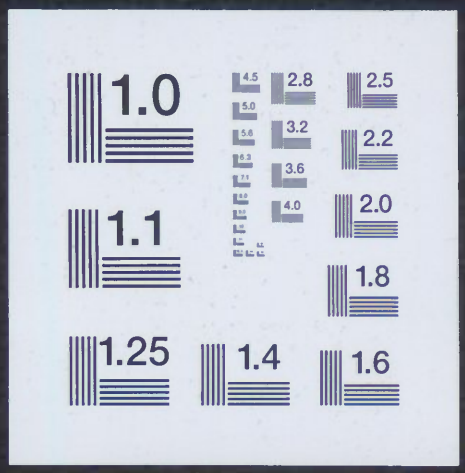
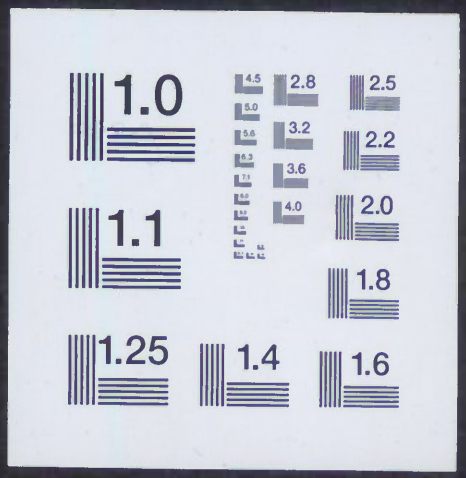




SOCIETY OF ARTS, LONDON,

February 1st, 1899,

THE ATTORNEY-GENERAL, G.C.M.G., M.P., in the CHAIR.

THE COST OF MUNICIPAL ENTERPRISE.

A PAPER

BY

DIXON HENRY DAVIES,

AND

DISCUSSION.

Mètchim & Son, London.

THE COST OF MUNICIPAL ENTERPRISE.

SYNOPSIS.

General economical principles of limitation of State functions applicable to Municipal Government as well as Imperial:—Relative fiscal importance of Local and Imperial Governments—Representative check upon local expenditure inoperative and insufficient—Growth of proper Municipal functions requires all the attention and resources of the Authorities—Repressive effect of Bureaucracy, lacking both the stimulus and restraint of private enterprise—Four arguments in favour of Municipalism:—(1) Cheap money; (2) Community entitled to profit of communal service; (3) Sordid motives of private enterprise; (4) Private Monopolies objectionable—Governments won't take a risk and can't invent, therefore Municipal enterprise tends to stagnation—Speculations on the results of such stagnation—Co-operative Societies—Trade Unions—Municipal interference with electricity—Its oppressive proceedings, analogous to the abuses of the old Corporations, therefore dangerous to our modern Municipalities themselves, for such a policy alienates public confidence—The warning of Milton.

The laws defining the limits of State action, to the elucidation of which so much of the best thought, both public and private, of the present and the two previous generations has been devoted, have by this time received a fairly general acceptance by our Imperial Authorities. It is now recognised that Parliament cannot itself initiate the energies of the nation, nor

supply the spirit of adventure. These developments and qualities must be the product of the brains, and the enterprise of the people themselves. All that the Imperial Government aims at in this regard is the preservation of "the open door," the maintenance, that is, of a favourable medium of security and liberty within which the free activities of an industrious and adventurous people can (whether at home or abroad) operate without let or hindrance. It is true that it is the fashion of certain speakers and writers who aim at cheap popularity by appealing to the shallower instincts of the uninformed, to disparage these doctrines of free trade, of fair field and no favour, but notwithstanding proposals seductive to class interests, the preachings of Adam Smith, Stuart Mill, Cobden, Bright, and Herbert Spencer have taken such a deep hold of the intelligence of the nation that they may be said to have been adopted as fundamental maxims by Parliamentary economists of whatever political colour.

There is a portion of the State, however, into which these important truths do not seem to have yet permeated. The local administrative authorities are as much a part of the State as the imperial. They have similar rights to regulate the conduct and tax the pockets of the subjects as has Parliament itself. Indeed it is probably not generally recognised how large a part of the State these authorities constitute if measured by their relative fiscal importance.

The charts marked 1 and 2 upon the wall show the relative amounts of the debt imposed upon the country by Parliament and the local authorities respectively, and the contrasted rates of decrease of the imperial, and the increase of the local burdens respectively, during the 20 years from 1878 to 1897, and while the imperial debt has fallen from 775 to 641 millions (a deduction of 134 millions) the local debt has more than doubled itself by an

increase of 138 millions, and it now amounts to the enormous sum of 252 millions, or, allowing for the accumulated sinking fund, 245 millions sterling.

The rapid growth of these local liabilities is still further illustrated by another set of figures which are exhibited on chart No. 3, and which show that during the past 20 years the local debt has increased 120 per cent., and the annual amount of local taxation has increased 77 per cent. against an increase in the population (the paymaster who has to meet these increasing burdens) of only 23·6 per cent., and in the rateable value of his property of only 26·7 per cent.

These figures relate to the whole of England and Wales, including the country districts whose authorities have hitherto been content, mercifully, with a much more modest conception of their functions than the municipalities. If we take the great towns by themselves (which should give us, on the principle that what Manchester and Birmingham think to-day England will think to-morrow, a more trustworthy indication of the future) the figures of the local debt appear to be more serious still. Well might a citizen in Manchester cry to his local governors "the State has chastised me with rods but ye have chastised me with scorpions," for while his debt to the nation is only £16 6*s.* 9*d.*, his debt to the municipality is £29 1*s.* 4*d.* (see Chart No. 4). The comparison of the local with the National Debt is more startling when the relative ages of the two are recalled, for whereas the vital need of the nation's defence, and other imperial necessities throughout centuries, are covered to-day by a debt of 641 millions, these local burdens, the creation of the last 30 years, already amount to 252 millions. It must be remembered that the National Debt is not really a debt at all. There is no liability on the State to repay the principal. The reverse is the case with regard to local debts. If

we except some few stocks which are only redeemable with the consent of the holder, these moneys are real loans, repayable at fixed periods whether the assets on which they have been expended continue to exist or not, and independently of the success or failure of the works for which they have been raised, and they constitute therefore a most serious and continuing hamper upon the taxable margin of the nation's resources, the margin which it is of high importance to conserve as far as possible intact as the nation's war-chest. Further, whereas the wisdom of the imperial legislators has been devoted throughout the late years of prosperity to the reduction of the country's liabilities on National account by the systematic redemption of the annuities, the local legislators have been steadily augmenting the liabilities of their citizens. To such an extent is this the case that if the same rate of decrease and increase are maintained for another 20 years the local liabilities will exceed the National Debt.

It is sometimes said that as these liabilities are imposed by representative authorities, the matter is in the citizens' own hands. But this does not seem to be a sufficient answer. To a large extent the representative system, though existent in form, is, in practice, inoperative in regard to these local bodies. They are so numerous. In addition to Municipal Corporations, there are County Councils, Parish Councils, District Councils, Boards of Guardians, School Boards, Highway Boards, Burial Boards, Harbour Boards, Vestries, Commissioners, and probably others. The consequence is that not one householder in a thousand understands the machinery by which he is governed, or can afford the time to find out how to exercise his franchise. All he knows for certain is that the rates grow heavier year by year, and that they must be paid, and he pays and grumbles. He does not vote. To such a state of wearied apathy have the voters been reduced that Ratepayers' Associations are common for the purpose of checking the proceedings of the elected

representatives, and a "Citizens' Sunday" has been instituted in London in order to arouse the enfranchised townsman to a better sense of his growing responsibilities.

But, apart from this, the representative check would not be sufficient even if it were in operation. The House of Commons is also representative, and yet the power of Parliament to levy taxation is much more restricted than that of the local authorities. In the first place the imperial finance is really under the control of the Members of the House of Commons for the time being, because the liabilities of the year are (apart from war responsibilities of the past) provided for out of the taxation of the year as proposed by the annual Budget, whereas the local liabilities are mainly met by loans spreading over a period of 12 to 60 years, over which, once undertaken, the Councillors have no control. Besides, by the Standing Orders of the House of Commons, as is well known, no grant of public money can be made except upon the initiative of the responsible Ministers of the Crown, and after discussion in Committee of the whole House. The value of these restrictions is probably appreciated by no one so much as by the Members of Parliament themselves, for were it possible for a Member of the House to rise in his place, as a member of the London County Council frequently does, and advocate some grand new scheme involving the immediate expenditure of millions of public funds, our legislators would be the perpetual prey of a hungry pack of place seekers. Even as things are, it is rumoured that the life of a member for, say, a Dockyard constituency, is not an unburdensome existence. The member of a Corporation, on the contrary, has no such safeguards on which he can rely. Probably in business himself, and surrounded with business friends on whose goodwill he is to a greater or less extent dependent, he has constantly to run the risk of offending some of them if he affects a rigid adherence to economy, and the mixing up of his relations towards the working class on the

one hand as master (for the Corporation is often the largest employer of labour in the town), and on the other hand as representative, must make his position as guardian of the public purse a difficult one. Surely to leave the Corporations surrounded with these direct incentives to extravagance without any adequate check on their power to expand their functions and increase their borrowing is, to say the least of it, unwise.

Let us for a moment consider the United Kingdom in the light of a Banking Company, with its head office at Westminster, and branches in every town. We find that at the head office the rule, founded on the experience of centuries, is that no loans are granted out of the funds of the shareholders, except upon the unanimous recommendation of the Managing Directors, approved at a full Board meeting, while the branches (which the Managing Directors never visit, and the affairs of which the Board give no attention to) are engaged on a policy of extension, to meet which loans are being undertaken equivalent to those at the head office, and threatening to involve the entire resources of the proprietors, without any of the restrictions which long practice had imposed upon the more responsible chiefs. Surely the shareholders should say to the Board, " You must give these local managers a line, a rule to limit their enterprising tendencies, and one rule would certainly be ' avoid trade risks.' Lend money upon sufficient security if you like, where you are sure of getting it back sooner or later in meal or in malt and in the meantime sure of getting a revenue upon it, but on no account embark the funds of the bank upon the chance of an adventure which may or may not succeed. Leave all such risks to your customers. Let them have the profits as well as the losses of them."

If this would be sound policy for a bank finance, why is it not so for national finance? There are many reasons in favour of its

adoption. The portion of the local debt at present invested in trade enterprises is, according to a recent writer,* about one-half of the total. The rest of the expenditure has been upon matters of public health, improvement of public streets, provision of public parks, and the like, which are admittedly unsuited to private enterprise. It is evident, however, that the debt cannot be pulled down on this side. The increasing standard of public comfort, the increasing demand of sanitation, and so forth, will continue to impose upon our local authorities duties of an onerous and costly nature, which are well within their proper arena. Indeed, is it not the constant cry that these duties are insufficiently attended to? Witness the clamour, often alas in vain, for the municipal dust cart. In a recent and most able paper, read before this Society by Sir John Wolfe Barry, a strong case was made out for the immediate expenditure of millions upon a new system of thoroughfares for the road traffic of London. The urban and suburban railways had been widened (Sir John said) at a total cost of some £60,000,000 sterling, while the public authorities had not spent a tenth part of that sum upon the not less important public highways. These necessities must continue to grow, and if for no other reason than that, these very important and increasingly onerous duties should not be neglected; it is desirable that whatever can be should be left to private traders. Where a tub can stand on its own bottom, do let it do so, if only because you have so many tubs whose inherent equilibrium is unstable, and which are bound to exhaust all your collective stability to keep them right end up.

The worst part of trading adventures for a Corporation is that there is no closing the capital account. Take the case of electricity. Corporations have hitherto only dealt with this great subject in a small spirit. The total indebtedness under this head in the last

* Local Taxation and Finance. Blunden, p. 19.

published figures is only some three millions, so that there is yet time to pull up. But electricity is fast advancing into almost universal use for trade as well as private purposes. If the authorities retain possession of this industry and keep pace with the needs of the future, they will have to spend 100 millions where they have at present spent one. Surely such a vista of capital commitment should give pause to the counsels of those adventurous spirits, who, with a vicarious enterprise, are so ready to land the ratepayers in further trading risks.

It is submitted, however, that the financial aspect of this question, how fully soever we may comprehend it, in its prospective as well as its present condition, and serious as it undoubtedly is, does not itself constitute an adequate measure of the cost of municipal trading enterprise by any means. In addressing a deputation in 1893, the late Prince Bismarck used the following words:—" My " fear and anxiety for the future is that the national consciousness " may be stifled in the coils of the boa-constrictor bureaucracy, " which has made rapid progress during the last few years."

The encroachment of municipal governors into the domain of commercial enterprise must restrict, and undoubtedly it does restrict and repress individual enterprise. It has this effect, not only by restricting the progress in the particular undertakings upon which it embarks, but also by hindering and obstructing individual speculation in other directions which the Corporation have not yet undertaken themselves, but which it or some of its members apprehend they may possibly in the future desire to undertake. It is not creditable to municipal enterprise that in no less than 104 cases local authorities should have obtained, and are holding, Provisional Orders for electric lighting without doing anything to carry the powers into effect. It is difficult to resist the conclusion that these powers have been taken for the dog-in-the-manger purpose

of keeping Companies out, and so have had a directly retarding effect, restricting the growth of the towns in an important direction.

No doubt many well-meaning people have come to look on municipal enterprise as the only means apparently available by which many useful public purposes can be accomplished, and doubtless the formation of Building Societies, Electric Companies, Railway Companies, and other private organisations, is a very difficult matter, but the very difficulty contributes both a restraint and a stimulus which are highly advantageous, and the absence of which is one of the disadvantages municipalities labour under in embarking upon trade. It is not a good thing that capital should be had for the asking. "Borrowing dulls the edge of husbandry." When money in plenty is to be had at 3 per cent., a rigid economy seems supererogatory. Again, if any portion of the community is so lethargic as to be incapable of making the effort necessary to set any such concerns which it may require on foot in a legitimate manner by private exertions, they had better be left without them, and learn the consequences of laziness. It is a wrong principle to train people to suppose that they can sit still and that luxury and comfort will wait upon them.

There are, however, four arguments commonly advanced by the supporters of municipal trading with which it may be convenient to deal here.

First, it is said that a public authority can raise money more easily and cheaply than a private Company can, and that therefore to leave large undertakings in private hands is to sacrifice an economical advantage. Is there not a fallacy lurking here? Nothing for nothing is a sound rule. Depend upon it the astute persons who finance public loans take

care to exact the full market value of the risk they take. If the public authority pays less for money than the Company would, it is because the authority undertakes a higher obligation. The obligations of a Company are devoid of personal responsibility, while the ratepayer has to repay his loans, as already pointed out, independently of the success or failure of the undertaking, and is in fact a shareholder in an unlimited concern. Further, the present credit of the local bodies is to a large extent the product of adventitious circumstances. It is not due to any improvement in the financial conditions of the bodies themselves, because no such improvement has taken place. Taxation is higher, and capital burdens heavier. It rests, on the contrary, on the thrift of the Imperial Government, which, by reducing the interest on its stock, has forced large amounts of money to seek a higher return, and by annually purchasing and cancelling Consols has raised the price of these to its present level. If the National Debt Commissioners were to suspend the operation of the Sinking Fund, there is not a Corporation in the country that could borrow at 3 per cent. Besides, the cost of borrowed money is a very small element in the success of a trading concern compared with personal talent. If it were otherwise, we should have no new firms starting to compete with established traders. Indeed, the command of large capital is frequently the ruin of a business. It leads to over-trading. So that, even if this advantage were a real one, and one to be permanently reckoned on (which for the reasons given is at least doubtful), it is not of the importance commonly attributed to it.

