recasting our Lot”: Peel, the Nation, and the Politics of Interest’, in *A Union of Multiple Identities: The British Isles, c. 1750-c. 1850*, ed. Laurence Brockliss and David Eastwood (Manchester, 1997), 31-2, 43; Matthew, ‘Disraeli, Gladstone’, 642-3; Daunton, *Trusting Leviathan*, 379; Read, ‘Political Economy’, esp. 74-80.

¹⁶ Daunton, *Trusting Leviathan*, 59-63; for a sceptical reappraisal of the Victorian state’s actual neutrality see Paul Johnson, *Making the Market: Victorian Origins of Corporate Capitalism* (Cambridge, 2010).

¹⁷ Boyd Hilton, ‘Peel: A Reappraisal’, *Historical Journal* 22, no. 3 (1979), 608, 614; Richard Shannon, *Gladstone*, 2 vols. (Chapel Hill, NC, 1984-1999), i. 121, 124-5; Matthew, *Gladstone*, 75-7; David Bebbington, *William Ewart Gladstone: Faith and Politics in Victorian Britain* (Grand Rapids, MI, 1993), 93-4.

encouraged his receptivity to home rule, because by the 1880s he had become convinced that the cost of governing Ireland within the framework of the Union was imperilling ‘sound’ finance throughout the United Kingdom. Indeed, Gladstone’s support for home rule was intimately linked to his belief in the capacity of devolved government to safeguard ‘sound’ finance in both Britain and Ireland. Viewed from the perspective of fiscal policy, therefore, Gladstone’s approach to Ireland was characterised by continuity rather than change.

Towards an Irish Fiscal Policy, 1841-52

In the late 1870s, when Gladstone was a mature Liberal statesman hoping to cultivate support in Ireland following the bruising controversy over papal infallibility, he intimated that his official duties had diverted him from a close engagement with Irish affairs during the second Peel administration of 1841-46: ‘After my early years in Parliament, I held office at the Board of Trade, and absorbing work upon commerce and finance took me, with other circumstances, out of the way of O’Connell.’¹⁸ But this reminiscence, intentionally or not, obscured the extent to which Irish policy was bound up with public finance. The Act of Union, which established the commercial and financial as well as the constitutional framework for Anglo-Irish relations, was a flexible and (at times) ambiguous document, compatible with either free trade or protection, and allowing for Irish and British taxation to be differentiated or assimilated.¹⁹ The Union’s fiscal provisions thus provided ample room for manoeuvre, as it was possible to sustain different readings of the measure, pointing to divergent policy prescriptions. Despite the distancing

¹⁸ Gladstone to John Canon O’Rourke, 17 Nov. 1877, in John Canon O’Rourke, *The Centenary Life of O’Connell: With Recollections of the Liberator in Parliament by the Right Hon. W.E. Gladstone* (8th ed., Dublin, n.d.), 286.

¹⁹ Andrew Shields, ‘That “Absurd Phantom Called Free Trade”: The Politics of Protection in Ireland, c. 1829-52’, in *Taxation, Politics, and Protest in Ireland, 1662-2016*, ed. Douglas Kanter and Patrick Walsh (Cham, 2019), 154, 157, 164-6; Douglas Kanter, ‘The Campaign Against Over-Taxation, 1863-65: A Reappraisal’, in *idem*, 229.

implications of Gladstone's later remark, moreover, his formative experience of Irish finance came in the 1840s and early 1850s, when he made his political reputation as a leading Peelite. While serving under Peel as Vice President of the Board of Trade (1841-43), President of the Board of Trade (1843-45), and Colonial Secretary (1845-46), Gladstone developed the commitment to free trade for Ireland (as well as Britain), and the preference for a geographically neutral tax code, which were to remain hallmarks of his fiscal policy for a half century. Though out of office—and briefly out of Parliament—during the worst years of the Great Famine (1845-52), mounting relief costs called his attention for the first time to the expense of Irish government, which was also to become a longstanding preoccupation.

Gladstone's appointment to the Board of Trade in September 1841 gave him a direct, albeit subordinate, role in the formulation of Irish economic policy, as he assisted Peel with the preparation of the Conservative government's ambitious financial reforms. Those reforms, as they evolved between the summer of 1841 and the introduction of the ministry's financial measures in February-March 1842, entailed a sweeping tariff revision on the one hand, and the augmentation of direct taxation on the other.²⁰ Peel's intention was simultaneously to solve the problem of recurrent deficits, to reduce production costs for British industry, and to readjust the incidence of taxation so that middle-class voters and the traditional elite shouldered more of the burden.²¹ Though ministers were preoccupied with the condition of industrial Britain, their proposals were bound to have repercussions across the Irish Sea, raising the question of whether—or to what extent—they ought to be applied to Ireland.

²⁰ Norman Gash, *Sir Robert Peel: The Life of Sir Robert Peel after 1830* (London, 1972), 295-314.

²¹ Daunt, *Trusting Leviathan*, 80; Richard A. Gaunt, *Sir Robert Peel: The Life and Legacy* (London, 2010), 110-11.

Where international trade was concerned, matters were relatively straightforward: the British and Irish customs departments had been merged by legislation passed in 1823, and import duties had all been equalised the following year, so any move toward freer trade in Britain would perforce apply to Ireland as well.²² Neither the Prime Minister nor those members of his inner circle who participated in the principal discussions of freer trade, including Gladstone, appear to have devoted much thought to the likely impact of commercial reform on Ireland, though the decision to reduce tariffs on imported corn, livestock, and meat promised to expose Irish producers to foreign competition in the British market.²³ The Union provided more latitude with respect to other forms of taxation, ensuring that the imposition of direct taxation in Ireland was a matter of some deliberation. The centrepiece of Peel's budget was to be the reintroduction of the British income tax, discontinued following the end of the Napoleonic Wars, at a rate of 7d. in the pound. But the Prime Minister decided against a wholesale extension of the tax to Ireland, on political as much as administrative grounds. Instead, Peel decided to levy an 'equivalent' from Ireland in the form of augmented stamp and spirit duties. He hoped that this would placate British MPs eager to see Irish taxpayers contribute more to the Treasury, without provoking nationalist discontent.²⁴

Gladstone's reaction to the Irish dimension of Peelite finance anticipated his views as Chancellor of the Exchequer a decade later. Initially unenthusiastic about the prospect of an income tax, the Vice President of the Board of Trade proposed a house tax instead, including estimates for the amount that such an impost would yield in Ireland when submitting his plan to

²² Murray, *Commercial and Financial Relations*, 380; R.B. McDowell, *The Irish Administration, 1801-1914* (London, 1964), 89.

²³ Charles Read, 'Taxation and the Economics of Nationalism in 1840s Ireland', in *Taxation, Politics, and Protest in Ireland*, 202-3.

²⁴ Douglas Kanter, 'The Politics of Irish Taxation, 1842-53', *English Historical Review* 127, no. 528 (2012), 1124-6. The income tax was extended to Irish absentee remittances to Britain, and it was imposed on government employees in Ireland. Other Irish income-earners remained exempt from payment.

Peel in November 1841.²⁵ Though his suggestion was set aside as politically impractical, into February 1842 Gladstone continued to assume that the income tax would be extended to Ireland, even after the Chancellor of the Exchequer, Henry Goulburn, informed him that there was no intention to do so.²⁶ When, following the introduction of the budget, Irish MPs expressed concern that the proposed tariff revision would have deleterious economic consequences in Ireland, Gladstone rejected their apprehensions as unfounded. The reformed Corn Law, he insisted, would afford a 'fair' protection to Irish tillage farmers, and the delay in its implementation urged by Irish millers was unjustifiable.²⁷ Nor could there be any question of extending protection to an Irish provision trade characterised by 'high prices' and 'deteriorated' produce, which was being sustained by 'a great deal of fraud and evasion'.²⁸ Gladstone was already working his way toward a financial policy that associated fiscal fairness with geographic neutrality, hence his reluctance to accept an Irish income tax exemption and his inclination to interpret Irish economic anxieties as a form of special pleading. Irish observers, in contrast, were apt to question the equity of a commercial policy designed for the industrial metropole but applied to its rural hinterland.²⁹

Subsequent experience did little to shake Gladstone's faith in the application of freer trade to Ireland. When the government's tariff revision depressed Irish agricultural commodity prices in 1842-43 he insisted that the decline was an aberration, attributing it less to the administration's commercial policy than to the temporary confluence of cattle distemper, 'a

²⁵ Gladstone to Sir Robert Peel, 4 Nov. 1841 (Peel Papers, British Library, Add. MS 40469, ff. 75-6).

²⁶ Henry Goulburn to Gladstone, 17 Feb. 1842 (Gladstone Papers, British Library (hereafter, GP), Add. MS 44162, f. 14); Gladstone to Goulburn, 18 Feb. 1842 (Goulburn Papers, Surrey History Centre, 304/A1/1/13/16).

²⁷ *Parliamentary Debates*, third series, lx. 1207 (25 Feb. 1842), lxii. 70 (7 Apr. 1842).

²⁸ *Ibid.*, lxiii. 611-12 (23 May 1842).

²⁹ Kanter, 'Politics of Irish Taxation', 1127.

panic among the graziers', and a momentary falloff in British consumer demand.³⁰ Though Daniel O'Connell's agitation for the repeal of the Act of Union received a crucial stimulus from the slump, Gladstone remained dismissive of Irish apprehensions, and apparently unconcerned with the link between Irish economic grievances and support for nationalism.³¹ Having resigned office in January 1845 over the Maynooth grant, he enthusiastically supported the second instalment of Peel's extensive tariff reform after its introduction the following month. By this time, Gladstone was prepared to concede that the move toward freer trade in 1842 had been accompanied by 'some rather sharp and stringent effects on prices' in 'the Irish provision trade', but he insisted that the economic dislocation had been temporary.³² The beneficent consequences of the budget, in fact, had convinced him that the 'partial concessions' obtained by 'some parties' ought 'in almost every instance [to] have been withheld'.³³ This observation, which applied to sectional interests generally, had obvious relevance to Ireland, and in the ensuing budget debates Gladstone opposed the requests for special treatment advanced on behalf of Irish tanners and small farmers.³⁴

Peel's commercial reforms, famously, culminated in the repeal of the Corn Law in 1846, as the Famine precipitated a policy change that the Prime Minister had hoped to implement more gradually.³⁵ Despite the enthusiasm with which Gladstone had greeted the tariff revisions of 1842 and 1845, he responded cautiously to rumours of the impending repeal. On the Continent in the autumn of 1845, when the government received confirmation of the potato blight, Gladstone

³⁰ [William Gladstone,] 'Course of Commercial Policy at Home and Abroad', *Foreign and Colonial Quarterly Review* 1, no. 1 (1843), 270.

³¹ On the economic background to the repeal campaign, see Read, 'Taxation and the Economics of Nationalism', 204-13.

³² William Gladstone, *Remarks upon Recent Commercial Legislation: Suggested by the Expository Statement of the Revenue from Customs, and Other Papers Lately Submitted to Parliament* (London, 1845), 44, 47-9.

³³ *Ibid.*, 43.

³⁴ *Parliamentary Debates*, third series, lxxviii. 1176-7, 1198-9 (19 Mar. 1845).

³⁵ Gash, *Sir Robert*, 612; Read, 'Political Economy', 87.

professed disbelief ‘in the abandonment of the Corn Law’, predicting that any emergency action would be ‘strong and temporary’.³⁶ Having returned to England in December, he was ‘puzzled’ by news of Peel’s (abortive) resignation, and unsure if circumstances were ‘such as to warrant a change of the existing laws in respect to corn’.³⁷ When Peel agreed to resume office after the Whigs failed to form a government, Gladstone anxiously awaited a summons from the Prime Minister, uncertain of his next move.³⁸ Repeal, he insisted in conversation with his former cabinet colleague, Lord Lincoln, ‘could not be justified in conjunction with our former conduct, unless upon the special facts of the Irish case which I do not yet know’.³⁹ Invited by Peel to join the administration on 21 December, Gladstone only accepted the Colonial Office after reading the government’s confidential ‘Scarcity & Crisis papers’.⁴⁰ Even then, he continued to harbour misgivings about the Prime Minister’s proposal for a reduced sliding scale on foreign corn imports, to be replaced after three years by a ‘registration duty’ of 1s.⁴¹ Privately, his leanings remained more conservative than those of the Prime Minister: ‘I should have preferred ... a low fixed duty ... for a greater number of years; but that was decided otherwise.’⁴² In this sense, the Irish artist John Doyle’s caricature, ‘The New Christmas Pantomime’ (1845), published on the day Gladstone took office, accurately captured the dynamic between Peel and Gladstone—the Prime Minister was very much in the lead (see figure 1). What Doyle and other contemporaries

³⁶ Gladstone to Catherine Gladstone, 3 Nov. 1845 (Glynne-Gladstone Papers, Gladstone’s Library (hereafter, GGP), MS 770, f. 155).

³⁷ Gladstone to John Gladstone, 12 Dec. 1845 (GGP, MS 227, f. 222); Gladstone to Robert Caparn (endorsed ‘cancelled’), 16 Dec. 1845 (GP, Add. MS 44363, f. 19).

³⁸ Gladstone to Catherine Gladstone, 20 Dec. 1846 (GGP, MS 770, ff. 175-7).

³⁹ Memorandum of 20 Dec. 1845, in John Brooke and Mary Sorensen, eds., *The Prime Ministers’ Papers Series: W.E. Gladstone*, 4 vols. (London, 1971-81) (hereafter, *PMP*), iii. 14.

⁴⁰ Diary entries for 21 and 22 Dec. 1846, in M.R.D. Foot and H.C.G. Matthew, eds., *The Gladstone Diaries*, 14 vols. (Oxford, 1968-94) (hereafter, *D*), iii. 506.

⁴¹ For details of the legislation, see John Prest, ‘A Large Amount or a Small? Revenue and the Nineteenth-Century Corn Laws’, *The Historical Journal* 39, no. 2 (1996): 472-3.

⁴² Gladstone to John Gladstone, 30 June 1849 (GGP, MS 229, f. 134).

failed to appreciate, however, was the extent to which Gladstone's embrace of repeal was determined by Irish circumstances rather than fealty to Peel or an ideological preference for free trade. As Gladstone remarked in Parliament more than two years later, 'freedom of trade was calculated to heighten prosperity and to mitigate the sufferings of the people in the day of affliction.'⁴³

Figure 1: The New Christmas Pantomime (1845)



Gladstone, represented as a female dancer, pantomimes with Peel while other leading Conservatives (the Duke of Wellington and Sir James Graham) look on. Lord John Russell, having failed to form a Liberal administration, exits the stage. Despite the artist's Irish heritage, the role of the Famine in precipitating the repeal of the Corn Law is unacknowledged in this print, as in many others. *Source:* British Cartoon Archive (<https://archive.cartoons.ac.uk/Record.aspx?src=CalmView.Catalog&id=mudyxwe&pos=7>; accessed 21 Aug. 2020)

⁴³ *Parliamentary Debates*, third series, xcvi. 442 (10 Mar. 1848).

Gladstone's decision to support Peel strained his relationship with his protectionist father and cost him his seat for Newark, where his patron the Duke of Newcastle obliged him to stand down at the by-election necessitated by his appointment to the cabinet.⁴⁴ In consequence, he was a mere spectator to the dramatic sequence of events that climaxed with the abolition of the Corn Law and the collapse of the government in June 1846.⁴⁵ He remained out of Parliament until November 1847, and was therefore also absent from the Commons during the worst year of the Famine, when many of the key policy decisions regarding relief were taken by Lord John Russell's Liberal ministry. Nevertheless, the Irish crisis played an important role in crystallising his subsequent attitude to Irish expenditure.

