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The Purpose of an Institute of Public Administration

By F. R. E. MAULDON, B.A., M.Ec.

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[Address given at the Inaugural Meeting of the Victorian Regional Group, Kelvin Hall, Melbourne, 20th June, 1929]

THE more thoughtful officials in the service of the Commonwealth, State and local governments in Australia are conscious that the growing complexity and difficulty of the public tasks which they are called upon to perform, has created a need for some agency for the interchange of thought upon the problems of public administration. It is for the purpose of founding an Institute with this object that we have come together to-night. It is proposed that to-night we inaugurate for Victoria a Regional Group of the British Institute of Public Administration. If we do so, there need be no fear of creating something either too exclusive or too comprehensive. It is probable that the majority present are officers of some statutory authority of Commonwealth or State; but we must bear in mind that a truly learned society aims to focus in its activities every genuine contribution to the type of thought with which it is concerned.

Before proceeding to deal more specifically with the nature, aims and possible programme of the proposed Regional Group, I would like to say a little more about the serviceableness of an institution of this kind to the public services in general. An undiscerning public has too long regarded the work of public administration as something stereotyped, calling for the minimum of originality and capacity. The jokes about public servants are like the jokes about mother-in-law—a little stale and over-done, and not quite fair. It is a shallow estimate which ranks the profession of serving the public as something nondescript and not strictly comparable to that of other professions. It is generally recognized, of course, that many "professional" experts—scientists, engineers, lawyers, doctors, teachers, etc.—comprise no small portion of those in the employ of the Crown or its delegated authorities, but it

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is undoubtedly true that popular judgment still denies the description "professional" to the public service as such.

The general recognition of the dignity of the profession can, however, be won if it be clear that its members are laying the general community under a heavy debt for the thought they are contributing to improved structure and smoother working in the great machine of administration. The point I wish to make is stated well by Sir William Beveridge, himself so long an eminent English civil servant, and now the Director of the London School of Economics, when he says: "The civil service is a profession, and I should like it to become and realize itself to be a *learned* profession."

A Regional Group of the British Institute.

This inaugural meeting is the outcome of several preliminary discussions by a representative group of Commonwealth and State public servants, local government officials, and others interested in the project, and of a temporary organizing committee and sub-committees entrusted with the task of formulating concrete proposals for this meeting. The initial move was stimulated by the visit, about the middle of last year, of Mr. Herbert O. Frind of the Institute of Public Administration in Great Britain. These preliminary discussions have been concerned largely with alternative forms which such a learned society might take. One alternative was the inauguration of an entirely independent Institute of Public Administration for Victoria, another for the setting up in this State of a Regional Group of the British Institute. After careful consideration of the pros and cons, the organizing committee concluded that much the better step was the adoption of the Regional Group plan. It was felt that nothing but advantage, both immediately and in the future, would be gained by linking thought and activity in Victoria organically with the mature thought of Great Britain. Although problems of public administration in Australia have their own peculiarities, they are essentially of the British tradition. By the constant interchange of thought through publications and perhaps personal visits the means will be provided for mutual stimulus and for greater concentration upon common problems. In view, also, of the establishment already of a similar regional group in South Australia and of the steps being taken, it is obviously desirable that the move in Victoria should be in substantial unison with that in the other States. Another regional group, it will interest you to know, has for some time existed in South Africa, and I understand regional groups are in process of formation in Canada.

So much, then, for the general aims and the particular form of the project which we are considering to-night. But, it may be asked,

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what will such a Regional Group do: what will be its programme? This, of course, is the question of prime importance. For a learned society for the promotion of study of administrative problems must be judged, like the State itself, not by what it proposes to do but by what it does. It seems to me that two possible dangers will have to be kept constantly in view and constantly avoided. One is the danger of allowing the discussions to fall below the level of high and serious thought, and the other of permitting them to degenerate into propagandist meetings. If we are to maintain the very high standard set by the parent Institute in Britain, we must avoid trivialities and not lend our meetings for the ventilation of grievances. The questions to which we bend our minds must have a significance of general importance and be approached in a scientific spirit. To conduct our programme in any other than that spirit would be fatal to the whole project.

Two main ways are proposed for the activities of the Group. One is the holding of regular monthly meetings, at each of which a paper on some important aspect of administrative principles or practice will be presented by some one capable of bringing out its significance, after which there will be discussion. The second is the printing of these papers and their circulation as stimuli among the more thoughtful in the services. Eventually, it is hoped, it will be possible to print and circulate a journal. Meanwhile, as members of the British Institute, we shall receive regular copies of *Public Administration*; the excellent quarterly journal of the parent body, as well as the Monthly Notes which deal with matters of current interest throughout the various groups in Britain and the Dominions.

The whole field of public administration as a study is very wide. At its circumference it brings us into contact with a great diversity of questions arising out of the nature and purpose of the State itself. There is room, therefore, for objective examination of the functions of legislature, judiciary, executive and administration, in which the problems arising out of the administration's various relationships can be considered. There are, further, the problems of overlap within the various fields and departments of the administrative machinery itself, as well as in the relations between public and non-public administration. What, for instance, are proved principles of departmentalization, and what the tests of good departmental organization? These should be the objective study of all public administrative officials, whether of Commonwealth, State or local governments. The relations between central and local governments alone are a fruitful field for study in the scientific spirit. Local government administration is a field bristling with its own problems, partly of finance, partly of organization. The over-riding question of public finance should, indeed, be studied as a single problem embracing the most economical raising and expenditure

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of public moneys by every form of statutory authority throughout the Commonwealth. There are problems of particular departments which should be sympathetically and intelligently understood by officers of other arms of the public services and by the public generally; and there are the service problems themselves of recruiting, training and rewarding of public servants, and of their civil rights. All these questions can and should be the subjects of detached study by the Regional Group which is proposed.

The Link with the Economic Society and the Universities.

Finally, I would say, the Group in Victoria and in other States will not be working upon these problems in isolation. Most of the questions of effective administration are at bottom questions of economics. It is inevitable and proper, therefore, that such a body as the Economic Society of Australia and New Zealand, through its various State branches, should be giving attention to some of the problems of public administration and finance. This is something which we should welcome, and there is no reason why the proposed Regional Group of the Institute of Public Administration, even though working through a generally narrower range of interests, should not co-operate very closely with the Economic Society. Furthermore, it should be a matter of gratification that public administration and its correlative study, public finance, are coming speedily to occupy a place of prime importance in the curricula of studies of the world's universities.

Professor Copland, Dean of the Faculty of Commerce in the University of Melbourne, who recently visited the more important university centres of America and Europe at the invitation of the Laura Spelman Rockefeller Foundation, in his report¹ refers to the elaborate provision made for such teaching in the Universities of Columbia, Harvard, North Carolina and Minnesota in the United States, and to the excellent work done at the London School of Economics and the University of Manchester. Columbia, for instance, in its Faculty of Political Science includes courses in federal and municipal administration in the United States, in State and local politics, in the government of European countries, and in the problems of international administration. Manchester has instituted special courses in administration leading to a B.A. degree. London has for many years, under the experienced direction of the Hon. Pember Reeves and Sir William Beveridge, and with teachers of such outstanding distinction as Professors Sidney Webb, Graham Wallas and Harold Laski, been training large numbers of civil servants in administrative courses. Complementary to the academic work of the universities

¹ *Studies in Economics and Social Science* (Melb. Univ. Press, Economic Series, No. 2, 1927).

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are the stimulative critical discussion, research and publications of such bodies as the Institute for Government Research in the United States and the Institute of Public Administration in Great Britain.

That our own Australian universities have been slower in their developments along the same lines is to be attributed rather to the general causes, mainly financial, hampering university work in this country, than to the absence of strong advocates of such extension. Yet it is gratifying to find courses in Public Administration and Finance, and such related courses as Modern Political Institutions, provided in four of our six universities—in Sydney, Adelaide, Melbourne and Tasmania. Sydney, even before the War, provided lectures in Public Finance as part of the advanced work in Economics, and immediately after the War established one-year courses in both Public and Municipal Administration, now consolidated as one course in Public Administration. Similar provision in the other universities I have mentioned has been a much more recent development. None of our universities, however, has yet been able to go as far as, say, Manchester in the provision of a special degree or diploma course, in which administrative problems will receive specialized treatment over a period of two or three years, with studies in economics, history, political science, literature, and other subjects as the basis of a general cultural education. But it will interest you to know that a move is afoot to have a special diploma course with substantial identity of range of subjects adopted in each of the Australian universities. A uniform standard of university education in Australia leading to a diploma in Public Administration will have a special significance and value to the officers of the Commonwealth Public Service. The alternative, meanwhile, is selected post-graduate work for students wishing to proceed to higher degrees in Arts, Economics or Commerce, and some public servant graduates are already doing work of this kind.

I have briefly traversed this question of university education for public administration for the purpose of showing, first, that the work of the proposed Regional Group will be strongly supplemented by the Australian centres of learning and its membership increasingly infiltrated with younger men and women of academic training, and, secondly, that we can expect to continue the tradition of the parent body in Britain only by close and continuous association with the universities.

Conclusion.

The Commonwealth as a whole, I believe, has everything to gain from the educative influence of such a movement as we propose to launch. We are still in the formative stage of our nationhood, and need to marshal all our forces of intelligence to make the most of the spiritual and material means at our disposal. "The remedy for ineffective use

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of the most valuable sections of the public estate," if I may quote in conclusion from the Second Report, just published, of the Development and Migration Commission, "is to be sought in the adoption of a consistent public policy, vitalized by Commonwealth and State departments and instrumentalities responsible for all possible assistance in promoting the country's progress. It is necessary to awaken public intelligence to the gravity of the situation and to create a stern driving force of public opinion." To-night we have at our discretion the acceptance of at least one important means whereby public servants may honourably play their part in vitalizing the public policy of this Commonwealth.

The Civil Service and the Modern State: Discipline and Rights¹

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I

OF DISCIPLINE AND CIVIL SERVICE MENTALITY

THE gratification of ambition, the acquisition of power, and increases of salary, are not the only incentives to good and better work. Often, indeed, these incentives cannot operate. Where a settled state of establishment has been reached, where all the prizes and the risks are foreknown, these tend to lose their virtue owing to their certainty, and States have found themselves compelled to introduce codes of discipline, more or less detailed, more or less severely enforced. The means to the enforcement of the conditions of work in private industry are well known and may be violent: the employer in person, or his representatives, the foreman, the sub-directors, the managers, are watchful for threats to the profit-making capacity of the firm, and the lame, the crippled, the incapable, the recalcitrant, may suffer many penalties up to the point of dismissal and enforced resignation. The non-competitive, sheltered nature of the public services, blunt the edge of industrial discipline, for one cannot calculate quite so well how many pounds will be lost by certain specific behaviour. Further, the public services have a special dignity of a like kind to, but different in degree from, the great professions of medicine and law. They are, in its concrete forms, the State, and they may not behave as lesser associations are wont to do in their everyday contact with their customers and their colleagues.

We are now concerned principally with limitations on the activity of Civil Servants designed to secure efficient work. In this matter Germany has the longest experience and is, indeed, the pioneer. Her rules are publicly known and constitute a large and definite chapter in constitutional jurisprudence. Many commentators have analysed and

¹ This article consists of two fragments torn from the context of a large work which is at present under revision. Will readers remember that they are necessarily not quite in their finished state, and that they lose in value owing to absence from their proper neighbourhood?

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explained these rules, and the Disciplinary Courts have built a remarkable series of decisions upon them.

The main duties¹ of Civil Servants follow :

(1) The Civil Servant is required conscientiously to discharge his office and all the duties directly appertaining thereto, in accordance with the constitution and the laws ; and obey the official orders of his superiors, in so far as they are not contradictory to the law, and behave worthily of the respect accorded to his office.

The obligation of obedience to a superior does not extend to action and judgment while member of a board. On the contrary, the official is there expected to observe only the laws and statutory orders, and to make his decision and give his vote quite independently according to his free judgment and the dictates of his conscience. He must never allow himself to be moved from this free decision by the fact that his superior is a colleague on the board and differs from him in opinion.

It is not the business of an inferior to question the material value, the policy, of his superior's order. He is sheltered from responsibility if the command passes four tests : it must be (a) within the local and material competence of the superior, (b) and of the subordinate, (c) not contrary to the laws and the constitution, and (d) regular in form. When the official does not obey it is at his own risk. He becomes liable to disciplinary penalties if his disobedience is declared unjustified by the higher authority or the disciplinary judge. Only an immaculate judgment on the part of the inferior will avoid a penalty. When the official is in doubt, therefore, he is counselled to obey, and then make a complaint afterwards.

(2) Civil Servants must carry out the duties of their office with the greatest sincerity and probity, without regard to private advantage ; with the greatest impartiality, with all industriousness, and care. The official must be especially on his guard against the possibility of partiality. Various decisions have made clear the meaning of this rule. For example, an official whose personal interest is likely to be materially affected in the exercise of his functions must withdraw from such an affair. No money may be accepted for benefits conferred by official activities. As to capacity to fulfil his duties, sheer ignorance, physical inability, or mental aberration would not lead to disciplinary action, but to direct and unchallengeable exclusion from the Service. But the law acts with a disciplinary intention where such incapacity is or may be brought on by the official's voluntary behaviour, for example, by dissipation, drunkenness, and waste of time such as that of him " who without permission

¹ I follow principally A. Brand, *Das Beamtenrecht*, 2nd edition, Berlin, 1926 ; Schulze-Simons, *Die Rechtsprechung des Reichsdisciplinarhofs*, 1926, section 8 ; Hatschek, *Deutsches und Preussisches Staatsrecht*, 1921 and 1922 ; and H. Assman, *Die Dienstvergehen der deutschen Beamten*, Berlin, 1926.

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from his superiors seeks out a colleague during service hours and talks over a private matter for an undue length of time (*langere Zeit*)."¹ Beyond this there are many special rules, specially appropriate to different classes of work. For example, extraordinary weight is laid upon the impartiality and incorruptibility of the officials (Schulze-Simons, No. 45), and upon the absolute inviolability of secrecy of posts, telegraphs, and cables. We find similar special rules in the Civil Services of other countries also.²

(3) Civil Servants must keep punctually to the hours of arrival at and leaving their work. These hours are fixed by the Ministry of the Interior, and special variations are made by the different Departments for special reasons. But an attempt is made to maintain uniformity in the same type of services all through the Reich, State, and Local Authorities. The Departmental chiefs can make arrangements about the "free afternoon."