The second argument is that if a profit can be made out of the general supply of some commodity for the community, why should not the community realise that profit for itself? We seem to have heard of this system before, in a remote Island, where we are told the inhabitants earned a precarious livelihood by taking in each other's washing. But the great difficulty of a Corporation

engaging in a trade is to hold the balance evenly between the ratepayer as proprietor of the Corporation works, and the ratepayer as consumer. The two are not by any means identical. In Nottingham, the Corporation makes a large profit out of its gas, and in one of the Committees of Parliament last year a prominent manufacturer spoke very bitterly of the feeling of the large gas consumers that they were charged unduly for their gas in order that the rates might be relieved. He stated that the profit on the gas was sufficient to defray the entire cost of the admirable Technical University of Nottingham, so that the large manufacturers were compelled to provide lavish educational facilities for the town out of their own pockets for no reason except that they were for the purposes of their business the largest gas consumers. In fact, such a process is, they complain, stealing from the rich to give to the poor. Again, in Sheffield, the Corporation have just realised a handsome profit out of the working of the tramways, and they propose to appropriate £12,000 of this profit to reduce the amount, which otherwise would have to be levied by increasing the General District Rate by 2*d.* in the £. But the working class, who live along the tramway route, are up in arms at this proposal. They say that they are practically the sole users of the tramway, that a lowering of the District Rate means hardly anything to them, that the people who will benefit by that will be the rich property owners. In fact that such an appropriation of the profits means a stealing from the poor to give to the rich. Suppose, in his bewilderment, the Town Councillor, thus attacked on both sides, says we will not make any profits at all " we will reduce the price or the fares, so that the profit shall be extinguished altogether," this would still be unjust to the ratepayer who does not burn gas or does not use the tramway, for he will have been burdened with an additional capital debt for the purpose of subsidising his neighbour who has commercial needs that do not affect him. Such a ratepayer will say, " why should I be dragged willy-nilly into a huge trading venture, with a huge capital, in

which I take no interest, and be called upon to elect Directors for it, and otherwise spend my attention upon a thing which I do not understand?" The reasonableness of this will be understood from the case of the Liverpool electricity works where (the figures are quoted from a recent speech of the Town Clerk) the customers of the works only number 3,000, whereas the entire population of the city, some 700,000 people, is laid under contribution or liability to provide the capital and keep the works going, a disproportion which is surely a strong argument for the immediate disestablishment of electricity from municipal control.

The third contention of the advocates of municipalism, is that the motives of private adventure are self-seeking and sordid, and contrast unfavourably with the disinterestedness of the Town Council.

There is a great deal of cant, or at best ignorance, in this cry. Where is the inherent beneficence or nobility in those who merely adventure other people's money? On the other hand, no one who has seen the carrying out of a great public undertaking by private enterprise can have failed to be impressed by the high degree of courage, steadiness in adversity, tenacity of purpose, faith and loyalty which is required to steer it through the troubled waters of its early career. It is a mistake to attribute the motives of such individual adventure merely to pecuniary interest. The pleasure of accomplishing a great work of public utility and of deserving public fame, of vindicating the soundness of private opinions and higher considerations also enter largely into such motives. In fact the adventure becomes, as Leroy Beaulieu has put it, a refined species of sport. That this is so will be evident to anyone who has studied the account of Stephenson's great battle with Chat Moss, and the dogged and devoted manner in which the great engineer

was backed up by the capitalists and others who were associated with him. Such mercantile adventure affords a legitimate outlet for the sporting proclivities so firmly implanted in the Anglo-Saxon race, and one of the consequences of discouraging it, or limiting the opportunity for such adventure, will be to stimulate gambling of one kind or another. No doubt the reason why gambling is so prevalent in the working class is that, as wage earners, they have no share in the risks of their business, and so have to seek other fields for the exercise of their sporting instincts. To fence off by the staves of officialdom field after field of enterprise from the adventure of the individual capitalist is to deaden commercial activity, and to atrophise those energetic faculties of our nation which hitherto have been the mainspring of its progress. In a recent letter to the *Times* Sir Edward Fry says:—"What is it that "has made Englishmen what they are but their passion for "individual freedom, their habit of acting on their own judgment "and their own initiative, and their dislike, I may say their scorn, "for the leading strings of official authority? Without that "freedom of individual action England can never continue to be in "the future what it has been in the past." Bureaucracy cannot create advancement any more than grammar can create literature, and for our municipal governors to affect to sneer at the commercial motives of their citizens is, having regard to the mercantile authorship of our Corporations, in as good taste as for a *nouveau riche* to turn up his nose at the commercial origin of his own father.

Fourthly. It is sometimes urged that certain fields of commerce are necessarily monopolies, and that it is better that the Government should be a monopolist than a private person. There is some reason for this in such a case as the public supply of water, which, as a matter of common necessity, and one connected with vital questions of public health, may well be entrusted to the management of the civic officers, more especially as it does not involve any manufacturing

risks, and cannot possibly be replaced by another article. But in other matters this cry of monopoly is only a pretence by which people are induced to concur in the municipalisation of various trading undertakings. That such concerns are bound to become monopolies in the hands of the Corporation may be admitted, for the whole power and authority of that body is used to defend them as such, and to prevent anyone else conducting a competing trade, which, but for the Corporation, they would be entitled to do, but to say that they are monopolies when they are in private hands is an abuse of the term. They are only monopolies so long as by reason of their efficient service, or of the apathy of the community, the public do not choose to make the effort necessary to establish a rival undertaking.

What ground is there for alleging that in private hands such trades are monopolies? Because of their magnitude or their territorial stability? This merely means that those who allege it, have not imagination sufficient to conceive how such undertakings can be duplicated. In the thirties everyone believed that the trunk lines of railways were virtual monopolies. Had the present doctrine of the State traders then prevailed, we should no doubt have had the railways in the hands of the Government. Does anyone believe that if that action had been taken we should have had by this time four main lines of railway running from London to the North, and a fifth about to be opened, each independent of the other, and engaged in the keenest competition to improve and accelerate its service so as to obtain a larger share of the public patronage? Railway travelling between London and the North has reached a pitch of convenience and luxury, even to the third-class passenger, which would never have been dreamed of even 20 years ago. A pitch of convenience incomparably superior to that of France, where the railways have been installed under Government auspices, and where the public are saddled with nearly 4 millions

sterling of guaranteed dividends to the Railway Companies every year. This state of efficiency never could have been reached by a Government railway department for the simple reason that Government never takes a risk if it can help it. Why should it do so? And yet risk taking is the parent of progress. Can anyone imagine a Civil Service Department recommending the construction of a new line of railway from Bedford to London at a cost of many millions, when the whole of the traffic authorities of the existing line of railway between the two points asseverated over and over again that they were ready and able to deal with the whole of the traffic on that route, both existing and prospective? Of course the risk would never have been taken, and the Midland Railway would not have been in London to-day, and who can say what effect that deprival would have had in retarding the general trade of the country? It may be guessed at from the single fact that the coal sent to London from collieries on the Midland system was, in the year 1867, 157,246 tons, in 1869, after the opening of the extension to London, the Midland carried 760,000 tons of coal to London, a tonnage which has gone on increasing ever since till it now reaches about three millions. Surely this instance shows how serious must be the effect of restricting private enterprise, for the results of such enterprise, indirect, obscure, and not to be foreseen, are of much greater importance than the direct and calculable results.

Another deficiency in municipal or Government enterprise is that it is non-inventive. A Government never invents anything, never itself starts anything new, and is very slow to adopt inventions of other people. The Post Office did not invent railways, nor telegraphs, nor telephones, nor boy messengers. They, with more or less reluctance, adopted these inventions from outsiders. Steam was not introduced into our warships till years after it had been used in the mercantile marine. Hydraulic lifts are conspicuous by their absence in the public buildings of London, and the Metropolitan

Police have not yet learnt the use of the telephone. It is natural that this should be so, for a Governmental Department (whether civil or municipal is immaterial) is in effect a huge machine in which the members are snbordinated one to the other in an arranged succession like the parts of the machine. This gives stability and precision to the whole, it does not give individual freedom. Each member of the department must of necessity confine his activities to the particular channel assigned to him in the general design of the machine. He must on no account strike out a line of his own, neither can the machine itself operate except in its pre-ordained groove. It is obvious that invention, the initiation of new methods, whether mechanical or social, is not a crop that will grow in a soil of this kind. Such things are the product of free and independent thought.

It is clear, therefore, that a system of bureaucracy tends not to progress but to stagnation; to the fixing, that is, of ideas at their existing level of development. It may be able to carry on a simple trade such as the supply of water, a commodity of universal necessity, which, therefore, needs no pushing, cannot ever be replaced by the advancement of science, and can be managed on a system of strict routine, but in any branch of industry which is of a mobile character and which depends on the education of the public and the tempting of customers, the private capitalist who understands his own business and is free to conduct it in his own way, without having to reckon with the opinions of a host of other people who know nothing about it, must have an incalculable advantage.

To attempt to pre-surmise how this stagnating tendency, inherent in municipal enterprise, will operate, must necessarily be to some extent speculative, and for sheer lack of imagination must fall short of the realisation. One probable effect may be noticed.

Our municipalities, naturally on account of their democratic basis, and very properly on all accounts, take a great interest in the welfare of the working classes. They consider they best conduce to this welfare by supporting the regulations of the Trades Unions. There can be no doubt that these bodies have been of great service in raising the condition of the workmen, but it is equally certain that some of their methods are infected by gross economic error, and have tended not merely to the raising of wages, but to the restriction of the production per head. The prevalence of these errors, and the serious results of the recent industrial wars, in which the Trades Unions are ranged on one side, and the employers on the other, have set thoughtful men in all classes searching after some new form of industrial organism which will take the men out of the position of mere wage earners (to the conservation and protection of which position the efforts of the Trades Unions are directed) and make them partners in the whole produce of their industry. The germs of such development have already shown themselves in the co-operative manufactories, and in the labour partnerships which have (in some instances) made promising progress, with every indication of success in the removal of the fatal rivalries referred to. The evolution of such new collective fabrics, so devoutly to be wished by all friends of the working classes, and by all patriotic citizens, is just one of those improvements which experience and theory show to be impossible of development in the sterile medium of Government routine. Further, the action of the trading municipality, always insisting on Trades Union regulations being observed, not only in its own works, but even by the manufacturers or contractors who deal with it, does much to hamper the free spirit of experiment in these directions, and to retard the operation of those spontaneous tendencies which in an open market would work towards the accomplishment in due time of such new industrial plans.

There is no need, however, to draw upon the imagination to illustrate the deplorable effects of the enslavement of free energies which results from handing over an industry to municipal enterprise. We have an existent example of it in the state of the electrical industry.

How is it that this country, which taught the world the use of steam, should be so backward in electricity? How is it that whilst great systems of electrical power transmission are common in America, in Italy, in Germany, in Austria (constituting, as such systems do, an important new development in the division of labour, by enabling the small workman in a remote village to obtain his power on tap as it were, and so to produce almost as cheaply as can be done in the great steam workshops in the town), Englishmen are content with insignificant installations in monopolized areas. How is it that, while English machinery in the mechanical departments still holds its supremacy at home as well as abroad, in electrical matters we have to give place to other nations, and the whole of the plant for the electric traction of the underground railways of London is being ordered from America, and also that for the tramways of Leeds, Liverpool, Sheffield, of Glasgow, and of many more towns that can be named? Surely this state of things can only be accounted for by the unwise action of the Legislature in discouraging and restricting the enterprise of the capitalist, and in committing this promising industry to the sterile and monopolist hands of municipal enterprise. What is the history of this subject?

Parliament yielded to the fears of gas-owning Corporations (municipal adventurers are always protectionists of the most timid order), and the Electric Lighting Act of 1882 was passed. Under this Act the municipal authorities were enabled to obtain power to supply electricity under License or Provisional Order from the Board

of Trade; but private capitalists who might apply for such power were subjected to two disadvantages; first, they had to obtain the consent of the local authorities; and, secondly, the municipalities could, at the end of the 21 years, step in and acquire the undertaking at the then value of its material effects without paying anything for compulsory purchase, or for prospective profits, or for the cost of pioneer and educational work. In effect, therefore, municipal enterprise was encouraged to embark in this promising field, and every obstacle was thrown in the way of private enterprise doing so. The result was, of course, that the discouragements were too great for private adventurers to encounter, and they soon left the business alone. The municipal trader, in spite of the legislative encouragement, remained true to his tradition of taking no risks, and of avoiding new inventions. He sat down, and did nothing, and the industry stagnated until 1888, only one Provisional Order having been granted in the previous four years. Parliament then thought it time to interfere, and passed an amending Act by which, while the encouragements to the municipalities were not one bit abated, the obstacles to a private enterprise were partly removed by the extension to 42 years of the period during which the concern was exempt from expropriation by the authority.

Still municipal enterprise stagnated, but commercial adventure made a fresh start, and almost all the existing electric stations were established in London, in Liverpool, in Sheffield, in Nottingham, in Birmingham, and all over the country by Electric Companies. In many cases the undertakings of these Companies have since been acquired by the town before the right of compulsory purchase matured (at, of course, a handsome price, for a municipality can never drive a good bargain in an open market), and with the tardy advent of the municipal trader his monopolist tendencies begin to assert their mischievous influence. There is not of right any

monopoly in electric supply in this country. The first section of the Electric Lighting Act of 1888 reads as follows:—

> " The grant of authority to any Undertakers to supply " electricity within any area, whether by License or Provisional " Order, shall not in any way hinder or restrict the granting of " a License or Order to the Local Authority or to any Company " or person in the same area."

Whenever electric stations belonged to Companies, the Local Authorities were most anxious to take advantage of this Section and to promote competition. They readily gave their consent to two or more rival Companies working together in the same area. In London, for instance, there are two Electric Companies competing against each other in every parish, except the City, and in Westminster there are three. But what was sauce for the Company goose was by no means to be sauce for the Municipal gander. When the means of insulating high tension currents became improved, and other scientific appliances devised, it was discovered that the parochial limits (which were fixed, we are told, in the time of Alfred the Great) did not form a scientific division for confining a peculiarly elastic and transmissible force. Some parties therefore proposed, in full reliance on the Section of the Act of Parliament above quoted, to establish electric transmission systems on a much larger and more modern scale than has hitherto been known in this country, and, in consideration of the economies that would thereby be effected, to subject themselves to a maximum charge less than one-half the rate which the Corporations were authorised to charge, and were as a general rule charging, for the electrical unit.