At a psychological level, Gladstone appears to have been deeply moved by the reports of suffering and starvation that reached Britain during the winter of 1846-47, situating the Famine in a religious frame and seeing it as the judgment of an angry God upon a sinful people—British as well as Irish.⁴⁶ Where the political economy of Famine relief was concerned, however, the tragedy confirmed his preference for a minimal state. In February 1847, he censured Liberals and Protectionists alike for proposing dramatic spending increases to meet Irish destitution. While 'the question of money in its incidence upon the people of England' was only a 'secondary' consideration, he admitted, it was also 'a very important one'.⁴⁷ In keeping with his anxiety to contain costs, Gladstone derided the ambitious Protectionist scheme for state intervention, which envisaged the advance of as much as £16,000,000 in loans for Irish railway construction, as 'shallow and bad', though he allowed that 'money might ... have been lent with discrimination

⁴⁴ Jenkins, *Gladstone*, 81-5.

⁴⁵ The best account remains Gash, *Sir Robert*, 562-604.

⁴⁶ Douglas Kanter, 'Gladstone and the Great Irish Famine', *Journal of Liberal History* 81 (2013-14), 9-10.

⁴⁷ Gladstone to F.R. Bonham, 2 Feb. 1847 (GP, Add. MS 44110, f. 214); for details of the Protectionist scheme see Angus Macintyre, 'Lord George Bentinck and the Protectionists: A Lost Cause?', *Transactions of the Royal Historical Society*, 5th series, 39 (1989), 151.

to *some* of the Irish railway companies.’⁴⁸ The Liberal government’s alternative, which involved borrowing £8,000,000 for Famine relief, proved to be no more satisfactory.⁴⁹ It was, Gladstone complained, ‘bad in principle, and bad in policy, to meet a charge of this kind, affecting this particular year, by entailing a burden on posterity’. Much of the charge, he insisted, ‘should have been met by taxation for the year’.⁵⁰

Significantly, Gladstone voiced no such scruples about the Poor Law Amendment Act, passed in June, which shifted expenses from British taxpayers to Irish ratepayers by devolving responsibility for Famine relief to the Irish Poor Law Unions.⁵¹ Though by the summer of 1848 he recognised that these Unions were no longer able to aid the necessitous from their own resources, he was slow to re-evaluate the Poor Law as the basic mechanism of assistance.⁵² Instead, the following year he supported the Liberal ministry’s efforts to prop up insolvent Unions through an advance of £50,000, and he voted in favour of an unsuccessful backbench attempt to broaden the tax base of the Unions by making income (as well as property) liable to poor rate.⁵³ When this proposal failed, consistent with a preference first demonstrated in 1842, he endorsed a motion to supplement the poor rate by extending the income tax to Ireland.⁵⁴ In contrast, he opposed the government’s bill for a rate-in-aid, which obliged solvent Irish Unions to provide financial help to their bankrupt counterparts, and he took no part in the following

⁴⁸ Gladstone to Sir John Gladstone, 15 Feb. 1847 (GGP, MS 228, f. 28).

⁴⁹ Kanter, ‘Politics of Irish Taxation’, 1130.

⁵⁰ Gladstone to Sir John Gladstone, 27 Feb. 1847 (GGP, MS 228, ff. 37-8).

⁵¹ Kanter, ‘Gladstone and the Great Irish Famine’, 11. For the Poor Law Amendment Act, see Peter Gray, *Famine, Land and Politics: British Government and Irish Society, 1843-50* (Dublin, 1999), 276-82; James S. Donnelly Jr., *The Great Irish Potato Famine* (Stroud, 2001), 102; Peter Gray, ‘The Great Famine, 1845-50’, in *The Cambridge History of Ireland*, vol. iii, 1730-1880, ed. James Kelly (Cambridge, 2018), 654-5.

⁵² Gladstone to Sir John Gladstone, 17 Aug. 1848 (GGP, MS 228, ff. 399-400).

⁵³ *Parliamentary Debates*, third series, cii. 630 (12 Feb. 1849), ciii. 316 (6 Mar. 1849). For details of the controversy over Famine finance in 1849-50, see Kanter, ‘Politics of Irish Taxation’, 1135-9.

⁵⁴ Diary entry for 20 Apr. 1849, in *D*, iv. 115.

year's debates on the ministry's decision to combine Ireland's Famine debts into consolidated annuities, easing the terms of their repayment in the process.⁵⁵

Gladstone's voting pattern on the financing of Famine relief indicates that he did not share the preoccupations of leading Liberal policymakers in the late 1840s. Whereas many Liberals regarded the Amended Poor Law as a means to punish Irish landlords and reconstruct Irish society on the English model, Gladstone's attempts to broaden the tax base beyond the propertied elite suggest that he viewed the law less as a scourge for malfeasant landlords and more as an instrument for the inculcation of Irish self-help.⁵⁶ Such an interpretation receives support from later remarks that he made on the Famine, offered in 1864 to the corporation of Manchester, in which he invidiously contrasted Irish dependence on the state during the Great Famine with the self-reliance of Mancunians during the so-called cotton famine of the 1860s:

To think that the want of hundreds of thousands, and almost millions, could be met as they have been met, not by the agency of the Government ... but by the voluntary action of the community itself, by the mixed influence of Christian charity and practical wisdom thoroughly combining together, by the power of organization made applicable on a gigantic scale to the relief of a gigantic calamity; and this is a fact almost new in the history of the country,—a fact which we can only appreciate in its full magnitude and importance if we compare it with the enormous waste, with the lamentable failure in many respects ... and with the comparative barrenness of all moral result which attended the immense expenditure of public money in the case of the lamentable Irish famine. ... There was an immense amount of devoted labour [during the Irish Famine], and of most intelligent, as well as magnificent liberality, on the part of the country. But still it was Government machinery, and I want you to see the infinite superiority of voluntary action in every such case.⁵⁷

This analysis, however facile it now seems, disclosed an important element in Gladstone's evolving approach to Irish finance.

⁵⁵ For Gladstone's vote on the rate-in-aid, see *Parliamentary Debates*, third series, civ. 999 (30 Apr. 1849); his name does not appear in the division lists on the distressed unions advances and repayments (Ireland) bill for 11 Apr., 26 Apr., and 3 May 1850.

⁵⁶ For the Liberal perspective see Gray, *Famine, Land and Politics*, 231-3, 282-3, 331, 337; Donnelly, *Great Irish Potato Famine*, 92-7.

⁵⁷ *Times*, 15 Oct. 1864.

'Sound' Finance and Ireland, 1852-80

Gladstone's early experience with Irish economic policy helped to ensure that, by 1852, he had embraced a set of fiscal principles for Ireland which were rooted in his adherence to 'sound' finance. This commitment pointed to the assimilation of Irish and British taxation, the expansion of free trade without regard to Irish economic circumstances, and the restraint of Irish expenditure. Gladstone's lengthy tenure as Chancellor of the Exchequer under Aberdeen, Palmerston, and Russell provided him with the opportunity to translate these precepts into practice. Large claims have been made for Gladstonian finance in the British context, with H. C. G. Matthew having argued that his policies as Chancellor established 'the social contract of the Victorian state', and Martin Daunton having maintained that they consolidated a 'fiscal constitution' which went basically unchallenged 'for the next forty or fifty years'.⁵⁸ In the Irish context, however, Gladstone's attempts to impose 'sound' finance provoked significant opposition, encouraging demands for fiscal reform that were ultimately taken up by the nascent home rule movement, and ensuring that his ambitions for Irish finance were only partially fulfilled.

It is necessary to make two preliminary points before examining Gladstone's tenure at the Exchequer in greater detail. The first relates to the nature of the quantitative evidence, and specifically to the financial statistics on which any appraisal of Gladstone's Irish fiscal policy must, in part, depend. Although the state published official returns of Irish revenue in the annual finance accounts through the 1869/70 fiscal year, the establishment of a free British-Irish trade in

⁵⁸ Matthew, *Gladstone*, 123; Daunton, *Trusting Leviathan*, 101. For more critical appraisals of Gladstonian finance, see Shannon, *Gladstone*, i. 270-3, 286-8, 390; Ian St. John, *The Historiography of Gladstone and Disraeli* (London, 2016), 45-68.

the mid-1820s rendered these returns inaccurate, because they could no longer distinguish the formal incidence of a tax—where it was paid—from the effective incidence of the tax—who actually bore its cost.⁵⁹ So, for example, when a British importer paid the customs duty on tea, this sum was credited to the British account in the official returns, even if the merchant then shipped the commodity to Ireland and silently passed the tax on to the Irish consumer. By the 1850s, if not earlier, contemporaries were aware that the official statistics were erroneous, though they long failed to produce more precise figures.⁶⁰ Compounding the problem, from the 1870/71 fiscal year the finance accounts ceased to differentiate Irish from British revenue at all, leaving contemporaries without a clear idea of Ireland’s tax burden for some two decades.⁶¹ It was only in the early 1890s that the state once again began to publish separate Irish financial returns—usefully including accounts of Irish civil government expenditure as well as Irish revenue.⁶² In that decade, moreover, the Treasury began to adjust the official returns in an attempt to discriminate between the formal and effective incidence of taxes, producing a new but misleadingly titled figure known as Ireland’s ‘true’ revenue—which was in fact an estimate of the Irish tax yield based on acknowledged assumptions about the volume and value of British-Irish trade, as well as tacit suppositions about the ability of producers and importers in one part of the United Kingdom to shift tax costs to consumers in another part of the country.⁶³ Finally, in 1894 the Treasury produced a historical series of accounts, intended to capture Ireland’s ‘true’ revenue and civil government expenditure on a decennial basis throughout the nineteenth century. The upshot is that the statistics related to revenue and total expenditure given

⁵⁹ For an accessible discussion of these concepts see Stephen Smith, *Taxation: A Very Short Introduction* (Oxford, 2015), 32-3; for the case of the Irish accounts, see *Royal Commission on the Financial Relations between Great Britain and Ireland. First Report*, C. 7720, 7720-1 (1895), xxxvi. 342.

⁶⁰ *Parliamentary Debates*, third series, cxxvii. 735 (27 May 1853).

⁶¹ *Ibid.*, ccxxix. 1359 (29 May 1876).

⁶² The first such return was *Financial Relations (England, Scotland, and Ireland)*, HC 1890-91 (329), xlviii. 225.

⁶³ For a discussion of the Treasury’s methodology, see *Financial Relations ... First Report*, 392-7.

throughout this essay should be treated as rough approximations, though they remain useful in providing a sense of the broad trends in Irish public finance.

The second point to be made is that Irish taxation accounted for a small proportion of total United Kingdom revenue. In 1852/53 for example—the fiscal year preceding the introduction of Gladstone’s first budget—the official returns indicated that Ireland contributed approximately 7 per cent of the United Kingdom’s gross receipt.⁶⁴ Ireland’s modest tax yield was primarily a reflection of its status as a rural, sparsely populated, and economically laggard region of the British Isles. To a limited extent, however, it also derived from the financial terms of the Union, which had authorised indiscriminate taxation throughout the United Kingdom, ‘subject ... to such particular exemptions or abatements in Ireland ... as circumstances may appear from time to time to demand’.⁶⁵ Consistent with this provision, in 1852/53 resident Irish taxpayers remained exempt from the income tax, the land tax, and the assessed taxes, as well as some stamp and excise duties, which collectively yielded £11.7 million in Britain. Peel’s attempt to extract an ‘equivalent’ from Ireland in exchange for its exclusion from the income tax, furthermore, had failed, so Irish consumers continued to pay the spirit duty at a lower rate than their English and Scottish counterparts.⁶⁶ But if these exemptions and abatements were superficially generous, Ireland’s small population and relative poverty ensured that the augmentation of Irish taxation through the elimination of outstanding loopholes would have a minimal effect on the United Kingdom’s total revenue, making a justification of Irish tax increases for financial reasons alone difficult to sustain.

⁶⁴ *Finance Accounts ... of the United Kingdom*, HC 1852-53 (275), lvii. 10, 12.

⁶⁵ *Report from the Select Committee on the Taxation of Ireland*, HC 1864 (513) (513-1), xv. 10.

⁶⁶ Kanter, ‘Campaign Against Over-Taxation’, 229.

Despite the marginal benefits to be derived from a policy of fiscal assimilation, Gladstone established a precedent for the equalisation of Irish and British taxation in his budget of 1853. His financial plan of that year, acclaimed in Britain for its promotion of free trade through an ostensibly temporary renewal of the income tax for a seven-year period, was also perhaps the most consequential Irish budget of the nineteenth century. In it, Gladstone extended the income tax to Ireland and raised the spirit duty, which already ranked as one of the three most lucrative sources of Irish revenue, by 25 per cent. Additionally, he introduced a new succession duty, levied on the inheritance of real estate, which was imposed in Ireland as well as in Britain.⁶⁷

Privately, Gladstone emphasised the political considerations that informed the budget's most controversial proposal—the application of the income tax to Ireland. The Irish income earner's free ride, he feared, was jeopardising British consent to income taxation. Conversely, he assured his cabinet colleagues when disclosing his scheme on the eve of the budget's introduction, the extension of the tax to Ireland would encourage acceptance of income taxation in Britain, and would thereby facilitate the renewal of what was, in England and Scotland, a very lucrative impost.⁶⁸ Publicly, Gladstone defended the Irish provisions of the budget on moral grounds. With respect to the spirit duty, in what became a notorious turn of phrase, he 'denied that it was amongst "the rights of man" that an Irishman should be allowed to intoxicate himself for 2s. 4d. a gallon [the current rate of Irish spirit duty], where the Englishman could not do it' so cheaply.⁶⁹ As for the income tax, he insisted that its introduction to Ireland would help to ensure that taxation was levied more equitably, as the wealthy in Ireland would be obliged to make a larger contribution to the United Kingdom's revenue. This argument was rooted in

⁶⁷ Kanter, 'Politics of Irish Taxation', 1146-7.

⁶⁸ *Ibid.*, 1147.

⁶⁹ *Parliamentary Debates*, third series, cxxvii. 524 (23 May 1853).

preoccupations with fairness rather than anxieties about finance: ‘The strictest demands of justice required the extension of the income tax to Ireland, and the justice of the tax must be universally acknowledged.’⁷⁰ Indeed, to facilitate the acceptance of the Irish income tax Gladstone agreed to remit the Irish consolidated annuities—totalling almost £4.5 million—and to tax landed and farming incomes in Ireland at a lower effective rate than in England.⁷¹ These concessions reflected his belief ‘that every step toward equalisation of taxation had a value over and above what money it might bring’, and enabled him to claim that Ireland ‘was a considerable gainer by the present budget’.⁷²

Though subsequent Irish tax increases were not inevitable, the logic of ‘sound’ finance encouraged the continued assimilation of Irish to British taxation. As financial exigencies related to war and rising defence expenditure prompted a search for additional sources of revenue over the next several years, therefore, it was unsurprising that Gladstone and his successors directed their attention to Ireland. Of particular significance, in this regard, was the fact that the augmentation of the Irish spirit duty did not immediately stimulate widespread illicit distillation—as had happened in the past.⁷³ The relatively low levels of Irish evasion suggested that the duty might prove to be an elastic source of revenue. Accordingly, though Gladstone’s budget of March 1854 made no significant changes to Irish finance, his supplemental budget of May, which was necessitated by the outbreak of the Crimean War, raised the Irish spirit duty by another 20 per cent.⁷⁴ Nor was Gladstone’s horizon limited to the spirit duty. In January 1855, as he prepared to frame a second wartime budget, he sounded the Irish Chief Secretary on the

⁷⁰ *Ibid.*, 522 (23 May 1853).

