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criminate or illegitimate use of the evidence at his command. He has not forced its interpretation in any way ; and his book can accordingly be recommended to students of monetary theory as a valuable, if it be not indeed an indispensable, addition to their library. The full bibliography alone appended to the essay is obviously of service.

L. L. PRICE

Grants-in-Aid: a Criticism and a Proposal. By SIDNEY WEBB.
(Longmans, Green & Co.)

MR. WEBB, of course, could not write a bad book, nor a book without interest. In this case both the subject and the treatment are interesting, and much which Mr. Webb tells us is stimulating and suggestive. It is not surprising, too, to find from the preface that many inquiries have been addressed to Mr. Webb on the subject, so that he was driven almost to satisfy the demand for something on it. On the other hand, we are told that it was written under the pressure of other duties ; and there are internal evidences that that was so, else the form of the book, and the total impression it makes, might have been a little different, but not much so. As it is the book becomes one of the ways in which Mr. Webb would realise the grandiose plan which he formulated in his work on the Break-up of the Poor Law—the realisation, in fact, of the minority report from the Poor Law Commission. It is quite impossible to get away from this as one reads, and particularly when we observe the plan of the book, the author hastening to his favourite theme for the day, leaving little space for certain fiscal and economic aspects of the question, in his zeal to expose the administrative defects of the present, or to display how easily the grants might be manipulated usefully by Mr. Webb's monster borough council, of many huge departments under that roof. That is a palpable defect of the work, and it is to be regretted that having put his hand to this work, which he is so competent to treat, Mr. Webb did not give us a more balanced treatment of the subject, paying more attention to the relations to local taxation, the rateable property, and the incidence of the taxes and rates affected by this practice of making grants in aid of local funds. We may, indeed, be glad that such a volume has been issued, though many will fail utterly to occupy Mr. Webb's position upon it with any comfort.

For my part I do not attach such great and overwhelming importance to the administrative aspect of this question. It is

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important without doubt, but chiefly at present as affording proof in extravagance that something is radically wrong with such grants as these. Nor do I hope to cure the vice of this administration by the creation of large local authorities, in which the local work of all kinds shall be centred. It is only just to Mr. Webb to say that he insists upon the importance of the conditions of the various grants. He insists further that the Central Authority, the Treasury, or the L.G.B., shall have power to judge of the efficient use of a grant, and to limit it or even withhold it, as the case may be. Without any intention of pleading for small local bodies, it may be pointed out that large local bodies will not be managed more, but less easily from Whitehall. Mr. Webb's own experience of London's County Council, to place Education in whose hands he worked hard, ought to go far to convince him that salvation from extravagance and bad administration is not to be found in his favourite plan of concentrating all local services under one local authority. The fact appears to be that Mr. Webb, by temperament and early experience, is enamoured of a bureaucratic way of doing things, however much he appears to deprecate that in this book. *Quis custodiet?* The L.G.B. set to guard the L.C.C., magnified three or four times when Water, Poor Law, Health Service, and other matters are placed in its charge? Or even the case of Liverpool, Glasgow, Manchester, and Birmingham, not to speak of the great County Councils, how shall we hope to find an adequate check kept, and a really good supervision? Is it not much more probable, does not experience confirm this, that there would be an increasing tendency to shovel out the money without asking too many questions, especially of a powerful corporation? Happily, the chance of seeing Mr. Webb's Moloch Corporations at work is very remote: all experience is against the wisdom of accepting that. I am very decidedly of opinion that Mr. Webb is wrong when he suggests that the chief want in regard to grants-in-aid is due administration. It is characteristic of all Mr. Webb's work, here and elsewhere, that it involves a large increase of public expenditure from the national funds.

