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like—which it is the function of our fourth factor—[the other three being Production, Consumption, and Nature]—the powers of Man, to yoke and harness to his service, in the process of keeping the circular double-sided wheel of production and consumption a-going.” And if anyone can make out what this means without a series of pictures, he must have an imagination worthy of Blake at his maddest.

J. S. NICHOLSON

On Municipal and National Trading. By the RT. HON. LORD AVEBURY, P.C. (London: Macmillan, 1906. 8vo. Pp. vi., 176.)

THIS book is scarcely entitled to be regarded as a serious contribution to the discussion of the province of government. The term National Trading seems to have been inserted in the title merely to justify the inclusion of twenty pages of snippets on State railways and three short paragraphs on the telegraph system. The character of these may be sufficiently indicated by the fact that a large portion consists of comparisons taken from Foxwell and Farrer, who wrote in 1889, and are supplemented by a table relating to the present time, in which we do not observe any comparison of the South-Eastern and Chatham's performances with those of the Northern of France. The rest of the work does not differ from the multitude of ill-informed diatribes against municipal trading which have become so common in recent years. It professes to deal with a part of local authorities' activity which it never attempts to define, but which may be conjectured to be that part for which funds are intended to be provided by special charges other than ordinary rates and taxes.

No one grumbles very particularly about these special charges. The municipal charges for water, gas, and tramway rides are paid without any more ill-feeling against the municipality than that which every right-minded citizen nourishes against his butcher and his baker, and with a good deal less than he nourishes against his bootmaker or his plumber. Very often indeed the payer is in blissful ignorance of the fact that he is paying a municipality, and I have known a town which has had a municipal water-supply for 200 years, where plans habitually came in from the office of a builder who actually sat on the town council, with the note, “Water supply from company's mains.” A campaign against municipal trading in which the leaders insisted on the magnitude

of these special charges would fall very flat. No one would be much moved by an outcry that ten years ago the L.C.C. was not exacting a single halfpenny from the public in tram-fares, and now it is drawing over a million per annum.

What is unpopular is not municipal trading charges, obviously more or less roughly proportioned to services rendered, but rates, which are only so proportioned in so far as a conventional standard, namely, the rateable value of premises occupied, corresponds with services. Consequently the originators of the campaign in which Lord Avebury finds himself involved have hit on the plan of talking as if municipal trading were just exactly what it is not, namely, paid for out of rates. To say so straight out would of course be to utter a falsehood amounting to a contradiction in terms, so that it has been necessary to befog the public by mixing up all kinds of expenditure and receipts in hopeless confusion. The present book proceeds on this tack from the very first page. Between 1868 and 1901-2, we are told, the local expenditure of the United Kingdom grew from £36,000,000 to £144,000,000. A reader with his wits about him expects the next step to be a division of the increase into the two parts—one the “ordinary” expenditure, borne entirely on the rates, and the other the municipal trading expenditure, borne with the exception of a comparatively trifling amount upon the special charges. But nothing of the kind follows. True to the less respectable writers whom he follows, Lord Avebury contents himself with vaguely insinuating that the increase of expenditure is principally the result of municipal trading, and that, somehow or other, in spite of the special charges, it all falls on the unpopular rates. How inartistically this is done is shown by the next paragraphs, which read as follows :—

“No sufficient reason can, I submit, be given for this portentous increase of expenditure.”

Here we expect the assertion, “it is due to municipal trading” but it does not come. Instead we drift into

“No doubt in these years the population and rateable value have increased, but, as the Industrial Freedom League has pointed out, the average rate per head of population has risen in England and Wales, in the last twenty-two years, 62 per cent., the average debt per head has risen 95 per cent., and the average rate per £ of valuation 60 per cent. Moreover, as the assessment is increased, we are not only paying a higher rate, but on a higher assessment; so that the actual sum a man has to pay is raised doubly.”

If the figures were correct (which they are not) the last sentence would be arithmetically absurd. Lord Avebury continues :—

“ These figures are very grave, but they are not all. Though we are paying so much, we are not paying our way. The local authorities are running head over heels into debt.”

It seems a little incoherent to say first that a man's debts have increased 95 per cent., and in the next paragraph, “ This is not all ; he is running head over heels into debt.”

I do not think this is a particularly unfavourable specimen of Lord Avebury's style and reasoning. There are worse. For example, there is the solemn suggestion on p. 159 that “ compound householders ” whose rates are paid by their landlords vote for persons or measures which increase rates, founded on the observation that “ the greater the proportion of compound householders who pay no rates, the higher the rates are.” It has not apparently struck Lord Avebury that the fact of a large proportion of compound householders indicates, *cæteris paribus*, a small amount of rateable property per head, which naturally results in a high rate per pound, as the cost of many services varies approximately with the population rather than the rateable value. No facts are given in support of the argument beyond the quotation of West Ham as an example. At any rate, the high rates of West Ham cannot be attributed to municipal trading, as they had come into being before West Ham engaged in municipal trading at all.