⁷¹ Kanter, ‘Politics of Irish Taxation’, 1147, 1152-3.

⁷² Memorandum of 11 Apr. 1853, in *PMP*, iii. 134; *Parliamentary Debates*, third series, cxxvii. 1211 (6 June 1853).

⁷³ K.H. Connell, *Irish Peasant Society: Four Historical Essays* (Oxford, 1968), 44.

⁷⁴ *Parliamentary Debates*, third series, cxxxii. 1453 (8 May 1854).

extension of the land tax to Ireland—an inquiry rendered moot by his resignation from office the following month.⁷⁵ Still, as an independent MP Gladstone supported a further increase of the spirit duty in 1855.⁷⁶ He was positively effusive when, in 1858, Benjamin Disraeli equalised the United Kingdom’s spirit duties through yet another Irish tax hike, lauding his political rival for the removal of ‘what is decidedly a blot in our fiscal arrangements’.⁷⁷ After returning to the Exchequer, moreover, Gladstone had recourse to two further augmentations of spirit duty in 1860—the first to facilitate his great free trade budget of that year, and the second to help underwrite the cost of the Arrow War with China.⁷⁸ By 1861, the Irish spirit duty was set at 275 per cent of its 1852 level.⁷⁹ Almost a decade of rising taxation had encouraged illicit distillation and depressed demand for the legal product, foreclosing the possibility of additional changes.⁸⁰

The cumulative effect of successive Irish tax increases was substantial. As figure 2 reveals, in the three decades before Gladstone’s 1853 budget Irish receipts appear to have been relatively stable, ranging between approximately £4.9 million and £5.5 million p.a. The augmentations of 1853-1860, however, established a durable new plateau, and for the remainder of Gladstone’s career the Irish yield seems never to have dropped below £7.2 million a year. The official statistics—which are available annually for the middle decades of the century, and do not differ significantly from the decennial estimates of ‘true’ revenue for this period—suggest that the Irish tax burden grew by nearly 50 per cent between fiscal year 1852/53 and fiscal year 1860/61.⁸¹ The closure of Irish loopholes, moreover, in conjunction with the abolition of duties

⁷⁵ Gladstone to Sir John Young, 2 Jan. 1855 (GP, Add. MS 44530, f. 7).

⁷⁶ *Parliamentary Debates*, third series, cxxxvii. 1595 (20 Apr. 1855).

⁷⁷ *Ibid.*, cxlix. 1312 (19 Apr. 1858).

⁷⁸ *Ibid.*, clvi. 1706 (24 Feb. 1860), cliv. 1971 (16 July 1860).

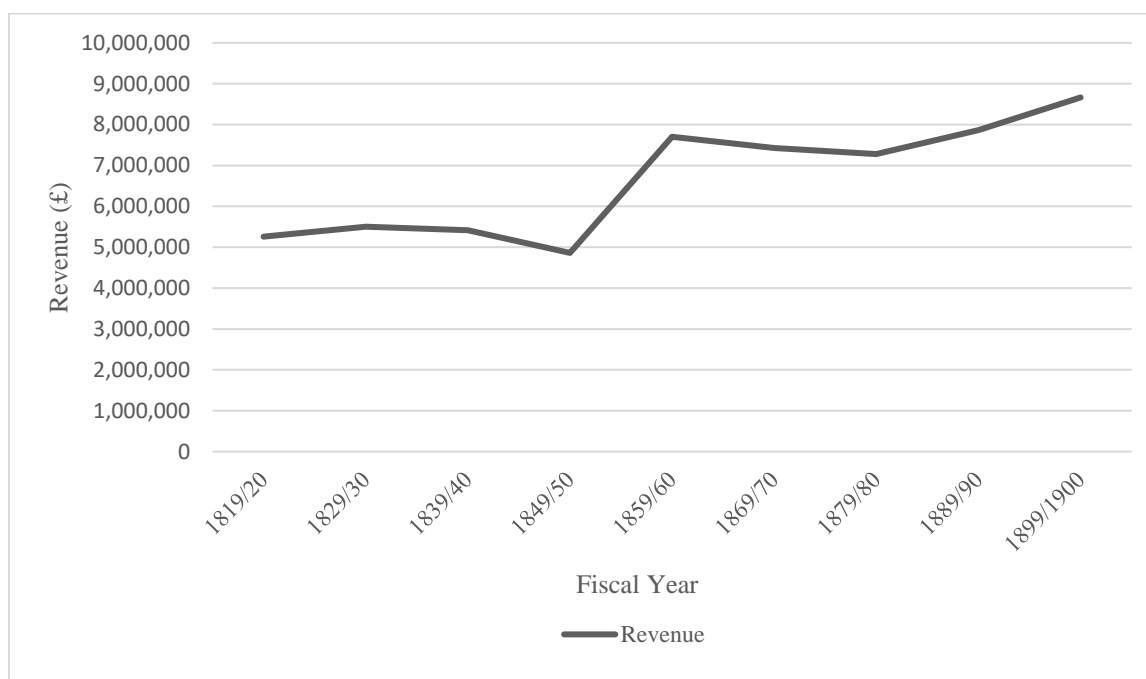
⁷⁹ *Financial Relations ... First Report*, 351.

⁸⁰ Connell, *Irish Peasant Society*, 44; Andy Bielenberg, ‘The Irish Distilling Industry under the Union’, in *Refiguring Ireland: Essays in Honour of L.M. Cullen*, ed. David Dickson and Cormac Ó Grada (Dublin, 2003), 295, 310; *Parliamentary Debates*, third series, clxii. 560-1 (15 Apr. 1861).

⁸¹ Kanter, ‘Campaign Against Over-Taxation’, 230.

levied only in Britain, reshaped the Anglo-Irish financial relationship. Though resident Irish taxpayers continued to enjoy a handful of exemptions, by 1860/61 these taxes only yielded some £4.5 million in Britain.⁸² To be sure, Gladstone was not solely responsible for the mid-century changes to Irish taxation—a point he insisted upon so late as 1897—but through the end of the century Irish commentators rightly identified his 1853 budget as a watershed.⁸³

Figure 2: Decennial Estimates of Irish ‘True’ Revenue, 1819/20-1899/1900



Source: *Imperial Revenue (Collection and Expenditure) (Great Britain and Ireland)*, HC 1900 (337), xlvii. 233.

Irish tax increases had only a modest impact on the United Kingdom’s overall budget—Ireland still contributed just 9 per cent of the gross receipt in 1860/61, according to the official returns—but Gladstone used some of the additional revenue thus generated to advance the policy

⁸² Ibid.

⁸³ For Gladstone’s retrospect, see ‘Financial Arrangements of 1853 as Affecting Ireland’, 19 Jan. 1897, in *PMP*, iii. 269-70. For subsequent Irish commentary on the significance of Gladstone’s first budget see, e.g., *Taxation of Ireland*, HC 1864 (513) (513-1), xv. 28; *Parliamentary Debates*, third series, clxxxviii. 1294-5 (9 July 1867), ccxxix. 1358 (29 May 1876), cclxxxii. 1893-4 (7 Aug. 1883); *Royal Commission on the Financial Relations between Great Britain and Ireland. Final Report*, C. 8008, 8262 (1896), xxxiii. 161.

of free trade in his celebrated budgets of 1853 and 1860.⁸⁴ Proceeding from the assumption that the removal of restraints on trade was advantageous in Ireland as well as in Britain, he was determined to end what he saw as the Irish taxpayer's free ride. 'Since the year 1842', Gladstone reminded the cabinet prior to the introduction of the 1853 budget, 'Ireland has been deriving from the Income Tax the full advantage of the remission of Customs Duty effected by means of that Impost, and a portion of the advantage conferred by other remissions. Her equivalent for Income Tax remains unpaid.'⁸⁵ Not every aspect of tariff reform, however, provided Irish producers with clear benefits. In particular, the reduction (1853) and subsequent abolition (1860) of the duties on eggs and butter subjected Irish farmers to international competition in the British market, while the remission of customs duties on cork and paper (1860) provided similar exposure for portions of southern Ireland's small manufacturing sector.⁸⁶ Nor did Irish consumers profit from all of Gladstone's tax remissions—the repeal of the soap duty in 1853, to take a particularly conspicuous example, saved British taxpayers almost £1.4 million, but the impost had never been levied in Ireland.⁸⁷

In Britain, Matthew and Daunton have maintained, Gladstone's great budgets of 1853 and 1860 established a durable consensus on taxation, fostering widespread acceptance of the state as legitimate.⁸⁸ Four features of Gladstonian finance, Matthew has contended, were particularly important in this regard. First, Gladstone's budgets altered the incidence of taxation, increasing the proportion of revenue raised by direct taxes—paid primarily by the middle and

⁸⁴ *Finance Accounts ... of the United Kingdom*, HC 1861 (326), xxxiv. 10, 12.

⁸⁵ '1853 Financial Plan as Stated to the Cabinet April 9 & discussed Ap. 11 & 12', n.d. (GP, Add. MS 44742, f. 74).

⁸⁶ *Parliamentary Debates*, third series, cxxv. 1416 (18 Apr. 1853), clvi. 839, 852 (10 Feb. 1860), 1991 (28 Feb. 1860), clxii. 570 (15 Apr. 1861), 1784-8 (9 May 1861). The import tariff on paper was reduced in 1860 and repealed in 1861; Gladstone's famous confrontation with the House of Lords in 1860-61 concerned the abolition of the excise duty on paper.

⁸⁷ *Finance Accounts ... of the United Kingdom*, HC 1852-53 (275), lvii. 36.

⁸⁸ Matthew, 'Disraeli, Gladstone', 642-3; Daunton, *Trusting Leviathan*, 374, 379.

upper classes—while reducing the amount contributed through indirect taxes—paid mainly by the working class.⁸⁹ The willingness of the elite to tax itself, he has pointed out, was unusual in nineteenth-century Europe and North America.⁹⁰ Second, the budget of 1853 produced ‘a rough correlation between the income-tax payers and the electorate’, in effect obliging those with the franchise to pay for their role in governance.⁹¹ Third, the promotion of free trade allowed the state to position itself as a neutral arbiter among competing interest groups, encouraging Britons to view it ‘as “fair” and dispassionate’.⁹² Finally, the link between trade, taxation, and the vote constrained central government expenditure, institutionalising a minimal state that was ostensibly conducive to the inculcation of individual morality, as well as economic growth.⁹³

Ireland’s distinctive social and economic circumstances, however, meant that these characteristics of Gladstonian finance did not apply there. As figure 3 reveals, Irish taxation remained stubbornly regressive, with indirect taxes continuing to account for a sizable majority of Irish receipts. The augmented spirit duty was responsible for this state of affairs, as that levy provided about one-third of Ireland’s estimated ‘true’ revenue between 1859/60 and 1889/90.⁹⁴ By contrast, while the income tax may have been a ‘colossal engine of finance’ in Britain, in Ireland the yields from the impost were low.⁹⁵ Gladstone was aware of the problem, observing

⁸⁹ Matthew, *Gladstone*, 126.

⁹⁰ H.C.G. Matthew, ‘Gladstonian Finance’, in *Victorian Values: Personalities and Perspectives in Nineteenth Century Society*, ed. Gordon Marsden (Harlow, 1990), 115.

⁹¹ Matthew, *Gladstone*, 127.

⁹² *Ibid.*, 114-15.

⁹³ *Ibid.*, 115; Matthew, ‘Gladstonian Finance’, 116-18.

⁹⁴ Calculated from *Imperial Revenue (Collection and Expenditure) (Great Britain and Ireland)*, HC 1900 (337), xlvi. 226-7, 332-3

⁹⁵ *Parliamentary Debates*, third series, cxxv. 1361 (18 Apr. 1853).

on a number of occasions that the surviving Irish exemptions and abatements favoured the wealthy rather than the poor.⁹⁶

Figure 3: Structure of Irish and British Revenue, 1839/40-1889/90



Royal Commission on the Financial Relations between Great Britain and Ireland. Final Report, C. 8008, 8262 (1896), xxxiii. 490. Calculations exclude non-tax revenue.

In the Irish context, moreover, Gladstonian finance failed to establish a meaningful relationship between the payment of the income tax and the possession of the franchise. Whereas the contours of the British electorate at mid-century were determined by the Reform Acts of 1832, the Irish electorate was moulded by the distinctive qualifications outlined in the Parliamentary Voters (Ireland) Act of 1850, which left Irish tenant farmers holding at least 30 acres of land as the dominant electoral bloc.⁹⁷ Though statistics connecting enfranchisement with liability to the income tax in Ireland are frustratingly elusive, it seems certain that only a

⁹⁶ Gladstone to Lord Wodehouse, 17 Dec. 1864, in John Powell, ed., *Liberal by Principle: The Politics of John Wodehouse, 1st Earl of Kimberley, 1843-1902* (London, 1996), 103; *Parliamentary Debates*, third series, clxiii. 1215-16 (26 Feb. 1864), clxxvii. 681-2 (24 Feb. 1865).

⁹⁷ Douglas Kanter, 'Post-Famine Politics', in *Cambridge History of Ireland*, iii. 689-90.

minority of enfranchised Irish farmers were charged to the tax.⁹⁸ Irish MPs and opinion-makers, in turn, were less likely than their British counterparts to regard free trade as either universally beneficent or reflective of a ‘neutral’ state. Conservatives and popular politicians, in particular, were apt to point out that tariff reform was tailored to the condition of industrial Britain rather than agrarian Ireland, and to contend that it placed downward pressure on Irish commodity prices. Free trade thus harmed farming profits and, in the longer run, rents. Here, much Irish ire was reserved for Peel’s decision to repeal the Corn Law, though Gladstone’s remission of duties on agricultural products, particularly butter, was censured as well.⁹⁹ Irish critics of *laissez-faire* also complained that Gladstone used Irish tax increases to facilitate tariff remissions which primarily benefitted Britain, yet again calling into question the ‘fairness’ of free trade.¹⁰⁰

The persistence of regressive taxation, the disjuncture between voting and income taxation, and ambivalence about tariff reform ensured that those considerations which encouraged support for the minimal state in Britain were less salient in Ireland. Instead, a number of Irish commentators advocated an active, managerial state, which would foster Irish economic development through increased public expenditure, with the British taxpayer footing the bill. Such a policy, they contended, would compensate Ireland for the over-taxation endured since at least 1853. The prolonged Irish agricultural depression of 1859-64 gave their calls for

⁹⁸ So, for example, in 1857 there were over 161,000 registered voters in the Irish counties. If, following Theodore Hoppen’s calculation for 1866-71, we assume that just over three-quarters of county electors were farmers, then there were about 124,000 voting farmers in Ireland in 1857. But only about 51,000 ‘persons’ were charged to the income tax for profits on farming in Ireland during the 1857/58 fiscal year, which suggests that fewer than half of the voting farmers paid the tax in the mid-1850s. For the number of registered county electors in Ireland in 1857, see Brian M. Walker, ed., *Parliamentary Election Results in Ireland, 1801-1922* (Dublin, 1978), 88-9; for Hoppen’s analysis of the county electorate’s composition in 1866-71, see K. Theodore Hoppen, *Elections, Politics and Society in Ireland, 1832-1885* (Oxford, 1984), 105; for the number of Irish ‘persons’ paying income tax on farming profits in 1857/58, see *Income Tax*, HC 1860 (300), xxix, pt. ii. 17.