This interesting and novel proposition was submitted to Parliament last year. No monopoly was sought for the Company,

who merely wished to trade in competition with any existing stations, just as a new railway seeks power to compete in the carrying trade. The right to disturb the streets was confined to cases where the authorities refused, unreasonably, facilities for the deliverance of the Company's wares through the Corporation's wires. The proposal was welcomed by the trading community, as one would have expected. The Chambers of Commerce petitioned in its favour, and no one opposed it except the municipalities. The nature of their objections is sufficiently indicated in the following recent resolution of the Municipal Corporations Association, passed in reference to this very Bill:—

> "That this Association affirms the principle that where "Local Authorities have, with the sanction of Parliament, "established, or are in course of establishing, undertakings for "public benefit, and have not failed in their duties, it is not "right or expedient that powers should be granted to Com-"panies to compete with them."

Surely here we see the municipal trader in his true colours. He does not wish to trade in the same way that any commercial man trades, facing difficulties as they come, contending with his rivals whomever they may be, adapting himself to new conditions, scrapping his existing plant as soon as it is superseded, and substituting more efficient plant, often at great sacrifice. Your municipal trader wont hear of scrapping superseded plant. He wants protection for the ratepayers' trade. If science has shown that he is on the wrong lines, and has made an improvident investment, so much the worse for science, which must go to the wall before the necessities of municipal trading. Science must wait until his machinery wears out. That will be quite time to introduce anything new.

The Bill, however, having in principle received the approval of

a Joint Committee of the two Houses, was passed by the Select Committee of the House of Lords. At both these inquiries the Corporations were strongly represented, and clauses were inserted for the protection of their interest. Not content with this, however, these bodies continued their hostility, and took the course, unusual in the case of a Private Bill, of organising a strong opposition to its Second Reading when it reached the second House. There was thus presented the strange spectacle of the Corporations opposing the granting of facilities to traders whose advent to their town their own Chambers of Commerce were actively supporting, and whom the same Corporations would, as they candidly admitted, have themselves cordially welcomed had they appeared a year or two earlier before they, the Corporation, had embarked in the electrical business. The opposition was conducted, not in the usual way, each town upon its own bottom, but by a kind of centralised union of Corporations, called "the Municipal Corporations Association." This body raises its funds for such proceedings by a rateable levy over the whole of the affected towns, so that, although ostensibly preserving its local character the opposition is centralised, and rendered unamenable to local influence. Further, such an organisation wields a power which, for the purpose of a Second Reading opposition in the Commons, is most formidable. For the Association calls upon the Corporations all over the Kingdom to bring pressure upon their respective borough members, so that in this case, which could not affect the interests of a single person north of Barnsley, or south of Derby, the member for a borough in the north of Scotland, and the member for one in the extreme south of Ireland would be whipped, each by his own Town Clerk, to vote against this Private Bill. When it is borne in mind how great (and, speaking generally, justly great) is the Parliamentary influence of the Corporations, whose councillors are elected very often through the same organisations as are employed for the political elections, it can readily be conceived how great a bar to the initiation of an enterprise which

requires Parliamentary sanction is the mere risk of having to face such an opposition. It is hardly too much to say that such a one-sided use of the united power of these local bodies (power granted, be it remembered, for the common good, not for the protection of selfish interests) for the purpose of stifling a new enterprise at its birth, and so securing for themselves a monopoly which they would not otherwise be entitled to, savours more of oppression than of fair dealing. Now, oppression is not to be tolerated on the part of our local bodies. If we were capable of tolerating injustice we should cease to be a people worthy of free institutions, and if the effect of the acquisition by the Corporations of these trading undertakings is to put partiality in the seat of authority, then the cost of municipal enterprise will be much more serious than any that has yet been contemplated.

Surely the Corporations have forgotten the sins whereof they have been purged. It was because of the monopolies and restrictions which the old self-elected Corporations imposed on the trade of the towns that, strong as they were in Parliamentary influence (for the old Corporations actually elected the borough members themselves), they forfeited the public confidence, and they were abolished by the Act of 5 & 6 William IV., cap. 76, the 14th Section of which reads as follows:—" Be it enacted that, notwithstanding any custom " or bye-law, every person in any borough may keep any shop for " the sale of all lawful wares and merchandise by wholesale or " retail, and use every lawful trade, occupation, mystery and " handicraft for hire, gain, sale or otherwise within any borough." The consequence of this new policy of freedom for industry is the extraordinary growth of population and resources which has succeeded the reform. But the oppressive treatment of the electrical traders would seem to indicate a reactive tendency towards the old mischief again.

All this points to yet another danger of municipal trading, a danger, that is, to the stability of the municipal institutions themselves. These institutions, which are the most ancient and, as they exist to-day since their constitution was broadened by the Act referred to, among the most efficient examples of the self-governing faculties of our race, are deserving of our uncompromising support. The towns are besides dependent upon them to an incalculable extent for some of the first necessities of modern life. It is therefore a duty imposed on all, by self interest as well as by gratitude and patriotism, to fearlessly point out the insidious error which is creeping into the practice of these bodies, and to use every effort to arrest it before the decadence becomes irretrievable. It would be wrong to overlook the serious state of the municipal institution of America, arising, as competent advisers tell us, from the unlimited enlargement of the functions of the Government. The consequence is that public employment is excessively multiplied, and the municipal debts have risen to colossal dimensions. The affairs of the cities are left to professional politicians, and are conducted in such a nauseous atmosphere of class corruption and party trickery, that the better class decline to have anything to do with them. A distrust of the servants and representatives of the people is everywhere manifest.*

We are a long way from such a state of things in this country, but can it be doubted that this ambition to embark in trade will be injurious to the Corporations, for their efficiency must depend not upon the profits which they may be able to make out of their various trading advantages, but upon the degree to which they can absorb into themselves the best energies of the most capable citizens? Is a course of action which puts them in competition with

* See Lecky. Democracy and Liberty. Vol. 1, pp. 80-86, and American Authorities there cited.

their own traders, which results in the imposition of something like an octroi duty upon a commodity that is fast becoming the necessity of every manufacturer, calculated to secure the respect of the trading community? Further, is it calculated in the long run to secure the respect of the working class? The expenditure of public money in a district, the establishment of municipal works, the employment of large numbers of the ratepayers at municipal wages, these are very popular things while they last, but they are also very difficult things to stop, for they necessarily create in the minds of the more ignorant of the ratepayers false ideas of the function of the Local Government. How can you blame the wage earner if he comes to think that it is the duty of the municipality to find employment for him, and how can you blame him if, when the inevitable disillusionment comes, he is disappointed and disgusted on finding that he was mistaken? Municipal trading is thus infected with the communistic poison, it begins by alienating the confidence of the manufacturers, and ends by alienating the confidence of the workmen from institutions which, so long as they confine themselves to their proper functions, are productive of such great good to the country. Surely, therefore, the Corporations would be well advised to confine their functions to those important public matters in which all their constituents are equally interested, and which must of their nature be performed by the ratepayers in common, and which involve no taint of partiality or suspicion of class bribery, such are the administration of justice and police—the care of the public health—the provision of parks and open spaces, and so forth. Let them leave to private enterprise whatever private enterprise will undertake, keeping themselves in an impartial position, so that they may secure the unsuspicious loyalty and obedience of all the traders to the regulations which they impose upon them for the protection of the common interest. Let them adhere to the spirit of the constitution of Alabama, which declares "that the sole and only legitimate end "of Government is to protect the citizen in the enjoyment of life,

" liberty, and property, and when the Government assumes other " functions it is usurpation and oppression."

A policy of antagonism to the trading Companies on the part of our Corporations would be an undoing of their own work. The immediate cause of these active commercial energies of which so much jealousy is expressed, is the liberty which has been secured to the individual in the towns by municipal institutions, " that liberty which is the nurse of all great wits," and for these institutions to interfere with and repress trading liberties is both unnatural and self-destructive. The following words, addressed by one of the great apostles of liberty to the Lords and Commons of England so long ago as the first half of the 17th century, are still pregnant with wisdom worthy of the attention of our reformed municipalities on the eve of the 20th:—" Ye cannot now make us less capable, less knowing, less " eagerly pursuing of the truth unless ye first make yourselves, " that made us so, less the lovers of our true liberty. We can " grow ignorant again, brutish, formal, slavish, as ye found us, but " then ye must first become that which ye cannot be, oppressive, " arbitrary, and tyrannous, as they were from whom ye have freed " us."—*Milton's Areopagitica.*

The statistical tables are the work of Mr. Ernest Davies, of the London Stock Exchange, and for them, and for many valuable suggestions on other parts of the paper, the writer expresses his thanks. The still larger contributions which have been levied on the works of Herbert Spencer, of M. Leroy Beaulieu, and Professor Lecky, will be evident to any student of those distinguished authors.

To them he, the writer, respectfully tenders his acknowledgments. To the Town Clerks of various Cities and Boroughs, who have supplied Statistics with the courtesy characteristic of their office, thanks are also due, and also to Mr. James Watson, the Actuary of the English and Scottish Law Life Office, for his kind advice and assistance; and in particular to Mr. H. Graham Harris, and to his firm, Messrs. Bramwell and Harris, of Great George Street, not only for most valuable aid on all points, but for the original idea of the Paper.

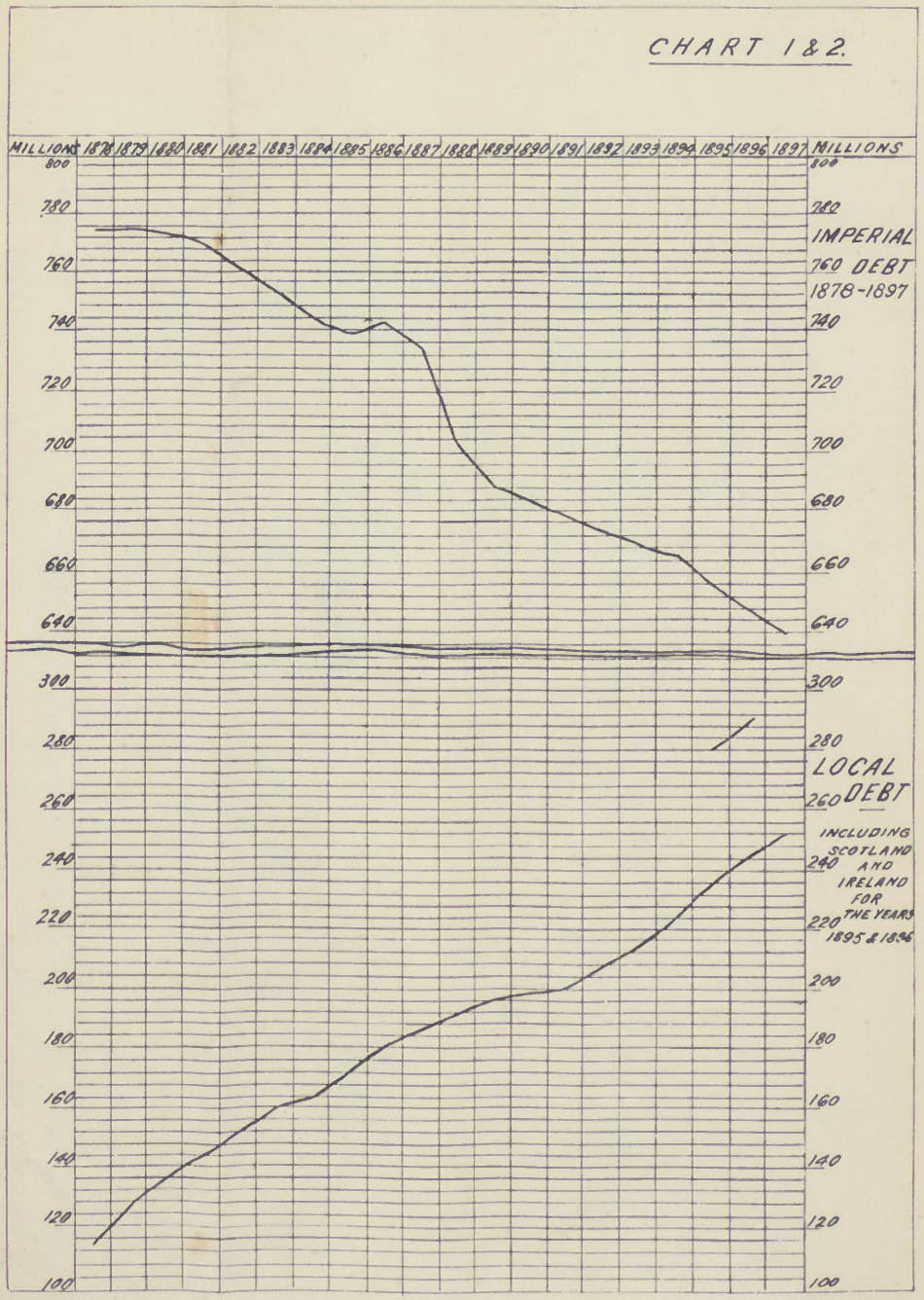


CHART 1 & 2.
MILLIONS
1878 1879 1880 1881 1882 1883 1884 1885 1886 1887 1888 1889 1890 1891 1892 1893 1894 1895 1896 1897
MILLIONS
800
780
760
740
720
700
680
660
640
IMPERIAL DEBT 1878-1897
300
280
260
240
220
200
180
160
140
120
100
LOCAL DEBT
INCLUDING SCOTLAND AND IRELAND FOR THE YEARS 1895 & 1896

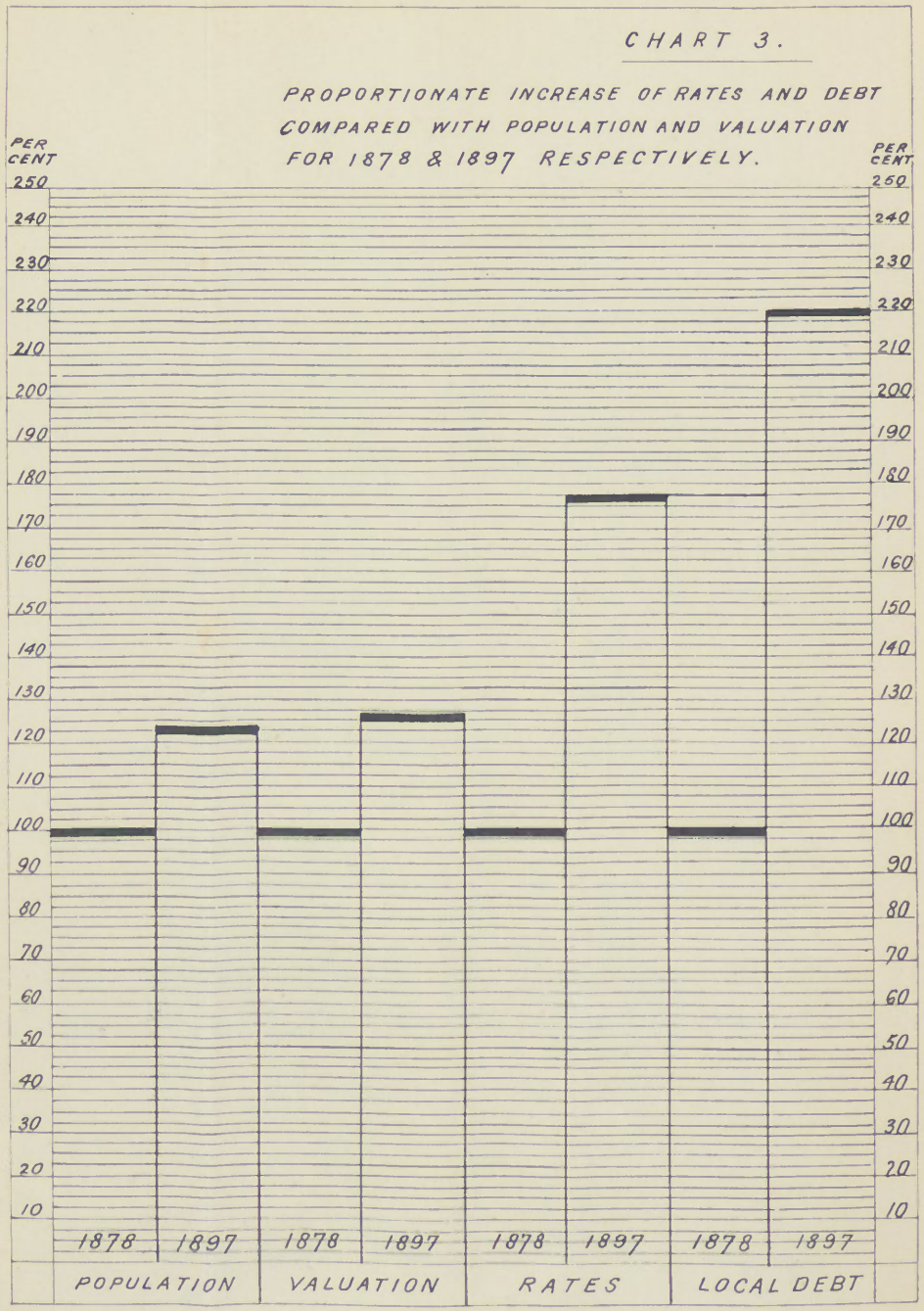


CHART 4.