That brings me to the cardinal defect of Mr. Webb's treatment of the subject—on the historical side. But before I make a few remarks upon it, let me give the scheme of his book. First, he asks what our Grants-in-Aid seem to be, and what they really are. Then, why have Grants-in-Aid at all? There follows how we distribute thirty millions a year in grants-in-aid. He next writes of the Grants-in-Aid to Poor Law Authorities, and follows up

with the grants to the Local Education Authorities, winding up with the "Lines of Reform." The defect I speak of may be traced throughout the book, it is in the point of view, as I say; but it may be traced conveniently in his definition of the Grant-in-Aid (p. 6) by which "an English administrator understands a subvention payable from the Exchequer of the United Kingdom to a local governing authority, in order to assist that authority in execution of some or all of its statutory duties." I call attention to the last part of the sentence—"in order to," &c. Is that an adequate account of what a grant-in-aid is? I fear it is defective, deliberately. Mr. Webb knows very well, no one better, that (p. 10) "the subvention from the National Exchequer represents a contribution from personal property and industrial incomes towards the cost of local government, which would otherwise have to be borne by the local rates on land and houses, and therefore, it is assumed, indirectly, in the long run, by the owners of the rentals of this real estate." That is a satirical commentary on the definition when it says that these grants are "to assist that authority in execution of some or all of its statutory duties." That is the purpose of the grants, is it? To assist the local powers to discharge their duties, to render better service! I know Mr. Webb would say that the service rendered is the thing; and I agree; but that is not a true account of what these grants are in our public expenditure. I am of opinion that, historically, the quotation from p. 10 is fairer and more true and candid. Mr. Webb in this chapter on—"Why have grants-in-aid at all"—contends that they are necessary, indispensable; (1) for any equitable mitigation of the inequalities of burden; (2) to secure effective authority for the necessary supervision and control of the National Government; (3) to encourage the kind of expenditure most desirable in the interest of the community as a whole; and (4) to make it possible to attain to anything like a universal enforcement of the "National Minimum" that Parliament has prescribed, p. 25. Now, Mr. Webb must be asked whether that was the reason why these grants, any of them, were made? Are not these the second and third thoughts by which they have been excused and defended; and is not the "National Minimum" one of the excogitations of one of Mr. Webb's sleepless nights? The assistance sought by local authorities in the discharge of their duties was assistance in paying for the services in hand. Were not the typical men who manned the local authorities of sixty and seventy years ago owners of real estate and their farmers, many of the latter failing utterly to realise who

benefited by devices like a customs tariff on goods, or an Exchequer aid to rates; just as scores of farmers now fail to see the true and ultimate effect of the Agricultural Rates Act of 1896? Until 1840, the subjects of rating were somewhat indefinite, and practice varied greatly; but that Stroud case on stock-in-trade, before Lord Campbell, brought matters to a head, so that the Poor Rate Exemption Act, 1840, was passed, and has been renewed annually to this day. That Act declares that profits shall not be rateable; and in effect only immovable property has been rateable since. Have not such discussions as Sir Massey Lopes initiated in the "sixties" turned upon this matter, and were not these grants made by the friends of real property as a sort of compensation to them because their property only was rateable? The truth is that Mr. Webb confirms this position. Was good administration ever the governing motive when these grants were voted by Parliament? I have given proof how Mr. Webb is conscious of all this; but his book is so framed as to treat this aspect of the matter slightly and briefly, while he hurries forward to construct a bureaucratic theory of what might be done by means of Exchequer grants to local bodies. He knows they are wasteful, and have wasted; and yet would undertake, Webb-like, to set up bodies who would work curatively, provided they were prodded by the L.G.B., even though they worked largely with money which they did not raise, and only have to spend to the satisfaction of an inspector or auditor!

But I do not want to let Mr. Webb off from the origin and motive of these Grants-in-Aid; for I regard his as a subtle misrepresentation of the question as a whole. I turn to p. 29, where he quotes the Table of Grants-in-Aid from the Finance Accounts of 1908-9. Let us look at the items. They total up to £11,153,910; and do not include the Education Grants, and several others. What about the Local Taxation Licences, the Estate Duty, and the Customs and Excise Duties (the so-called "Whiskey Money")—are they not sums which are given indiscriminately to ease the rates in localities? Was there much pretence of equalising burdens, or encouraging right expenditure, or securing the uninvented "National Minimum"? There is the Agricultural Rates Grant: how about it? Was anything ever said except that it was to make others pay a part of the burden borne by land, anything beyond that in the purposes of Mr. Chaplin and Mr. Walter Long, who were the official engineers of these flagrant grants? Likewise the equivalent grant to Scotland in 1898; and that to Ireland, which was by way of