⁹⁹ See, e.g., *Parliamentary Debates*, third series, clvi. 1515, 1521 (21 Feb. 1860), clxiii. 114-15 (27 May 1861), 485 (3 June 1861); *Taxation of Ireland*, HC 1864 (513) (513-1), xv. 15, 195, 202, 269, 286, 291-2.

¹⁰⁰ Kanter, ‘Politics of Irish Taxation’, 1151; *Taxation of Ireland*, HC 1864 (513) (513-1), xv. 100; O’Conor Don, *A Few Remarks on the Evidence Received by the Irish Taxation Committee: Together with a Brief Review of the Subject* (Dublin, 1865), 41-2.

fiscal reform particular piquancy.¹⁰¹ Dissatisfaction with ‘sound’ finance, meanwhile, manifested itself in the ephemeral Irish tax protests of 1852-53 and 1863-65, which reflected a more persistent sense of grievance.¹⁰² The demand for a reform of public finance was taken up by the nascent home rule movement in the early 1870s, as popular politicians harnessed fiscal discontent to the campaign for self-government.¹⁰³ Rather than establishing a ‘fiscal constitution’ for Ireland, therefore, Gladstonian finance provided a significant, albeit unintended, stimulus to Irish nationalism.

Despite Irish criticism, Gladstone maintained that the tax increases of 1853-60 had been justified. Indeed, by associating equality of taxation with the rights of full citizenship, he adroitly parried Irish demands for exceptional financial treatment. In 1860, for example, Gladstone rebutted Irish complaints about over-taxation by warning that ‘there was no real equality of rights and liberties without an equality of taxation.’¹⁰⁴ He elaborated on this point in 1863, in a passage that is worth quoting at some length:

I have a great suspicion of all liberality exercised in the shape of creating fiscal inequalities on behalf of one country as against another; and though I do not presume to teach Irish gentlemen their duties or their interest, I am profoundly convinced that equality of taxation lies at the very root of full political equality, and that it is in vain without equality of taxation to attempt to claim the exercise of full political equality.¹⁰⁵

More combatively, during his first premiership (1868-74) Gladstone called attention to Ireland’s fiscal privileges in a speech at Aberdeen, which was widely regarded by contemporaries as a condemnation of the home rule movement. ‘What’, he asked his audience on that occasion, ‘are the inequalities of England and Ireland?’ ‘I declare that I know none’, he announced, ‘except that

¹⁰¹ Douglas Kanter, ‘The Galway Packet-Boat Contract and the Politics of Public Expenditure in Mid-Victorian Ireland’, *Historical Journal* 59, no. 3 (2016), 765-7; idem, ‘Campaign against Over-Taxation’, 231, 243.

¹⁰² Kanter, ‘Politics of Irish Taxation’, 1149-50; idem, ‘Campaign against Over-Taxation’, 233-8.

¹⁰³ Thomas Kennedy, *A History of the Irish Protest Against Over-Taxation from 1853 to 1897* (Dublin, 1897), 71-7; Kanter, ‘Campaign against Over-Taxation’, 245.

¹⁰⁴ *Parliamentary Debates*, third series, clvii. 1665 (30 Mar. 1860).

¹⁰⁵ *Ibid.*, clxxi. 834 (12 June 1863).

there are certain taxes still remaining which are levied over Englishmen and Scotchmen and which are not levied over Irishmen, and likewise that there are certain purposes for which public money is freely and largely given in Ireland and for which it is not given in England or Scotland.’¹⁰⁶

Notwithstanding such stern and unbending rhetoric, Irish opposition to ‘sound’ finance made it impossible for Gladstone to sustain the assimilationist thrust of his early fiscal policy. Though he evinced intermittent interest in the closure of outstanding Irish loopholes during the later years of his second chancellorship, plans to augment Irish taxation came to nought. In 1862, Gladstone contemplated the extension of the assessed taxes to Ireland as part of a larger scheme to abolish the income tax, but the plan was set aside.¹⁰⁷ The following year, despite anticipating a large budget surplus, he considered the elimination of Irish tax exemptions on charitable legacies and railway receipts, as well as the reduction of the Irish income tax abatement through a property revaluation.¹⁰⁸ Only the tax on charitable legacies was introduced to the House of Commons, however, and even this impost was abandoned in the course of the debates on the budget.¹⁰⁹ With ‘justice to Ireland’ dominating the agenda in the early years of his first government, Gladstone became temporarily reluctant to sanction additional Irish taxation.¹¹⁰ But toward the close of the administration ministers revived the plan to revalue Irish property, only to withdraw their bill when it proved impossible to pass the measure without curtailing the

¹⁰⁶ *Times*, 27 Sept. 1871.

¹⁰⁷ ‘Revenue a/c 1862-3 to 1867-8’, 12 Feb. 1862 (GP, Add. MS 44752, f. 6).

¹⁰⁸ ‘Augmentations’, n.d. [Jan. 1863], ‘Probable balance Revenue & Charge 63-4’, 3 Mar. 1863, ‘Points discussed at Meeting on Revenue 63-4’, 12 Mar. 1863, ‘Points agreed on’, 8 Apr. 1863, in *D*, vi. 172, 186, 188, 193.

¹⁰⁹ *Parliamentary Debates*, third series, clxx. 224c-224d (16 Apr. 1863), 1773 (15 May 1863).

¹¹⁰ Gladstone to Robert Lowe, 21 Dec. 1870, in *D*, vii. 419.

advantages enjoyed by Irish farmers under the compensation clauses of the recently passed Land Act.¹¹¹

Gladstone's commitment to a minimal state also left him unenthusiastic about Irish calls for a more active economic policy. As in the 1840s, he continued to dismiss Irish reservations about tariff reform. Free trade, he insisted, aided Irish consumers by reducing the price of wheat, assisted Irish farmers by stimulating the demand for livestock and stabilising the price of oats, and helped Irish manufacturers by encouraging the expansion of the Irish linen industry.¹¹² In short, he claimed in 1865, 'I think nothing is easier than to show the great advantages which Ireland has derived from the free trade system.'¹¹³ Gladstone denied, moreover, that Ireland ought to receive greater central government expenditure. On the contrary, he complained that 'establishments and expenditure are maintained there ... in excess of all real wants, simply because they are Irish'.¹¹⁴ Public spending 'for the benefit of a particular locality' contravened his ideal of disinterested government, which required that all expenditure be judged by the criteria of 'necessity' and efficiency, without reference to geography.¹¹⁵ He was, accordingly, 'very hostile to taxing the Exchequer for local purposes'.¹¹⁶ Economic and moralistic considerations alike informed this position. Gladstone was sceptical of the government's ability to pump prime the Irish economy, as he told the House of Commons during a brief spell in opposition in 1867:

We have for years, for generations, been endeavouring by the application of public money in forms not recognized in Great Britain [*sic*], and which have been admitted only

¹¹¹ Marquess of Hartington to Gladstone, 21 May 1873 (GP, Add. MS 44144, ff. 63-5); Hartington to Earl Spencer, 31 May 1873 (Althorp Papers, British Library, Add. MS 76895); diary entry of 21 June 1873, in *D*, viii. 343; *Parliamentary Debates*, third series, ccxvi. 1330-9 (24 June 1873), 1560 (30 June 1873).

¹¹² Gladstone to Sir Stafford Northcote, 16 Mar. 1865 (Iddesleigh Papers, British Library, Add. MS 50014, ff. 186-9).

¹¹³ *Parliamentary Debates*, third series, clxxviii. 918 (7 Apr. 1865).

¹¹⁴ Gladstone to Wodehouse, 17 Dec. 1864, in Powell, ed., *Liberal by Principle*, 103.

¹¹⁵ *Parliamentary Debates*, third series, clxxvii. 679 (24 Feb. 1865).

¹¹⁶ Gladstone to George Goschen, 17 Jan. 1869, in *D*, vii. 12.

to a certain extent in Scotland, to stimulate Irish industry ... A great deal of public money has been spent, and I must say spent in an unsatisfactory manner, for the development of traffic and industry in Ireland, without producing in the main that result. In fact, in many cases nothing but local dissatisfaction has been produced.¹¹⁷

Privately, he was concerned that increased spending in Ireland would encourage analogous requests for public assistance in Britain, ‘some of them on an enormous scale’.¹¹⁸ But Gladstone also believed that excessive government expenditure discouraged self-reliance, and he was insistent ‘that the Irish should do more for themselves’.¹¹⁹ This conviction, in turn, reflected a culturally chauvinistic perception of the Irish as avaricious, which he expressed in a number of surviving remarks that echoed longstanding British stereotypes of Irish political culture as especially corrupt.¹²⁰

Notwithstanding Gladstone’s preoccupation with cheap government, Irish pressure for increased spending made it more difficult to maintain the minimal state after 1860. Over the course of the next two decades, Irish MPs sought funding for a wide range of initiatives, including arterial drainage, public works, railway nationalisation, the development of Irish fisheries, the improvement of Irish farms, the transfer of financial responsibility for some aspects of poor relief from local to central government, improved pay for teachers and civil servants, the erection of labourers’ cottages, vaccination, and naval use of Irish dockyards.¹²¹ Members of the

¹¹⁷ *Parliamentary Debates*, third series, clxxxix. 626-7 (1 Aug. 1867).

¹¹⁸ Gladstone to Wodehouse, 17 Dec. 1864, in Powell, ed., *Liberal by Principle*, 103.

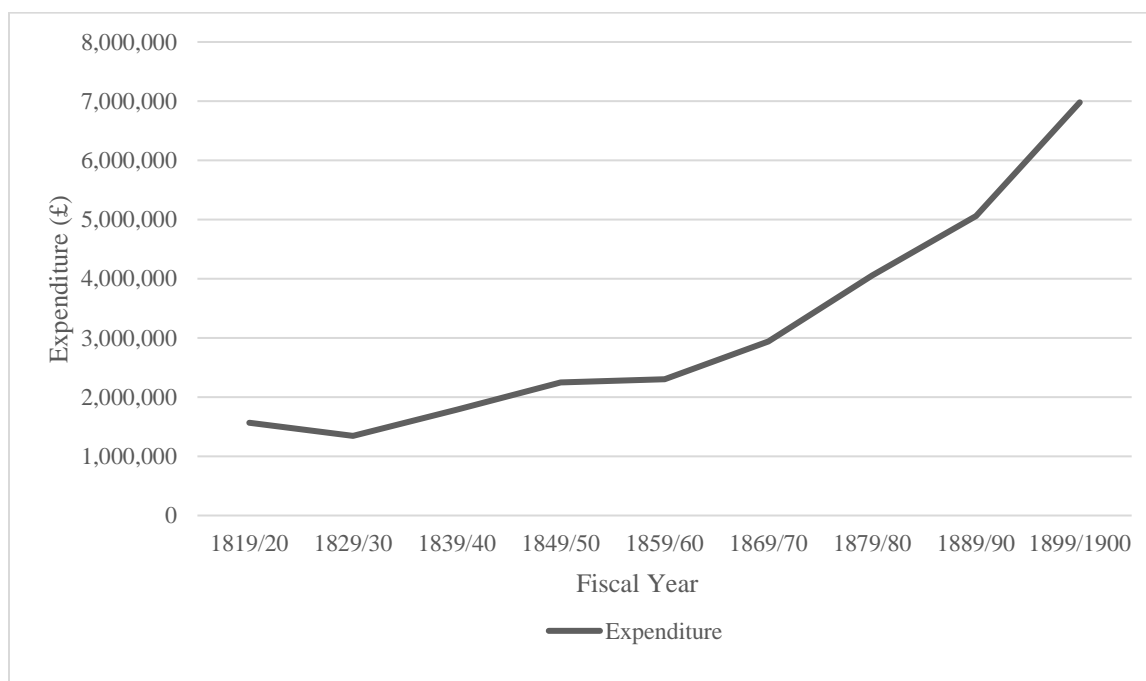
¹¹⁹ Hartington to Spencer, 19 Apr. 1872 (Althorp Papers, British Library, Add. MS 76892).

¹²⁰ Gladstone to Catherine Gladstone, 9 Apr. 1859 (GGP, MS 773, f. 65); Gladstone to John Bright, 11 Jan. 1869 (Bright Papers, British Library, Add. MS 43385, f. 22); Gladstone to Lord John Russell, 20 Jan. 1854 (GP, Add. MS 44291, f. 98); [Spencer,] ‘Memo of a conversation between Lord Spencer and Mr. Gladstone’, 14 Oct. 1871 (Althorp Papers, British Library, Add. MS 76850). On British perceptions of Irish political corruption, see Hoppen, *Governing Hibernia*, 21-2.

¹²¹ See, e.g., *Parliamentary Debates*, third series, clxvi. 1148, 1151, 1153, 1172, 1174, 1178, 1182 (2 May 1862), clxxi. 841, 857 (12 June 1863), clxxviii. 896-9, 913-14, 923-4 (7 Apr. 1865), clxxxix. 606-11 (1 Aug. 1867), cxcvii. 1460-2 (8 July 1869), 690 (26 July 1869), cxcviii. 727-35 (26 July 1869), ccii. 1620 (7 July 1870), ccv. 575-83 (24 Mar. 1871), ccxviii. 1505 (1 May 1874), ccxxvii. 515 (18 Feb. 1876), ccxxx. 470 (26 June 1876), ccxxxviii. 1470 (15 Mar. 1878), 1527 (18 Mar. 1878), ccxli. 1287-93 (26 May 1879); *Taxation of Ireland*, HC 1864 (513) (513-1), xv. 189, 191, 196-7, 204, 212-13, 234-5, 238-9, 270; *Report from the Select Committee on the Taxation of Ireland*, HC 1865 (330), xii. 43-4, 48-9, 82-3, 102-3.

Home Rule party, in particular, became adept at promoting the material interests of their constituents.¹²² Throughout the 1850s, the cost of Irish civil government had remained low (see figure 4), and Gladstone had been only peripherally involved in discussions of Irish spending during his first term as Chancellor.¹²³ But in the 1860s Irish civil government expenditure rose by an estimated 28 per cent, beginning a period of prolonged growth in the Irish public sector that persisted to the end of his career and beyond.

Figure 4: Decennial Estimates of Civil Government Expenditure in Ireland,
1819/20-1899/1900



Source: *Imperial Revenue (Collection and Expenditure) (Great Britain and Ireland)*, HC 1900 (337), xlvii. 236-7. Figures for civil government expenditure include costs related to legal establishments, policing, prisons, education, postal services, tax collection, and other exclusively Irish departments; see *Financial Relations ... Final Report*, C. 8008, 8262 (1896), xxxiii. 77.

During his second term at the Exchequer, Gladstone fought a rear-guard action against mounting Irish expenditure. Publicly, the early years of his chancellorship were marked by a

¹²² Alan O'Day, *Irish Home Rule, 1867-1921* (Manchester, 1998), 4, 37-8, 40.