(4) Without the official's having a legal claim to extra pay, an extension or alteration of existing functions may take place, so long as the new work corresponds to the training and capacity of the official, and is not of an entirely different nature, and is derogatory neither to the normal activity of the official nor the honour of his rank. (Officials delicate in health must be treated with special care.) When special help is demanded during a strike to make up what the strikers would normally have done, all officials are obliged to obey—even higher officials are obliged, where necessary, to do purely physical labour.

(5) Civil Servants are obliged to be truthful in official dealings, even when they are under a charge, and they must not pass over in silence important facts the disclosure of which is of concern to the Department. This obligation of candour and truthfulness extends to information which is demanded about extra-official behaviour.

(6) Respect for superiors is demanded, outside as well as inside the office, even when the superior is objectionable in character and demeanour. The forms of this respect have been construed in terms of superlative subtlety. You may not omit the usual daily greeting, but women cannot be expected to greet their superiors first ;³ when your superior enters the room you must rise ; and then, towards all officials, inside and outside the office, a respectful attitude must be observed, especially

¹ Brand, *op. cit.*, p. 424 and f.n.

² Cf. British Revenue Officials (Administration Volume of the Instructions Books) : " Having regard to the technical and frequently contentious nature of the work, it is not always easy to satisfy taxpayers as to their obligations and rights under the Income Tax Acts, and it frequently happens that a taxpayer feels a sense of grievance for which there may be no grounds apparent to a member of the staff. In such cases, patient attention and a courteous explanation of the point at issue will do much to remove any sense of grievance and expedite the settlement of a case," etc., etc.

³ A Civil Servant has answered this difficult question thus : " A woman Civil Servant nods first to a man when he is a superior officer, very old, or has otherwise a generally higher social standing.

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to any of a higher grade! The president of a Staff Council must preserve this respectful attitude even during the course of his presidential duties! There has twice arisen before the Reich Disciplinary Court,¹ the case of a superior officer in an altercation with a drunken inferior, when the court wisely ordained that the superior officer is bound to break off the conversation and retire as soon as the altercation threatens to become heated; and, should he not act in this way, the superior is held responsible for the ensuing behaviour or insult. An inferior officer has a right to charge the superior with insulting him, but in the course of such a charge he must maintain the regular etiquette; and a superior officer is obliged unequivocally to withdraw any unfounded charge against an inferior.

(7) "In their intercourse with the public, officials must always be courteous. They must avoid roughness and apathy; they must be friendly and obliging; must try to further the affairs of all who appeal to them, and readily give advice and information to persons who are ignorant of the law and official routine, providing that official duties or the legitimate interests of others are not opposed thereto. Quiet and circumspection must be observed, though procedure may easily awaken an impression of violence and prejudice and make difficult the execution of business. The mode of dealing with the public also depends in a certain measure upon the educational level and the breeding of the individual, and the right way here will be indicated by the natural tactfulness of the official. Officials must be helpful to each other."²

(8) Officials must not allow insults to pass unnoticed, lest the service suffers degradation.³ By the Criminal Code (clause 196) an action lies against persons who insult an official (*Beamtenbeleidigung*). In cases where the official is in doubt about the significance of the insult, he may consult his superior, who may take an action for insult if this occurred during the exercise, or otherwise in respect, of the official's duties. Indeed, to maintain the dignity of the State (as authority) the superior may not consider whether the official was personally hurt or not, and whether or not he desires an action to be taken. It is the office, Authority, which is of paramount importance. That this is so is proved by the opinion (which is, however, a subject of dispute) that the Department has a right to forbid an official from taking action if the publicity of court proceedings would prejudice the interests of the Service. In such cases, it is held by jurists of good repute, the personal claim of an official to satisfaction must give way to the interest of the Department.

(9) A long series of laws, Orders, and Departmental Minutes, enjoin such behaviour in non-official life that the dignity, confidence, and respect bound up with the office shall not be disadvantageously affected.

¹ Schulze-Simons, 22.6.22 and 18.6.24.

² Translated almost verbatim from Brand, pp. 427, 428.

³ Schulze-Simons, p. 231; 22.12.13.

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The Frederickian Code, the *Allgemeines Landrecht*, already forbade irregular life, gambling and the contracting of debts, and condemned officials who made themselves despicable by base behaviour. Officials connected with any financial departments are forbidden to speculate, and this as well as drunkenness and frivolous contracting of debts may result in dismissal. Nor may an official deliberately endanger his health or protract his convalescence by foolish behaviour. In short, "every official must in his extra-official life have regard to the special obligations which his official position imposes upon him. The official must therefore so order his general way of life to conform to prevalent opinions on virtue, manners, and morals. This duty he owes, not only to his master, the State, to which he stands in a special relationship of loyalty, but to the whole of officialdom, which ought to suffer in its ranks only worthy professional colleagues."¹

The jurisprudence on this subject—the general moral behaviour of officials in their private lives—is voluminous. For example, careful distinctions, which we need not investigate too closely here, are made in the matter of sexual relations, in order to separate Self-regarding from Service-regarding behaviour. Some behaviour is immoral, but not subject to disciplinary action, or there may be immediately immoral behaviour with an ultimately moral purpose. As soon as such behaviour becomes publicly known,² and can redound to the discredit of the service, a breach of discipline has been committed.³ This discipline is especially strict (quite naturally) in relation to school teachers, and marriages must be notified as soon as they take place, including the name and profession of the father-in-law.⁴ Again, drunkenness, occasional and chronic, is classed according to its effect upon the official, his co-operativeness, his dignity, and the degree of responsibility and sobriety strictly required for his work. Police officials have especially severe obligations of sobriety. In the matter of contracting debts, not only is the official himself watched, reprimanded, and fined when the matter becomes serious and damaging enough, but he is expected to stop his wife from frivolous domestic economy! Games of chance may be played, in good company, so long as one's economic situation is not thereby jeopardized!

(10) No official may take on any additional offices or employments, other than those for which he has asked and obtained permission of the appropriate Departmental authority.⁵ It is an axiom of the service that

¹ Brand, p. 429.

² The Prussian Over-Administrative Court, in 1912, would not punish an official for visiting a café where waitresses serve, since no obligation not to do so existed—but there was an obligation not to go beyond the bounds of decency in an acquaintanceship with a waitress in such a public place. (Assman, p. 68.)

³ Schulze-Simons, pp. 252, 253, and 256, gives various cases.

⁴ The severity of the rules was originally most marked in the financial departments—at one time previous permission to marry had to be asked for and granted. The existing situation is regulated by the Order of the Finance Ministry, 25.1.22.

⁵ Cf. Brand, Part VIII., sections 147–152.

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all the official's time and energy must be devoted to the proper fulfilment of official duties. (The right to take part in political activity is a special case to which we later devote special attention.) Paid membership of boards of directors or management of a limited liability company, co-operative society, or any other profit-making corporation is entirely forbidden to whole-time officials, but mutual provident societies do not fall under this ban. Other types of subsidiary employment, like agencies for insurance companies, trusteeships, accountancy, editorship of periodicals, coaching, the carrying on of a craft or trade, require no permission. No such permission is given for the management of a public-house or an open stall. The wife, children, and servants of an official are given permission to carry on only those trades which are not likely to result in the degradation of official dignity. Nor is the official now given permission for continuous and regularly paid professional orchestral and concert performances.

(11) The Civil Servant must observe official secrecy. This we discuss in the section on Political and Civil Rights.

These duties form a comprehensive code of behaviour which the Civil Servant is obliged to respect. Penalties of various grades up to the point of dismissal are attached to them, and their intention is to maintain the efficiency of the service. No State is without them, although there are differences of content and form. The tremendous difference between Great Britain, Germany, and France is that the latter countries have the code stated quite publicly in a convenient form, while Great Britain has no complete and public body of doctrine on the subject. Secondly, whereas the Continent has a regular set of authorities and Law Courts (administrative tribunals to the ordinary Law Court) which are competent in this matter, England relies upon the ordinary sense of justice of the Departmental chiefs (which may or may not be a valuable safeguard), upon the Treasury, in serious cases, and extraordinary tribunals when a particularly striking scandal occurs, as in the Gregory case. In a later section Continental procedure, with its regular safeguards for official and State, is discussed.

These rules are ubiquitous and ever-present threats, and the essence of their purpose is subordination and devotion. They are, in fact, of the nature of a State religion: they are those commandments which issue from the nature of the State, and are based upon the desire to maintain the State. An analysis of the nature of any one of these obligations ultimately ends in revealing some aspect of the general nature of the State—whether it be Authority, or Order, or Service, or Impartiality among the various social contestants for power. Given the nature of the State one can, on the contrary, work back to these rules; they are the inevitable expression thereof; and who wills the one wills the other. Some may be practised a little too roughly, some too mildly; some

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may be antiquated and deserve abolition, and again there are others which ought to be included but are not. But in their substance they are calculated to create a mentality and supply incentives so that the public services may operate effectively in spite of the fact that the rather violent discipline—the economic fears and aspirations—of the competitive and profit-making world is absent. They are in part a substitute for the rough justice of the manager, the foreman, and the customer's dissatisfaction with services and commodities produced by the private employee. But, of course, the great monopolistic businesses of the modern world, especially where their market is inelastic, are obliged to adopt similar methods to secure steady creativeness, and, in fact, they do so.

The Civil Servant is obliged to eschew certain satisfactions for the benefit of the service. For example, in the Gregory case, the Board of Enquiry said: "A Civil Servant is not to subordinate his duty to his private interests; but neither is he to put himself in a position where his duty and his interests conflict. He is not to make use of his official position to further those interests; but neither is he so to order his private affairs as to allow the suspicion to arise that a trust has been abused or a confidence betrayed. These obligations are, we do not doubt, universally recognized throughout the whole of the Service; if it were otherwise, its public credit would be diminished and its usefulness to the State impaired."¹

The general rule necessarily holds good in every case where a special art or craft is pursued. Discipline is severe in proportion to the excellence of attainment sincerely desired. Bernard Shaw does not drink tea, coffee, or alcoholic liquors, mainly because he is loyal to his craft: has he not said that without them he kills nine out of ten thoughts, but having consumed them he loses the power of self-criticism? The most splendid code of systematic self-discipline is the Book of Spiritual Exercises made by Ignatius Loyola for the Jesuit Order. The novice passes twenty-eight days in devotional retirement. In this seclusion he is humiliated by the memory of his past life and troubled with a vision of future labours and sacrifices. He then learns the life and works of Christ, and chooses the specific path upon which he thinks to tread towards the divinely appointed goal. He is helped to enter into the spirit of the way of salvation made known by the Saviour; and before the resplendent light of this revelation the novice surrenders for ever to the commands, prohibitions, and the annihilation of man's average, ordinary self adequate to the earthly duties which he has now come to expect of himself. Each day starts with prayer, and then a *prelude*, that is, a strenuous imaginative construction of men and places, or his personal vices, which he will be

¹ Report of the Board of Enquiry . . . to investigate certain statements affecting Civil Servants, Amd. 3037, 1928; p. 21. It is interesting to observe, throughout the whole of that Report, the constant insistence that without the proper rules and the appropriate ethic the Service would lose public confidence.

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called upon to seek to master during the day. He must become the subject of his preconception. Then (and on each day there is a different routine) he traverses a number of spiritual stations: surveys his sins and meditates upon their despicable baseness, reflects upon the distance of his fall from the possible maximum of human saintliness, and from the high morality of God, meditates upon, and even cries aloud, his worthlessness compared with the Lord's unbounded loving-kindness, vows that he will embrace the means of amendment, and repeats the Lord's Prayer. A ritual of penitence, all military in its qualities of discipline and subordination to the command of the former cavalry officer, Loyola, was prescribed, and it recalled in terms calculated to rouse the martial spirit, the eternal battle between Wrong and Right. More modern and ordinary instances abound. A good runner is made by careful diet, proper spells of rest, and disciplined exercise. A competent boxer suffers terribly during training; similarly with dancers, painters, and writers. They discipline their talents.

The ordinary, average worker is kept to this intensity of training, this carefulness of life, is kept "in form" by the prospects of advancement, or of losing his job, and many other things which operate equally in the Civil Service, as, for example, the opinion of his friends and the sneers of his enemies, a pure sense of self-respect, and so on.¹ The security of tenure, the colleagueship, the monopoly of unpriced services, reduce the strain and tautness and severity of the service of the State, and a deliberately invented and consciously inspired code of discipline is the necessary basis of progress. The desire for excellence of attainment must be, if it is not spontaneous, at least synthetically fabricated. Whereas in private employment the price of service in large part evokes obligations and restraints, in public employment the obligations and restraints which serve the public are not in strict proportion to the price paid to Civil Servants.

In some countries a note of religious solemnity is introduced into the whole arrangement by the institution of an oath which Civil Servants take when entering the service. In bygone days such oaths were personal, that is, they were made to the Prince, King, or Emperor,² and it was to the personal service of these that the olden-day Chancellor, Marshal, and other officers swore devotion. The transformation of the royal State into the impersonal State has resulted in the oath being taken to the laws and the constitution. For these continue, or they are proved, or lawyers are prepared to demonstrate that they continue, though

¹ Cf. Professional and Business Ethics, by Carl F. Taeusch, New York, 1926.

² E.g. the oath in the fifteenth century (in Prussia) was to the immediate master; to him was sworn faithful service, the care of his interests and those of the country, the prompt and careful execution of all official duties as well as the special orders of their master, finally the strict keeping of official secrets and other confidential information made by their master. (Isaacsohn, *Geschichte des preussischen Beamtentum*, I. 7.)