NATIONAL DEBT PER HEAD AS COMPARED WITH NET LOCAL DEBT PER HEAD OF ENGLAND AND WALES THE METROPOLIS AND SIX REPRESENTATIVE TOWNS FOR 1896-7.

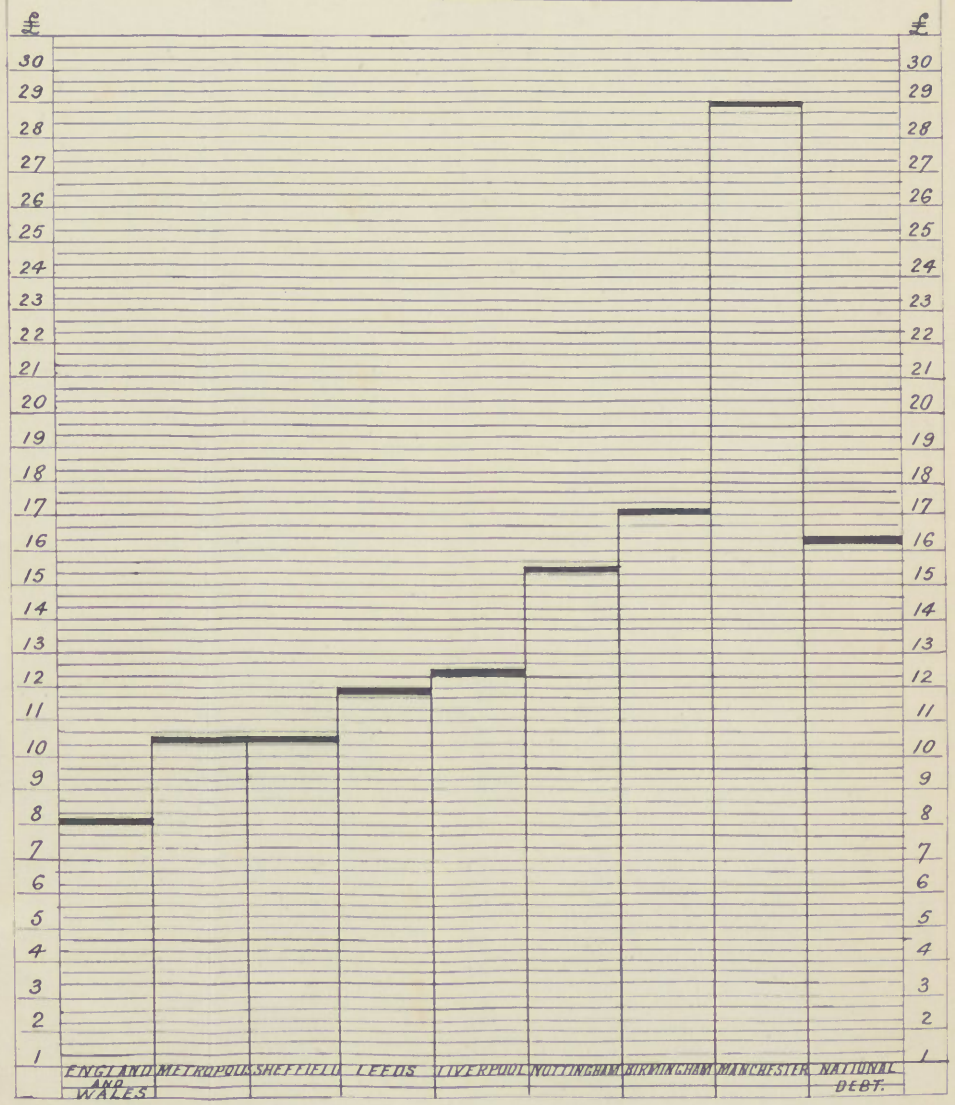
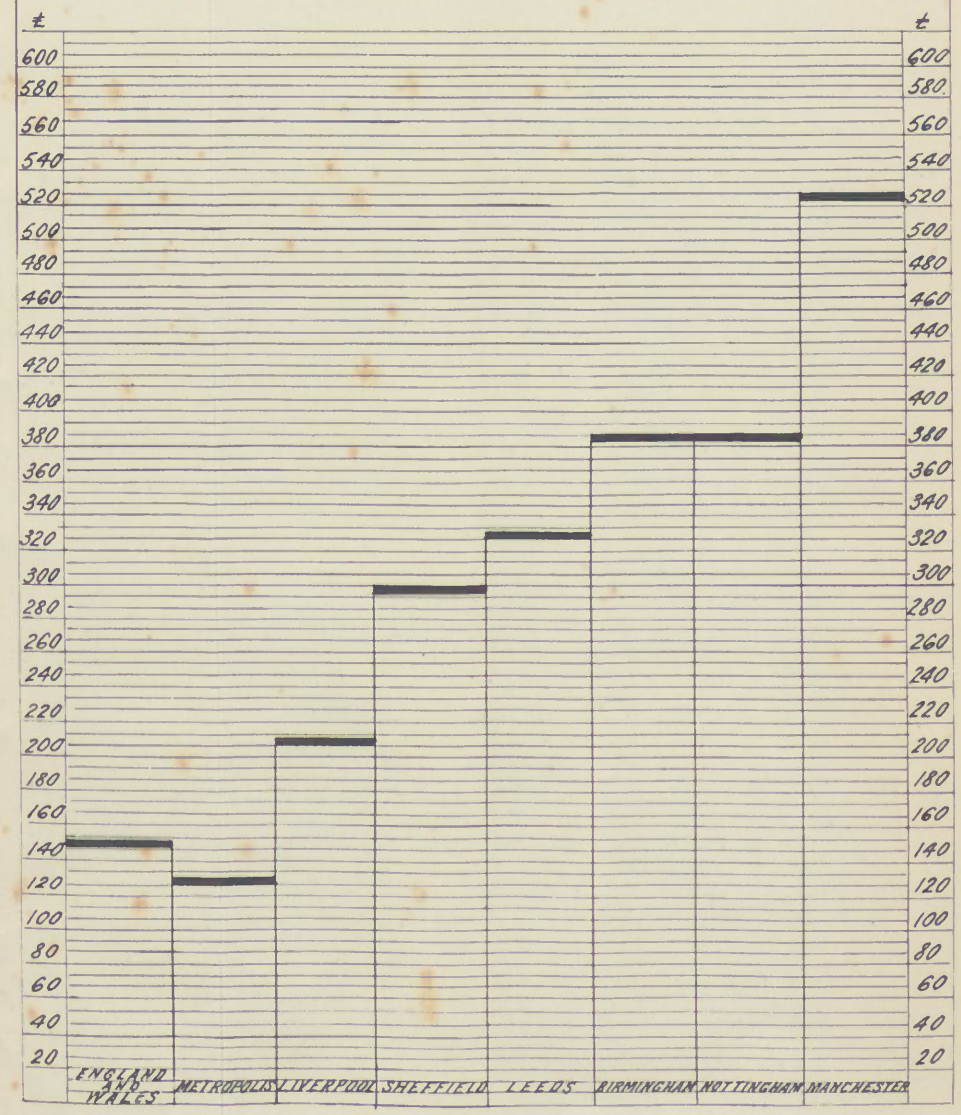


CHART 5.

AMOUNT OF LOCAL DEBT PER £100 OF RATEABLE VALUE IN ENGLAND AND WALES THE METROPOLIS AND SIX REPRESENTATIVE TOWNS.



DISCUSSION.

The CHAIRMAN said Mr. Davies had brought forward in a most attractive manner a subject which, at first sight, appeared very dry, and had not only relieved it by pointed and humorous observations, but had presented some very serious points for consideration. As he was unable to remain until the close of the discussion, he would make a few remarks which occurred to him at once. The Tables on the wall would, he hoped, be reproduced in the *Journal*, as they were very valuable, but he thought their value would be enhanced by a further subdivision showing the amount of local debt which had been incurred for what might be broadly termed trading purposes. Whatever might be said as to the profit made out of undertakings such as gas or tramways, worked by corporations, his belief was that if the matter were thrashed out, it would be found that the burden on the ordinary ratepayer was less where no such risks were undertaken. Of course, he did not pretend to lay that down as a fact, from personal knowledge, and therefore he thought it would be very useful if such an addition could be made to the Tables. It was the more important, because it was stated that, according to the most recent statistics, one half of the total local debt was due to trading risks. Valuable as the paper was, he should have been glad if Mr. Davies could have drawn some more precise conclusions as to where the line should be drawn. He had indicated one limit, viz., that corporations should confine themselves to such works as sanitation, parks, open spaces, police, and possibly water; but those limitations might be further developed. He had the strongest feeling in favour of the main argument of the paper; indeed, he thought it might have been put even more strongly. Not only was the power of a corporation to earn money as traders quite a modern development, but in the beginning of the reign it was contrary to law. He

remembered arguing a case many years ago with regard to the duties and powers of a corporation which was contemplating supplying gas to outlying authorities, and Lord Chief Justice Cockburn laid it down as an axiom that, except for statutory authority, a corporation had no power to make profits. That was not a mere accident owing to the want of development of modern enterprise, but was due to a sound system of political economy, that it was almost impossible to put the burden of a trading undertaking on the right shoulders, and so to regulate the charge that you did not put a burden on those who derived no benefit. Some people still thought it would be well to have toll-gates, because then those only who used the roads would pay for them. But without going so far as that, every one could see that it was extremely difficult to make the cost of an undertaking and the charge for it exactly balance; and he did not believe any corporation could so adjust its affairs that the burden should be borne only by those who used the undertaking, especially when, as in most cases, a sinking fund had to be provided for. It was a burden on the ratepayers of to-day for the benefit of those of the future. Again, the absolute necessity of inventive competition in this kind of undertaking was of great importance to the argument. He knew of nothing in which this was more marked than in connection with telephones, electric lighting, the supply of gas, and so on. History showed what difficulty there had been in introducing economic changes, and in inducing people to discard old machinery in favour of new even where there was the inducement of greater profit. There was practically no inducement to a corporation to discard old plant and buy up new until it was worn out, and all history showed that to private enterprise and energy all the great inventions of the world were due. A great deal of cant had been talked about monopolies, and after all there was no greater monopoly than to give a corporation the sole right of supplying electricity. No local authority would be likely to give its consent to a private undertaking

supplying electricity in competition with itself, but he was satisfied that competition was essential in connection with electric lighting as with any other question of supply and demand. Possibly a distinction might be drawn in favour of water, and certainly drainage was a matter out of which no profit ought to be made. Everybody benefited when the health of a town was improved. He admitted that water was very near the line, and within certain limits every one ought to require about the same quantity. He would not go into questions which were extremely important and very far-reaching, and of which they did not know what the outcome might be, such as the evils which might be created by a fictitious rate of wages being established by municipal authorities as compared with the price at which honest contractors could get the work done. Those persons who had not had to do with practical business might say no harm was done by the present rate of wages being raised, but an end must come, and the general result on trade, and ultimately on the prosperity of the working classes would be harmful. One point which perhaps Mr. Davies had a little exaggerated was the ease in getting money on the part of the local authorities. Though they might raise it on lower terms than a private company, they had to provide for repayment within a certain time, which a company had not, and one thing must be put against the other, but that was a point which would bear a great deal of discussion. He concluded by formally moving a vote of thanks to Mr. Davies.

Sir Walter Prideaux here took the chair.

Mr. Brydges said he should like to say a few words on behalf of corporations. In the first place with regard to the comparison made between the local and the national debt it must be remembered that in the case of the local debt there was something to show for it, whereas there was nothing to show for the national debt; it represented hardly anything but the expense of a number of

wars which, however necessary, were only necessary evils. In the time of George IV., after the Napoleonic wars, the national debt was something like £900,000,000 though it had been considerably reduced since; and it was not like a debt which had been incurred in the purchase of assets, tangible and to a certain extent realisable. With regard to the probable increase of local debt, Mr. Davies said if it went on at the present rate, in another 20 years it would equal the national debt; but it did not follow that because an increase had taken place in the past it would continue at the same rate in future. On the same principle, the national debt having been about £30,000,000 in the time of Queen Anne, an economist in the days of George IV. might have said that in another 100 years it would amount to £127,000,000. Half the debt incurred by corporations had been for purposes of sanitation, and, the towns having been put in decent order, it might be hoped that similar expenditure would not have to be incurred again. He did not understand how half the total amount had been incurred for trading purposes if half had been spent on sanitation. Four arguments in favour of municipal enterprise had been mentioned, and objections raised to each. As to the low rate at which money could be raised, it was said that was because corporations were found to pay their debts; if so, he thought it was a very good reason why their credit was good, and there was no blame to them for that. Then it was objected that the cost of borrowing money was of less importance than the employment of talent and energy. That seemed to be giving away the whole question, if it was meant that private companies could secure superior talent, but he should think a corporation might engage persons equally talented with those who served a private concern. Then it was objected that corporations could not earn a profit because they paid higher wages, they could make a certain dividend and yet increase the wages to some extent. There was a growing feeling in favour of raising the minimum rate of wage, and he thought it was to the credit of corporations that they had done

something to realise their ideal. Then it was said there was no motive, as in the case of private enterprise, and there was a sort of sneer at corporations being disinterested. No one supposed a town council was disinterested on its own account, it acted as trustee for the ratepayers. Then with regard to monopolies, he always understood that the principal objection raised to them was that the public suffered, and, in fact, the charges of gas and other companies had to be regulated by Parliament. In many cases corporations had done good work by taking over the undertakings of gas and water companies, and he did not believe any complaint had ever arisen in consequence. With regard to the rise in the rates, Mr. Davies seemed to think there was an unlimited power of borrowing, but that was not so. In the first place there was the power of the electors, and many candidates put in the forefront of their addresses that they were advocates of strict economy. Gentlemen might laugh at that, but very many had been elected who acted up to principle. No doubt there was a strong tendency in human nature to spend other peoples' money freely; but there was also a tendency in many men to abide by their principles. And if that were not enough security, it must be remembered that every loan had to receive the sanction of the Local Government Board. If there was any question about the expedience of the expenditure, a local inquiry was held. There was no danger, therefore, of money being borrowed recklessly without the sanction of the ratepayers.