¹²³ Gladstone to Sir John Young, 28 Mar. 1853, 18 Oct. 1853 (GP, Add. MS 44528, ff. 123, 128); Gladstone to Charles Trevelyan, 27 Oct. 1853 (GP, Add. MS 44528, 193); Sir John Young to Gladstone, 1 Mar. 1855 (GP, Add. MS 44237, ff. 259-62).

bruising dispute over a government contract for transatlantic mail service out of Galway, which almost brought the Palmerston administration down when Irish MPs overwhelmingly voted against the 1861 budget as an act of retribution for the agreement's revocation.¹²⁴ Privately, Gladstone obstructed a host of proposals for increased Irish spending as Chancellor—blocking a subvention for school teachers and medical officers employed by the Poor Law Unions, delaying pay raises for professors at the Queen's Colleges, and stalling requests for additional expenditure on Dublin's Phoenix Park, for example.¹²⁵ Such cheeseparing, however, failed to address the main motors of civil government expenditure in Ireland. By 1863, Gladstone had identified three areas of particular concern: the national system of education, the constabulary, and the judiciary. Though he conceded that little could be done to diminish the outlay on education, he was convinced of the 'urgent importance' of lowering costs related to the police and courts.¹²⁶ The following year, he described the charge for the Irish constabulary—which had been transferred to the consolidated fund by Peel in 1846—as 'perhaps the sorest in the whole range of our Civil Expenditure'.¹²⁷ Nevertheless, he was obliged to concede a pay raise to the constables in 1866.¹²⁸

The policy of 'justice to Ireland' complicated Gladstone's efforts at retrenchment during his first ministry. On the one hand, he continued to put up a mostly futile resistance to the growth of the state in Ireland. Seeking to restrain expenditure, in 1870 the government established a new office, the Treasury Remembrancer, which was tasked with advising the administration on

¹²⁴ Kanter, 'Galway Packet-Boat Contract', 760-8.

¹²⁵ Endorsement on Edward Cardwell to Gladstone, 26 June 1861 (GP, Add. MS 44118, f. 135); Gladstone to Lord Palmerston, 29 Sept. 1861, 17 July 1862 (Palmerston Papers, University of Southampton Library, GC/CA/512/enc1/1, GC/GL/90); Gladstone to Lord Dufferin, 13 Jan. 1863 (Dufferin Papers, Public Record Office of Northern Ireland, MIC 22/13, f. 647).

¹²⁶ Gladstone to Palmerston, 1 Jan. 1863 (Palmerston Papers, University of Southampton Library, GC/GL/98/1-2).

¹²⁷ Gladstone to the Earl of Carlisle, 6 Feb. 1863 (Castle Howard Papers, Castle Howard, J19/1/96/115).

¹²⁸ Gladstone to Wodehouse, 14 Mar. 1866 (Kimberley Papers, Bodleian Library, MS Eng. c. 4045, f. 41).

matters of Irish finance.¹²⁹ But since most significant spending decisions involved policy considerations, the Remembrancer arguably did little to curb costs. Thus, in 1872 the Irish executive overcame Gladstone's objections to a large increase in teacher pay, despite the Prime Minister's desire to defray any addition to salaries from the rates.¹³⁰ After an embarrassing defeat on an opposition motion to improve the pay of Irish civil servants in 1873, Gladstone was forced to concede raises to the Dublin Metropolitan Police and the Irish Constabulary.¹³¹ A plan to diminish the costs of the Irish legal system by reducing the number of judges, planned for the 1874 session, was forestalled by the resignation of the government, leaving retrenchment through judicial reform to the Disraeli administration.¹³² On the other hand, Gladstone was occasionally willing to augment expenditure in the interest of conciliation. Most notably—albeit without success—he pressed Queen Victoria to approve the establishment of a royal residence in Ireland, notwithstanding an estimated initial cost of £40,000 and annual maintenance fees of £10,000-£20,000.¹³³ He also flirted with the nationalisation of the Irish railways, a policy popular with Irish MPs across the political spectrum; though on this subject he failed to give a firm lead, in part because of divisions in the cabinet, but also owing to his ambivalence about the expansion of administrative responsibility that it would entail.¹³⁴

¹²⁹ McDowell, *Irish Administration*, 94-5; Pauric Travers, 'The Last Years of Dublin Castle: The Administration of Ireland, 1890-1921' (PhD Thesis, Australian National University, 1981), 307-8, 310.

¹³⁰ Hartington to Spencer, 28 Apr. 1872, 2 June 1872 (Althorp Papers, British Library, Add. MS 76892); *Parliamentary Debates*, third series, ccxiii. 405-7 (3 Aug. 1872).

¹³¹ Martin Maguire, 'Gladstone and the Irish Civil Service', in *Gladstone and Ireland: Politics, Religion and Nationality in the Victorian Age*, ed. D. George Boyce and Alan O'Day (Basingstoke, 2010), 212-15; cabinet minute of 5 July 1873, in *D*, viii. 351; Hartington to Gladstone, 8 July 1873 (GP, Add. MS 44144, ff. 88-9); Hartington to Spencer, 20 July 1873 (Althorp Papers, British Library, Add. MS 76896).

¹³² Hartington to Gladstone, 16 Dec. 1873 (GP, Add. MS 44144, ff. 144-6); McDowell, *Irish Administration*, 111, 131-2.

¹³³ James H. Murphy, *Abject Loyalty: Nationalism and Monarchy in Ireland during the Reign of Queen Victoria* (Washington, DC, 2001), 187-91; Hartington to Spencer, 8 Mar. 1871 (Althorp Papers, British Library, Add. MS 76887).

¹³⁴ *Parliamentary Debates*, third series, cxcv. 1578 (26 Apr. 1869); Chichester Fortescue to Spencer, 24 Apr. 1869 (Althorp Papers, British Library, Add. MS 76906); Gladstone to Fortescue, 16 Oct. 1870 (Carlingford Papers, Somerset Heritage Centre, DD/SH/61/324/1/134); Spencer to Hartington, 12 Dec. 1871 (Althorp Papers, British

From the mid-1860s, moreover, Gladstone demonstrated a willingness to approve loans for Irish economic development, making his practical position more flexible than some of his more intransigent utterances suggested. Unlike government grants, he maintained, such advances encouraged Irish self-help: ‘You assist in putting in motion the enterprise of Ireland itself, and all real and permanent benefits which she is to derive must be, not administered from without, like a dose of physic, but must be gained by the exercise of her own energies and her own powers.’¹³⁵ Loans made on adequate security, he believed, were not especially susceptible to abuse, and were unlikely to inspire similar demands in Britain.¹³⁶ Accordingly, in 1865-66 the Liberal government passed legislation easing the terms on which landlords could obtain improvement loans, and increased the total sum available to lend. By the end of the decade, the Commissioners of Public Works in Ireland had more than doubled the amount annually issued for drainage, irrigation, fencing, and the construction of farm buildings.¹³⁷ Ministers introduced similar legislation allocating money for the encouragement of Irish fisheries.¹³⁸ During the financial crisis of 1866, the Russell administration prepared a measure to advance emergency capital to Irish railway companies, though the resignation of the government in June ensured that the Derby ministry ultimately provided the funds.¹³⁹ In his first government, famously, Gladstone adopted John Bright’s proposal to authorise loans for land purchase as part of the 1870 Land Act—albeit on a restricted scale, and not without reservations.¹⁴⁰ The administration also

Library, Add. MS 76890); Gladstone to Hartington, 22 Jan. 1872, in *D*, viii. 98; cabinet minute of 8 Feb. 1873, in *D* viii. 283; Hartington to Spencer, 9 Feb. 1873 (Althorp Papers, British Library, Add. MS 76894).

¹³⁵ *Parliamentary Debates*, third series, clxxi. 835 (12 June 1863).

¹³⁶ Gladstone to Sir George Grey, 13 Dec. 1864 (Kimberley Papers, Bodleian Library, MS Eng. c. 4016, f. 114); Gladstone to Wodehouse, 17 Dec. 1864, in Powell, ed., *Liberal by Principle*, 102.

¹³⁷ Kanter, ‘Campaign against Over-Taxation’, 243.

¹³⁸ Piers and Harbours (Ireland) Act, 1866 (29 & 30 Vict. c. 45).

¹³⁹ *Parliamentary Debates*, third series, clxxxiv. 1361 (23 July 1866).

¹⁴⁰ Gladstone to Bright, 22 May 1869 (Bright Papers, British Library, Add. MS 43385, ff. 30-2); E.D. Steele, *Irish Land and British Politics: Tenant-Right and Nationality, 1865-1870* (Cambridge, 1974), 280.

reduced the interest rate on advances for public sanitation.¹⁴¹ Although the expansion of loan programmes moved the state toward greater intervention in the Irish economy, into the 1870s the costs involved remained modest. The rapid escalation of such expenditure from the end of the decade, however, seriously alarmed Gladstone, impelling him toward home rule.

Home Rule Finance, 1880-94

When Gladstone was appointed Prime Minister for a second time in April 1880, he took office in the midst of the worst Irish agrarian crisis since the Great Famine. Over the preceding three years, poor harvests and collapsing commodity prices had resulted in severe hardship for Irish farmers, particularly in the west, stimulating rural discontent that found an outlet in the Land War of 1879-82.¹⁴² Social protest, in turn, radicalised the nationalist movement and thrust the formidable Charles Stewart Parnell to the forefront of the Home Rule party.¹⁴³ Historians have conventionally associated the dramatic *fin de siècle* increase in Irish expenditure with the Conservative and Unionist governments of 1885, 1886-92, and 1895-1905, which sought to ‘kill home rule with kindness’ by establishing an Irish peasant proprietorship through a series of costly land purchase schemes, while also subsidising economic development in western Ireland’s ‘congested districts’.¹⁴⁴ But the trend toward greater intervention in the Irish economy actually began during the Land War, with Gladstone uneasily supervising an expansion of public spending that contravened the precepts of ‘sound’ finance. Viewed from a fiscal perspective, his home rule bills of 1886 and 1893 appear as attempts to chain leviathan by curtailing Irish

¹⁴¹ *Parliamentary Debates*, third series, cccvii. 906 (24 July 1873).

¹⁴² Terence Dooley, ‘Irish Land Questions, 1879-1923’, in *The Cambridge History of Ireland*, vol. iv, *1880 to the Present*, ed. Thomas Bartlett (Cambridge, 2018), 122-5.

¹⁴³ Paul Bew, *Enigma: A New Life of Charles Stewart Parnell* (Dublin, 2012), ch. 3; Conor Mulvagh, ‘Home Rulers at Westminster, 1880-1914’, in *Cambridge History of Ireland*, iv. 63.

¹⁴⁴ McLean, *Fiscal Crisis*, 10; Hoppen, *Governing Hibernia*, 253, 257, 262-71, 274-6; Mulvagh, ‘Home Rulers’, 75.

expenditure, ensuring an Irish contribution to imperial services, and insulating the British Treasury from nationalist demands.

The growth of Irish public spending in the last two decades of the nineteenth century was initially driven by the threat of famine in the west. In the winter of 1879-80, the outgoing Disraeli administration authorised £750,000 in loans for ‘emergency’ relief, which enabled landlords and local authorities to borrow money for improvement projects on favourable terms, and allowed Poor Law Unions to purchase seed ahead of the next planting.¹⁴⁵ By June, this money was nearly exhausted, and Gladstone’s Liberal government—pressed by Parnell—doubled the sum available.¹⁴⁶ While these advances helped to avert starvation, they did nothing to tamp down the Land War or to address the dire need for capital investment in western Ireland. Such objectives could only be met through additional expenditure, ensuring that even after the worst of the distress had passed the state continued to loan money at a rate not witnessed since the end of the Famine nearly three decades earlier (see figure 5). Subjected to sustained pressure from nationalists, the Conservative opposition, and—crucially—the Irish executive, over the next three years ministers made money available for land purchase, arrears of rent, labourers’ dwellings, fisheries, and emigration, while also reducing the rate of interest on advances to Irish railways and guaranteeing profits on tramways in western Ireland.¹⁴⁷ Much of this funding was funnelled through the Irish Board of Works, which had been responsible for the dispersal of most public loans since the 1830s, though a new Land Commission, set up in 1881, supervised the

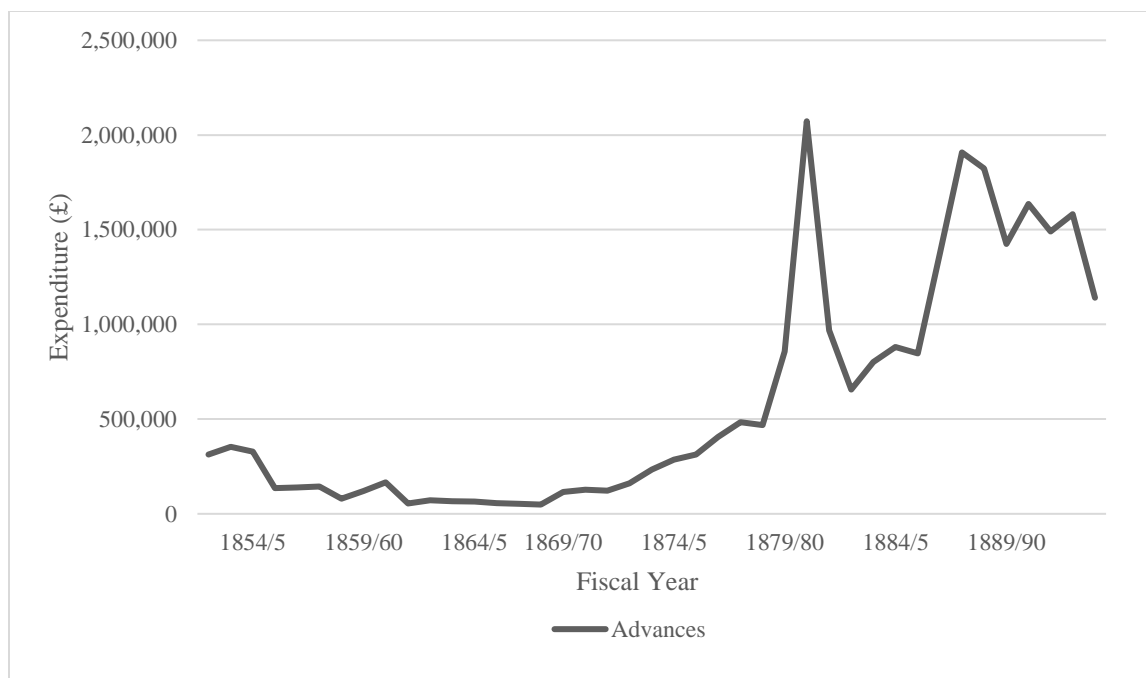
¹⁴⁵ Virginia Crossman, “‘With the experience of 1846 and 1847 before them’: The Politics of Emergency Relief, 1879-84”, in *Victoria’s Ireland?: Irishness and Britishness, 1837-1901* (Dublin, 2004), 175.

¹⁴⁶ *Parliamentary Debates*, third series, cclii. 790-6 (31 May 1880); Crossman, ‘Emergency Relief’, 176-7.

¹⁴⁷ Land Law (Ireland) Act, 1881 (44 & 45 Vict. c. 49); Arrears of Rent (Ireland) Act, 1882 (45 & 46 Vict. c. 47); Sea Fisheries (Ireland) Act, 1883 (46 & 47 Vict. c. 26); Tramways and Public Companies (Ireland) Act, 1883 (46 & 47 Vict. c. 43); Labourers (Ireland) Act, 1883 (46 & 47 Vict. c. 60). On railway loans see *Parliamentary Debates*, third series, cclxxix. 754 (24 May 1883).

distribution of purchase money.¹⁴⁸ The Liberal government thus set a precedent for the bolder and better known policies pursued by the Salisbury and Balfour administrations, which pushed Irish spending to new heights.