Lord Avebury assures his readers in his Introduction that he will show them that (1) municipalities have enough or too much to do without trading ; (2) municipal trading involves immense increase in local debt ; (3) “ it will involve municipalities in labour disputes,” (4) it will result in either a loss or a more costly service, from which the “ working classes will of course be the greatest sufferers,” (5) “ it is a serious check to progress and discovery.”

As to the first of these heads, Lord Avebury has nothing to put forward except an agenda paper of the L.C.C., which happens, as he admits, to be double the usual size. He does not explain why he takes as an example the L.C.C., which stands quite by itself in every way, which has many functions from which the ordinary municipality is free, and does not possess many which the ordinary municipality possesses. The fact that the agenda paper of the L.C.C. appears to be unnecessarily overcrowded with detail is scarcely a reason for alleging either it or ordinary local

authorities have so much to do that they should not enter on municipal trading. The work, he says, is not done by the Council or by its committees, but is done "by the staff." This seems an excellent arrangement, and one which is generally and with great advantage adopted in enterprises managed by public companies and even in large private businesses, such as the greater private banks, of which the principals often have sufficient leisure to write books on many different subjects.

As to the second head, Lord Avebury says very truly that the debt has increased, but he does not say how much of the increase belongs to municipal trading and how much to other services. To do so would not suit his purpose. He only wishes to make his readers' flesh creep. The only distinct reference to municipal trading in the chapter which professes to deal with this head is a quotation from an address delivered to the Industrial Freedom League, which professes to show that towns in which the "reproductive" debt bears the smallest proportion to rateable value have rates averaging 5s. in the £, and those in which the reproductive debt bears the highest proportion to rateable value have rates averaging 6s. These figures are got from "a list of 78 principal towns": not, observe, "*the* 78 principal towns," so that we may well suppose they were picked for the purpose, and we may also notice the somewhat suspicious list of reproductive undertakings, "electric light undertakings, tramways, markets, water, and so on." Supposing the 78 towns are a fair selection and the reproductive undertakings include everything that ought to be included and exclude nothing that ought not to be excluded, the figures would be very far from proving what they are supposed to prove.

As to the third head ("it will involve municipalities in labour disputes") Lord Avebury relies chiefly, not on anything that has happened in English towns, but on the conditions of State-employment in Australia, where the *Melbourne Argus* tells us that "the State servants already constitute almost a clear majority of the names on the electors' rolls." The Victorian railways are quoted as an awful example, but Lord Avebury does not pursue their history beyond 1895. Does he not know of the subsequent struggle and its consequences, or does he think the less said about it the better?

On the fourth head, "the great probability, not to say certainty, that one of two things will happen: either there will be a loss, or the service will cost more. The working classes will, of course, be the greatest sufferers," Lord Avebury is far from lucid.

Strange as it may appear in one who once held high office in the L.C.C., he seems to be unaware of the well-known fact that housing schemes have for the most part been carried out in an attempt to fulfil Parliamentary obligations incurred in clearance or improvement schemes, and that for the unremunerative character of these schemes you might just as well blame the railway companies, who have, in pursuance of the same obligations, carried out equally unprofitable arrangements. Nor does it apparently strike him that the Industrial Dwellings companies which bought land from the Metropolitan Board of Works at "housing value" are in just the same position as the L.C.C. Housing Committee. How completely he misunderstands the whole question is shown by his belief that the quotation from the *Times* relating to a report of Mr. Cockerton on p. 63 supports his view. After this muddle and a little trifling with the Brighton lamp-posts, Lord Avebury reproduces Mr. Holt Schooling's easy sum, in which 5 per cent. on £121,170,000 is correctly worked out to amount to £6,058,500, and his delightful inference that the net loss on 1,029 reproductive undertakings is consequently the difference between that sum and £571,555, the declared net surplus, *plus* the amount actually allowed for depreciation, which does not include the £1,264,544 devoted to amortisation of capital. "I do not pretend to be an authority as to what percentage ought to be written off for depreciation, but Mr. Schooling has had a long experience in such matters, and is well qualified to judge. The figure actually taken certainly seems too low, and the difference would convert the small nominal profit into a substantial loss."

After this it seems a terrible bathos to descend to "Take again the Works Department Committee of the London County Council." This is not a municipal trading committee in any reasonable sense of the word, but if it were, why trouble about such trifles when you have proved a loss of $5\frac{1}{2}$ millions per annum? A few pages further on Lord Avebury is peddling with Sir Henry Fowler's profit of £378,000, and has apparently forgotten all about the $5\frac{1}{2}$ millions of loss.

EDWIN CANNAN

British Canals: Is their Resuscitation Practicable? By EDWIN A. PRATT. xi + 159 pp. cr. 8vo. (London: John Murray, 1906.)

THERE is a good deal in Mr. Pratt's book which is neither accurate nor profound, and very often, so far as it goes, militates