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Presidents, Prime Ministers, and party leaders come and go. German officials "swear loyalty to the Reich constitution, obedience to the laws and conscientious fulfilment of my official duties";¹ and those who are in the employ of a State, take the same oath and an extra one imposed by their State; in Prussia, for example, the official swears that he will administer his office impartially and according to his best knowledge and capacity, and that he will conscientiously observe the constitution.²

Supposing now that the present tendency towards maintaining State activity continues, that the State socializes, that is, manages, a large part of the total economic activities to the exclusion of the present price- and profit-making machinery, and discards for the great basic necessities the principle of price for the principle of the best quality and greatest quantity to him who needs most; or even the principle of equal distribution? If the ordinary economic motives as they now operate are devitalized by the State provision of secure economic conditions, what principle of behaviour must be put in their place to serve such a philanthropic State? For if nationalized services are to operate with the maximum of beneficial effect and the minimum waste of energy and resources, it is not enough that they are manned by Civil Servants who know how to go about their business, acting in an ingeniously-planned organization. A faith must animate them and sustain them in the use of that knowledge, a faith akin in its steadfastness and compelling attraction to that which moves great scientific, intellectual, and artistic natures. They must believe that their work and their surrender of easy satisfactions and daily indulgences are worth while. A dynamic ethic is necessary, an insistent commandment, an unfailing "Thou Shalt" and "Thou Shalt Not." This ethic can have an enduring effect only if it is based on a deliberately inculcated scheme of beliefs about the debt owed by individual men and women to the society whose service is their purpose, and these beliefs must be held with religious intensity. We have glanced at the present state of those beliefs as included in the codes of discipline of some great modern States. But they merely correspond to a degree of socialization which if it is not small is at least not yet large compared with the schemes of all modern progressive political parties. And even Conservative Parties are socializers in the many things they would like to *force* everybody else to do: for Conservatism is not and never has been by any means individualistic. It merely asks of the State different activity from that demanded by others; but, emphatically, it asks the State's intervention. A

¹ Cf. Constitution, 1919, art. 176.

² France: Under Napoleon as Emperor Civil Servants swore obedience to the constitution and to the Emperor; this form remained until September, 1870, when the oath of service was suppressed.

U.S.A.: No oath.

Great Britain: No oath.

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socialized State is by nature a Civil Servant State ; as in war, so in normal pacific everyday administration : the day of a separation between combatants and non-combatants is drawing to a close ; and we are approaching a time when we shall all be Civil Servants. A Civil Service State is bound by its nature to move within certain Articles of Faith. That is the lesson, positive and negative, of every Civil Service in the civilized world. Let us make no mistake. For every right we create we somewhere impose a duty. Rights are immaculately conceived ; but they are made in conflict and are not nourished save by obligation. A declaration of rights has no reality except when followed and maintained by a declaration of duties, though, of course, the latter is much less popular than the former. If society, then, comes to rely upon the socialized operation of essential industries, its success will depend entirely upon the quality of mind the Civil Servant brings to their conduct. Slowly but surely the *raison d'état* is changing ; and the new purposes impose novel obligations. And it seems to me that that quality of mind must find its expression in the following obligations :

The Civil Servant must believe that the public welfare is his sole end, and that he is not entitled to spiritual and material adventures which conflict with this end. He must subdue desires for alternative satisfactions which are incompatible with the public welfare. When all constitutional channels, in the creation of which he will naturally have had a fair say, have been used in regard to his claims for pay, condition of work, amount of leisure, he must accept the result without that malice, sense of injustice and revolt, which mar good work. Since only what best serves the State is best, it is a breach of official faith to show favouritism and jealousy in the course of his official duties on grounds of race, creed, class, sex, family ties, and all those other interests and loyalties which command us even when we are most unconscious of them, and precisely then have their most powerful influence. If he receive orders which are unsound, or if he is reprimanded as he thinks unjustly, his sense of obedience must not be weakened, and (without personal animus) he must honestly state what seems to him unfair and inefficient. The use of his leisure would need to be such as not to unfit him for the best performance of his duties. His inventive faculties must be continually kept at their fullest natural stretch. His imagination must, as far as it can, transform statistics and oral and written reports into the human realities they represent. The representative assembly and its organs will lay down the limits within which he may act officially, and he owes obedience. Tolerant and kindly to those below him in rank and to the public he serves, he must use his official authority no more than the interests of the service require, and suppress the impulse of personal dominion, since his command is held only as a trust for society.

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These conditions are austere, but their austerity is not out of proportion to a socialized society ; for something, by hypothesis, must take the place of personal gain as the driving and controlling power of the individual. We do not say that these qualities will be developed, that they can or cannot be developed, or that society will so reform itself as not to be able to live its desired life without them—those are questions of a scope wider than we have set ourselves. We may remark that in proportion as economic and social activity is socialized under the State will these qualities be essential ; in proportion as the present system of industry and social life is left in its free condition will these qualities be only moderately required. This correlation does not depend upon political parties ; it is directly inherent in human nature, in that, in short, which compels all political parties.

Is it possible to infiltrate one or two million people in each modern State with this ethic so thoroughly that they will not tear away from it ? We postulate one or two million, because we guess that this is about the number who hold what may be termed administrative positions, planning and supervising situations, at present, and who would be the especial supports of the socialized State. We do not mean that the executive, clerical, and manipulative are excluded from this discipline. We shall not attempt to answer that question here, but we may indicate some of the elements into which the inquiry must be resolved. How far is the incentive to make profit actually operative in modern industry ? How strong are other motives, if present, compared with it ? How strong were these other motives when the young men or women first entered employment ; and was the motive of private profit much more than the demand for a modest and secure living ? If society were so organized as to offer to the young a freer choice of profession than they have at present, would the desire for the accumulation of wealth and the power it gives be modified, and would the strength of other mental and spiritual factors be fortified, such as delight in speculative thought, research, organization, handicraft, and so forth, all of them essential to sound progressive industry ? How far, in fact, has predaceousness been checked, in professions and business ? If it has been limited by an accepted body of ethics, what general effect has this had upon the behaviour of those accepting it ? Have they cheated, obtained by subterranean means the satisfaction they previously obtained by open behaviour ; have they killed competition by furtive whispers and mortal insinuations instead of by open advertisement and conflict ; have they made their way by intrigues, flattery, sycophancy, instead of by public and independent announcement of principles ? How much private rebellion has there been against the code ; did men " grunt and sweat under a weary life," and feel that they bore fardels ? For all statecraft is the removal of human stress and pain from where they are at any time

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resident in society to another place; and good statecraft is to move and redistribute them so as to reduce their incidence to the minimum possible. And it is all too easy to make mistakes: to create sheer ugliness and moral inhibitions without creating as much or more freedom, beauty, and moral development. Of this the statesman must beware, and the cost must be anticipated. And, finally, we must ask whether we can possibly devise a system of education for children and adults which will enable us to inculcate the code of discipline—how far can we go along this road of changing the schools, the universities, and the environment, and thereby of subjecting impulses and restraints to our rationally conceived social plans? For the ethics of every profession will be found, on close analysis, to be not much higher and not much lower, than the general decency of the nation as a whole. Their nature, at the least, is powerfully moulded by the level of the surrounding and pervading civilization.

These are not easy questions to answer. They require an exact and critical research into human nature and the world in which it lives. But whether they are answered before we move into a more socialized or a less State-controlled life than we have now, the good we decide upon will be purchased by a price paid in the currency of such restraints as we have observed in the official discipline of to-day.

II

POLITICAL RIGHTS

The democratic principle has had at least as much influence upon the modern State as the principle of efficiency, and the public services have been powerfully affected by it. But the notion of authority still lies strongly embedded in the organization of the modern Civil Service, and though the democratic principle has had its influence, its effect is still only in the early stages of its evolution. All kinds of motives combine to support the harshness and firmness of the State's authority over its servants, and these motives are grounded in the State's prestige and in its social importance. They constantly put up a strong resistance and decades have been required to bring some mildness into the State's relations with its servants, and the concessions have never been made but with great misgivings by their donors. Parliaments are in fact dreadfully frightened by Civil Services: they and society seem to be lost without them and lost with them, and they feel compelled to treat them in a way which has, in at least the last generation, not been tolerated by the private employee. We have already in our discussions of Discipline traversed some of the reasons for this. The motives for the maintenance of authority in the Civil Service and the arguments which

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have in part prevailed against them, will become clear in their detail as we discuss the various elements of political and economic freedom and the theory and practice relating to them.

Political freedom falls broadly into two parts—that which concerns the exercise of the Vote and general political activity, and that which concerns candidature for Parliamentary and Local Government assemblies.

Here we have space only to discuss the first.

The Vote and Political Activity

No countries now forbid Civil Servants from voting, nor, as a special class, were they so forbidden in the nineteenth century. The tendency has been rather for Civil Servants to be especially welcomed as voters, not by the law, but in political practice, because the Government in power (in France until 1871 and in Germany until 1918, the Crown's Ministers in a mock-constitutional State), and the parties struggling for power, have always had hopes of influencing Civil Servants and candidates for the Civil Service to vote for them. Governments have always had a fairly easy task, especially in France, Germany, and the U.S.A., in coercing Civil Servants, and espionage on the actions of Civil Servants has served to reveal any injurious recalcitrancy. The story of elections in France, Germany, and the U.S.A., and in a lesser measure in England, has been one in which officials have been well primed before elections and subjected afterwards to inquisition and victimization.¹ The importance of these votes in the aggregate can be gauged when we remember that the officials (local and central) of France constitute one-fifteenth of the entire body of electors, and nearly as many in Germany, and lesser but substantial proportions in other countries. We may take it, too, that there are fewer abstentions among Civil Servants than other branches of the population, partly because of the nature of their profession, partly because of the directness of the pressure brought to bear upon them. Further, they have, in bureaucratic countries, made very good canvassers. These qualities persist in France even to-day, though they are modified by developments of which we will speak in a moment; in Germany they were cynically employed until 1918, when a great break was made with the electoral and bureaucratic past. In England the progressive disappearance of patronage and the growth of bribery and corrupt practices legislation reduced the significance of this use of the Civil Service vote to a negligible proportion after 1870. In the U.S.A. the

¹ Friebolin, *Die Frage der deutschen Beamten*; Harmignie, *L'Etat et ses agents*; Lefas, *L'Etat et les fonctionnaires*; Lotz, *Geschichte des deutschen Beamtentums*. For Bismarck's theory of officials in a constitutional monarchy, see Roell and Epstein, *Bismarck's Staatsrecht*.

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remnants of the spoils system still leave Congressman and the Senator an ample field for ugly election practices.¹

At first, and to some extent even now, the Civil Service vote was encouraged by the politicians for their own purposes. But as the numbers of the Civil Service grew, and its members became ever more aware of their collective economic interests, they became strong enough to threaten to make at least a few members of Parliament the servants of their special interests. The threat from some bodies of Civil Servants, like dockyard workers and postal officials, was strong enough to constitute a problem. The way out of this difficulty was variously proposed as disfranchisement or the creation of special constituencies.

But no great harm has come from leaving matters to take their own course. It is too grave a penalty to debar a Civil Servant from voting when the result of that voting has, on the whole, so little effect. If Civil Servants were much more numerous than they are, and if their activities and power were not offset by other voters and associations, then some other arrangements would need to be made. In a State in which, for example, the Civil Service included over one-half the working population, and where all trades were organized in associations, it is possible that at the minimum a strong element of vocational representation would be incorporated in the constitution. But the vote has obviously come to stay.

Political Activity

The extreme of liberty allowed in political activity, is to be found in France. But this is not based upon any consciously worked out political theory: it is simply the chaotic result of the Declaration of the Rights of Man. In so far as there is any regulation of political activity at all, it comes about administratively, and is derived from the authority of the Minister and the heads of the Department to see that the officials do their work properly. Where, therefore, participation at meetings, the employment of time in writing, and canvassing, acting as treasurer, and so on, affect departmental activity, the means of its restriction is part of the ordinary disciplinary arrangements. But the tendency in France has been not to forbid or even narrowly restrict political activity. It has been simply to turn it into "proper" channels, that is to say, to make it support the Government of the day, and rid it of anti-patriotic, anti-militaristic, syndicalistic elements, and religious suspects.² "The same men," it has been said, "who to purify the law of all Catholicism, asserted the indifference of the State to all doctrines, to-day recognize

¹ Merriam, *The American Party System*; Brooks, *Political Parties and Problems*; Sait, *American Elections and Parties*; Foulke, *Fighting the Spoilsman*.

² Cf. Harmignie, *op cit.*, pp. 29 ff.; and Leroy-Beaulieu, *L'Etat Moderne et ses fonctions*, p. 81.

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the State's right to have a doctrine; those who negated the soul say that it has the "charge of souls," those who forbid it to challenge the independence of the mind by any philosophical preference, assign to it the duty of creating "the unity of minds."¹ Spies are sent to the meetings of the disloyal in order that the Government may "know what is the attitude of the officials respecting the Government of the Republic they must serve."² Some are dismissed, others retarded in their advancement for their views. The personal records are the unfailing registers of political behaviour. France has not yet learned the public value of a Civil Service left free of political influence, and the reign of cynical interference continues, and it is entirely arbitrary. There is no parliamentary respect for the "public thing."

In England manners and institutions are much different. There is a comparatively high standard of public honour, there is more subordination to the public welfare. Long years of electoral experience and efficient party organization have made Civil Servant canvassers unnecessary, while the tradition of the impartiality of the Civil Service is a generally respected convention. Rational consideration has therefore been given to the subject, and a series of rules worked out by the various departments and the Treasury. Generally these allow political activity so long as it is not of a sort to bring the Civil Servant as an official into such conflict with the other citizens that the public service would suffer damage in its dignity, authority, and reputation as an impartial servant of the community. The rules, therefore, affect the combativeness of the Civil Servant, and his occupation with politics while in official uniform or during his official hours. The Order in Council, of 1910, embodied the traditional custom of the service that "employees of the Civil Service should take no overt part in public political affairs."³ Examples of departmental rules are the *Clerk's Instructions* of the Board of Inland Revenue which forbid any officer to become secretary of a political association or club, and the Post Office rule forbidding canvassing or other political demonstration while in postal uniform, and serving upon a party committee concerned with furthering or preventing the return of a particular candidate.

In 1925 a Treasury Committee was set up to consider the existing regulations governing the candidature for Parliament and for municipal bodies of persons in the service of the bank, and its report⁴ dealt with political activity and the right of candidature, but with special and almost exclusive attention to the latter. However, the Committee was well aware of the importance of restrictions and required their maintenance wherever the reputation for impartiality of the Civil Servant might be

¹ Et. Lamy, *Catholiques et Socialistes*, p. 38, *cit.* Harmignie, *op cit.*, p. 30, f.n.

² M. Dubief, Minister of Commerce, *Journal Officiel*, 7th February, 1905, p. 195.

³ Clause 16.