Figure 5: Annual Loans Advanced by the Commissioners for Public Works and the Irish Land Commissioners, 1852/53-1893/94



Source: Sums lent for public works, 1853/54-1854/55, are taken from the annual *Finance Accounts*; advances for 1855/56-1893/94 are adopted from the annual *Public Works, Ireland* reports. Loans made by the Irish Land Commission, 1881/82-1891/92, are published in the *Finance Accounts*; those for 1892/93-1893/94 are available in the *Irish Land Commission* reports.

While the state assumed greater responsibility for Irish economic development, the Land War also increased expenses related to the maintenance of law and order in Ireland. Not only did the establishment of Land Courts, operating under the Land Commission, entail a substantial new financial commitment, but the Royal Irish Constabulary and the Dublin Metropolitan Police

¹⁴⁸ A.R.G. Griffiths, *The Irish Board of Works, 1831-1878* (New York: Garland Publishing, 1987); Dooley, 'Irish Land Questions', 129.

also used the crisis to leverage considerable pay raises from the administration.¹⁴⁹ Expenditure on these ‘great items’, Gladstone informed the House of Commons in November 1882, had augmented the cost of Irish government by ‘more than £600,000’ since the start of the Land War.¹⁵⁰ Given that civil government spending in Ireland only rose by about £1 million p.a. in the decade 1879/80-1889/90 (see figure 4), this sum represented a significant additional outlay. Military and intelligence costs, meanwhile, also grew modestly in these years.¹⁵¹

For Gladstone, these developments were both unanticipated and unwelcome. By his own subsequent account, in April 1880 the new Prime Minister was ‘unhappily blind to the magnitude of the coming difficulties in Ireland’.¹⁵² To the extent that he began his second premiership with a distinctive Irish policy, it centred as much on the reduction of public expenditure as on land reform.¹⁵³ Accordingly, Gladstone balked at the heavy financial demands forced upon the administration by the Land War. While willing to countenance a limited scheme of land purchase when formulating the land bill of 1881, he objected to more ambitious proposals for the creation of a peasant proprietorship, which would have involved ‘a vast amount of public expenditure’.¹⁵⁴ In 1883, he acquiesced in a plan for state-assisted emigration ‘with much misgiving’, and unsuccessfully sought to persuade his colleagues that the government ought to leave tramway construction in western Ireland ‘to private enterprise’.¹⁵⁵ By this time,

¹⁴⁹ McDowell, *Irish Administration*, 141-2, 218-20; James H. Murphy, *Ireland’s Czar: Gladstonian Government and the Lord Lieutenancies of the Red Earl Spencer, 1868-86* (Dublin, 2014), 212-15.

¹⁵⁰ *Parliamentary Debates*, third series, cclxxiv. 1198 (10 Nov. 1882).

¹⁵¹ *Ibid.*, cclxxi. 913 (30 June 1882); Murphy, *Ireland’s Czar*, 109. Military and intelligence charges are not included in the estimates for civil government expenditure produced in figure 4.

¹⁵² Memorandum of 25 Sept. 1895, in *PMP*, iii. 258.

¹⁵³ Gladstone to W.E. Forster, 8 May 1880, in *D*, ix. 518.

¹⁵⁴ The Earl of Derby’s diary for 15 Mar. 1882, in John Vincent, ed. *The Diaries of Edward Henry Stanley, 15th Earl of Derby (1826-93) between 1878 and 1893: A Selection* (Oxford, 2003), 407. See also Edward Hamilton’s diary for 19 Dec. 1880 and 8 July 1881, in Dudley W.R. Bahlman, ed., *The Diary of Sir Edward Hamilton, 1880-1885*, 2 vols. (Oxford, 1972), i. 91, 151; Gladstone to G.J. Shaw Lefevre, 25 May 1881, in *D*, x. 70-1.

¹⁵⁵ Cabinet minute of 5 May 1883, in *D*, x. 441; Lord Carlingford to Spencer, 3 June 1883, in Peter Gordon, ed., *The Red Earl: The Papers of the Fifth Earl Spencer, 1835-1910*, 2 vols. (Northampton, 1981-86), i. 248.

the Prime Minister had concluded that ‘every new loan to a farmer is a new danger’.¹⁵⁶ The cabinet, however, did not share his views. ‘Nobody agrees with him’, Lord Hartington assured the Viceroy, Lord Spencer, in June of that year, ‘and whenever he retires ... there will be an era of unlimited expenditure in Ireland’.¹⁵⁷ The more permanent charges relating to the constabulary, meanwhile, also began to rankle. Though Gladstone grudgingly tolerated this burden during the land agitation—‘the case of Ireland has been like that of a war ... a case of necessity’, he opined in the autumn of 1882—by 1884 he had reverted to form, giving voice to his perennial complaints about the cost of the Irish police.¹⁵⁸

To make matters worse, it proved impossible to offset rising expenditure by augmenting Irish taxation. Adjustments to the income tax, made by the administration in every fiscal year between 1880/81 and 1884/85, had little impact on total Irish revenue.¹⁵⁹ In 1880, a modest increase of liquor licence fees only passed over Irish objections, with Parnell seizing the opportunity to remind the Commons of Ireland’s fiscal grievances.¹⁶⁰ For the remainder of Gladstone’s second ministry, parliamentary debate was punctuated by nationalist criticism of both Irish over-taxation and the regressive character of the United Kingdom’s tax code.¹⁶¹ Fittingly, when in 1885 the administration proposed to raise the spirit duty for the first time in a quarter century, thirty-nine Parnellites divided against the budget in concert with the

¹⁵⁶ Gladstone to Spencer, 22 May 1883, in *D*, x. 451.

¹⁵⁷ Hartington to Spencer, 3 June 1883 (Althorp Papers, British Library, Add. MS 76898).

¹⁵⁸ Gladstone to Spencer, 8 Sept. 1882 (Althorp Papers, British Library, Add. MS 76856); Derby’s diary for 26 Jan. 1884, in Vincent, ed., *Diaries between 1878 and 1893*, 630.

¹⁵⁹ Changes to the rate of income tax in these years are summarised in *Financial Relations ... Final Report*, 529. A complete series of published income tax returns is not available for Ireland in this period, but the limited effect of these alterations on Irish revenue is suggested by the *Return of Income Tax under Schedules (A.), (B.) and (D.)*, for 1879/80-1883/84; see HC 1882 (292), xxxvii. 249, HC 1883 (206), xxxviii. 329, HC 1884-85 (25), xlv. 273, HC 1884-85 (235), xlv. 279.

¹⁶⁰ *Parliamentary Debates*, third series, cclii. 1653-4 (10 June 1880), 1782-3 (11 June 1880), ccliii. 767 (24 June 1880).

¹⁶¹ *Ibid.*, cclx. 618 (4 Apr. 1881), cclxxvii. 1576-7, 1587-8 (5 Apr. 1883), cclxxxvi. 1096-8 (28 Mar. 1884), cclxxxviii. 517, 521, 523, 526-7 (15 May 1884), ccxcvi. 648 (26 Mar. 1885).

Conservative opposition, inflicting a narrow but fatal defeat upon the government.¹⁶² Although the loss of the budget stemmed from a variety of causes—cabinet dysfunction, Liberal abstentions, and a nationalist-Tory alliance grounded in Irish hostility to coercion—Irish financial complaints were clearly relevant as well.¹⁶³ As the nationalist weekly, *United Ireland*, playfully recognised in ‘Westminster School’, the division established Parnell as the arbiter of British politics—a position he would retain into 1886 (see figure 6).

For Gladstone, home rule offered an escape from the Irish fiscal vice. Here, as in other areas of his mature Irish policy, colonial parallels were important. So early as 1848 he had supported colonial self-government, in part, because it enabled the Treasury to shift costs to local legislatures.¹⁶⁴ At least in this respect Gladstone was—as his mid-century critics often alleged—sympathetic to the Manchester School.¹⁶⁵ Occasionally, the desire to retrench propelled him in apparently radical directions. As Chancellor of the Exchequer under Palmerston, for example, Gladstone had ‘warmly’ advocated the cession of the Ionian Islands to Greece, according to one cabinet colleague, ‘on the ground of economy’.¹⁶⁶ His case against ‘Beaconsfieldism’ in the late 1870s, famously, linked Tory imperialism to wasteful expenditure.¹⁶⁷ Lord Lorne, who served as Governor-General of Canada during Gladstone’s second administration, similarly (albeit retrospectively) attributed the Prime Minister’s ‘want of interest in Colonial expansion’ to his belief ‘that the Colonists ... were too apt to expect the British Treasury to provide everything’.¹⁶⁸

¹⁶² Conor Cruise O’Brien, *Parnell and his Party, 1880-90* (Oxford, 1957), 97.

¹⁶³ L.P. Curtis Jr., *Coercion and Conciliation in Ireland, 1880-1892* (Princeton, 1963), 19-23; Shannon, *Gladstone*, ii. 362.

¹⁶⁴ *Parliamentary Debates*, third series, xcvi. 452-3 (10 Mar. 1848).

¹⁶⁵ Gladstone to Robertson Gladstone, 27 Dec. 1848 (GGP, MS 569, ff. 13-14).

¹⁶⁶ Lord Stanley’s diary for 19 Dec. 1862, in John Vincent, ed., *Disraeli, Derby and the Conservative Party: Journals and Memoirs of Edward Henry, Lord Stanley, 1849-1869* (Hassocks, 1978), 193.

¹⁶⁷ See, e.g., *Parliamentary Debates*, third series, ccxlv. 1278-9 (28 Apr. 1879).

¹⁶⁸ Marquess of Lorne, ‘Lorne, Later 9th Duke of Argyll, on Gladstone’, Jan. 1899 (Argyll Papers, Inveraray Castle, bundle 720).

Figure 6: Westminster School (1885)



Parnell, depicted as a schoolmaster, dismisses Gladstone and the 'bad Whigs boys' following their defeat on the budget, while Lord Salisbury and the Conservatives look on. Some seven months later, the Irish leader would rusticate Salisbury in turn, setting the stage for a Liberal-nationalist parliamentary alliance and the introduction of Gladstone's first home rule bill. *Source:* American Catholic History Research Center and University Archives, Catholic University of America (<https://cuislandora.wrlc.org/islandora/object/cuislandora:38569>; accessed 21 October 2020).

If colonial precedents did not necessarily apply to Ireland, they came to seem increasingly germane to Gladstone as Irish expenses mounted in the early 1880s. During preliminary discussions of the second land bill in 1880, he was attracted to a purchase scheme developed by the Secretary of State for War, H. C. E. Childers, which proposed to limit the Treasury's financial risk by obliging Irish counties to guarantee the repayment of loans taken out

by Irish farmers.¹⁶⁹ Such a plan, the Prime Minister recognised, would have required the establishment of ‘really representative County Government in Ireland’.¹⁷⁰ Though this safeguard was not incorporated in the 1881 Land Act, Gladstone revived the idea when it became clear that the purchase provisions of the legislation had failed. As the scope of a prospective purchase bill expanded, however, he concluded that the loans would have to be secured on a larger and better funded authority than the counties, and in April 1882 he began to look toward the creation of ‘provincial bodies ... which might be charged with the management of this question, and might in a future year take over all the functions of County Government’.¹⁷¹

By the winter of 1882-83, the unremitting growth of Irish expenditure had convinced the Prime Minister that a reform of Irish government was a matter of some urgency. ‘The many questions connected with Irish Land & Public works are most dangerous’, he warned the Chief Secretary for Ireland, G. O. Trevelyan, in December 1882, ‘& can only be rendered innocuous by our having really responsible & rather weighty bodies to deal with.’¹⁷² While at this stage Gladstone continued to adhere to a plan for the establishment of Irish provincial institutions, he was soon prepared to envisage a more ambitious reform in the interest of economy:

Under the present highly centralised system of Government, every demand, which can be started on behalf of a poor and ill-organised country, comes directly on the British Government and Treasury; if refused it becomes at once a head of grievance, if granted not only a new drain but a certain source of political complication and embarrassment, the peasant proprietary—the winter’s distress—the state of the labourers—the loans to farmers—the promotion of public works—the encouragement of fisheries—the promotion of emigration—each and every one of these questions has a sting, and the sting can only be taken out of it by our treating it in correspondence with a popular and responsible *Irish* body—competent to act for its own portion of the country.¹⁷³

¹⁶⁹ Gladstone to H.C.E. Childers, 10 Dec. 1880, in *D*, ix, 636.

¹⁷⁰ ‘*Secret. Provisions. Irish Land*’, in *ibid.*, 642.

¹⁷¹ Gladstone to Lord Granville, 13 Apr. 1882, in Agatha Ramm, ed., *Political Correspondence of Mr. Gladstone and Lord Granville, 1876-1886*, 2 vols. (Oxford, 1962), i, 360.

¹⁷² Gladstone to G.O. Trevelyan, 30 Dec. 1882, in *D*, x, 388.

¹⁷³ Gladstone to Granville, 22 Jan. 1883, in Ramm, ed., *Political Correspondence, 1876-1886*, ii, 10.

It was necessary, he informed Lord Spencer in February 1883, ‘to get a good Irish buffer placed between the Imperial authority and those numerous wants of Ireland which have always pressed so hard upon us, and for which we are in danger of becoming more & more responsible’.¹⁷⁴ As in the colonies, so in Ireland, self-government provided an opportunity to constrain the growth of the British state.

When, in 1886, Gladstone returned to the premiership and drew up his first home rule bill, the fiscal provisions of the measure were thus a major concern. The Prime Minister’s proposals, though much altered in consultations with senior civil servants, deliberations with cabinet colleagues, and negotiations with Parnell, clearly demonstrated his desire to employ devolution as a means to impose ‘sound’ finance on Ireland. Before examining his scheme, two prefatory observations are necessary. First, in the autumn of 1885, while still out of office, Parnell sent Gladstone a ‘Rough Sketch of [a] Proposed Constitution for Ireland’, which included an outline of the Irish leader’s preferred fiscal settlement. In this document, Parnell bid for Irish control of ‘direct taxation ... customs duties and ... [excise] licences’, and suggested that Ireland pay a fixed sum of £1 million p.a. to Britain ‘for Imperial purposes’.¹⁷⁵ Second, according to estimates made in early 1886 by the senior Treasury official and ardent Gladstonian, Edward Hamilton, in 1884/85 Ireland’s actual contribution to imperial services had been about £3.25 million, equal to some 5 per cent of total ‘imperial expenditure’.¹⁷⁶

Set within this context, Gladstone’s determination to make Ireland pay a premium for self-government becomes evident. From the outset, he intended to enforce an ‘equitable division

¹⁷⁴ Gladstone to Spencer, 3 Feb. 1883, in Gordon, ed., *Red Earl*, i. 240.

¹⁷⁵ [Charles Stewart Parnell,] ‘Rough Sketch of [a] Proposed Constitution for Ireland’, n.d. [1885] (GP, Add. MS 44771, ff. 1-2).

