

The rise and fall of David Lloyd George

The People's Budget

David Lloyd George was the most radical chancellor this country had ever known. He was pledged to bring Britain into a new age of welfare when 'wretchedness and human degradation will be as remote to the people of this country as the wolves which once infested its forests'. But to the rich Lloyd George himself was a great deal more dangerous than any wolf.

In 1909 recession was looming. Unemployment was rising. There was no state pension or national insurance. Britain was still tormented by Victorian levels of poverty, sickness and hunger. Lloyd George wanted to pay for welfare reforms by making massive cuts in defence spending. But with fears of a German invasion being stoked by the popular press he had little room for manoeuvre.

Out on the streets patriotic crowds were chanting: for the latest awesome war machine: the British-built Dreadnought battleship: 'We want eight and we won't wait'. Lloyd George's problem was Dreadnoughts were ruinously expensive. To pay both for them and for welfare he devised what he called his 'People's Budget'. He said it was a war budget 'to wage implacable warfare against poverty and squalidness'.

To pay for both Dreadnoughts and welfare Lloyd George announced an increase in estate duties – a huge blow to the wealthy. And he also introduced a new super-tax for the super-rich. The People's Budget was a direct hit on landowners in the Lords, many of them in Lloyd George's own party.