⁴ Cmd. 2408, 1925.

jeopardised. The main ground for such restrictions upon candidatures and political activity was this: "The constantly extending disposition of Parliament to entrust the exercise of quasi-judicial duties to executive departments without providing any of the established safeguards operative against judicial excess—such as publicity, right of audience to persons affected, statement of reasons for judgment, right of appeal, and the like—as well as the sharper alignment of political parties in these days, unite to make the high reputation for political impartiality hitherto enjoyed by the public service a more valuable national possession than ever before. We can feel no doubt that the confidence universally held in the existence of such impartiality is a most valuable guarantee for its continuance, and we can have no assurance that the existing ethic of the service would long survive that confidence if it were once lost."

Germany has not for long had anxieties on the score of this problem, since, before the advent of democratic government in 1918, the Government mastered the political activity of its servants and saw to it that none save "friends of the Government" or "Fatherland-faithful" citizens became and remained Civil Servants. The large military element which had the monopoly of the lower clerical and custodial grades was well enough disciplined not to need encouragement to occupy itself with political activity excepting as it pleased the Government, that is, the Conservatives; and the upper Civil Service was in the main by birth and social position the supporter of the Government, and those who were heads of the local authorities were the political agents of the Government.¹ A long and bitter controversy raged round the position of the heads of the local hierarchy under the name of "the problem of the political officials."

Nor is it yet settled, for the advent of democracy has aggravated the problem. It was especially among the Civil Servants of executive and clerical rank—always the storm-centre of agitation in the Civil Service—that resentment was felt about political limitations.

The change from monarchy to democracy has thrown Germany without any preparation into the very midst of all the bristling difficulties of the problem. The first impulse, as soon as parties became all-powerful, was for each party to use the Civil Service for all it was worth as "spoils," and as votes, canvassers, and election agents, and some things—some necessary—were done in the early months of the Revolution.² Then the constitutional assemblies of the Federation and the States set to work and produced the elements of a code. The main features in the Reich and in Prussia emerge from a consideration of Article 130 of the Constitution of 11th August, 1919, and a series of decisions given in the Supreme Administrative Court of Prussia. The constitutional clause says:

"Officials are servants of the community, not of a party.

¹ See von Gerlach, *Meine Erlebnisse*; Wermuth, *Ein Beamtenleben*.
² von Gerlach, *op. cit.*

"All officials are guaranteed freedom of their political opinion and the right of association.

"Officials are accorded special representative committees which will be constituted in detail by a law of the Reich."

We are here principally concerned with the second clause of this Article—on the freedom of political opinion. This, when taken together with Article 118, which gives all citizens the right to express their opinions freely, but within the limits of the general law,¹ means that the official is without any constitutional limits upon his political activity. But these constitutional rights are abrogated to the extent made necessary by the nature of their office.² This is a very good illustration of the argument sustained in the previous section on Disciplinary Codes and the need for an official ethic. The constitutional rights of civil servants are limited by more than the general criminal law; they are not like ordinary people. These limits do not go so far as to exclude officials from the franchise, or to require that they shall change their political party because it happens to have a point of view different from the Government of the day. But officials must be held in check by remembering that their behaviour may affect the belief in the impartiality of their official function. No admixture of official and political activity is permissible. Nor may any official superior use his authority to influence the political opinion and activity of those under his control. Officials are forbidden³ to use their official or social power to influence votes, and all political agitation in official precincts is strictly forbidden. The Supreme Administrative Court of Prussia has decided that the "freedom of political opinion" means that any official may openly proclaim himself the member of a political party, and that against this simple declaration no disciplinary action can be taken.⁴ Cases have, however, arisen where officials wore party symbols, like swastikas and soviet stars, buttons, and badges, and, since experience showed that these had resulted in undesirable altercations and a disturbance of the peaceful continuity of official work, the exhibition of symbols during service has been completely forbidden.⁵

The penal code⁶ forbids all officials, without exception, to promote or support, by positive activity, the efforts of political parties who wish to abolish the bases of the existing republican forms of the State by violence—as, for example, the Communist Party or the Separatists. An official, for example, who has participated in the formation of a "red army" must

¹ I.e. the criminal law relating to libel and slander, etc.

² Cf. Brand, *op. cit.*, p. 486; Anschütz, *Die Verfassung von 11th August, 1919*.

³ Ministry of Justice, 15.1.19; *Justizministerialblatt*, p. 18.

⁴ *Entscheidungen des Oberverwaltungstribunal*, of 10th November, 1921, Vol. 77, pp. 495 ff., and 18th June, 1923, Vol. 78, pp. 445 ff.

⁵ Reichsarbeitsministerium, 23.2.23. Cf. *Beamten-Archiv*, Vol. III, p. 344; and Prussian Minister des Innern, 15.7.25; *Beamten-Archiv*, Vol. V, p. 619.

⁶ Arts. 82-84.

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be dismissed.¹ Behaviour of this kind is naturally against the oath of office. The law on the Defence of the Republic² which has been inserted into the Reich law relating to federal officials also imposes special duties upon them. They must not in public and during their functions promote movements to bring about the restoration of the monarchy or against the existence of the republic, by the misuse of their official status or by incitement or spiteful behaviour, nor support such movements by calumniating, defaming, or bringing into contempt the Republic, the President of the Reich, or members of the present or a previous republican-parliamentary Government of the Reich or any State.

The administrative courts have worked out the effect of the official duties upon constitutional rights in considerable detail. Where officials in the course of their political activity criticize the Government they are expected to endeavour to exercise the rights in a peaceful and a technically impersonal fashion. They must not fight the Government either publicly or privately in a manner designed to stir up hatred, nor agitate or incite. What happens inside the service is not to be made known to not directly interested outsiders. Complaints about superiors may not even be published in a service journal. Officials must be very careful not to defame their superiors, or to engender disaffection among officials and jeopardize the discipline and order of the Civil Service.

Thus the political activity of Civil Servants in Germany is limited and modified. Their position restricts for them the full scope of political rights in much the same way that English Civil Servants are limited, with this difference, that in Germany the clauses and modes of that limitation are constitutionally stated, publicly recorded, and judged, while in England they are matters for the Departments and the Treasury to decide. Civil Servants may act and speak politically, but all in a muted key. It should be noticed that in Germany some of the officials are definitely political officials,³ that is, their position is such that they have wide discretion in the execution of the plans of the Central Government, they share, indeed, in the work of Government in a very real sense, being in close and intimate contact with Ministers and sharing their confidence. These may, under no circumstances, work against the Government of the day, and may not attempt to criticize ministerial plans or projects in public.

On the whole, the Germans have worked out a rational system, not too hard upon the Civil Servants and not dangerous or derogatory to the

¹ Prussian Disciplinary Court, see *Deutsche Juristen Zeitung*, Vol. 24, p. 832.

² 21st July, 1922, *Reichsgesetzblatt*, Vol. I. p. 590.

³ These were classified in an order made by the Reich Ministry of Justice, 16.2.23; *Reichsjustizministerium*; cf. *Beamten-Archiv*, Vol. III. p. 322. The best general treatise upon the subject since 1919 is Köttgen, *Das deutsche Berufsbeamtentum und die parlamentarische Demokratie*, Berlin, 1928.

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authority of the State. The interests of the State are in the maintenance of its authority, and this is based upon its spiritual awefulness, its temporal dignity and efficiency. The limitations upon the Civil Servants are designed to safeguard these qualities in all their possible entirety from the effects of unrestrained democracy. These limitations ought not to be drawn too narrowly since too sharp a differentiation between officials and public is not good. Everything which can make for community of life and understanding of governors and governed is important. The mistake to be guarded against is that of being unjustly restrictive to the official.

This, owing to an unfortunate administrative history, the U.S.A. has not been able to avoid, and her present law and regulations are rather of the nature of an undue reaction from the blatant evils of the "spoils" system than a national settlement of the problem of political activity.¹ The Civil Service Act of 1892 gives the Civil Service Commission power to aid the President in preparing suitable rules for the Civil Service, and the rule which appears first in the body promulgated by the President runs: "No person in the executive Civil Service shall use his official authority or influence for the purpose of interfering with an election or affecting the results thereof. Persons who by the provisions of these rules are in the competitive classified service, while retaining the right to vote as they please and to express privately their opinions on all political subjects, shall take no active part in political management or in political campaigns. Legal opinions have defined this in detail.² Every year a number of such offences occur. The average for 1912-1928, a period of sixteen years, for which figures are fairly complete, shows that every year between seventy and eighty officials are found guilty in various degrees of political activity, and the figures for some years show that from two to three times this number are alleged to be guilty. We may guess that the numbers which ought to be tried and found guilty are vastly beyond these figures. The offences increase in the Presidential years.

If we reflect upon the various arrangements we have analysed, the most striking feature common to all is the insistence upon the need for the impartiality of the Civil Service. That is as grave and as important in a good political system as in a rationally created constitution; and we have seen in fact that the German constitution has gone so far as to include "impartiality." This is the first constitutional recognition of the significance of this administrative convention. It would, of course, rouse a deep feeling of injustice if taxpayers realized that the servants they were paying were indeed untrue to the principle that the majority's

¹ The same may be said of Australia, Canada, and South Africa, and the regulations of these countries are almost identical with those of U.S.A.

² Cf. Annual Report, U.S. Civil Service Commissioners for any recent year, "Civil Services Rules promulgated by the President and Legal Decisions, with Notes by the Commission."

opinion shall prevail and that each minority has a free right to turn itself into a majority. For that is the principle violated when a Civil Servant injures the effectiveness of the Civil Service as an instrument of government not to speak of what we have already analysed in detail elsewhere: the effects of partisanship on the technical efficiency of the Service. Resentment is bound to follow in a society where Civil Service and public stand to each other in their present-day relations: the one as a paid servant, the other as the employer. The situation would, of course, entirely change under a social system in which *all* were public servants; for then, as now, for the general public, the only way in which a dynamic element could play its rightful part in political development would be to allow freedom of criticism and political activity. The difficulty with a well-ordered society in which the lives of people are subject to a multitude of controls, and where rights are interlaced and well-balanced with duties, is that precisely this freedom of criticism cannot be allowed. At least it must flow through well-regulated channels, and must not impinge upon and threaten certain fundamental tenets—as, for example, the republican form of government in Germany; and similar institutions in other countries which are there guarded by the law relating to seditious offences. The more we wish to take for granted and securely to enjoy in the State, the less may we attack the foundations thereof. We shall find a similar train of thought embedded in the question of political candidatures.

Classifying the United States Civil Service¹

By G. H. STUART-BUNNING, O.B.E., J.P.

THIS report, which has a title almost as long as one of Thackeray's novels, is interesting because it contains so much as new discovery which is commonplace in this country, but never before, so far as we know, has it been set down in print, for the principles underlying our own Civil Service are the product of experience, and, although stray references to them can be found in Reports of Royal Commissions, select committees, and such-like bodies, no one has ever thought it worth while to bring them together and publish them. In the United States the Civil Service has grown up among a people who for the most part showed no great desire for a Civil Service at all, and who found themselves compelled by circumstances to accept something very different from the individualistic conception which most Americans tell one is the reason for the prosperity of the States.

It was not surprising, therefore, that no particular rules existed or any particular principle was observed. Such work as had to be done by the State, either because no one else would or could do it, was performed anyhow and almost always badly. All the best-paid posts in the Service were filled by political nominees, chosen for their help to the Republican or Democratic party, and every change of Presidency meant a ruthless change of office holders. No man with any ambition chose the Civil Service for a career, indeed, in our hearing at Washington, a man, asked whether his son was still in a certain Bureau, replied that he was not, as the Civil Service was no place for a smart young man. This is still the feeling of many people on the other side, but for years there has existed a movement to purge and improve the U.S. Civil Service, and although it has had more than one name, the object has always been to bring it into line with our own, i.e. to destroy patronage and political appointments, to substitute real competitive examinations for sham ones, and in a phrase to elevate the Service into a reputable profession. Lacking public sympathy, one would expect little result from the movement, but in fact a good deal has been done, and hundreds of

¹ *Classification and Compensation Plans. Their Development, Adoption, and Administration.* Published by The Civil Service Assembly, Washington, U.S.A. Price 2 dollars.

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posts which were formerly purely political are now "classified," or as we should say "established"; a pension system has been adopted and examinations are becoming more real. Circumstances similar to those in this country in the eighteenth century have helped to purify the Service, for the horde of office seekers grew so numerous that even "Uncle Sam's mealsack" could not supply them all, just as in England, there were more patronage hunters than positions, and so politicians, professing a virtue which was not theirs, made the best of things and modified the number of patronage jobs. As we have written, the movement towards a real Civil Service is of long standing, and one curious result is the best history of the British Civil Service that has been written, for Dorman C. Eaton came over here in the early '70's to inquire into the Civil Services of Europe, and his instructions recall those of the famous travellers headed by Mr. Pickwick. It will be remembered that they could go where they liked, stay as long as they liked, and report when they liked, the only conditions laid down being that they were to pay the whole of their expenses and even their postage. Eaton came on these conditions and was conquered by the British Civil Service. It is to be feared that the book he wrote on his return did not pay his expenses, for it was too American to obtain a public over here, and too pro-British to please his countrymen, consequently it has been out of print for many years, but it remains the best and indeed the only history of the British Civil Service.

Another thing which has helped the reformers is not unknown in this country. Great firms have seduced civil servants into their employ, especially since the war, but to nothing like the extent of the vast corporations of the United States. Over here loyalty and the prestige attaching to the Service have prevented any great efflux, but in the States, belonging to the Civil Service was rather a disparagement than otherwise, and where there is no prestige it is unreasonable to expect loyalty.

Perhaps, most of all, the movement towards reform has been helped by the change of outlook in the States. From being a self-centred and individualistic it is slowly, and even unwillingly, developing a social feeling, brought about partly by its participation in the War and its aftermath, partly because it is now a power with world ambitions and outer sea possessions, and partly by a growth of understanding that its forty-eight States have much in common. All these factors have been at work, and one result is the great interest shown in Civil Service matters. Even now, this is confined to a comparatively few people as is proved by the price of the pamphlet before us. In this country, it would be sold at sixpence or at most a shilling, but the American price is no less than two dollars, which points to a severely restricted public.

Civil Service in U.S.A.