¹⁷⁶ Edward Hamilton, Memorandum on Irish Finance, 15 Jan. 1886 (*ibid.*, ff. 26-7).

of Imperial charges by fixed proportions’ as part of his plan.¹⁷⁷ Accordingly, in one of his earliest surviving notes on home rule finance, dating from late 1885, he ignored Parnell’s preference for a low fixed-rate Irish contribution to the Exchequer, instead stipulating that the prospective Irish legislature would be responsible for up to 11 per cent of imperial expenses.¹⁷⁸ By February 1886—presumably with Hamilton’s calculations in mind—Gladstone had reduced the intended Irish quota to 8 per cent.¹⁷⁹ Even at this rate, however, Irish taxpayers would have been responsible for a charge of over £5.28 million in 1884/85—amounting to some £2 million more than their actual contribution in that fiscal year—and the Treasury concluded that an Irish legislature would be unable to balance its budget if payment on this scale were demanded.¹⁸⁰ At the beginning of April, consequently, the cabinet decided to fix Ireland’s quota at 7 per cent.¹⁸¹

Perhaps surprisingly, given his commitment to free trade, Gladstone proved more amenable to Parnell’s request for Irish control of customs duties. His flexibility on this point stemmed in part from political rather than fiscal concerns—if the Irish legislature controlled its own finances, Irish MPs could be excluded from the Imperial Parliament without raising the problem of taxation without representation.¹⁸² But fiscal considerations were also relevant. Privately, Gladstone claimed that allowing Ireland ‘to impose protective duties on British goods’ was ‘the safest way of eventually & thoroughly getting rid of’ Irish commercial ‘prejudices’.¹⁸³ He expected home rule, in other words, to vindicate free trade. Even so, the need to assuage British fears ensured that, in an early sketch of the home rule bill, Gladstone specified that the

¹⁷⁷ ‘Secret. No. 1’, 14 Nov. 1885, in *D*, ix, 429.

¹⁷⁸ ‘*Schedule A*’, n.d., in *ibid.*, 464.

¹⁷⁹ Gladstone to Hamilton, 8 Feb. 1886 (Hamilton Papers, British Library, Add. MS 48607A, f. 140).

¹⁸⁰ Reginald Welby and Hamilton, ‘Irish Finance A’, 17 Feb. 1886 (GP, Add. MS 44771, ff. 84-5, 88, 93, 96, 98).

¹⁸¹ Cabinet minute of 1 Apr. 1886, in *D*, xi, 522.

¹⁸² Hamilton’s diary for 31 Mar. 1886, in Dudley W.R. Bahlman, ed., *The Diary of Sir Edward Walter Hamilton, 1885-1906* ([Hull,] 1993), 32.

¹⁸³ Gladstone to Morley, 22 Mar. 1886, in *D*, xi, 515.

Irish legislature would not be empowered to establish differential customs duties, and mandated that any new Irish customs duty would need to be accompanied by ‘a corresponding duty on the same article of domestic production’.¹⁸⁴ This allowance proved to be too much for some members of the cabinet, however, and in early April Gladstone and the Chief Secretary, John Morley, informed Parnell that the commercial provisions of the measure would have to be reformulated.¹⁸⁵

Disappointed with the financial terms on offer, the Irish leader seized the opportunity to reopen negotiations with the administration, insisting on ‘more cash in return for surrender of customs’.¹⁸⁶ With Parnell having conceded on customs, the cabinet agreed to reduce the future Irish contribution to 6 per cent of imperial expenditure.¹⁸⁷ At Spencer’s suggestion, to avert potential disputes with the Irish legislature the prospective payment was converted from a quota to ‘a fixed sum’, ultimately set at just over £4.6 million p.a., and subject to revision after thirty years.¹⁸⁸ Included in this amount was a charge of £1 million for the Royal Irish Constabulary and the Dublin Metropolitan Police—equivalent to two-thirds of the cost of their annual maintenance—which Gladstone had long hoped to transfer to Ireland.¹⁸⁹ To secure payment, the administration’s accompanying land bill proposed the establishment of a new Receiver General, through whose office all proceeds from Irish taxation would pass, with the imperial contribution made a first charge upon the Irish revenue.¹⁹⁰ The Irish legislature was to be left with a working

¹⁸⁴ ‘*Secret Draft. Irish Government*’, 20 Mar. 1886, in *ibid.*, 672.

¹⁸⁵ Lewis Harcourt’s diary for 31 Mar. 1886, in Patrick Jackson, ed., *Loulou: Selected Extracts from the Journals of Lewis Harcourt (1880-1895)* (Madison, NJ, 2006), 235-6; Hamilton’s diary for 31 Mar. 1886, in Bahlman, ed., *Hamilton, 1885-1906*, 31-2; Childers to J.M. Carmichael, 3 Apr. [1886] (Childers Papers, University of Cambridge Library, RCS/RCMS/37/5/183); Gladstone to Morley, 3 Apr. 1886, in *D*, xi, 523.

¹⁸⁶ Morley’s diary for 5 Apr. 1886, in *D*, ix, 524, n. 5.

¹⁸⁷ Cabinet minute of 6 Apr. 1886, in *ibid.*, 525.

¹⁸⁸ Spencer to Gladstone, 19 Mar. 1886 (GP, Add. MS 44313, f. 57); *Financial Relations ... Final Report*, 260-1.

¹⁸⁹ W.E. Gladstone, *Speeches on the Irish Question in 1886: With an Appendix Containing the Full Text of the Government of Ireland and the Sale and Purchase of Land Bills of 1886* (Edinburgh, 1886), 39-40.

¹⁹⁰ See the text of the land bill in *ibid.*, 342-3.

balance of about £400,000, though it was to have authority to augment its revenue by levying taxes other than customs and excise.¹⁹¹

Was this scheme, as H. C. G. Matthew and Iain McLean have argued, remarkable for its generosity? Parnell, who lobbied for more favourable financial terms until the afternoon of the home rule bill's introduction, does not appear to have thought so.¹⁹² Nor did his coadjutors, who succeeded to the leadership of the Home Rule party after his downfall and death, and who insisted on more emollient treatment when Gladstone was preparing his second home rule bill seven years later.¹⁹³ Tellingly, in his speech on the introduction of the bill the Prime Minister dwelt upon the fiscal dangers of the Union rather than the financial benefits of home rule. The government of Ireland, Gladstone informed the House of Commons, involved the Treasury in 'a demoralizing waste of public money, demoralizing in its influence upon both countries'. Were home rule denied, he warned his auditors, 'you must make up your minds to a continued, never-ending, and never-to-be-limited augmentation' of Irish expenses.¹⁹⁴ Privately, he anticipated that home rule would encourage retrenchment in Ireland, predicting that it would lead to 'great economies on the constabulary ... economies on the judiciary and law expenditure which is now scandalous ... economies on the post office expenditure which is I fear in gross excess'.¹⁹⁵ In contrast, when addressing those Irish critics who alleged that the bill proposed 'a heavy charge ... upon Ireland', the Prime Minister could only counter by assuring them—in characteristically equivocal fashion—that the 'pecuniary arrangement' was 'equitable and even bountiful in some moderate degree'.¹⁹⁶

¹⁹¹ *Financial Relations ... Final Report*, 260-1.

¹⁹² F.S.L. Lyons, *Charles Stewart Parnell* (New York, 1977), 343-4.

¹⁹³ Hamilton's diary for 12 Jan. 1893, 16 Jan. 1893, in Bahlman, ed., *Hamilton, 1885-1906*, 183, 185.

¹⁹⁴ Gladstone, *Speeches on the Irish Question*, 46.

¹⁹⁵ Gladstone to Morley, 19 Apr. 1886, in *D*, xi.

¹⁹⁶ Gladstone, *Speeches on the Irish Question*, 45.

It may be objected, of course, that Parnell and his lieutenants were interested parties, and that in 1886 Gladstone had to sell the bill to a sceptical British public if it were to pass. Fortunately, from 1889/90 the Treasury published estimates of Ireland's contribution to imperial expenditure, making it possible to offer a crude comparison between what Irish taxpayers would have been charged under the terms of the 1886 home rule bill, and what they approximately paid in the later years of the Union. Because the contribution proposed under the home rule bill was based on official returns, while the subsequent calculations provided by the Treasury were founded upon estimates of Ireland's 'true' revenue, before attempting an analysis of the figures it is necessary to adjust the £4.6 million annual charge proposed by Gladstone. When developing his financial plan, the Prime Minister assumed that about £1.4 million of Ireland's official tax yield should actually have been credited to the British account.¹⁹⁷ If his supposition was correct, then Ireland's 'true' contribution to imperial services would have been about £3.2 million p.a. under home rule.¹⁹⁸

Ireland's actual imperial contribution, as Edward Hamilton noted in 1892, was simply '*the amount by which the Revenue raised in Ireland exceeds her own Civil Government requirements*'.¹⁹⁹ This sum, therefore, fluctuated depending upon two variables—Irish tax yields and Irish civil government expenditure. As figure 7 reveals, in the 1890s Ireland's imperial contribution remained relatively constant, at about £2 million p.a.—well below the amount that Irish taxpayers would have been charged under Gladstone's home rule legislation. In the first years of the new century, Ireland's contribution to imperial expenses grew modestly, though it

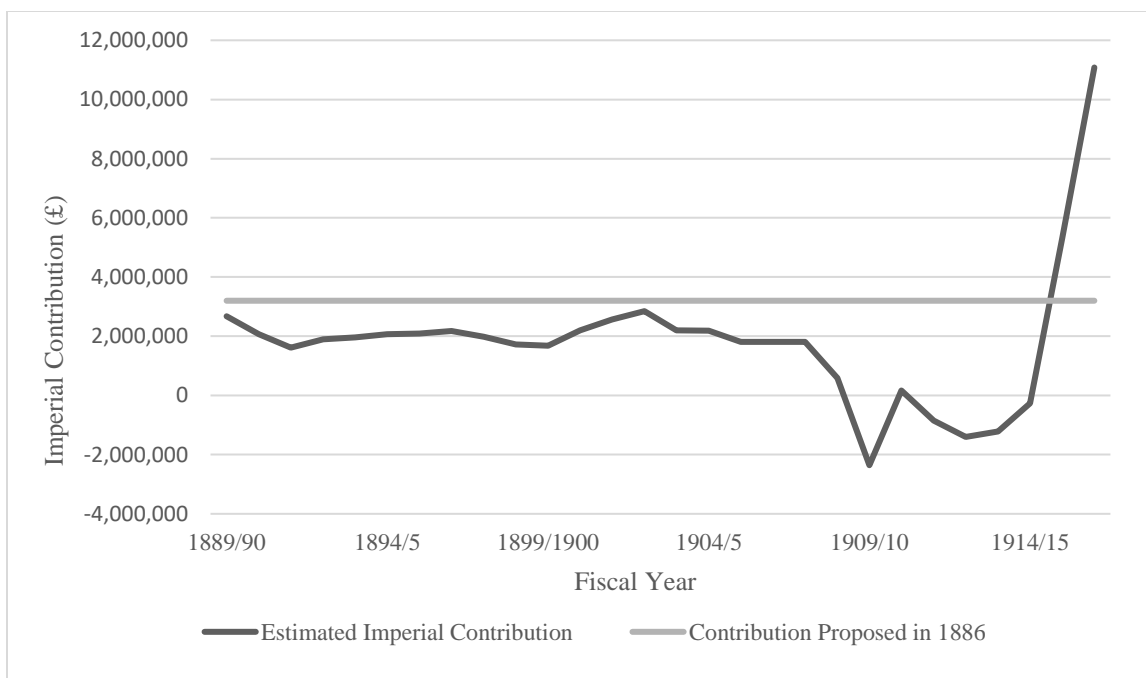
¹⁹⁷ 'Committee of Cabinet', 31 Mar. 1886, in *D*, xi. 521.

¹⁹⁸ The Treasury's subsequent estimates of Ireland's 'true' revenue, however, suggest that Gladstone exaggerated the inaccuracy of the official returns, and that an adjustment of between £550,000 and £1.2 million would have been more appropriate; see *Financial Relations ... Final Report*, 181.

¹⁹⁹ Hamilton, 'Irish Finance', 20 Nov. 1892 (GP, Add. MS 44774, f. 156).

still never reached £3.2 million in any fiscal year. The ambitious social policies associated with the ‘new’ Liberal governments of Henry Campbell-Bannerman and H. H. Asquith, however, resulted in a rapid increase in Irish public spending after 1905, and a corresponding decline in

Figure 7: Annual Estimates of Ireland’s Contribution to Imperial Services,
1889/90-1916/17



Source: *Imperial Revenue (Collection and Expenditure) (Great Britain and Ireland)*, HC 1900 (337), xlvii. 240, HC 1904 (269), xlix. 472, HC 1908 (215), lxii. 258, HC 1911 (221) xlv. 210, HC 1914-16 (308), xxxviii. 320, HC 1919 (162), xxxiii. 280.

the Irish charge. Between 1909/10 and 1914/15, in fact, public money was generally being redistributed from the centre to the periphery, as British taxpayers underwrote the cost of Irish government. The heavy taxation levied throughout the United Kingdom during World War I dramatically reversed this trend—in 1915/16 and 1916/17, uniquely, home rule would have delivered substantial financial benefits to Irish taxpayers. But the home rule bill’s fiscal provisions would have come up for renegotiation in 1917, so this advantage might have proven short-lived. Though the numbers will not bear much weight, they suggest that between 1889/90

and 1916/17 Irish taxpayers would have been charged a total of nearly £90 million under Gladstone's plan, while they actually contributed just under £50.5 million toward imperial expenditure in these years. One struggles, in short, to see how home rule under the terms of the 1886 bill would have represented 'a spectacular boon for Ireland'.²⁰⁰ Certainly, *pace* McLean, the Prime Minister did not offer the Irish 'a free, or a cheap, ride' in 1886.²⁰¹ On the contrary, the home rule bill—in keeping with Gladstone's intentions—was designed to augment Ireland's imperial contribution, constrain Irish spending, and secure British-Irish free trade—in short, to safeguard 'sound' finance.

Gladstone himself soon came to regard the measure's fiscal provisions as too stringent. Within weeks of the bill's defeat in June, he admonished the outgoing Liberal cabinet that 'a more detailed and methodical examination' of Irish finance was necessary.²⁰² By August, now out of office, he had concluded that his bill 'had put the figure too high against Ireland'.²⁰³ Three years later, Gladstone suggested that the Irish contribution ought not to exceed 5 per cent of imperial expenditure—the charge for which Parnell had unsuccessfully held out in 1886.²⁰⁴ In 1892, on the threshold of the general election that returned him to office as Prime Minister for a fourth and final time, he cautioned Morley against 'peddling treasury ideas' where Ireland was concerned, and assured leading home rulers that 'much more favourable terms ought to be accorded to Ireland, than in '86.'²⁰⁵

²⁰⁰ Matthew, *Gladstone, 1809-1898*, 503-4.

²⁰¹ McLean, *Fiscal Crisis of the United Kingdom*, 44.

²⁰² Memorandum of 27 July 1886 (GP, Add. MS 44772, f. 181).

²⁰³ Morley's diary for 12 Aug. 1886 (Morley Diaries, Bodleian Library, MS Eng. d. 3441, f. 120).

²⁰⁴ Morley's diary for 10 Apr. 1889 (*ibid.*, MS Eng. d. 3444, f. 58); Morley to Gladstone, 7 Apr. 1886 (GP, Add. MS 44255, f. 71); Morley to Henry Primrose, 8 Apr. 1886 (Supplementary Gladstone Papers, British Library, Add. MS 56447, f. 96).

²⁰⁵ Morley's diary for 1 Jan. 1892, 7 Mar. [1892] (Morley Diaries, MSS Eng. d. 3449, f. 98, Eng. d. 3450, f. 14).