Mr. Graham Harris said the paper was a very good one—too good, in fact, for there was too much in it to be appreciated on merely hearing it. It was a big subject, which tempted one into all sorts of bye-paths, but he admired the way in which the author had kept to the main road. With regard to Sir Richard Webster's suggestion that a note should be added to the paper giving the proportion of debt incurred by different municipalities for purposes

other than drainage, public parks, &c., &c., he thought it would be very useful. He noticed that Manchester had the biggest municipal debt, and he should imagine a large part of that was due to the Manchester Ship Canal. Whether that was a trading concern or not, he would leave to the shareholders to decide. His firm were engineers to the particular electric undertakings which had been referred to, and three Bills were coming before Parliament this year, one of which he might specially refer to. That was the Leicestershire and Warwickshire Bill. The proposal contained in this Bill was to supply electricity from a central station on the coal-fields over an area of nearly 1,300 square miles, for lighting power, and any purpose for which it could be used; and having regard to what was being done in Germany, America, Austria and Italy, it was quite certain that it could be supplied at something like one-fourth the rate at which it was sold at present. The total area in that district, at present supplied by the municipalities who were opposing the Bill and stirring up opposition all over the kingdom, was four square miles, and the whole work might be done by one small engine working continuously. They had 1,020 customers, but the whole population was counted by millions. The suggestion of the municipalities was that the company should be prevented from supplying that area, and that all the millions of people in the area, including their 1,020 customers, should be prevented having electricity at the price the company were prepared to supply it at. This was a serious matter, especially having regard to the difficultics with which English manufacturers were at present contending as against foreigners.

Mr. W. M. Acworth thought it was hardly fair to blame corporations for claiming a monopoly. They were highly organised bodies, and they knew that even the lowest organisms had an instinct of self-preservation. Now anybody who knew the working of a corporation, as distinguished from a private trading body, knew that if a corporation had not an absolute monopoly it was bound to

go to the wall. He had received a document which seemed very germane to the question before them, viz., a summary of which appeared in the *Times* that day. It was issued by the School Board for London, and had reference to a conference on assessment matters. He received it as chairman of the Finance Committee of the Metropolitan Asylums Board, a body of which not one ratepayer in a hundred had ever heard, though it was responsible for an annual expenditure of ~~a~~ three quarters of a million. The document pointed out that public bodies had to pay 10 per cent. more than a private individual whenever they sought to acquire land, and that they were at a similar disadvantage when making contracts for building. For the latter statement various reasons were given, and he might add one which was put to him by a gentleman who had done work in bricks and mortar for the ratepayers of London certainly to the extent of a £1,000,000, if not more. He said when he made his estimates for any public body he always assumed that his workmen would do less work for a contractor working for a municipality than for a private owner; he did not know why they should, but experience proved that it was so. The London School Board had spent about £6,000,000 in buildings, the body he represented about £3,000,000, and he believed 10 per cent. was a modest estimate of the difference in cost, and that more than wiped out the advantage of which they heard so much, of raising money cheaply. He had lately read the proceedings of the Committee on the Bills to which Mr. Harris referred, and he found there were two points made by the municipalities. One was that they were entitled to a monopoly, because it was in the interest of the ratepayers that they should have it. They always made that assumption but never attempted to prove it. The other point was that they owned the roads, and that nobody else ought to be allowed to interfere with them. It had just been decided by the Court of Appeal that this claim by the municipalities was a mistake, that they did not own their roads, but only had a certain qualified control over the surface, and when an

electric company without any right whatever pulled up the road and put in a main two feet deep, the municipality had no right to follow them. They were told that if the municipality only dealt with the roads, they would not be so constantly pulled up as they were by private bodies. It might be so if all municipal matters were managed by one committee; but, as a fact, he was informed that the main street of an important town was pulled up three times in one year—by the sanitary committee, the gas committee, and the water committee of the same corporation. He thought if the result of this discussion was to lead people to go behind some of these claims and examine the grounds for them, it would be greatly in the public interest. Mr. Brydges said municipal debt was not likely to increase as fast in the future as it had done in the past, but if so, he did not know what would become of the development of electricity. Here they were told that municipalities had invested three millions in electric undertakings; in America in electric traction alone not less than fifty millions was invested. If the municipalities were going to keep this business in their own hands, and were not going to increase their debt, he did not know what would become of the industry.

Mr. Ewing Matheson said it was a pure fallacy to say that corporations could borrow more cheaply than other people because they were obliged to pay their debts. They ran risks which often doubled and sometimes trebled in effect the interest they paid. The Manchester Ship Canal was largely contributed to out of the rates, and as it cost vastly more than was anticipated the money raised by the rates had to be doubled. He knew of a considerable town in the north, which built a large reservoir for a water supply, costing a quarter of a million. They thought it cheaper to do it themselves, because they could borrow cheaply, but when it was finished and the water was let in it all ran out at the bottom, because it was made cheaply. After ten years delay it was put right

at a cost of another £250,000. If a private company had done the work they would have had to bear the loss instead of the town. The risk was not always directly in money, but sometimes in the use of obsolete machinery. Some towns had constructed or acquired electric installations incapable of performing the service required of them, but if a private company attempted to compete the whole power of the corporation was used to prevent them. If it were the other way, and a private company had an obsolete or insufficient plant, the corporation would go to Parliament with a very strong case for setting up a private undertaking. The question in towns was often in the hands of officials, who liked to magnify their position and keep out other people.

Mr. Sydney Morse agreed with the Attorney-General that it would be well if the author could have given one or two suggestions as to how the question could be dealt with practically, as it would be a burning one in the next Session of Parliament. No less than seventy municipalities were applying either to Parliament or the Board of Trade for powers to trade in electric fittings, thus coming actually into competition with private manufacturers; and in addition to that a large number of Bills were coming forward in which municipalities were seeking to become trading corporations. Manchester was proposing to inaugurate a system of tramways within sixteen adjoining districts, in which it claimed that no company whatever should have a right to put down or work tramways. The Manchester corporation did not say they would make all necessary tramways, but only those should be made which they approved. The practical point was how was this question to be met? One way was to oppose these Bills in Parliament, and he was glad to hear that the Postmaster-General was opposed to this kind of thing. As Parliament had already permitted local authorities to undertake certain work it was no use proposing an absolute negative, and the more difficult question remained, to what extent should they

be authorised; and they could only go on the lines, how far it should be allowed. That raised a very difficult question, and he would ask all those present, and those who attended the adjourned meeting, to endeavour to give some assistance on that point. It must be admitted that no municipality ought to be authorised to do work for the benefit of other people at the cost of the ratepayers. They ought not to encourage expenditure on behalf of one section only of the ratepayers, and they should be confined strictly within their own area. If there were a scheme proposed in London which would greatly benefit Islington, it was not right that those who lived in Kensington should be heavily rated for the purpose. Health was a matter in which all were deeply interested, and therefore, there could be no question with regard to sentiment, but when it came to carrying on a big undertaking all over the country it was a different thing. If Manchester got a line of trams to the big towns surrounding them they would want next to come to London, and logically there was no reason why they should not. In the City of London they were going to fight this matter out to the bitter end, and he hoped that everyone would do their best to get Members of Parliament to take the right course in this matter, and prevent the further extension of a very dangerous principle.

Sir John Rolleston desired to thank Mr. Davies for his valuable paper. He was in close association with a community in which a large and important section were pressing forward doctrines of a contrary nature. It had a population of over 200,000; a large section—in addition to the nationalisation of the land, railways and so on—were bringing forward a programme for the municipalisation of all industry. This of course encouraged the corporation to enlarge its system of municipal trading. In that town none of the great public works—water, gas, or tramways—were due to municipal initiative, but to private enterprise. He must except electricity, which the corporation took in hand after several

companies had applied to the Board of Trade for licenses. The first Act was obtained in 1879, but until 1894 no electricity was supplied, and then it was at 6d. per unit. Since the promotion of the Bill to which Mr. Harris had referred, there was a prospect, however, of the price being reduced. The borough was the head-quarters of the boot and shoe trade, in which thousands of people were employed, and most of them supported these schemes, though a little reflection might teach them to think that, if that industry had been left to the municipality, not one pair of boots would have been made, or a shilling invested in the manufacture.

The discussion was adjourned until the 9th February, 1899.

CONTINUATION OF DISCUSSION.

The Chairman (Sir Westby B. Percival) said this was a special meeting, called to give a further opportunity of discussing the paper on "The Cost of Municipal Enterprise," by Mr. Davies. Sir Richard Webster was unable to be present that evening, and the duty devolved upon him, therefore, of presiding. Those who had heard the paper read would admit that it opened in a very able manner a most important subject; and he hoped they would have that night champions both of what might be called the progressive policy of municipalities, and those upon the other side. He would first call upon Lord Wemyss.

Earl Wemyss said he thought it would be well if some practical turn could be given to the discussion by passing a resolution emphasising what was in the paper, as coming from such a body it would be a material interest on the question in which they were all interested. He, therefore, drew up the following resolution:—"Having regard to the numerous Local Bills now before Parliament,

containing provisions for trading by municipal authorities, it is desirable in the interests of the ratepayers and of national progress that such powers should be suspended until a joint committee of both Houses of Parliament, or until a royal or other commission has inquired into this matter, and defined the extent to which municipal trading shall be sanctioned by the Legislature, and that a petition to this effect be presented to both Houses of Parliament." However, he was informed that resolutions were not possible at these meetings, but that it was competent for the Society itself to meet and petition in the sense of the motion. He hoped the Society might be induced to do so, and that the end of the discussion would be a petition on behalf of the Society practically embodying what was in the resolution. He had always been an individualist. He believed in individual enterprise, and that neither State nor municipalities should interfere or meddle with enterprise. It was individual enterprise that made the country what it was, and the danger they ran at the present time was that State or municipal interference would unmake what had so satisfactorily been made up to the present time. What did they owe to the State and municipalities in the way of successful enterprise? Take some of the most important—steam, lighting, and water. When he was quite a boy he recollected hearing that a grandfather of his used always to go by water to London from Leith, and was sometimes becalmed for 14 days opposite his own house on the Firth of Forth. Now they went against wind and tide the whole journey in 35 or 36 hours. Was that due to the municipality of Leith or even to that of London? No, but to private enterprise. Then again, take travelling by land. As late as his Oxford days he used to go from Edinburgh to London shut up in a state box on wheels, where he was kept for 48 hours, only getting an occasional walk of a quarter of an hour. Now he got into the train at London at 2.30, and landed at his own home at 10.30, and could dine on board on the road. They did not owe that to the State or to the

municipality, but absolutely to unfettered liberty of private enterprise. You could go on in that way, and refer to all that steam had done in setting millions of hands at work in the cotton or other trades, but they did not owe it to the State or to the municipalities. Taking lighting again: going back to his youth they had tallow dips and snuffers. Now every little cottage had its paraffin lamp, and you had electricity in every possible form of lighting, and if the municipalities did not interfere the probability was that within a generation the electric light in many districts would be burnt even in the cottages which used to be lit by the old cotton wick. So far from owing that to the State, all that the State had done with regard to electricity was to try and stop it, and it had succeeded in stopping it more than it would ever succeed in any enterprise of that kind. It stopped it completely in 1882, and a committee had to be called together to amend the Bill which had stopped electricity. Coming now to water: they heard a great deal about the water in London. He found no better water than he got in London, and always had an abundant supply. There was a great outcry on the part of the London County Council, who proposed, if they were allowed by Parliament, to spend 50,000,000 of money, and to rival Manchester by bringing water from Wales. Why? Because through the waste of people in the eastern districts, and because of this exceptional year there was a scarcity of water. He had an estate in Perthshire, and during the last summer every drop of water had to be carted from a pond. But he looked upon that as exceptional. He was not going to spend a lot of money in bringing water from the Grampians. By the Report of the Commission over which Lord Balfour presided, it appeared that the present water companies, with the little additions such as they could make, would find water enough for 12,000,000 of people for 40 years. Those who managed these things in London denounced the water companies as a monopoly, but it was not the State that brought the water to London, it was the Companies which were denounced for

making such profit as they were allowed to do under their Acts of Parliament. If it had not been for them they would now have been drinking Thames and Lea water flavoured with cats and dogs plus the sewage of 4,000,000 or 5,000,000 of people. The other night he went to the Palace Theatre and saw a wonderful photographic exhibition, which included Lord Kitchener arriving at Dover as he walked off the quay that very day alongside the Mayor of that Borough. He thought to himself was it to the Mayor of Dover that they owed all those wonderful photographic things which showed all that passed, and other scientific developments, by means of which they could now really physically see through the human body? Was it to municipalities that they owed such strides and signs as those? No. Science discovered and invented things, and then a few men formed a little body and exploited it to make money for themselves in the first place, but no doubt what they were doing tended for the good of humanity. That was the way the world progressed, and must progress if the state and municipalities did not step in and put a stop to all this sort of thing. Invention was as yet not in its infancy, the only thing which could stop it was municipal trading, as soon as a thing succeeded putting out their hands and taking possession of it. What was at the bottom of all this, more or less, was the wish to make the State and the municipality omnipotent, and to put the individual under the heel of the State. Last Summer, some members of the St. James's Vestry, of which he was a member, thought it would be desirable, in the interests of the ratepayers, to establish an Association, and he got them to call it the St. James's Anti-Socialist Association, and that there must be no mistake as to what socialism meant, he drew up a manifesto, but their being only just born, they thought that what he had written was too strong meat for babes; but he hoped it would not be too strong for the digestion of such a body as he was now addressing. In that he pointed out that the whole tendency of Socialism, as the German writer Lieberer

had remarked, was to make the State omnipotent; of course, the State embraced municipal bodies. He said—and this was the key to all these socialistic questions —Socialism means State omnipotence. Whenever a Bill was brought into Parliament by which a municipality tried to take possession of any enterprise, they had merely to put the test to it, was it a step in the direction of State omnipotence? One point he put in the paper he referred to was this—" All this means State omnipotence, or a step towards it."