It is a report of a section of the Civil Service Assembly. No explanation is given of the Assembly itself, but judging by our own experience in the States, this is not a body consisting either wholly or mainly of Civil Servants, but of any persons who are interested in Service reform. The work has been going on since 1910, and in 1927 the Assembly took a typically American step which requires some explanation. If the United States Treasury had been confronted with the problem of the many different clerical grades which confronted our Treasury in 1919, they would not have called together a joint committee of officials and Civil Servants as was done here. As a matter of fact, the U.S.A. Treasury would probably not have dealt with the subject at all, and the duty would have fallen on the Civil Service Commission, which is a very different body from that in Whitehall. Any way, whichever body had the problem in front of it would have called in an expert who goes by the weird name of "Business Doctor," and he would have worked out a plan, setting down the work and pay of every single individual. If this were approved, it would have required the sanction of Congress, and thereafter no alteration of any kind could be made without the further examination and approval of Congress. Both the United States and the Canadian Governments have availed themselves of this outside aid, but it does not seem to have been conspicuously successful. The Assembly at its meeting at Buffalo in 1927, called in the firm of Griffenhagen and Associates, who submitted a draft which forms the basis of this report.

The Englishman who struggles with the result almost needs the aid of a glossary. "Compensation" means wages or salaries, while many other words and phrases seem a little pedantic and not always to fit in with the context. A preliminary inquiry is "a preparatory fact-finding survey"; "evaluation," "factual," "position-content," "appraisal," "preliminary skeleton set-up," are all no doubt clear enough to the American reader, but apt to be a little confusing on this side, and "organization relationships" has no reference to trade unions as might be assumed, but refers to the relation between one grade and another, while "public contact" means actual personal contact with the public, and this is not quite as we should write it. Lest it appears that these are niggling criticisms, let it be stated that they are not intended as criticisms at all, but simply as evidence of the care which should be exercised in reading documents prepared in other countries even where the mother tongue is the same.

Compensation, or as we should say, wages or salaries, occupies the place of honour in the Report, but it is not easy to understand some of the conclusions. What is meant, for example, by "a compensation plan serves as a definite expression of fiscal policy as to employment"? It passes over us. Easier to follow but not very helpful, is "It (a compensation plan) constitutes a necessary and authoritative guide to the

Labour-Saving in Clerical Work

By J. D. IMRIE, M.A.

THE papers which were read before the recent conference of the Institute in Edinburgh * stressed, and that probably rightly, the importance of the machine as a factor in labour-saving. Indeed, so many impressive economies in clerical labour have been effected by the introduction of machinery of itself that there is a danger that "labour-saving in clerical work" may come to be taken as meaning nothing more or less than the substitution of the machine for man.

In dealing with problems of organization, however, it is fundamental that every element be examined. Not the least important consideration is the need for a wholesale review of every item of work undertaken by a department, be it central or local, to determine whether each function performed is really necessary, or, to put it another way, whether the results of effort are satisfying any useful purpose. In order to ensure that an adequate answer to such a question will be forthcoming it seems reasonable to urge that the cost of obtaining results should be measured against the utility derived from them. If this line of approach is taken towards organizational problems then the question of how to do necessary work may be much more easily dealt with, for the simple reason that the ultimate problem may be of lesser magnitude than originally appeared. It is admitted, of course, that different minds place different values upon similar results, but consideration of the cost of performance may, however, conceivably act as a corrective to an administrator who, for example, habitually calls for a mass of inassimilable detail when something much less in volume—directed to "key" information only—is all that is really essential. Apart from the discretion of the individual entrusted with directional control there are, both in central and local government, instances where routine clerical processes are carried out to obtain information which is called for as a result of statutory provisions. Now there may be difficulty in changing the terms of general legislation in view of the constant pressure upon parliamentary time, but for the larger local authorities at least there are, when Private Bills or Provisional Orders are being promoted, opportunities presented from time to time to bring up to date the legislation of previous years. It may be permitted to plead

* See *Public Administration*, July, 1929.

that all legislation which directs that certain functions be performed should—subject perhaps to the requirements of uniformity—be flexible enough to admit of the application of improved organizational methods as these are perfected. To illustrate the point more effectively it would perhaps be better to consider concrete examples of cases where labour-saving follows as a consequence of the amendment of statutes. As regards general legislation an example comes readily to mind in certain provisions of the Local Government (Scotland) Act, 1929, which does not come into force till 15th May, 1930. At the present time the burghs of Scotland levy many separate rates. Indeed, the idea which prevailed until recently seemed to be to levy a separate rate for each distinct service or group of services—Education, Poor Relief, Roads, Sewers, General Improvements, Public Health, and so on. The financial transactions for each rate—though one rates notice is issued to each ratepayer—are accounted for separately; that is to say, the total rate charge is shown for each service less the appropriate abatements, arrears, etc., bringing out the net cash yield. It is true to say that the extent of the accounting work necessary to accomplish the aims of the various statutes which authorize rate-imposition is appreciable. In effect the ratepayer makes a single payment to the Collector of Rates, but the total of all payments made, the total of all abatements and of all arrears are, by virtue of the provisions of various statutes, apportioned so as to ascertain the yield of each separate rate. That there may be as many as ten separate rates—in some cases even more—is sufficient evidence of the complexity existing. Not only have rate yields to be ascertained separately, but the appropriate expenditure chargeable against those is also given in the accounts of each Town Council, with the consequence that there are many separate accounts—Capital and Revenue with appropriate Balance Sheets, etc. This further adds to the labour costs.

The effect of the Act of 1929 is, however, to sweep away all complexities of this nature. Section 19 provides for a consolidation of all rates into one rate for each burghal area. It will then be possible to keep one account of the transactions of each Burgh on the rating side of its activities. Capital and Revenue items will, of course, following standard accountancy practice, be shown separately, but one Balance Sheet instead of a series will result. From the point of view of labour-saving this is a valuable reform, having simplicity as its keynote. One could have wished that the local government reforms of this year could have, in the same way, simplified, instead of increasing, the complexity of the manner in which annual values for assessment purposes are ascertained.

In the sphere of local legislation an example common to every area is difficult to cite for the reason that the terms of local statutes vary with different areas. One case, though not perhaps common, may be worth mentioning. The existing Superannuation Acts of many localities are

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so framed that it is difficult to avoid keeping a separate record of each employee's contributions, accumulated interest, and so on. The work involved is heavy, but the recording of contributions does not call for a high degree of clerical skill. One is tempted to ask the question, Is the recording which is engaged in really worth while? Can the results desired not be obtained by reasonable approximations? Edinburgh's Local Superannuation Scheme does not provide for the payment of interest when contributions are returned to an employee on his leaving the service. The problem is thereby rendered the more simple, and the direction of our organizational activity is tending towards the elimination of all detailed recording work in connection with superannuation. That a solution on these lines will follow is rendered all the more certain because of the fact that in connection with the administrative arrangements regarding Police Pensions it has been found quite unnecessary to undertake detailed recording. This is so principally because of standard scales of pay and the regularity of the wage movements which take place, coupled with a flat percentage of rateable deduction from pay for pension purposes, but there is no doubt of the usefulness of the precedent from the labour-saving point of view when approaching the larger question of the arrangements for dealing with the work involved in connection with the general superannuation scheme of the Corporation.

Everything which has been written, however, stresses the simple as against the complex. Complexity may produce the ideal result, but simplicity, by minimizing the labour involved, avoids a continuance of heavy overhead charges from year to year—a factor too important to be overlooked in these days.

One of the speakers at the Conference stressed the fact that organization is a process, not a result. In other words, organization consists in determining the means to be adopted to reach a desired end. Emphasis is laid on the point that the utility of each "end" must be duly considered. If the "end" desired is worth while then and then only does the problem of "means" arise. The "means" at hand to the organizer in carrying out his work are not in fact confined to machinery, which, apart from the selection of the appropriate machine, raises its own difficulties. The introduction of a new machine to any department should be preceded by careful preparation. Good "staff-work" consists not only in perfecting the organization to enable the machine to function efficiently, but also includes that preparation which is necessary to ensure that the staff as a whole will react favourably to the innovation. The machine is to a large extent distinguished by inflexibility and that fact alone makes for unfavourable reactions, because it usually demands an alteration of mental outlook on the part of many members of the staff. No one denies the usefulness of the machine, but its evident utility should not obscure our vision. An example was

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quoted at the Conference of a department which handles some 100,000 inquiries per year. Not all of these inquiries result in orders, but the fact is that the aim of the sales department is to convert as many inquiries as possible into actual sales. Sales are the main objective—not statistics—and an effective process, both of "follow-up" and of "reference," is obtained by the simple expedient of making the inquiry files hold 1,000 forms. The register folio (which is complementary to the files and contains a brief record of the progress of each inquiry) contains 100 entries, 50 on each side. The result is that reference to these inquiries is greatly facilitated: if Inquiry No. 17246 is asked for it can be found in file 17 on folio 172, four lines from the bottom of the first side of the folio. The elimination of mental effort by such a process is as sure a method of labour-saving as the introduction of machinery.

Labour-saving in essence means the application of scientific principles in organization, the defining of each specific function, with—in the shaping of routine processes—consideration of all factors. The division and length of the working day of the staff, the lay-out of the office, the position of its parts in relation to the whole, the elimination of unnecessary physical movement, the minimizing of mental effort, and other problems related to the measurement of fatigue arising from work, must all be kept in view. Accordingly the lighting, ventilation, and heating of and the arrangement of working places in the office must not be left out of account. There is a humanitarian side of labour-saving, which requires emphasis as a corrective to the purely utilitarian view, which has perhaps received the greatest expression; but it is hoped that enough has been said to demonstrate the fact that, without in any way decrying the efficiency of machinery, its introduction is by no means the principal consideration of the organizer. His is an interesting problem, many-sided, and worthy of serious study.

Some Aspects of Financial Administration

By J. DE VILLIERS ROOS

Controller and Auditor-General of the Union of South Africa

[Paper read before the Pretoria Regional Group of the Institute]

THE three great powers in the State are the Legislature or the law-makers, the Executive or administration which carries out the behests of the Legislature, and the Judiciary which interprets the laws and punishes those who break them. In theory these powers are quite separate, in actual practice they are not. You have all heard of judge-made law inconsistent though it may be with the great legal maxim *Judicis est jus dicere non dare*. (It is the judge's duty to declare the law, not to make law.) But in point of view of magnitude of output the Executive is a greater lawmaker than Parliament itself. This is done by *delegation* by statute of Parliament's power to the Executive to pass regulations with force of law. Parliament has got into the way of only providing the skeleton in the Statute and leaving it to the Executive to fill out that skeleton with flesh and blood by regulation. There are various well-known pros and cons to making law by regulation. It is a common error for departments drafting regulations to forget the Roman Dutch law principle "*Delegatus non potest delegare*." That the Governor General cannot further delegate his powers to departments. Hence we get *ultra vires* regulations, as the Courts and Law Advisers have constantly to point out. When I was still Secretary for Justice I had the regulations which had grown up between 1910 and 1916 printed. I was staggered at the result, the regulations comprised 6167 pages in print, without the index volume, while the laws passed by Parliament in the same years only totalled 3558 pages of print. The printing of the subsequent years' regulations has not got beyond the year 1925, but I think you may safely infer that delegated legislation is still going strong and still leads. So much for the Union public servant as a law maker carrying out the instructions of Parliament. In Greece, in the pre-Christian era, a legislator who got up to propose a new law, did so with a rope conveniently draped round his neck. If Parliament refused to accept

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his law, he was promptly taken out and strangled. Perhaps some day we shall have to get back to some such vigorous deterrent to prevent the state of things in the laws of England pithily described by John Stuart Mill as a chaos of form and construction so that the confusion and contradiction cannot be made worse by any addition.

Some one has happily said that public administration is a science to be studied and an art to be practised; that financial administration is simply organised common sense and that while we frequently cannot attain the ideal summum bonum or best in itself, we should at all events get what Adam Smith stated with regard to the English corn laws of his time, that they "were the best which the interests, prejudices, and temper of the times would allow of."

Although administration as distinct from finance, is supposed to be taboo for a Government Auditor, it is usually so inextricably wound up with finance, that the Auditor unavoidably occupies the position of looker on, and sees quite a considerable portion of the game. Similarly "policy" which is the choice of ends, as against "administration" which is the choice of means to attain those ends in the Service, is subject to Audit taboo, unless the position was saved for audit by enunciating that the financial results of a policy are within Audit's scope of action. To illustrate: while Audit has nothing to do with the policy of employing labour at rates higher than necessary to carry out the aims of the Administration, Audit is within its rights in reflecting what it costs to carry out those aims. And while a Select Committee of Parliament has nothing to do with the Governmental policy as such, the Public Accounts Committee can deal with policy arising from the accounts referred to it.

In practising the art and studying the science of public administration I think it well, every now and then, to take stock and compare your own conditions with those of other progressive peoples, and orient yourself by what other nations are doing and also to look back to other times and see whether you have progressed or retrogressed.

For instance, when the usual gibes were thrown at me when I joined the Service that I was going to live a life of glorified ease and fatten at the Treasury crib, I exulted when I could retort that the Greeks of the classical age called every man who was not a public servant "*Idiotes*" or idiot, with the connotation of "unlearned and lewd" of Chaucerian times.

When we traverse in the mind's eye the Roman public service of classical times, we find, that in development, it was worthy of that nation which ruled the world for so many centuries and gave South Africa even that masterpiece of logical reasoning the Roman Law. We find that the Roman pay for the higher walks of the service was wonderfully good, and as a civil servant rose in wisdom and in years, he received the honorary titles of *vir egregius* (outstanding man), *vir eminentissimus* (most worthy

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man) and the highest of them all was *vir spectabilis* (notable man). These Roman Service honours for good and eminent service were *not* confined to chiefly one branch of the Service, the Police, as with us, and women did not then come into the picture at all.

Comparing again our Service with the Canadian Service of before the 1880's, we find ample room to be thankful that our destinies were not laid at that time in that prosperous land, which some time ago was, for prosperity, placed No. 1 on the list of the nations of the world, while the Union was ranked as No. 13, a sinister number and place. Sir Richard Cartwright publicly stated that in the 'seventies the Canadian public service was filled with zealous partisans who went on the principle of we must help those who help us, who in regard to the taking of a certain census had falsified the records in favour of the Government, that hardly a question was discussed in council and certainly no resolution was arrived at which was not known to our opponents. No wonder, with a Service untrue to the best tradition not to reason why, but to be loyal and faithful to whatever Government is in power, that we read that when a certain Government was defeated, the new Government celebrated its victory by a slaughter of civil servants on a grand scale. No wonder also that a Canadian member of Parliament should have declared in the House, "If you have ambition, if you ever expect to make headway in the world, if you place any value on your initiative, your freedom, then for Heaven's sake steer clear of the Service." Eventually American experts were called in who reorganised the Service and made it what it now is.