This reassessment of the Irish contribution, however, did not entail a broader reconsideration of ‘sound’ finance. In making the case for home rule in opposition, Gladstone continued to allege that the Union imposed heavy burdens upon Britain. Irish expenditure was, he lamented, ‘in the highest degree wasteful’ and ‘unjust to the British taxpayer’, entailing an ‘enormous charge’ upon the country.²⁰⁶ Home rule, he insisted, would reduce costs related to Irish government.²⁰⁷ It would also, he maintained, secure a free British-Irish trade.²⁰⁸ Even the adjustment that Gladstone proposed to Ireland’s prospective imperial contribution was accompanied by a revision of the scheme intended to benefit Britain. The Irish, he thought, should pay a percentage of total imperial expenses rather than a fixed sum, so that their charge would increase ‘in time of war’.²⁰⁹

When Gladstone returned to the premiership in 1892, consequently, he saw no need for a fundamental revision of the first home rule bill’s financial provisions. In preliminary notes for his second home rule bill, drawn up in November, he stipulated that Britain would retain control of Irish customs and excise, revived the office of Receiver General, and again proposed to charge Irish taxpayers with a substantial portion of Irish police costs. The only significant departure from the earlier legislation, in fact, related to the substitution of a 5 per cent quota for the fixed-rate imperial contribution envisaged in the previous version of the measure. With the Treasury having recently begun to produce annual estimates of Ireland’s ‘true’ revenue, the Irish charge was to be calculated on the basis of this ostensibly more accurate figure. Finally, Gladstone

²⁰⁶ W.E. Gladstone, *The Irish Question: I. History of an Idea. II. Lessons of the Election* (New York, 1886), 57; idem, ‘Further Notes and Queries on the Irish Demand’ (1888), in *Special Aspects of the Irish Question: A Series of Reflections in and since 1886* (London, 1892), 202.

²⁰⁷ Gladstone, ‘Home Rule for Ireland: An Appeal to the Tory Householder’ (1890), in *Special Aspects*, 362-3.

²⁰⁸ Gladstone, ‘Further Notes and Queries’, 210.

²⁰⁹ Spencer, ‘Memorandum of conversation held at Spencer House’, 29 July 1891, in Gordon, ed., *Red Earl*, ii. 173.

suggested that the fiscal terms might be reopened after twenty years, rather than the thirty years indicated in the original legislation.²¹⁰

The Prime Minister's plan encountered stiff resistance from leading nationalists. During negotiations with the Chief Secretary, John Morley, in November-December 1892, prominent home rulers objected to the Receiver General as 'very wounding to Irish feeling', protested against the projected constabulary charge, and contended that Ireland 'ought to pay no more than ... 4 per cent' of imperial expenses.²¹¹ Gladstone was inclined to dismiss nationalist susceptibilities—'If the Irishmen don't like my proposals', he told Hamilton, 'they must *lump* it'—but they had good grounds for their reservations.²¹² According to the Prime Minister's own calculations, in fact, an Irish legislature would be left with a budget surplus of just £48,000 after making a 5 per cent imperial contribution and defraying expenses relating to civil government. Only through a '*manipulation*' of the figures could Gladstone secure a working margin of £423,000 to the prospective Irish assembly.²¹³ This surplus, it will be recalled, was about the same as had been offered by the first home rule bill, ensuring that Ireland would have been little better off under the measure's second iteration, notwithstanding the superficially lighter charge for imperial services.

Gladstone's plan, however, was recast before it reached the Commons. The alterations occurred not because the Irish demurred, but because Treasury officials—discreetly—and the Chancellor of the Exchequer, Sir William Harcourt—bombastically—maintained that the Prime

²¹⁰ 'Finance', n.d. [24 Nov. 1892], in *D*, xiii. 152.

²¹¹ [Morley,] 'Minutes of Conference at Shelburne Hotel', n.d. [29 Nov. 1892], [Morley,] 'Minutes of a Conference at the Shelburne Hotel', n.d. [3 Dec. 1892] (GP, Add. MS 44774, ff. 145, 172).

²¹² Hamilton's diary for 14 Jan. 1893, in Bahlman, ed., *Hamilton, 1885-1906*, 184.

²¹³ Memorandum on Irish Finance, 14 Jan. [1893], Gladstone to Sir William Harcourt, 16 Jan. 1893, in *D*, xiii. 179-81.

Minister's scheme was unworkable.²¹⁴ In January 1893, the cabinet adopted an alternative plan, developed by Hamilton and Alfred Milner, according to which, in lieu of a quota, Britain would appropriate the customs revenue collected in Ireland as the Irish contribution to imperial services.²¹⁵ From the nationalist perspective, this proposal had much to recommend it: the scheme rendered the Receiver General unnecessary, effectively set the Irish contribution at only 3 to 4 per cent of imperial expenditure, gave the prospective Irish legislature control over direct taxation, and left Ireland with a budget surplus of about £500,000.²¹⁶ Nor was the plan without its attractions for the government: it averted potential disputes about Ireland's 'true' revenue, secured British-Irish free trade, allowed Britain to retain control over rates of excise, and ensured a substantial Irish payment for the cost of policing.²¹⁷ Finally, by stipulating that the British Exchequer would keep a portion of the proceeds raised in Ireland from any future increases in excise taxation, the scheme made it possible for policymakers to augment the Irish contribution in times of emergency.²¹⁸

This plan, too, was ultimately set aside. Traditionally, historians have attributed its abandonment to an error in the calculation of Irish excise receipts, discovered in May, which had inflated Treasury estimates of Ireland's 'true' revenue. When the figures were corrected, the prospective Irish legislature was left with an insufficient working margin.²¹⁹ This explanation,

²¹⁴ Hamilton's diary for 17 Dec. 1892, in Bahlman, ed., *Hamilton, 1885-1906*, 179; Lewis Harcourt's diary for 16 Jan. 1893, in Jackson, ed., *Loulou*, 179; Morley's diary for 16 Jan. 1893 (Morley Diaries, MS Eng. d. 3452, f. 57).

²¹⁵ Hamilton's diary for 20 Nov. 1892, 18 Jan. 1893, 21 Jan. 1893, in Bahlman, ed., *Hamilton, 1885-1906*, 178-9, 186-7; cabinet minute of 23 Jan. 1893, in *D*, xiii. 190.

²¹⁶ Welby and Hamilton, 'Imperial Balance Sheet', 10 Feb. 1893 (GP, Add. MS 44775, ff. 72-3); *Parliamentary Debates*, fourth series, viii. 1272 (13 Feb. 1893).

²¹⁷ Hamilton, 'Advantages of having no quota in the Irish Finance plan', 10 Feb. 1893 (GP, Add. MS. 44775, f. 71); *Parliamentary Debates*, fourth series, viii. 1267-8, 1272 (13 Feb. 1893).

²¹⁸ The details of this provision, however, were a source of significant controversy in the cabinet; see, e.g., Morley to Harcourt, 12 Feb. 1893, Harcourt to Morley, 12 Feb. 1893 (Harcourt Papers, Bodleian Library, MS Harcourt dep. 26, ff. 12-15); Lord Kimberley's journal for 14 Feb. 1893, in Angus Hawkins and John Powell, eds., *The Journal of John Wodehouse, First Earl of Kimberley, for 1862-1902* (Cambridge, 1997), 411.

²¹⁹ Patricia Jalland, 'Irish Home Rule Finance: A Neglected Dimension of the Irish Question, 1910-1914', *Irish Historical Studies* 23, no. 91 (1983), 236; Pauric Travers, 'The Financial Relations Question 1800-1914', in *Ireland*,

however, is not especially persuasive. The sum involved was relatively small—Hamilton estimated it at £200,000, Gladstone at £350,000 to £400,000.²²⁰ As James Loughlin has observed, ministers might have adjusted the account between the countries and persevered in the scheme.²²¹ If, for instance, the British Exchequer assumed greater responsibility for the Irish constabulary charge, the full surplus could have been restored.

In fact, the Hamilton-Milner plan was largely a casualty of the Prime Minister's continued desire to secure a more substantial Irish contribution to imperial services. Even before Treasury officials detected the mistake in the computation of Irish excise revenue, Gladstone had soured on the scheme. He had accepted it reluctantly in January—under pressure, he later claimed, from Harcourt—and by April Morley recorded that the Prime Minister was 'turning back to the quota plan'.²²² At the beginning of May, Gladstone reviewed the home rule bill's financial provisions, concluding that the Irish customs revenue would represent a 'fair' charge at current levels of expenditure, but would not be sufficient if public spending continued to grow, or if Britain went to war.²²³ In the case of such 'future contingencies', he intimated, the "'Quota' plan' was superior, because it would be easier for Britain to increase the Irish contribution under such a scheme.²²⁴ Accordingly, Gladstone convinced the cabinet to postpone debate on the bill's financial clauses.²²⁵ The discovery, some ten days later, that the excise statistics were inaccurate

England and Australia: Essays in Honour of Oliver MacDonagh, ed. F.B. Smith (Canberra, 1990), 46; Matthew, *Gladstone*, 589; Shannon, *Gladstone*, ii. 543.

²²⁰ Hamilton diary for 16 May 1893, in Bahlman, ed., *Hamilton, 1885-1906*, 201; Memorandum of 16 May 1893 (GP, Add. MS 44775, f. 151).

²²¹ Loughlin, *Gladstone*, 269.

²²² Hamilton's diary for 21 Jan. 1893, in Bahlman, ed., *Hamilton, 1885-1906*, 187; Morley's diary for 7 Apr. [1893] (Morley Diaries, MS Eng. d. 3453, f. 69).

²²³ 'Substantive provisions for the Irish liability to Imperial Charges', 3 May 1893, in *D*, xiii. 232-3.

²²⁴ 'Supplemental observations', 3 May 1893, in *ibid.*, 233.

²²⁵ Cabinet minute of 5 May 1893, in *ibid.*, 234; Morley's diary for 5 May 1893 (Morley Diaries, MS Eng. d. 3454, f. 17).

fortuitously provided the Prime Minister with a pretext to throw over the Hamilton-Milner proposals, and to press for a return to ‘the quota principle’.²²⁶

The final version of the bill’s financial terms, drafted by the Treasury and submitted to Gladstone in June, represented a substantial modification of the Prime Minister’s original quota scheme.²²⁷ Rather than determine the Irish charge with reference to imperial expenditure, it was to be established by appropriating ‘a proportion, viz. 1/3’ of Ireland’s ‘true’ revenue. This levy would be equivalent to a contribution of ‘probably ... between 3¼ and 3½ [per cent] of Imperial charges’, and leave Ireland with a surplus of ‘about’ £500,000 after civil government expenses were defrayed. In order to allay Ulster Unionist fears of confiscatory taxation, ‘all taxes now existing’ were ‘to be fixed, managed, collected, as now for Irish account’, though an Irish legislature might ‘create new taxes on other subjects’.²²⁸ When prominent home rulers were informed of the plan, however, they voiced ‘strong objections to leaving the collection of Inland Revenue *permanently* in the hands of the Imperial Government’, though they were willing to ‘acquiesce in such an arrangement temporarily’.²²⁹ As a concession to the nationalists, the government agreed to transfer taxes other than customs to Ireland after six years, and to revise the Irish contribution at that time.²³⁰ A bill purporting to be a final settlement of the Anglo-Irish relationship, consequently, left the House of Commons in September with a financial scheme that was merely provisional.

This was not quite the end of the story. In July, while the measure was being worked through the committee stage, the home rulers persuaded Gladstone to establish a royal

²²⁶ Hamilton’s diary for 17 May 1893, in Bahlman, ed., *Hamilton, 1885-1906*, 201.

²²⁷ Hamilton’s diary for 1 June 1893, in *ibid.*, 202.

²²⁸ Paper ‘A’, 6 June [1893] (GP, Add. MS 44775, f. 156).

²²⁹ G.H. Murray, Memorandum of 8 June 1893 (*ibid.*, f. 163).

²³⁰ Morley’s diary for [15] June 1893, 19 June [1893] (Morley Diaries, MS Eng. d. 3455, ff. 16-17, 25-7); *Financial Relations ... Final Report*, 262.

commission on Anglo-Irish financial relations, with a view to the renegotiation of the bill's fiscal provisions after the transitional period specified in the legislation had elapsed.²³¹ Though the House of Lords rejected the home rule bill in September, the government decided to launch the inquiry anyway. Morley announced its terms in January 1894, not long before the Prime Minister's retirement.²³² Gladstone thus bequeathed the problem of Irish finance to posterity.

Conclusion

Without home rule, 'sound' finance was unsustainable in an Irish context. Under the Conservative and Unionist governments of the 1880s and 1890s, loans for land purchase and economic modernisation transformed the role of the state in Ireland, ending the era of mid-Victorian minimalism and inaugurating a new epoch of interventionism. For Gladstone, this development—and the heavy expenditure it entailed—was profoundly unwelcome. In the 1890s he characterised Britain's treatment of Ireland as '*tyranny qualified by bribery*', and he continued to lament the 'drain upon our finances' necessitated by the Union.²³³ On this subject, Gladstone's views remained remarkably stable: 'I condemn utterly the extravagance of the civil expenditure in Ireland', he wrote in 1897, in what was perhaps his last word on the subject.²³⁴

Late Victorian politicians, meanwhile, also repudiated the Gladstonian association of geographic neutrality with fiscal fairness. In 1888, the Salisbury administration modestly began to redistribute tax revenue from the English centre to the Irish periphery, applying a funding

²³¹ Diary of Sir Algernon West for 7 July [1893], 13 July 1893, in Horace G. Hutchinson, ed., *Private Diaries of the Rt. Hon. Sir Algernon West* (London, 1922), 172, 175; *Parliamentary Debates*, fourth series, xiv. 1477-9.

²³² *Parliamentary Debates*, fourth series, xx. 1464 (24 Jan. 1894).

²³³ 'Rough notes' on Ireland, n.d. (GGP, MS 1420).

²³⁴ 'Financial Arrangements of 1853 as Affecting Ireland', 19 Jan. 1897, in *PMP*, iii. 270.

formula devised by the Liberal Unionist Chancellor of the Exchequer, George Goschen.²³⁵ Still more explicitly, in 1896 the Royal Commission on Anglo-Irish Financial Relations, which Gladstone had agreed to set up two years earlier, issued its majority report, concluding that Ireland ought to be treated as a distinctive fiscal unit, and finding that ‘the increase of taxation upon Ireland between 1853 and 1860 was not justified by the then existing circumstance.’²³⁶ Gladstone belatedly conceded that Ireland was overtaxed in light of the commission’s verdict, but, astonishingly, Hamilton reported that ‘he disclaimed any serious responsibility in the matter’.²³⁷ Here, too, Gladstone demonstrated no great change of opinion: ‘I reserve my judgement’, he insisted in 1897, ‘whether political equality can ever be made compatible with privilege in point of taxation.’²³⁸ He had used much the same language nearly forty years before, when dismissing Irish fiscal grievances as Chancellor of the Exchequer during the second Palmerston administration. In the final analysis, then, Gladstone’s approach to Irish taxation and expenditure is explicable in terms of continuity rather than change. The maintenance of ‘sound’ finance in Ireland proved to be an enduring concern.

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²³⁵ McLean, *Fiscal Crisis of the United Kingdom*, 44-9.

²³⁶ Travers, ‘Financial Relations Question’, 54.

²³⁷ ‘Financial Arrangements of 1853 as Affecting Ireland’, 19 Jan. 1897, in *PMP*, iii. 270; Hamilton’s diary for 28 Jan. 1897, in Bahlman, ed., *Hamilton, 1885-1906*, 335.

²³⁸ ‘Financial Arrangements of 1853 as Affecting Ireland’, 19 Jan. 1897, in *PMP*, iii. 270.