That, he believed, would be the ultimate end of this interference with private trade and enterprise. It would be the most backward step which could be taken. Major Flood Page had written an admirable letter to the *Times*, in which he showed that at the present moment there were 70 Bills before Parliament by municipalities, all of them trying to grasp and make themselves manufacturers of everything connected with electricity—and if with electricity, why not with everything else? There was a movement now, and there had been a petition headed by a member of Parliament, on the subject of bakeries. It was proposed that all baking should be done by the State, and it was said that the primary cost would be £11,000,000, plus all other expenses. There was a complete system of municipal bakeries for the whole of London, for which it was said £10,000,000 would be required, exclusive of the ground value and compensation which would have to be paid for the disturbance of existing property. Supposing these gentlemen succeeded, there would be no private bread-making, it would all be done by the State; then the men would strike for higher wages, and the public would be starved out, because there would be no means of getting bread. The only way to prevent starvation would be for each person to keep a supply of sea biscuits, or peas and beans. Such a scheme as that would be open to any amount of abuse in the hands of those who were now pressing it forward. He would ask whether in the past the success of municipal trading had been so

great as to be encouraging with regard to the future. He held that there ought to be a series of Parliamentary returns up to date which would give the debtor and creditor account of all the trading by municipalities in the United Kingdom. They knew that in the case of gas the Parliamentary returns showed that in the great majority of cases private enterprise got a great many more cubic feet of gas out of a ton of coal than a corporation did, and his belief was that if they went through water undertakings or anything else they would probably find the same result. As to the ratepayer it cost him what was shown on the diagram, but he had a double risk; he had the risk in the long run of having to pay a great deal more, and he stopped progress, or if progress went on and some trading concern were bought to-day by a municipality, and an invention came out to-morrow which rendered it absolutely worthless, then all the debt was so much dead weight on the unhappy ratepayers. A further objection was that it might be a fertile source of jobbery and of bribery, and the establishing of municipal as opposed to market wages. If a man for his election to the House of Commons gave a pot of beer he was liable to be sent to prison, but if he brought in a Bill which took away the property of the few and gave it to the many he became a popular candidate and was safe in his seat. If this went on the ratepayers would be saddled with a lot of things which would be no use to them in the long run, and in connection with which there would be any amount of malversation and jobbery, besides the evils which would come through the choking up of enterprise. What was the remedy? The remedy was a very simple one if the people who had it in their hands would exercise it. It all lay with the ratepayers. He once met the late chairman of the London County Council, Dr. Collins, at a country house, and, in conversation with him after dinner, he said, "You want us to do nothing!" "Oh, no," he said, "I beg your pardon, I want you to do a great deal; I want you to keep our closets and our drains in good working order." On the strength of that they became very friendly, and next day they

visited a private natural history museum containing a large number of interesting objects. In walking about this museum he was very much struck by something in one of the cases, and took Dr. Collins to see it. He said, "This is the London ratepayer," and this object was a stuffed donkey! What its previous history was, whether it was a processional donkey or not he did not know; but there it was—an absolutely perfect representation of the assine being, the London ratepayer, who submitted to being taxed in every possible sort of way, with the results which were shown in his attitude, for he was on the ground with his fore-feet doubled under him, evidently crushed by the weight of municipal trading and taxation, when he could very easily have thrown the whole burden off. That was a happy illustration of what was coming. He did not believe the ratepayer would rouse himself. Some years ago they had a meeting in the Guildhall in Sir Joseph Savory's time to establish the Ratepayers' Defence Association. It was established, and they had branches in some parts of London in 1893, some of which he addressed. No, they did not care, and the thing had dropped. He was very much afraid they could not trust the ratepayers generally to be active in their own defence. Another difficulty was that the question of taxation was not brought home to them that governed, for they were governed now by numbers, and by a system of compounding, and the mass of working men did not know what their rating was, and it was their power which supported this system of going in for trading and taxation. If that were done away with, and the working man knew what legislation meant, he believed there would be a very different state of things. What could be done was only what was being done there, having able papers read and discussions upon them, which he hoped would lead, through the Press, to the formation of more instructive public opinions. But he wanted something practical, such as was suggested by Major Page in his letter, that there should be a joint committee of both Houses of Parliament, to put a limit which municipal trading should not

pass. Two friends of his were once having a conversation, one of whom was a very unattractive-looking man, and his friend was speaking of how London houses were infested with bugs, and this gentleman said, "Oh, bugs never touch me;" to which his friend replied, "Oh, but even bugs must draw the line somewhere." He wanted a Royal Commission to draw a line across which the municipal trading bug should not pass. He held in his hand a paper from the London Chamber of Commerce, which recited in the first place what the Bills were to which he had alluded—that they authorised corporations to manufacture, purchase, sell, or let meters, lamps, accumulators, dynamos, and other matters or things required for the purpose of the order, and to acquire, work, and use patent rights, &c. Could they have a greater blow to progress than that—the actual right to seize patent rights. Forty of the Bills before Parliament contained a clause to that effect, and yet they called themselves a free people. Then they went on to show that the Chamber of Commerce should petition against these Bills, and he hoped not only they, but every Chamber of Commerce in the kingdom would do the same, and the Society of Arts also; and that every trader who had a federation should not only, in the interest of himself and his trade, but also in the national interest, petition Parliament in the sense proposed in the resolution. After that, Government and Parliament would be obliged to stop and not listen to the would-be municipal traders, but to the voice of reason, and in the future, as in the past, they must have progress as the result of freedom. He believed in the liberty in all things—liberty to work for what hours, what wages, and for whom they liked, whether in the form of a Trades Union or not. He believed in liberty of trading. He resigned his seat for Gloucestershire in 1846 rather than vote against Corn Laws. He believed in private enterprise, not in State interference, or in the State making contracts for men. The contracts made for the State were always made in the interests of the many, as against the justice for the few. That was his

experience of Parliament in its working. He had struggled for liberty all his life. He had not long to live now, but what time and health he had he would still give to this purpose, believing that liberty was the only thing worth living for. It was that which had made the nation and State, and municipal inroads on liberty would unmake it. He hoped when he passed away his epitaph would be—"He loved liberty."

Mr. John Burns, M.P., said the noble lord, with the characteristic intrepidity and demagogic irreverence, had departed from the subject of the paper read at the last meeting, and had embarked upon a series of observations about the growth of socialism and the danger which would accrue both to the people and the nation if municipal socialism was not retarded. He would venture not to follow the noble lord into the narrow paths and bye-ways through which he had diverged, and which otherwise might have been an interesting discussion. He intended to deal with the paper which had been read, and incidentally to take one or two of the noble lord's arguments, and said that much what he had said was irrelevant, and, generally speaking, was archaic, where it was not absolutely worthless. For instance, Earl Wemyss said—what did we owe to the State? He would like him to put that question to the House of Lords to-morrow morning in secret session, and he would be told—of course in private session—that the State had given them that power which they undoubtedly exercised; it had given to the order to which he belonged a great deal, and it was because the State had been used by a class unjustly for the expropriation of the people as a whole in the interests of a section of the classes that the community as a whole wanted to resume re-possession of that instrument of State, in order to do for the nation what it had hitherto done for the class. The noble lord said what had the State done for steam? That had as much bearing on the present debate as if he were to ask how much wages the carpenters got for building Noah's Ark, and, with regard to electricity,

the same argument applied. Then he came to water and said he was satisfied with the London water supply. The firemen in the Minories that day were not, and the people in the East-end of London had been considerably disappointed with the London water supply. The noble lord said they wasted it. That was an exparte statement, probably coming from a director or shareholder, and it came with peculiar bad grace from the representative of a class who taunted them with being the great unwashed, and would not give them water to make them clean. He did not see that the defence of the London water supply as it existed helped Earl Wemyss much, and if that was the only argument he could bring against the municipalisation of water supply he was in poor straits. He would suggest to him that if what he said were true it was an indictment against the common sense of the most practical people on the whole face of this earth. He said we were rapidly going to dissolution because municipalities were assuming duties which should be left to the individual. He ought to know that the answer to that was that those eminently practical British people had in the course of the last two centuries taken from private enterprise 800 waterworks in England, Scotland, Ireland, and Wales, beginning with the Plymouth Municipal Waterworks, in the time of Sir Francis Drake, and not in one instance had they abandoned municipal water supply and returned to private enterprise. The fact that they had held on to a municipal supply was evidence that the British people believed that if it was right to help monopolies for the benefit of a few individuals it was doubly welcome and beneficial when its advantages accrued to the whole community to use that power. He asked what had the State done. He ought to know they were indebted to the State for life, liberty, and property. They were indebted to it for national defence, and if the exigencies of national defence compelled men to submit to discipline and co-operation, and by military cohesion to do that what would be futile if attempted by an individual—if it was right for

destruction it was right for the arts, for the art of industry, for any municipality to take up any industry which that community cared to undertake. The noble lord said the time had arrived when the people should band themselves against the exaction by municipalities. What were the facts? Whether a man were a Conservative, a Liberal, a Radical, or a socialist in public life, but he found that the necessities of modern life, modern industrialism, and national interest compelled either the municipality or the State to resist monopolies using their powers and carrying the power of capital too far. Socialism was called into existence less by an extensive desire for socialism as a theory than to use it as a matter of defence forced upon the community as a last resource against the exaction of the private enterprise, and the tyrrany of monopoly pushed too far. If Earl Wemyss feared the growth of socialism, as he did, it synchronised with, and was proportionate to the way in which the gains of industry and monopolies had called socialism into existence, by the way in which they had pushed the tyranny of private property too far. There were 800 waterworks, 250 gasworks, 50 tramways, 100 electric lighting companies, 12 docks, and so forth under municipal control, with the result that the capital value of the property owned by the different municipalities in Great Britain was equal to £500,000,000. He was not frightened by diagrams. It was said that figures never lied, but liars sometimes figured. The people through their local authorities had £500,000,000 worth of capital property for which they had contracted loans of £250,000,000, as the diagram indicated, but not a word was said about the assets. When he came to an analysis of the objections of municipal enterprise, he found it was not against the loans as a means of securing better assets, but it was simply the matter of the loans taking no notice of the assets at all. He saw the other evening that Sir Richard Webster talked about municipal enterprise creating a fictitious rate of wages. It had done no such thing, and it was only the uninformed who made that allegation. He might take the

London County Council as an instance, as he happened to be the author of that very much debated trade union clause. What did it consist of? The London County Council (and 300 local authorities had followed its example)—bad news for Earl Wemyss, but excellent for the community and the workmen, though bad for the contractors who made the Embankment—adopted this regulation: "The rate of wages and hours of labour shall be those recognised by and in practice obtained by associations of employers and trade unions of workmen." What a revolutionary document! What a most mischievous doctrine that the rate of wages in practice obtained and agreed on by associations of employers and workmen should be subject to so much impotent discussion on behalf of the noble lord and his supporters! He saw in the paper that a great deal of maladministration in the United States was due to the spirit of municipal enterprise which prevailed. As one who had been to America, and the noble lord would probably approve of much that he said in the teeth of the American people about the way in which greed, jobbery, and maladministration were rampant, but he might tell him that neither he nor the reader of the paper could put down to socialism or municipal enterprise anything like the jobbery and maladministration that there prevailed. Maladministration existed in America simply because of private enterprise, and that persons like Andrew Carnegies, Rockefellers, J. Goulds and Vanderbilts bribed judges, squeezed senators, and purchased legislators. What for? In the interests of the community? No, but to extend the tyrannical influence of private property still further, and in so doing they were debauching the community and demoralising the State. Wherever you went, municipal enterprise undertaken in America, either in water, electric light, or tramways, there you had the beginning of good government, and it was from municipal enterprise and to its success in England and the absence of jobbery and generally of real administration, that the Americans were following our example, and were beginning to set the crooked

paths straight. When the reader of the paper attributed to the State and municipalities the defects which were patent to any observer in America, he was very far from the mark, and was certainly not speaking from actual experience as everyone could affirm.

Mr. Davies said he had quoted his authorities; he did not speak from his own observations, but from the writings of American observers.

Mr. John Burns said his advice to Mr. Davies was to abandon those authorities henceforth, to throw those political Jonahs overboard, and make a trip to America himself, when he would come to the conclusion that every competent observer in America had come to. Then, the noble lord asked if municipal trading would pay. Was it likely that Scotch Conservative aldermen in the City of Glasgow, retired captains of industry, would be in favour of municipal enterprise unless it did pay? The answer to that was that there municipal enterprise gave 50 or 60 gallons of better water per head to citizens for 6d., but London people had a worse quality and less of it for 1s. 2d. With regard to gas, Lord Wemyss ought to know, as every engineer did, the number of 1,000 cubic feet produced by a ton of coal; although it varied, it was all over the country practically about the same, and where the municipalities produced a rather less quantity they did it because they preferred a better quality and higher candle-power than the average private companies did. Where that did not prevail it was on account of better wages, shorter hours, and fewer accidents than the private gas-holding shareholders could show in London that the difference between the two was accounted for. The noble lord said the time had arrived when the ratepayers should be aroused, and with the next breath he doubted if it could be aroused, because he knew, as well as anyone, that they could not arouse the ratepayer in London,

or anywhere else where any public policy was detrimental to his interest, and they would only regret municipal enterprises when they ceased to be profitable. He was one of those socialists who believed in making municipal enterprise pay wherever it could. To hear the noble earl speak, one would think that the 800 waterworks had been taken from their private owners by force of arms, but he saw that every one of them had been compensated, not only up to the market value, but over the market value. He knew full well that, whenever, in any instance, where the State or municipality had superseded private owners in this country, no harm had been done to the people who had been dispossessed. Take the case of the tramways. The London County Council paid them £800,000 for plant which really was not worth more than £50,000. The company got what the House of Lords itself declared to be not only a full price, but a generous price, and, in every case where compensation had been awarded, no one had been despoiled. It was said the House of Commons had a great duty passed upon it to throw out these 70 Bills. The House of Commons would do no such thing; the House of Lords might attempt it. He presumed the noble earl wanted an inquiry to put an end to municipal enterprise, but he could assure himself of this fact, that the House of Commons had ceased to be a chapel-of-ease to the London Stock Exchange, and the House of Lords would cease to be some day an appendage of the big landlords of this country. Slowly, but surely, the people were coming by their own. They were using the local authority as an instrument of spreading over the many what monopoly had hitherto given to the few, and they would carry that some day to the depression of the House of Lords, of which the noble earl was so distinguished a member, and would sweep it away, because it represented nothing but property—nothing but mere money. Hitherto the function of the State had been used for robbing the people, and it was because the people wanted the State to be the protector and defender of the people that

municipal socialism was going on. The noble earl was a mere Dame Partington with a broom trying to rush back an ocean which was now at his feet, and if he did not mind it would soon be up to his neck, but in the interests of liberty he trusted would not drown him.

Lord Wemyss said he should like to ask Mr. Burns whether it was his view that all private property, what he called the instruments of production, should be in the hands of the State or the municipality?

Mr. Burns: Yes.