Personally, when I read of how the Censor, or Auditor, at Peking, in the latter days of the Chinese Empire, had thought it incumbent upon him to criticize the financial acts of his Celestial Majesty, the Emperor, that he faithfully fulfilled his duty, but weighed down by the seriousness of his act, committed suicide, I felt glad that my lot was not cast at Peking in that time.

In regard to the cost of Public Service administration the immortal Pepys said some two hundred years ago, "It is impossible for the King to have things done for him as cheaply as others can." If it must cost more we can at all events see that the public service becomes a model of efficiency.

The Credo of the true civil servant has been magnificently expressed by Dr. Finer, as follows, "Since only what best serves the State is best, it is a breach of official faith to show favouritism or jealousy in the course of his official duties on grounds of race, creed, class, sex, or family ties. Tolerant and kindly to those below him in rank and to the public he serves, the civil servant must use his official authority no more than the needs of the Service require, and repress the impulse of personal dominion, since his command is held only as a trust for society."

But I am getting away from my theme. Sir William Beveridge in

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the London School of Economics on one occasion said you cannot criticize the public service until you understand the reason :

1. Why the civil service deems it indecent to look at a letter received before it has been enveloped in a jacket or cover.
2. Why the civil service attempts to deal with correspondence from the bottom to the top rather than from the top to the bottom, as you would read a book.
3. Why the civil service writes minutes instead of going and talking to the man next door about the matter.
4. Why the civil service takes a month and sometimes longer to answer a letter.

As I am not certain whether I could correctly answer all these queries, I shall get back to firmer ground.

The financial administration of the Union is based on the Exchequer and Audit Act, Act No. 21 of 1911, and the financial regulations framed thereunder, which Act again is based on the British Exchequer and Audit Act of 1866. The British system owes its perfections to the genius of William Ewart Gladstone, the Greek scholar who took up the Chancellorship of the Exchequer with fear and trembling as all his habits of mind and thought had before lain in other channels than the Treasury, but he had one great asset in that he was an ardent apostle of thrift and economy, and it is said that he used to turn over the labels of his Ministerial dispatch box to use them twice before discarding them. He was also imbued with the principle that economy itself constitutes a big revenue, or is sometimes even better than a great revenue. He also said, "I am convinced that all excess in public expenditure is not only pecuniary waste, but a great political and moral evil,"—"It is characteristic of the mischiefs of financial prodigality that they creep onwards with noiseless tread; that they remain unseen and unfelt until they reach a magnitude absolutely overwhelming"; and again, "The devouring spirit of expenditure is at present all pervading. It requires to be exorcized." And with his unswaying belief in and practice of economy he also had that ferocity which the great Frenchman Thiers said was indispensable to a Finance Minister.

As will be seen from the date 1866, the modern British financial system itself is of comparatively recent date. It was only in 1835 that a London fire caused the destruction of the notched tally sticks which formed the old records of public revenue and expenditure. The old name Exchequer for Treasury itself is by some derived from the French word for tally stick and by others from the cloth ruled in columns on which additions of sums of money were performed in the old Treasury. The names still survive, the rest has disappeared into the limbo of the past along with the Secretary of the Treasury's perquisite of so many yards of velvet plush every year.

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The Union Treasury financial system is best understood by the simile of a reservoir. All tax and other moneys, that is Revenues, collected by the servants of the State must be poured into the Exchequer reservoir kept in the Banks. The tap from that reservoir cannot be opened except by Parliament by order conveyed by means of an Appropriation Act. The Governor General conveys the general authority (for the Administration to act under these Appropriation Acts) to the Treasury and the Controller and Auditor General, to open the tap to the extent Parliament has signified. The Governor General has also special authority from Parliament to exceed the limit of the Appropriation Act amount and can order the opening of the tap for £300,000 more in specially urgent cases. The opening of the tap is worked by requisition of a definite amount for a definite purpose from the Treasury to the Controller and Auditor General, who signs the requisition on the Exchequer Account in the Bank, if satisfied with the correctness thereof. The money withdrawn is then put into another bank account by the Treasury, called the Paymaster General's account, from which it is drawn by the different departments for their needs as voted in the Estimates. The function of the Auditor General in opening the tap on requisitions from the Treasury is called his Control of the Exchequer function.

A peculiarity of Union Finance is that our Parliament laboriously votes every year in connection with the passing of the Estimates of Expenditure, what are known as the Consolidated Fund Services, which do not require voting at all, and are neither voted by the English Parliament nor by the American Congress. They are the amounts permanently appropriated by law, such as the interest on our debt and the salaries of the Governor General, the Judges and the Controller and Auditor General.

The British Financial system has been subjected to a considerable amount of comment and criticism by English Parliamentary or Government Committees such as the National Expenditure Committees by such English writers as Davenport, a Member of Parliament, and Higgs and Hilton Young, old Treasury men, and also by a Commission of American Inquirers. As some of the criticisms would be apposite to the Union also, I mention the more important :

1. That the Estimates should be more informative and significant of the proposed expenditure and results aimed at.
2. That the Estimates Select Committee should not be trammelled by the taboo of policy and should have an adviser of the status of the Auditor General as obtains with regard to the Public Accounts Committee. The French Estimates Committee is free from trammels of policy. We had an Estimates Committee in the first years of Union, but have none now.
3. That the Estimates and accounts should be grouped to show

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objects rather than *subjects* of expenditure and that the whole cost should be shown under the same head. The Union system is based on a classification on the subject basis. Thus, the rent, rates, and taxes, lighting and heating, the stationery and printing, and pension costs of a department do not figure under the departmental vote.

4. That cost accounting, that great detective of waste and inefficiency, should be introduced into the Service. The Union book-keeping is also on the cash system, differing from the Railway Department, where commercial accounting is pursued.
5. That appropriations-in-aid (i.e. using receipts to help to pay the cost of a department, instead of throwing all receipts into the Exchequer reservoir) be abolished and that the votes and account should show the full figures or gross receipts and gross expenditure always contended for by Sir R. Giffen, the statistical authority. It is interesting to note that the new German Finance law in the official gloss on the relative section also says that practice and science have in agreement declared that the full figures of revenue and expenditure are the foundations of orderly public finance.

By Section 2 of Act 36 of 1923 appropriations-in-aid for Railway interest received by the Treasury were sanctioned in the Union.

6. That an Efficiency Audit, viewing the merits of expenditure, and whether a sufficient quid pro quo is obtained, be introduced. I have elsewhere shown that it obtains in Japan. One writer puts it in the form of an epigram in the words : " We want less government in business and more business in government." Another says that a permanent Secretary of the British Treasury could not sleep at night thinking of the defenceless state of the taxpayer.

Except in the case of the payment of pensions, where a pre-audit before payment obtains, it is only after the money voted has been drawn by departments from the Paymaster General's Account by the Accounting officials of the various departments and spent, that the Auditor General's function as such under our system and as the watchdog of Parliament arises. It is primarily, therefore, a post mortem function, a criticism of spilt milk, if any. And the Auditor General has to report such instances in his annual report to Parliament, including his exercise of his power of surcharge ; this power, however, being limited anomalously in respect of milk spilt by gross negligence. In other dominions power of surcharge for loss through negligence is given to the Auditor General. His report to Parliament is, in due course, referred to the finance committee of

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Parliament by pre-eminence, viz. the Public Accounts Committee, which calls the accounting heads of departments before it to examine them and hears the Auditor General, and a report results in the form of recommendations to Parliament. These reports should be considered by Parliament, but for several years now they have not been considered by Parliament owing to a definite day not being set aside for their consideration. These reports of the Public Accounts Committee lay down very valuable principles of financial practice and procedure. On the Committee's recommendation the Treasury submits Minutes in the ensuing Session assenting to or debating the conclusions arrived at. If, however, the Committee once more affirms its recommendations, the English Treasury is supposed to accept them and issue instructions to departments accordingly. In England the reporting functions of the Auditor General have been aptly described as follows: The Auditor General raises a hare, the Public Accounts Committee runs it down and the Treasury breaks it up. The Exchequer and Audit Act is silent on the points of Economy, Efficiency and Waste in defining the Auditor General's functions. The Public Accounts Committee, like its prototype the English Committee, has, however, encouraged the Auditor General to inquire into these phases where it can safely be done with the means at his disposal. The Union Public Accounts Committee has not adopted the great unwritten law of the English committee that the Chairman must be a member of the Opposition, nor the English practice that a Treasury Officer should always attend its sittings. The Auditor General would not be able to maintain his position for one moment if he was not independent of Ministerial control and, therefore, the law has given him somewhat similar security of tenure to that which obtains in the case of supreme court judges. That is the only way in which an Auditor General can exercise a competent, vigilant, and fearless audit. The deterrent effect of inexorable scrutiny is a powerful stimulus to regularity. Some one has well said that if an Auditor General is popular with departments it argues some defect or failure in his carrying out of his duties, but that should not militate against the heads of departments regarding him as a true but candid friend, assisting them in keeping their financial house in order.

In the native metaphorical language of the Transkeian Native Council the necessity of audit was quaintly put, that the auditor is the herdsman you send into the veld to watch your cattle. The auditor is the Ramathlo of the Sesuto, the man of the eyes, whose watchful eye should never close.

I have also been asked what are the tests of a financially well-run department. More generally than not, a financially well-run department is also an administratively well-run department. Generally a financially well-run department is truthful and accurate in its Estimates of Expenditure and does not either ask Parliament for much more than it requires to spend, or much less than it requires, the substantial failure to

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observe these, leading inevitably to applications for Governor-General's Warrants, Supplementary and Additional Estimates and that other financial abomination—an excess of expenditure on the departmental vote. The well-run department is careful and economical even in small items of expenditure and in selective economy between alternative courses of conduct, and especially with regard to guarding against the waste of Government property, stationery, light, heat, and transport. Wherever opportunities present themselves to rationalize or standardize official processes and so get the best results at lowest cost, it is not found wanting. In spending the money which Parliament has voted the well-run department strictly follows the commands of Parliament and furnishes accurate and intelligible accounts. It is also strict in recovery and keeps a control over departmental leave. A financially well-run department is in all things, great and small, vigilant in the protection of the taxpayers' interests and all for economy and efficiency. It will constantly be testing the cost of working the administrative machine by means of unit costs, comparing the costs of its hospitals, prisons, police stations, etc., or as in the case of our Railway department, by sectional statistics determining which branch lines do not pay and if so why, and why the working costs of the Main line to Durban should be more than the Main line, say, to Komatipoort. A further test of a well-run department lies in the volume of audit query and criticism that such departments' accounts evoke and the way audit queries are met by the department, promptly, fully, and frankly. The final test comes when the department has through its head to appear before the Public Accounts Committee to reply to questions that may be put on the Audit criticisms or generally on the work of the department. As is to be expected, the well-run department is quickly recognized by the Public Accounts Committee by the ready and prompt replies of the head to the hundred and one questions which are levelled at him by the Committee at a moment's notice. Members of that Committee, shrewd business men, have again and again remarked to me, after a morning's evidence by a departmental head, "that is a good man who knows his business." In each of those cases I could testify that from the audit point of view also I was well satisfied.

I have outlined very briefly indeed the essence of the system of Union audit. I would ask your indulgence while I give you a bird's-eye view of how audit is conducted in the other chief countries of the world.

In a word, the world is divided between the British system followed in Britain and the Dominions, of one responsible officer who certifies the accounts subject to qualifications and reports to the Legislature for any further action, and the Continental system of a Court of Accounts which tries the accounts and grants final certificates of discharge and then reports results to the Legislature. The British system is primarily a *post-audit*, audit after payment, the Belgian and Italian systems involve a *pre-audit*,

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before payment of the accounts. The pre-audit is in certain respects ideal, but in the nature of things it can only work effectively in a small country with daily rapid connections with all parts thereof. Some of the audit systems of Europe have also been given charge of the Public Debt Register, which is a function of the Treasury in the Union.

In 1921 when I visited Japan I took the opportunity of visiting the Japanese Auditor-General in Tokio, and was much interested to learn that an efficiency audit was in operation there. The Japanese Auditor General not merely inquires whether public expenditure is correct and in accordance with authority, but he goes further and inquires into whether the State has received value for its money by such expenditure. This he is enabled to do by a Committee of eight technical men attached to his office, who assist the Auditor General in all questions of technical expenditure.

In 1925 when I visited Europe, I took the opportunity of visiting my colleagues and obtaining the finance and audit acts of the chief countries of Western Europe. I was most struck by the complete and logically worked-out system of the German Finance and Audit Law of 1922. It sets forth as a concrete principle that the resources of the State have to be administered in a businesslike manner and with due regard to economy. By getting their annual Estimates passed before 31st March they avoid all the trouble and expense (of votes on account until the annual estimates can pass) of our part appropriation acts. The purposes for which money can be borrowed are strictly limited. Audit is specifically enjoined to see that all expenditure take place with the requisite economy. The Reichsbank is subject to Government audit which our Reserve Bank is not. Incidentally, elections take place in Germany on Sundays and holidays to save the working time of the people.

In 1921 the United States commenced the most daring experiment of any country. Until that year the American Legislature had no single Auditor-General, but several auditors under the Treasury. It had no single Budget or regular Estimates presented to Parliament as one whole like the regular European System, but allowed each department to ask for an appropriation to meet its expenditure. It had previously had a Commission in England to study the British system of finance, which issued a valuable report pointing out what were the merits and demerits of the British financial system. Under the new law a bureau of the budget is established under a Comptroller General as director appointed for fifteen years at a salary of £2000, who must retire at 75, and whose chief duties are to frame the *Estimates*, to audit and *settle accounts*, and *suggest new laws*. From the following official statement of his function it will be seen that in addition to watching over economy and efficiency he had been given wide *administrative* powers, never given to an Auditor General before anywhere, to my knowledge :

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"Upon the application of disbursing officers, the head of any executive department or other independent establishment not under any of the executive departments, the Comptroller General is required to render his *advance* decision upon any question involving a payment to be made by them or under them, which decision when rendered governs in the settlement of the account involving the payment inquired about. He reviews, on his own motion, any settled account when in the interest of the United States to do so. He superintends the recovery of all debts finally certified by audited settlements to be due the United States exclusive of those arising under the Postal Service, and the preservation of all accounts, with their vouchers, etc., which have been finally adjusted, and countersigns all warrants authorized by law to be signed by the Secretary of the Treasury.