releasing the owner of his half of the rate on fixed property to the tune of £727,655 a year ! Even in the pages of the *ECONOMIC JOURNAL* it may be pointed out how this form of grant was chosen by the influential people who secured it. I am in the habit of contending, with historic justification as I think, that the motive was to circumvent the Rate Exemption Act of 1840, and to get a contribution from personal property and income for these local purposes. Not only does money from Whitehall come as though the gentle rain from heaven comes from afar, but these astute persons, persons I say, know that the taxpayers and ratepayers are not the same constituency, though they overlap partly. Consequently, if the taxpayer can be made to contribute to the local expenditure, certain persons who would otherwise pay a heavier rate will be eased and gratified. I contend that is the motive of the Grants-in-Aid, and that this motive should not be forgotten.

On the lines of reform it would be possible to follow Mr. Webb in some important points from an administrative standpoint, such as making grants, if any, for the whole of a local body's services. It was a surprise to me, after my acquaintance with Mr. Webb's criticism of detail, to find him leaving reference to valuation to a paragraph on the last page of his work. How can the first purpose of a grant (according to him), viz., to remedy inequalities between authorities, be accomplished before a uniform valuation is secured? No amount of money would suffice ; it would only be a greater and more pitiable waste. This is one of the marks of haste in the composition of the work. But I go further. I still maintain that the reconsideration of this subject (of which we agree) should involve the whole subject, including what, and if any, objects shall be aided from the Exchequer. I would add, too, that the onus is upon the advocate of a grant ; for it is both healthy and equitable that the services, National and Local, should be kept separate and distinct. Who but Mr. Webb would undertake to initiate a Grant-in-Aid system? Having so flagrant and wasteful a system, I admit that we are caught in the trap ; but we should aim at improving it ; and one indirect way is by making the taxation, the national taxation, such as will not be a constant temptation to the owner of rural and other real property. Nor do I despair, as Mr. Webb is inclined to do, that the task of deciding the nature of services, as local or national, will be accomplished with a success which shall be tolerable. I agree very heartily with Mr. Webb's closing suggestion that the Census should be taken every five years ; and this would aid in this matter of the grants. But I cannot aid in bringing about the

magnification of the Road Board, the reconstruction of various other essentially local services (for property gains from roads, of course), and the concentration of all these services under a County or County Borough Council—Mr. Webb's hobby, for which he would sacrifice much, and trust to the future to mitigate disaster and injustice. This notice is too long already; but I cannot help repeating that the true history and nature of these grants-in-aid have been slurred over because our versatile author is bent upon a reconstruction of local authorities; and he wants, good bureaucratic soul, the grants-in-aid to keep the soul in the huge bodies he would create—all by the prodding of the L.G.B.! The work should be read by all who would study our public finances, national and local; it is surprisingly able; but as I have said, it should be perused with a good critical cap on, for Mr. Webb will be found mounted, and spurring on, somewhat regardless of history and its lessons.

A valuable bibliography and a useful index are appended.

W. M. J. WILLIAMS

British Dominions: Their Present Commercial and Industrial Condition. By PROF. W. J. ASHLEY. (London: Longmans, Green & Co. 1911.)

PROFESSOR ASHLEY has done well to republish in a handy volume the series of stimulating and informing lectures delivered at Birmingham University in the winter of 1910-11. It is true that things move at a rapid rate in the case of the Dominions, and that, where conclusions based on statistics are concerned, yesterday's figures may be already out of date. But when, as here, the argument depends upon the marvellous development of the countries in question, more recent knowledge can only strengthen such argument, by showing still more startling development. The most orthodox of free traders will hardly care, as he realises the significance of this development, to belittle the comparative importance of trade with the Dominions, when taking stock of the general position.

In these lectures, then, authorities such as Sir George Reid, Mr. Pember Reeves, Sir Walter Hely-Hutchinson, and Mr. L. Griffith furnish graphic and spirited accounts of the various resources of the countries with which they are, or have been, connected. Sir Daniel Morris speaks of the West Indies with a knowledge of their conditions second to none. Sir Albert Spicer, as having been chairman of the Congress of Chambers of Com-