Mr. Dundas Pillans said he felt sure that very seldom within that hall had a speech, similar to that which they had just listened to, been delivered; an admirable speech of its kind, and most valuable to those who took the opposite view, because it disclosed, in all its naked hideousness, the policy the speaker had persuaded the people of this country to adopt. It was a speech, however, unappropriate to the occasion; it should have been delivered either in Trafalgar Square or under the Reformers' Tree in Hyde Park. They were there for the purpose of following up the debate so ably opened last week, and to discuss a matter which, however much their opinions might differ, they would all agree was of the greatest public importance. It was a matter which did not only affect one class of the community, but everyone, and the poorer classes to a greater extent than the richer, because any municipal expenditure must ultimately press heaviest on those who had least money to spend. He would attempt to bring back the debate to common sense, and to avoid flights of rhetoric, of which Mr. Burns was a past master. It seemed to him the subject presented itself from two different points of view. In the first place it might be considered from the purely business standpoint. Could enterprises involving

profit-earning be conducted as profitably and economically under Government administration as under private control. He had had considerable knowledge of various forms of business administration, which might be divided into three classes; first, business under exclusively private control; second, those conducted by joint stock companies; and third, those conducted by municipalities or the Government, and he submitted that those three forms represented three degrees of efficiency and economy. Where personal supervision directed a business you had the greatest efficiency and success. It was notorious that the master's eye had a great effect in obtaining the utmost possible work with the least degree of expenditure, and, therefore, you frequently found businesses which prospered under private control when converted into joint stock companies showed a falling off in profit and not unfrequently reached a stage when a liquidator took them in hand. Why was this? Because, after all, success in business depended on self-interest, that was the only sound principle on which business could be conducted. It was manifest that with a co-organisation the motive of self-interest was distinctly weakened; the officials had not the same personal interest in the concern as if they were the owners. They had considerable interest, because if the company were not a success they would not receive their salaries. But when they went further and placed the business under municipal or State control the motive of self-interest became eliminated to such a degree that it might be put out of the question; whether the business succeeded or not the salaries would be paid because they had the purse of Fortunatus to fall back upon; the wretched ratepayer would be called upon to pay whether the business were successful or not. In the case of a company it would be wound up, but in the case of a municipality or State the salaries would be continued to be paid. Therefore, on the face of it, it was fairly arguable that an organisation under State or municipal control was the most wasteful, extravagant, and least successful of any, and they knew from some

practice that that was so. It had been discovered in the building of ships that the Government got much better value for their money if they put those enormous contracts into the hands of private traders instead of building them in State dockyards. As a member of the municipality of Richmond in the neighbourhood of London, first as a Councillor and afterwards as an Alderman, he found the greatest extravagance was to be feared where a business was organised under the control of a small locality, because there you had certain circumstances which tended to increase the danger of corrupt administration. There was always the tendency of town councils to indulge in experiments at the expense of the ratepayers. The town councillors all knew each other; they were companions and friends, there was always a tendency to play into each other's hands, and one great point which came under his notice was that there was a principle adopted for giving contracts for work under the town council to keep the business in the locality; a sort of spirit of local patriotism existed, and there was a tendency on the part of members, without any intention of corruption or jobbery, to give contracts to their friends, and to keep the business in the locality. This tended to extravagance, because it was manifest the wider the area of contracts and tenders the greater must be the efficiency and economy. Another great difficulty which prevented municipalities carrying on on business lines. They were often told that places like Glasgow were very successful in administering waterways, tramways and so on, but there was no guarantee that in drawing up their balance sheets any allowance was made for depreciation of plant, and he was not aware whether, in Glasgow, they had debited against their equivalent for the rates which would be charged in the event of the tramways being under private enterprise. There was no audit corresponding to the audit which companies' affairs were subjected to for the purpose of laying them before shareholders' meetings. When they were told about the wonderful profits which the Glasgow tramways claimed to have made, it was almost incredible

that it could be true. It was alleged that they had not only reduced the hours of labour and increased the wages, but they had increased the profits. Before these statements were accepted, they ought, as business men, to be satisfied that they had debited against their income all those matters which would have been debited if it had been a private concern. Then, coming to the other branch of the subject, and considering it from the ethical point of view, the evils that municipal trading had shown were very much more serious. Mr. John Burns had asserted that eight hundred waterworks had been taken over by municipalities, and that they had all been managed without the slightest corruption, and with due regard to the welfare of the district.

Preston Docks.

Mr. John Burns said he did not say so, but it was a curious fact that no corruption had yet been proved.

Mr. Dundas Pillans said they must not only take into consideration the actual facts, because they knew that within recent periods there had been a disclaimer with regard to the Works Department of the London County Council which had thrown considerable suspicion on that illustrious body. When a new idea was first put into action the greatest amount of public interest centred in the new experiment, and it was only in the nature of things probable that those managing the concern would be exceedingly careful what they were about. But as time went on, knowing as they did the condition of things which existed in the condition of these enterprises, he feared that public interest would be considerably aroused, and by degrees other factors would come into operation, and it would be found, as it was always found, that abuses crept into public departments. One great danger was that the employés of a municipality were also voters, and there was a tendency on the part of a representative to make things pleasant for those who elected them. If they could tell the people that they had been able

to raise their wages, and to shorten their hours, there was a great attempt on the part of representatives to do these things, forgetting they were not there for the purpose of paying fancy prices to labourers, but they were sent there as trustees of the public to administer public funds, and to conduct the business entrusted to them precisely in the same way as they would if they were private persons employing these same people. He recollected in a recent election for the London County Council, in going through the borough of Southwark, seeing on the hoardings posters appealing to the electors, to vote for so and so, who would pay the scavengers the wages of 25s. a week. That was a serious element of corruption and a source of danger which thinking men would do all they could to guard against. There was a theory now abroad that by the direct employment of labour they could save the profits of the contractors, and save those profits for the community. He believed that to be a great delusion. The contractor was a man who knew what he was about; he understood his business and knew how to obtain the maximum of labour from the men under him. It is all very well to flatter the working-classes and tell them the State is going to restore to them what they have been deprived of. That will do for the Reformers' Tree, but was not suitable to an intelligent audience. It would be much better to tell the working man that he had no more claim to consideration by the municipality with regard to wages or hours of labour than any other class of the community. The contractor had no such sentimental influences at work. He appointed a foreman who would get the utmost possible work out of the men, as it was only right he should. The British working man was a very good fellow, but he needed a lot of looking after. They found the greatest difficulty at Richmond to persuade the British workman to do a fair day's work for more than a fair day's wage. It was a very difficult thing, in view of the omnipotence of the ballot-box, to get any foreman to properly superintend work, and make the men do a honest day's work. As soon as their fore-

man tried to do what a contractor's foreman would have done, the men immediately came before the Surveyor's Committee, and held the foreman up to execration as an oppressor of the poor. He himself had been taken in like that several times. He used to boil over with indignation at the treatment received by the labourer at the hands of the tyrannical foreman, until he learnt better by experience. The consequence was that jobs lasted twice as long as under a contractor, were worse done, and cost a great deal more. It was very undesirable to increase the power of a bureaucracy as he knew through having lived for some years on the Continent, especially in Italy. There was no greater danger to the community than that it should be overridden by bureaucrats. There was no more objectionable person than a man who got into a uniform, and swaggered about lording it over his fellow creatures, and he wanted to prevent the progress of that sort of thing in this country. They hold all their greatness mainly to the spirit of independence and individualism, which was characteristic of the English character, and he trusted they would adhere to that faith. That had made the country great, and that only could keep it great in the future.

Mr. Fairfield said interesting as Lord Wemyss's address was, the most important remark he made was the practical one that they should try to get the Government to hold an inquiry on this matter; but a great many statements had been made as to the profits of municipal experiments, and Mr. Burns' speech showed the absolute necessity of getting the facts and figures. There was a formidable table on the wall which showed £250,000,000 of municipal debt which had been piled up within the last few years, half of which admittedly had been spent for "sanitat" which could return no profit to the ratepayers, and they wanted to know about the other half. It was that expenditure which had arisen so much of late years since a wave of socialism had come over the House of Commons. Mr. Burns said there was £500,000,000 of assets to put

against that, and they wanted to know if there was any truth in that assertion, or whether a great portion did not represent a net loss, consisting of waste material, enterprises which had since become obsolete, with which the ratepayers were now saddled. They also wanted to know the facts about the Glasgow tramways and other things; whether it was really denied that the private company which had been superseded paid £30,000 a year rent which was thrown away when the tramways were municipalised. They also wanted to know a great deal about the ins and outs of the London County Council. Lord Wemyss, who was an individualist, was not in the habit of running to Parliament for protection, but in this case Parliament was responsible for the evil of which they complained. Mr. Balfour's answer was that the ratepayers could alter it if they pleased. That was true in small areas and to a certain extent, but the growth of modern cities had altered the whole phenomena of local self-government. The ratepayer to-day was powerless, he was a helpless unit, it was so in London and in New Zealand, and Mr. Burns must know from his journey to America that it was only in the large cities that municipal corruption was rife, and that these views prevailed. In the small municipalities administration was pure. He had lived five years in the West in cities of 2,000 or 3,000 inhabitants, where the ratepayers could take an active interest in local matters, and the administration there was as pure as anywhere else. The success of local government was in inverse ratio to the size of population. What did the people of Manchester know about the agenda paper which came before the City Council every day? The men who had to deal with it ought to have a salary of £1,000 a year each, but these gentlemen were busy professional business men, and the result was that these proposals to municipalise everything fell into the hands of committees, and were carried without the knowledge of the ratepayers. That was why they asked for a Parliamentary inquiry. He denied that these things were successful. This assertion that municipal socialism

paid came from Mr. Burns and a small section who thought with him, but the great majority who had been active in advocating municipal socialism did not take the trouble to declare that the thing paid on its merits. They said it ought to be based on higher cnnsiderations than £ s. d.; there ought to be a great ethical moral, and there was a justification for these schemes which did away with ordinary business considerations. Mr. Burns asserted that they paid, but he should prefer to see a balance-sheet. Many monopolisers boldly asserted that the scheme they advocated did not pay, and ought not to pay. They were benevolent, philanthropic people, who said it was their duty to give good wages to the working man, to make his life better, and his horizon brighter, and more purple-tinted than it was before, and that that sort of thing did not pay. Apart from the question of debt, there was the question of the growth of municipal bureaucracy, which was a terrible danger in this country. The Government had already called into existence an enormous State bureaucracy in the shape of school-teachers as salaried State officials, who were banded together in a trade union, whose main principle was self-interest in raising the salaries and increasing the privileges of its members. Added to that, there was the approaching threatened bureaucracy in administering an enormous mass of the ratepayers' money, which would be a formidable political danger to this country. That municipal bureaucracy already had a trade union, and they claimed for themselves not the right to compete with private traders, because they did not want to compete—Lord Farrar once, in a moment of economic remorse, challenged the London County Council to compete with the contractors by doing work with outside bodies —they did not want to compete, they wanted a monopoly. All these corporation officials who were able and energetic men, very probably some of the most respectable men in the kingdom, and amongst their merits they had that of producing large families, who, as they grew up, would all want offices found for them, so that

there was a terrible temptation to jobbery of various kinds, and, as this was increasing every day, he thought it was high time that Parliament should inquire into the matter.

Mr. Sellon said as he read the paper he did not consider it was an indictment of municipalities as such. The average man took the view quite rightly that it was too late to attack the whole principle of municipalisation. He certainly held that it had thoroughly justified itself with regard to certain classes of commodities, and that it was good for society at large that these commodities should be provided by the municipality and not by private enterprise. On the other hand he believed the average man held, and probably even Mr. Burns would agree so far, that there were certain classes of commodities which carried with them big trade risks which the municipalities ought not to take in hand, because they were not so well qualified to do so as private enterprise. Between those two extremes there were a certain number of cases with regard to which men of both schools held sincere and diverging views. As he understood the paper it amounted to this: that with regard to the particular matter of the electrical industry, which was the one in respect of which the municipalising question had chiefly arisen in the last 20 years, municipalities had not given so good an account of their stewardship as private enterprise would have done. Now was it possible to make out a *bonâ fide* case before competent judges whether the municipalities had in fact conducted electrical enterprises worse than private bodies. If such a case could be made, the question was what was the proper remedy. There was one point which had not yet been alluded to, namely, the light which the experience of foreign countries threw on the matter. He had had exceptional opportunities of seeing and hearing what was going on in America, in Germany, and in Switzerland, and he believed it was beyond dispute that in those countries electrical science was far more highly developed in the interests of the public than in this

country, and, secondly, that in those countries it had not been handled chiefly by municipalities. In America, out of 2,589 electrical enterprises, 2,250 were private, and only 330 municipalities; but in this country there were a majority of local authorities. If these figures had any significance, the deduction was that electrical enterprise had moved relatively slowly here because it was in the hands of municipalities. But those who held the view put forward in the paper were of opinion that the suggestion made by Lord Wemyss was a practical one—that Parliament should be asked to appoint a commission of inquiry. It was not a matter in which there need be any antagonism of interest. The municipality represented the ratepayers, and the ratepayers were the public. They wanted to know whether their money should be taken from them in rates or whether they should be allowed to invest their money freely in industrial affairs. Therefore the interests of the local authorities, and the interests of those who held the private enterprise view were identical, and they might well join hands in presenting a joint petition to the two Houses of Parliament asking for this important commission.

Mr. Spencer Hall said he hoped to have been able to give some statistics showing how municipal enterprise in relation to electrical lighting had given vastly superior results to those attained by company operations, but time did not allow him to do so fully. He would, therefore, only take the point Mr. Sellon had referred to, that local authorities had not given so good an account of their stewardship as companies had. That view he entirely opposed to the facts. Taking first the average price charged to the consumers of the 39 companies whose accounts he had analysed he found that no less than 15 per cent. showed an average price of between 7*d.* and 8*d.* per unit. On the other hand there was not a single local authority in London which charged so high a price; 28 per cent. of the companies charged between 5*d.* and 6*d.*, but of the local authorities

42 per cent. The lowest charge by a company undertaking was 4·06*d.* per unit; but you had 40 per cent. of local authority undertakings charging lower than 5*d.*, the lowest price being 3½*d.*, charged by the Edinburgh Corporation. There were six local authorities charging less than 4*d.* Taking again the cost of working from the arguments adduced, it would follow that the local authority undertakings must come out at the top with regard to the amount they expended. The practical control of all these works was in the hands of the administrative officers and officials, and under the local authorities there were as capable and clever engineers as in any of the private undertakings. Of the 39 companies referred to, 26 per cent. showed a total cost of over 4*d.* per unit, whilst amongst local authorities, only 8 per cent. out of 60 cost as much. There were only 5 per cent. of the companies whose total cost was lower than 2*d.*, and of the local authorities there were over 25 per cent., and in one case it was down nearly to one penny. The profits being determined by the rate of charge to the consumers, the amount of profits was not any indication of the success or otherwise of any undertaking.