"It is also the duty of the Comptroller General to investigate at the seat of government or elsewhere all matters relating to the receipt, disbursement, and application of public funds and to make recommendations to the President, when requested by him, and to Congress concerning legislation necessary to facilitate the prompt and accurate rendition and settlement of accounts, and concerning such other matters as he may deem advisable in regard to the receipt, disbursement, and application of public funds and economy or efficiency in public expenditures. He makes investigations for Congress as to revenue, appropriations, and expenditures, furnishing assistants from his office to Congress for that purpose, and specially reports to Congress every expenditure or contract made by any department or establishment in any year in violation of law. He also reports to Congress upon the adequacy and effectiveness of departmental inspection of the officers and accounts of fiscal officers, and in accordance with law has access to and examines any books, documents, papers, or records, except those pertaining to certain funds for purposes of intercourse or treaty with foreign nations, of all departments and establishments for the purpose of securing from time to time information regarding the powers, duties, activities, organization, financial transactions, and methods of business of their respective offices. It is also his duty to furnish to the Bureau of the Budget such information relating to expenditures and accounting as it may request from time to time."

In a recent interview some time ago the Director, General Lord, has reviewed the position in the light of the six Budgets prepared since the new law was passed. In the six years £300,000,000 less were voted than what departments asked for. He starts off each year by calculating the probable revenue for the next year, then he allocates their share to the various departments and tells them they can have so much and no more. Even the most trifling economy is welcomed. Thus when a messenger saved some £40 by retrieving from official waste-paper baskets, pins, clips, rubber bands, and bits of pencils he received a letter of commendation and public mention. Omitting the blue stripe from mail bags again saved £10,000 a year, and the men who must have a shorthand writer to dictate their letters to on every occasion instead of writing them themselves are severely discouraged. President Coolidge, summarizing the position, said that when the law was passed in 1921 the United States debt was £4,795,000,000; after six years the debt had been reduced by £500,000,000. The President added: "I favour the policy of economy, not because I wish to save money, but because I wish to save people."

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In the Dutch system in Holland the members of the Audit Rekenkamer have to take an elaborate oath to maintain the Constitution, act with *bonâ fides*, industry, honesty, and impartiality and accept no gifts. They must see that the expenditure voted by Parliament is so administered that the maximum be not exceeded and that no claims against the State are paid after they have been proscribed by law.

The Italian Finance law as revised under Mussolini in 1923 requires the Minister of Finance to keep an inventory of immovable property belonging to the State duly valued and every Minister to keep an inventory of State movable property under his charge. All contracts sounding in money have to be preceded by public tender. Public contracts have to have a definite term, generally not exceeding nine years. The variation or rescinding of a contract has to be submitted to the Executive Council. Receipts by the tally system are only allowed where the payee cannot write. Fidelity bonds are not required of officials entrusted with the custody of public moneys, but they are required when non-officials are entrusted with the custody of money. The State has the right to withhold the salaries of officials through whom the State has suffered loss. Officials are liable for loss through their negligence, Audit assesses the liability, which they have to make good. Finally, the law lays down in what cases a pre-audit is required before payment.

In Portugal and the Colony of Mozambique also a surprising change has been effected since November 1928. Until 1914 Portugal established inspectors or directors of the State domains (*fazenda*) in each of its Colonies, independent of the Governor with power to place an embargo on the execution of any order for payment which they considered illegal, whereas the audit of expenditure in our sense of the term was wellnigh non-existent. To this power the Governors of the Colonies raised indignant protests, as they considered that they lost prestige by the fact that an officer, who ought to be their direct subordinate, had the right to prevent the fulfilment of the orders of the head responsible for the administration of the Colony. Then "auditors fiscal" or Treasury auditors for audit alone were appointed, but this similarly failed and had to be abolished. Instead of sticking to going through the various establishments in the exercise of their legitimate duties they established themselves as bureaucratic offshoots of the Inspector Generalship of State domains in Portugal, issuing from their offices their decisions, transforming thereby each audit office into a consulting office of the financial administration.

In place of the auditors fiscal suppressed, the new decree promulgated in Lourenço Marques in November 1928, establishes an audit proper of revenue and expenditure by Inspectors sent out from Lisbon once every two years, the inspection of the Mozambique Colony (including the curator's office of Portuguese natives in Johannesburg) to be completed in six months, the Inspector to report his findings to the Minister of

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Colonies at Lisbon. It is also forbidden to send the same inspector twice running to the same Colony unless an interval of a year has elapsed between his visits. It is expressly stated that the Inspector will have no administrative functions and that he is to get such assistance as he requires from the local offices visited.

We have seen that the world is divided between an institution of one Auditor General, a critical and semi-judicial officer co-operating with a finance committee of Parliament against that of a Court of Accounts, a judicial body, deciding on the accounts presented. Let us now examine which is the older institution.

The English Auditor General as at present instituted is a creation of 1866. The Continental Court of Accounts dates back in France to 1256, where it originally formed part of the Courts of Justice as the combined title shows, "tribunal de Justice et des Comptes." There is no doubt that from France the institution spread to the other countries of Europe, so that in Holland and Belgium we have the Rekenkamer, in Germany the Rechnungshof, in Italy the Corte di Conti, and in Portugal the Tribunal de Contas. In Holland we find that the Rekenkamer had to report periodically to the States General or Legislature, but in 1621 on a report of that body pressing Parliament to improve the methods of public finance, a discouraging resolution was passed by that august body forbidding the sending in of such "verveelende rapporte."

In 1797, after the British had first occupied the Cape, J. Barrow, better known as the writer, was appointed as Auditor General with the assistance of a body like the Dutch Rekenkamer. On the retrocession in 1803 Commissioner de Mist substituted a Rekenkamer pure and simple. After 1806 with the annexation to the British Crown the institution of Auditor General was reverted to without the assistance of a Rekenkamer. Under the South African Republic Government the Transvaal had an institution which reminds one of the recent American innovation of an Auditor General who had also to prepare the Estimates and make a pre-audit of accounts before payment.

The Public Accounts Committee has laid down a number of important principles dealing with the Union financial system since Union. I am afraid time will only allow me to quote a few of the more important, without even stating the Treasury attitude with regard to them.

Perhaps the most important is the resolution of 1918 reading: "The growing practice of adopting illegal courses in anticipation of legislation is animadverted against as it strikes at the very root of Parliamentary control." Then, an official's ideas of equity must not be allowed to be set up against the terms of a positive statute.

That a simple system of cost accounting in Government departments should be introduced with suitable units for comparison.

That the right financial principle is that without exception all ordinary

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public buildings should be constructed from revenue, and that posterity should not be saddled with debt for any other than large national buildings.

To irregularly exceed the limits of compensation laid down by law, tends to demoralize the proper administration of public affairs, besides adding considerably to the cost, and must be severely discountenanced.

The public interest and the interests of the taxpayer are the predominant considerations.

Government should not lightly allow men, to whose hands the forming of the character of the youth is entrusted to set aside the sanctity of a formal contract, and that to the detriment of the taxpayer.

In all cases of receipt of money, where the payee can write, he should give his signature, even where payments are recorded by the tally system.

The cost of uneconomic labour employed on Irrigation works should not be charged to the work itself, or to the settler who is to benefit by the work, but to revenue.

If independence and self-reliance are to be fostered, co-operative societies should be weaned from active Government control.

The Governor General (i.e. the Executive Government) has no power to grant pensions not authorised by law.

No pension benefits should be increased in future without an actuarial valuation of the effect on the relative Pensions fund being previously obtained.

The estimates should reflect objects rather than subjects of expenditure, with appropriate units of cost.

Every bill introduced into the Parliament should be accompanied by an estimate of the expenditure to be cast thereby on the taxpayer.

Losses on loan expenditure should be recouped from Revenue.

Excellent principles you will agree ; the pity is, however, that so few of them are being carried out.

Regional Government ; or, The Next Step in Public Administration

BY EDGAR ASHBY, A.S.A.A.

[Being the Winning Essay in the Haldane Essay Competition, 1929]

INTRODUCTION.—The passing of the Local Government Acts of 1929, following as it does upon the heels of the Rating and Valuation Acts of 1925 and 1928, places the local government of Great Britain in a new era. Gone are the old outlines which have for so long provided the framework or setting for the multifarious activities of councils and boards of guardians.

The Poor Law, having its origin in the famous Act of Elizabeth of 1601, follows its overseers into oblivion to be replaced by the Public Assistance Committee. The parish, the domain of Bumbledom, has been absorbed by the District Councils.

The county rate basis which has for so long determined financial obligations, both individual and sectional, no longer determines the apportionment of grant aid between local areas within the counties, but yields to the new formulæ by which the "weight" of each area is to be computed.

Assigned revenues and percentage grants for public health services disappear in partnership. The new "block" grants in aid are allotted to county councils and county boroughs, these being the largest existing units of local government. The old annual basis gives way to that of five years, for which period the new grants are fixed, and the quinquennium becomes of paramount importance as the period of revision and re-allocation.

The Line of Development.—From all this is clearly seen a definite line of development : the deliberate adoption of the larger unit. It is in complete accord with the trend of events in modern civilized life. The extraordinary development in recent years of expeditious transport facilities has broken down both natural and artificial boundaries and reduced real distances, contracted areas, and given to the people of all countries a much wider horizon of thought and an extended sphere of activity. Housing schemes on town-planning lines have taken the masses out of the hitherto accepted small "neighbourhood" ; but,

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owing to the exigencies of economic circumstances and the interplay of family relationships, the old centre in most cases is maintained, thus producing very much larger areas of homogeneous population. In other words, our townships have become very considerably enlarged.

Side by side with this phenomenon we have the movement towards "rationalization" in industry: the elimination of the smaller unit, with its concomitant competition and wasteful want of organization, in favour of the large-scale combination uniting all factors in a given trade and all the trades which operate for a common purpose, resulting in increased production, a lowering of costs, power to control prices, to stabilize supplies, and to create new demands. In the field of finance the same process of unification has become apparent; indeed, has preceded and precipitated the parallel action in the industrial arena already noted.

It appears then that the tendency of to-day throughout the whole sphere of human activity is towards the larger unit: indeed, I venture to suggest towards the largest unit manageable, for I am convinced that the only thing which will ultimately set a limit of size to any enterprise will be the extent to which human powers are capable of exercising control.

Local Government.—Let us look now at the realm of local government, which is the sphere of public administration with which I am mainly concerned in this paper, and see if it appears that we have reached finality in the direction of the growth of the manageable unit, or, better still, the economically efficient unit. My proposition is that we have not, and that the stage which we are now entering by virtue of the enlightened legislation of recent years is merely a stage, long overdue and secured by exceptional energy though it be, yet nevertheless of its very nature transitional and leading of necessity to further development—indeed, actually clearing the way for the next step.

The Need for Larger Areas.—As evidence of the fact, and in proof that tacit recognition is being given, that the largest units of present local administration are not sufficiently large for practical purposes, I would point out certain lines of action in a number of diverse matters where it has been found imperative to create a larger field of action. First, the practice of setting up joint committees of local authorities for certain purposes. The outstanding example of this to-day, I suppose, is the establishment of joint committees for electricity supply. Here it is becoming obvious to every intelligent observer that a combination of borough and county or, as in most cases, several of each, is bound to produce more efficient results both with regard to generation and distribution.

Joint committees for drainage of adjacent areas topographically interdependent and relying upon some common waterway have long been in existence. Joint hospital boards are functioning in several places to the great benefit of the populations of separate local government areas.

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One is almost inclined to quote the old poor law unions and make them serve at least one more useful purpose before their demise, for in many cases their area exceeded that of one county borough. Regional town-planning committees are absolutely essential for the carrying out of a scheme of any dimensions if its advancement is to be of any practical utility, particularly when the needs of posterity are envisaged.

For purposes of police administration the Home Office has found it expedient to divide the country into districts, each district comprising a large number of local units, including counties, county and non-county boroughs. Even the utility of quarter sessions is based upon the same principle. County valuation committees set up by the Act of 1925 point the moral and adorn the tale.

Voluntary Association.—Secondly, the numerous cases of voluntary association of local authorities for common purposes, notably in the matter of passenger transport, illustrate the same fact. The working agreements existing between adjoining areas in respect of tramways and omnibus undertakings are too numerous to warrant any attempt at a catalogue. There are also the agreements for the joint use of hospitals and similar institutions, reformatory and industrial schools, county high schools, etc., etc. An excellent example is provided by the construction of the Birmingham-Wolverhampton arterial road, where five or more separate local government bodies acted in unison, and by sharing the cost produced a notable addition to the highways of England which no one of them could have done acting independently. A commercial parallel is found in the recent formation of the Grand Union Canal Company, a combination of a number of separate canal companies for the development of the whole system of inland water transport covering many counties and serving innumerable towns. This provides, incidentally, an example of an opportunity lost by local authorities owing to their existing limitations.

The Next Step.—Enough has been said, I think, to indicate clearly that there is already a demand for the larger area in the sphere of practical administration, and it is now my purpose to indicate what I consider to be The Next Step. I have called it "Regional Government," and I propose to offer some tangible outlines for its achievement.

It may not be out of place here to recall a theory which under the name of "Devolution of Government" enjoyed a short-lived vogue amongst certain politicians a few years back. It was occasioned by the consideration of the grant of self-government to Ireland and the anticipation that a like demand would be made—as is now to a certain extent the case—by Scotland and by Wales. The suggestion was that it would be an excellent thing to grant all these claims, and further, to split up England into some four or five self-governing areas and so free the Imperial Parliament from the burden of local legislation, and devolve

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many of its present duties to the local legislatures so constituted. Doubtless the day of the realization of this ambitious attempt at resolving the problem of the provinces and of the present parliamentary machine at a single stroke on logical lines is not yet, but I feel convinced that some *via media* as outlined below will become a matter of paramount importance in the near future, and is indeed the logical outcome of the position now being created.