Mr. Garcke said this subject was very large, and he would endeavour to refer to one or two new points; but first he must say a word on the statements made by the last speaker, which, he ventured to say, were entirely erroneous. He had referred to a lower price for electricity being charged by corporations, and to a lower cost of working; but taking the cost first, he had ignored altogether that the corporations omitted from their accounts items which had to be incurred by companies, and ought to be charged. The corporations managed to charge the services of the town clerk, the borough surveyor, and many other items to other accounts. Then with regard to the price charged, the local authorities had the question of public lighting in their own hand, and they adjusted that according to the needs of the accounts. With regard to profits, he had made a most egregious blunder, and it was the statement which Mr. Burns

made that was at the bottom of the whole question. He stated that it was not the object of local authorities to make a profit, but Mr. Burns simply said the object and policy of the corporation was to make a profit; therefore it was an important question for Parliament to determine not only what was to be the scope of municipal enterprise; but the principle on which it was to be conducted: were the local authorities to make a profit or not. He had lately had occasion to analyse the net result of the working of electrical supply undertakings by corporations, and he found that although a profit of about half a million was made by all the municipal corporations carrying out electrical lighting, they had taken more from the rates during that period than they had returned to the ratepayers. Then where did the benefit to the ratepayers come in? He endorsed the practical suggestion that every effort should be made to obtain reliable facts upon this important question. They were all ratepayers, and were anxious to learn, and he was quite sure that Mr. Burns, notwithstanding the recklessness of some of his statements, would be very glad to be corrected if he was wrong. A practical social revolution of the industrial conditions of this country should not be allowed to take effect without careful consideration by Parliament, and that not to come about by various private Bills promoted by this or that municipality, but should be determined after careful consideration. He therefore endorsed the suggestion that the Society should petition Parliament, as it had done on former occasions, for the appointment of a Select Commission; and, further, that the excellent paper of Mr. Davies should be reprinted for general circulation. One thing which had come out was the enormous complexity of the question, and the apparent want of knowledge of its complexity. He had always found the majority of people took very little interest in it, and therefore the more they could disseminate sound literature upon the subject the better. One point which had occurred to him was the danger of extension of

municipal enterprise arising from the want of efficient management. He did not question that efficiency at present, though it might be open to doubt, but he would ask, if this tendency were to go on, who was going to do the work of the municipality? At present a few gentlemen who were enthusiastic for the welfare of the community devoted themselves to this work; but if the London County Council undertook not only electric lighting, but tramways, electric traction, and all other industrial enterprises, who was going to do the work? Was it fair to say that a human being, whenever he is acting as a private individual is greedy and self-seeking, but the moment he joins a Town Council he becomes no longer self-seeking, but is entirely devoted to the welfare of the public? It was not fair to put upon any individual the huge amount of work it was proposed to put upon Town Councillors and not remunerate them; but if you did, it would introduce an entirely new factor to the question. Then you had to consider whether it was better to carry on these enterprises by means of self-interested public companies, or whether they should have the State or the municipality-employed officers. Again, if the municipal corporations were going to be authorised to do this large amount of work, they ought to be put under the same restrictions and responsibility with regard to the rendering of accounts. There was no other spending body in the State which was not called upon to render accounts. Why were not the municipal accounts published in the same uniform manner as the Board of Trade required tramway companies, gas companies, and electric light companies to publish their accounts? It would be said, no doubt, that the accounts were published, but they were published in such a manner that they never knew whether it was the electric department which paid or some other. Another important question was the difficulty of securing continuity of policy. During many years he had had to carry on negotiations with local authorities, and the difficulty he always experienced was this—he would attend one Council meeting, when the question would be discussed, and a gentleman of great eloquence would get

up and make a speech, which carried the whole Council with him, and for the time the matter was disposed of, but the next meeting, when that policy was to be continued, that gentleman was not there, and somebody else got up of equal eloquence on the other side, and the whole policy was reversed. That was not a business-like way of carrying on business undertakings. He did not think there was any greater danger threatening the development of industry than the careless indefinite way in which this question was dealt with. It ought to be defined one way or the other. If these things were to be carried on by corporations, let the public know that they would have to put their savings into corporation stocks and become corporation officers, or else to leave the country with their capital and energies and go elsewhere.

Major Flood-Page said he wished to enforce the suggestion that the Society of Arts should Petition Parliament, and he spoke as a member of the Council of the London Chamber of Commerce where the question originated from the fact that seventy municipalities were making an attack this session on the electrical industry, asking for powers to manufacture lamps and other things. This was a matter vital to the trade and commercial interests of this country, and they were in communication with every Chamber of Commerce in the kingdom, and he believed there was none which would not support the petition they had originated. Electricity was as yet in its infancy, but, according to Mr. Garcke, who was a great authority on all statistical matters in connection with it, about £100,000,000 of money had been spent in electricity. Going back to the time when Lord Wemyss gave up his seat in Parliament in 1846 railways were then in their infancy, and in a few years they would have spent £1,000,000,000 upon it. Who had spent it, private enterprise or the municipalities? Why were they behind every other country in the world in electricity? Simply because the interference of Parliament had put them under the local

authorities. There were no less than 104 municipalities which had the power to introduce electricity, but had not done so and kept everybody else from doing it. There were now a number of companies asking Parliament for powers to take cheap electricity all over the North of England, but the municipalities were up in arms, and wished to prevent their interfering with their monopoly. In Liverpool there were 700,000 people, 3,000 only of whom took the electric light, but they wanted to supply the whole 700,000, that every man should have the electric light as he had water, but this could only be accomplished if the obstruction of municipal trading was put an end to.

The Chairman said he must now bring the meeting to a close in the usual way of proposing a hearty vote of thanks to the reader of the paper. Whether they agreed with his notions or not they could all join in thanking him for it, and it was not only valuable in itself, but it had, he hoped, evoked a very valuable discussion though it was true the fringe only of the subject had been touched. With regard to the request which had been made, he should have pleasure in submitting the wishes of the meeting to the Council of the Society of Arts, but if he might venture to make a suggestion, he thought a very happy sequel to the proceeings would be if Mr. John Burns would add to their indebtedness to him by moving from his seat in Parliament for the return which was so eagerly sought for. He was quite sure that he was as anxious to get at the facts as anybody else, and, therefore, he thought it would not be necessary for the Society to move in the matter if Mr. Burns would do so in the House.

The vote of thanks having been carried,

Mr. Davies, in reply, said his thanks were due to the audience, and especially to the Secretary and Council of the Society for giving him the opportunity of discussing this exceedingly interesting though

somewhat complex scientific question; they were also due to the Attorney-General, who was so gracious as to take the chair when the paper was read, and also to those who had joined in the discussion. He might say he was specially indebted to Mr. Burns for having been so courageous as to come forward in an almost entirely hostile audience to put, with perfect candour and frankness, his view of the matter. The subject was not a new one to him, as he had been engaged in a professional capacity in fighting a kindred question, namely, the right of private traders to come and push their electric wares into the boroughs in the North of England. In that effort he had been met with a unanimity of malignant opposition on the part of the officials of municipalism which had been startling. The subject had been a subtle and difficult one, which could not be dealt with in a few paragraphs in a newspaper, nor could it be dealt with at a scrappy meeting of one or two ratepayers who might get together and sanction opposition to a private Bill. It could only be dealt with in any sort of rational manner when a scientific society like that gave both sides a full opportunity of expressing their views. The Council had been so good as to accede to his request and especially invite the Town Clerks of those Corporations who were opposing this important commercial innovation, and as he was anxious they should know exactly what his views were, his paper was distributed amongst them beforehand; but he must confess that his gratification at the proceedings which had taken place was tinged by a drop of bitterness, inasmuch as he had not had one of those honourable opponents there to say one word in answer to his reasoned justification of the attitude he had ventured to take up. Might they not assume from th s silence that these experienced and learned upholders of municipal institutions were in their hearts as convinced as he was that municipal trading was prejudicial to the best interests of the Corporations? There had been some admirable contributions to the discussion, most of which struck the note of liberty, and he was glad that that was followed by Lord Wemyss in

his peroration, when he told them that he should like to have written as his epitaph that he loved liberty. That epitaph might be written—he hoped it would be a long time first—equally well on the grave of Mr. John Burns. The question was, not whether they loved liberty, because they all loved liberty, but by what method would liberty be best assured to our citizens. Would it be assured by absorbing into the embrace of municipal government every activity and industry, or would it be better accomplished by leaving activity and energy free to trade in the old way? He honoured those who held the socialistic view and frankly stated it, but he hated the man who called himself a municipalising radical or democratic conservative, or some such misleading name. He wanted all those disguises thrown off and the principles at stake freely stated. No doubt Mr. Burns reflected the feelings of a great many of the working class, that the method of wealth production had hitherto been absorbed by the property class. It might be that certain methods of wealth production had in the past been so absorbed, and that the power of the State had been used to protect that absorption. But the methods of wealth production, which he had been advocating the freedom of, namely, the brains and activity of the people, were not capable of being enslaved or owned by means of any property title whatever. The real activities he wished to see freed the most, existed not in the ownership of so many miles of copper wire, or of railway track, but in the brains and energies of the people themselves. It was impossible those brains and energies could operate to their full capacity for the advancement and advantage to society except in a medium of entire liberty and independence. Mr. Burns said that if the discipline of militarism was good for the organization of methods of defence and attack, was it not equally good for industry? It was not. The same systems of discipline and methods of organization which might be all very well for military purposes were not adaptable to industrial developments. With regard to the limit which should be drawn to define the

boundaries of the functions of the local governments, it seemed to him that if you went back to the principle of democracy, you got the true line. That principle rested on no assumption that the many were wiser than the few, or the poor wiser than the rich, but on the single law—the result of experience—that a man could be trusted to attend to his own interests, and not to anybody else's. Therefore each man, as he had an equal interest, whether poor or rich, in the defence of the country, was entitled to an equal voice in the appointment of the Government, but it followed from that that the Government should confine itself to matters which were of common interest to everybody, and the Government or municipality should not engage in matters which were of interest only to a small proportion of the community over which they were appointed to rule.

Mr. Davies writes:—Owing to the late hour of the evening to which the discussion was prolonged, the writer did not feel himself permitted to enter upon statistical points in his reply. He would not, however, like those who honoured him by examining his Tables to think him neglectful of their criticisms. The supplementary Table (No. 6) has been compiled to meet the suggestion of Sir Richard Webster. The figures in this are taken from the last edition of the "Official Intelligence," and show the proportion of outstanding indebtedness of the typical towns which is attributable to remunerative, that is, presumably, trading expenditure. This proportion varies, it will be seen, from 75 per cent. of the whole debt in the case of Manchester to nearly 50 per cent. in the case of Nottingham. How far, if at all, the outlay of these large sums has relieved the burden of the ratepayers it is very difficult to ascertain. Owing to the complexity and lack of uniformity in the accounts of the different Corporations and in the system of valuation, to say nothing of

the disturbing element of large corporate property, the revenues of which are applied in the relief of the rates in some towns—(the Corporation of Liverpool, for instance, is a large owner of landed property in the very heart of the city)—it is impossible to compare the rates levied in one town with those in another. All that can be said is that the rates in the six towns mentioned are high. The amount collected in Manchester last year was, according to the last edition of the Municipal Year Book, 7*s.* 1⅘*d.* in the £, in Liverpool it is 6*s.* 0½*d.*, in Sheffield it is 7*s.* 11½*d.*, in Leeds 7*s.* 2*d.*, and in Nottingham 6*s.* 11½*d.* In regard to Mr. John Burns' statement that the assets are neglected in the Tables, this is hardly correct. The assets (as stated in the paper) are duly reflected in the statistics of rateable value, for of course the justification for the outlay of ratepayers' money in the making of roads or the laying of pipes and wires up to his property, and the supply through those pipes and wires of various commodities which he has need of is the amenities which those works have added to his property. These amenities are duly taken note of when the valuation list is revised, and the point remains that the indebtedness and also the rates in the large towns have increased during the last 20 years out of all proportion to the growth in value of the ratepayers' property.

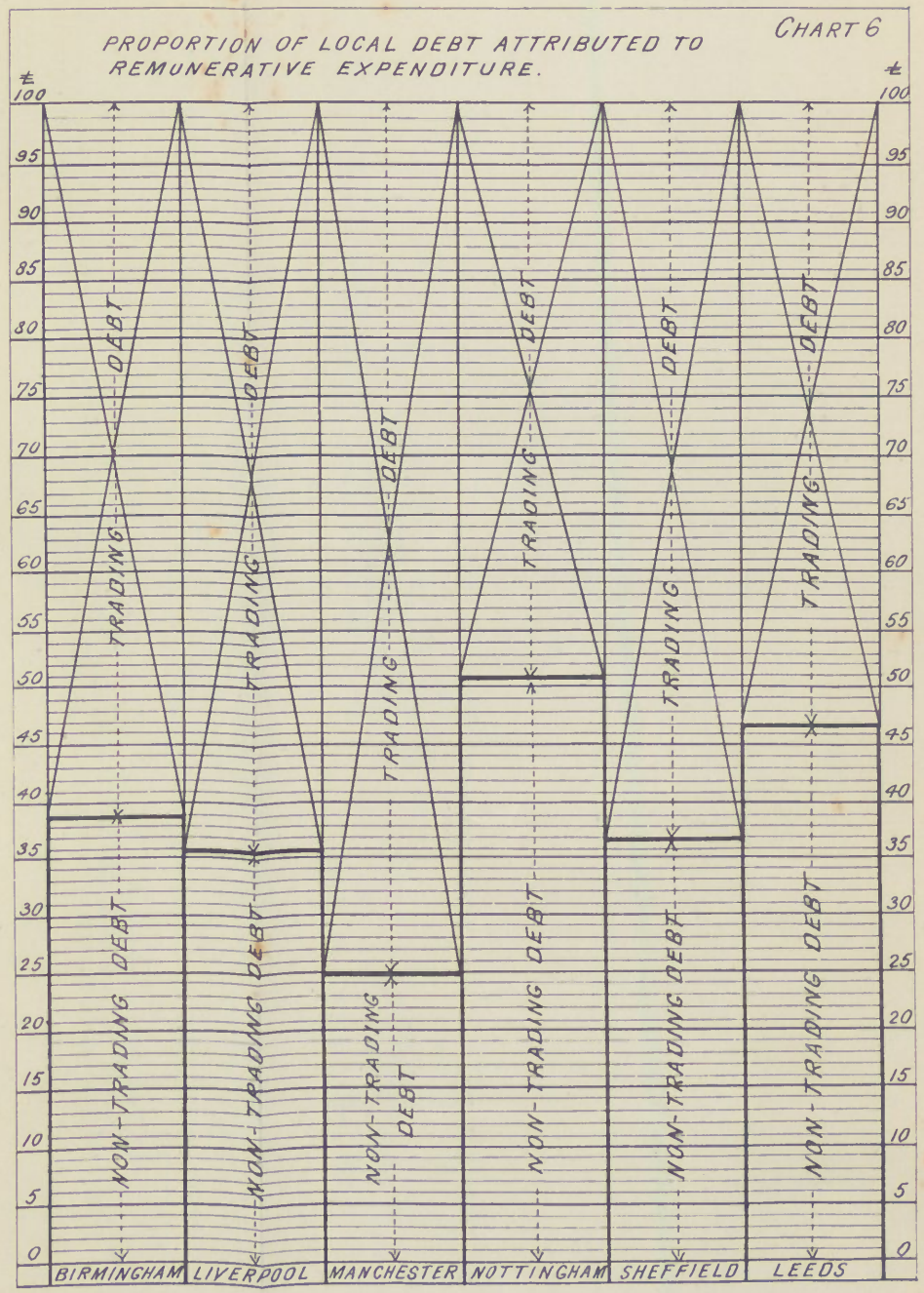


CHART 6
PROPORTION OF LOCAL DEBT ATTRIBUTED TO REMUNERATIVE EXPENDITURE.
£
100
95
90
85
80
75
70
65
60
55
50
45
40
35
30
25
20
15
10
5
0
NON-TRADING DEBT
TRADING DEBT
BIRMINGHAM
LIVERPOOL
MANCHESTER
NOTTINGHAM
SHEFFIELD
LEEDS