Principles Involved.—The suggested principles which should govern the creation of the new region or zone for local administration are briefly as follows :—

(1) An equitable combination of urban and rural areas—a union of town and countryside—calculated approximately in proportion to such areas already extant in Great Britain, subject, of course, to the limitation of physical facts and with an elasticity calculated to meet local variations.

(2) An intelligent anticipation of the future needs of the country as a whole regarding enlightened town planning, arterial roads, transport services, public health services, and public utilities, especially electricity supply.

(3) An equalization of the burden of local rates as between areas of different types, for example : the densely populated industrial township, the wealthy residential urban districts on its flanks (which at present contribute nothing to the towns whence all their amenities spring), and the depopulated countryside surrounding them both.

(4) The progressive draining of the densely populated areas into the rural districts, and the restoration of contact, in varying degrees, between the masses and mother earth (which is held by sociologists to be the only hope of social salvation for our nation), and the consequent opening out of the unhealthy areas of the towns.

New Boundaries.—The first consideration will be the fixing of boundaries, which is always a difficult problem. This would need to be done by a commission appointed by H.M. Government, working to the principles outlined in (1) above. The ideas underlying the scheme are (a) that no purely rural area should be left unattached to some substantial township ; (b) to achieve the grouping of towns with the intervening country districts, and (c) to provide a considerable margin on the outskirts of the farthest-flung townships in the zone ; (d) each zone to be controlled by a single authority having fuller powers to deal with local government than are at present possessed by the biggest local authorities.

It will be objected that one is setting up far too cumbersome a machine, and that to centralize the control of such an area as, for instance, would be that of the Midland towns and their surrounding counties, is to make the whole scheme of government unworkable. It is clear, of course, that this objection would be sound were the present conditions governing

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the constitution and activities of local authorities perpetuated, but it follows that the development of area and methods of government must go hand in hand.

Constitution and Method.—The suggested constitution and method of government of the region or zone is here set out. The primary unit will be local committees elected on a basis of universal franchise for areas of a homogeneous nature, corresponding approximately to the present urban and rural districts and the smaller boroughs, with possibly a sectionizing of the large county boroughs. These committees will, in turn, elect the regional council (having power to adopt candidates of special ability who are not actually of their number) ; their function in local government to be mainly of an advisory nature, to use the language of the Rating and Valuation Act, their province will be to " make representations " to the regional council. In addition, certain minor functions may be delegated to them, but in view of what follows, the occasion for this, it is thought, will rarely arise.

The regional council will be composed of members elected by the area committee, which should comprise the most able men available in the area if advantage be taken of the special provision outlined in the preceding paragraph. The membership should be much smaller than the average county borough council of to-day—twenty to thirty members should be ample. It would function through small executive committees whose duty would be to control the departments carrying out the services of local government.

The crux of these proposals lies in the method of control of the actual services to be operated in the various areas by the central council. On this depends whether the scheme will work or not, and I venture to say that the complete devolution of the powers of the Council to the executive committees already mentioned is essential, reserving, of course, the making of rates and the raising of loans. Also, and this is the important point, increased powers must be given to the executive heads of departments. They must, in fact, have the right to act upon their own initiative and really administer and direct the services placed in their charge, within certain well-defined limits, which should not be too narrow. They should be required to report regularly, with a certain prescribed amount of detail, on all the functions exercised by their departments, and to put on record important decisions they have themselves taken. The existing necessity of council approval for every item of expenditure and for every detailed alteration of organization and the thousand and one other obstacles which clog the present system must be eliminated.

Grouping of Departments.—There would require to be a grouping of services and a reduction in the number of departments, so that the number of administrative officials exercising executive powers would be

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much smaller than the number of heads of departments to be found in any fairly large county borough to-day. There might, for instance, be :—

- (1) A clerk to the regional council, who would be the chief administrative officer.
- (2) A financial controller, responsible for all financial matters in all departments.
- (3) An engineer and surveyor, supervising all branches of public works.
- (4) A commissioner of police, responsible for all protection services, including fire fighting and road traffic control.
- (5) A director of health services, not necessarily a medical man, taking charge of all publicly provided amenities.
- (6) A director of trading undertakings, who should be the managing director of the council's commercial activities.

The number of council committees required to control and supervise these departments would be correspondingly small, and all the services required for the region, which would not be less than those at present in operation, would be grouped in these departments, with technical experts in charge of the various sections, executive power being vested in the chief officials enumerated.

Bureaucracy.—I shall be told that this is government by permanent officials. I hear the cry, Bureaucracy ! But is it not true that government through permanent officials has been in operation for many years as regards the State services and has functioned extraordinarily well ? I will go further and say it is the only practical method by which central government can operate. I therefore offer no apology for suggesting its extension to the area of local government. The present practice of all local authorities is to employ as their chief officers men with expert knowledge of the particular work they are called upon to do, and it is part of their duty to advise their committees as to what is or what is not desirable. Committees of elected representatives can scarcely refuse to follow the advice tendered by their experts. I think it is true to say that in most cases councils have been right when they have followed expert advice and wrong when they have rejected it, which latter usually only happens on the score of some local party feeling. The only difference between the two methods—that of government by permanent officials and that by resolutions of councils—appears to be that the one operates much more quickly than the other and gives greater scope and a fuller sense of responsibility to the officials concerned. Doubtless the latter factor tends to produce better results, and the question of speediness requires no defence.

Area Committees.—It should be made clear that the administration of each of these departments will be centralized for the whole region, and in order to allow the area committees to function it is suggested that

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monthly reports from the administrative officers of each of the composite departments should be submitted to the committee of each area prior to their coming before the regional council. These committees will make representations, if they so desire, to the council, which will be collated in the clerk's office and presented, not verbatim but in essence, to the council. The only matters forming part of these reports would be those in which innovations were involved. Area committees will also be entitled to bring forward matters for the consideration of the council on their own initiative. Machinery should be provided for the collaboration, when desirable, of the several area committees in each region, and inter-regional conferences would aid in promoting uniform action throughout the kingdom.

Advantages.—Having outlined the scheme, I now proceed to show its advantages and to set out some of the very many benefits which I am convinced it will bestow on the nation at large.

Financial Benefits.—In the forefront of the benefits must be placed the financial one. The burden of rates falls unequally, and it is very doubtful whether the new valuations to be put into effect at 1st April next will go very far to eliminate the discontent arising on this score. The derating of agriculture, provided for in the Bill at present before Parliament, will still further emphasize the inequalities, and there is little doubt that the extension of borough boundaries will be still further contested by county councils who are faced with the possibility of being left ultimately with nothing much more than agricultural land and buildings in their areas. Agriculture, the despair of politicians and the Cinderella of county councils, must be brought into relationship with the life of the towns. It will be to their mutual advantage and not merely from a financial point of view. Of this, more anon.

Exchequer grants, that other great factor in finance, under the new Act are already re-allocated to county councils and county borough councils, with the intention of producing a more equitable distribution. The broader the basis within reasonable limits the better chance there is of attaining equity of distribution, and the transfer of these block grants to regional councils would produce even better results than the present proposals.

It may be objected that although the rating burden in the counties is lighter than in county boroughs, there is every reason why this should be so, seeing that there are not the same services to provide in rural districts as are required in populous towns. While admitting the truth of this proposition, I would suggest that an increase in the amenities of rural life, an extension of main roads, an improvement in travelling facilities, would tend to make rural inhabitants more content, stop the drift to the towns, and, in my opinion, even operate to bring back the population to the county districts. Only by a centralization of these

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essential services can such improvements be made possible. This is clearly evidenced by the Government's action in connection with electricity supply.

Another burning question, and a source of discontent, arises in connection with the tendency of successful business men, having acquired their wealth in an industrial town, to build their private residences in a small borough or urban district outside the boundaries of that town. They enjoy increased amenities for which they pay lower rates. They receive considerable benefit from the fact that they are in the near neighbourhood of a large commercial centre, and yet they contribute nothing towards the burden of the social services of that centre.

The opposite side of the picture is presented by such places as West Ham. In this case a huge county borough has grown up with little in the way of rateable value other than working-class dwellings. It is a huge dormitory on the outskirts of the County of London, but receives no assistance from the county or from any of the wealthier boroughs surrounding it. How much more equitable it would be if one area for financial purposes could include, together with West Ham and its equally unfortunate neighbour East Ham, such areas as Ilford, Romford and Brentwood, and/or even Woodford, Loughton and Epping!

Town Planning.—In no sphere is the argument for regional government more cogent than in town planning. Already legislation has recognized the need in the last Town Planning Act, where powers are given to local authorities to combine, and to the Minister of Health to form by order regional committees for the purposes of the Act. It is quite obvious that in the construction of arterial roads it is impossible for small areas to operate alone; it is equally absurd for a large authority to construct a new road without considering its effect upon surrounding areas. Combination is equally important with regard to bridges and sewers. Schemes are frequently held up which a progressive municipality would put in hand because they are flanked by authorities not so inspired, or to whom the cost of their share of such work is prohibitive under existing conditions.

The central direction pleaded for under regional government and the enlarged area over which the charge can be spread will remove these difficulties and make beneficent action possible. Of course, inter-regional action will be required in some cases, but there should be very much less difficulty in securing that than is experienced at present between areas of differing size and constitution and with varying resources and needs.

The present anomaly which vests main roads in county councils and yet gives town planning authorities power to fix building-lines would be automatically swept away.

Housing, the provision of playing fields and open spaces, the putting

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into effect of the small holdings legislation: all these are clamorous for such a combination of town and countryside as has been outlined.

Correction of the Drift to the Towns.—The biggest problem which social legislation and voluntary effort alike have to face is the depopulation of the countryside and the herding together of the immigrants under slum conditions in the larger towns. It is the outcome of the Industrial Revolution of the early nineteenth century accentuated by the artificial conditions produced by the Great War. There is no doubt that a solution of this problem is an urgent necessity, both from the point of view of public health in the towns and of the economic needs of the rural districts. Community of interest has been misunderstood in the past—the two problems are one. The opening out—ventilation—of the densely populated areas and the re-peopling of the agricultural areas are of a mutually corrective nature. The problem must be attacked from both aspects, and I can conceive of no better way than by uniting the two classes of territory under one control. The original drift was started by the higher wages obtainable in the towns, but decades of experience have taught the people that money wages are not always the same as real wages; moreover, the great disparity has largely disappeared since then. The things that keep the masses in the towns to-day are social amenities and, to a more limited extent, family relationships.

Agriculture might be made attractive to-day by the creation of small-holdings in reasonably large village groups situated equidistant from each other on good roads radiating from central townships, supplied with cheap electricity for light and power, with good and speedy passenger and goods transport facilities. Municipally owned cinemas and dance-halls might be demanded, but even these are not beyond the bounds of practical politics. One thing, however, seems a condition precedent, namely, that it should be the affair and within the ambit of the same authority to make the provision and to supply the population.

A regional council such as that outlined in this paper, having ample available land in its own area, could push its housing estates farther out, instead of building them on the fringe of the already over-congested towns, and, having it within its power, could provide adequate quick and cheap transport for the workers to the centre. Industrial undertakings could be induced to build their factories in open spaces if they were certain of good roads to link them with the towns.

Our race is suffering from its alienation from the soil of the country, and a return is necessary if we are not to become a decadent nation. Artificial conditions created by town life are sapping the strength of the people—the much-lamented increase in maternal mortality is but one manifestation of it. The nation must get back to more natural conditions, and it is the business of public administration to point the way and to lead the march to better things. Regional town planning under regional

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government, given adequate zones of activity, combining judiciously town and countryside, is calculated to achieve the end desired.

Passenger Transport.—Passenger transport services have long since overlapped the existing boundaries of local authorities, as is evidenced by the numerous inter-running agreements which exist to-day. These services could be run much more satisfactorily under a single authority, and their scope and utility extended to embrace the rural areas by running from town to town. The modern development of road transport, particularly the popularity of the motor-coach making long-distance journeys and linking up town with town, has produced almost chaotic conditions, especially with regard to licencing. Some authorities have refused licences, others give them automatically upon application. Municipal enterprises are in danger of being run off the roads, and because of the limitation imposed upon them by their boundaries are unable to compete. Here, surely, is a case for enlarged areas and unified control.

The entry of the railway companies into this field makes the matter even more urgent; and should it be desired, as has recently happened in Sheffield, to enter into agreements with these powerful interests, a regional council controlling a large and important area of the country would be in a far stronger position than is the present-day borough operating only within its own boundaries. What a different outlook is that of the great railway companies, viewing the whole sphere of their activities from one centre of control, with no boundary restrictions, to that of present-day municipal undertakings!

The Parliamentary Franchise.—Another matter which arises from these considerations, although not altogether cognate, is the complete want of proportion in the size of present Parliamentary constituencies. It has been made the subject of various proposals covering many years, and it is doubtless a question which will occupy the minds of all parties again in the near future. A redistribution of seats is undoubtedly necessary if the universal franchise now granted is to be of equal value all over the country. I suggest that the proposed zones of regional government might readily be used as a suitable basis for redistribution, and would also form ideal areas for the introduction of proportional representation, should this method win the approval of the electorate or become popular with a powerful political party.

Envoi.—Further arguments could be adduced regarding other individual public services, such as hospital services, provision for mentally defectives, higher education, police and fire brigades, all to the same effect; but enough has been said, I think, to show that The Next Step must be in the direction of larger areas and a combination on an equitable basis of town and countryside, providing for the expansion of the towns and the re-peopling of the rural areas, together with an equalization of the burden, and a rationalization of methods.

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I am not pleading for the whole country to be placed under county council control, but rather the opposite, namely, the taking of the county districts into the towns to their mutual advantage, and the setting up of a really modern form of public administration in local government, so that the limitations under which we labour at present may no longer render our efforts ineffective, and that with the abolition of archaic boundaries the interests of all classes may coalesce, that financier and farmer, stockbroker and stock-breeder, clerk and collier, factory-hand and farm labourer, indeed, all the multifarious types which go to make up a modern community, may move forward together harmoniously, so that our great nation may continue to march in the van of the world's progression as she is so indubitably capable of doing.

The Position and Functions of Committees in Local Administration

By H. O. HILARY

[*Essay Highly Commended in the Haldane Essay Competition, 1929*]

INTRODUCTORY.—The varying systems of local administration are at present undergoing a searching examination. This is, no doubt, necessary and considerably overdue. There are, however, certain features common to all the systems which will almost certainly be retained, and probably extended, as a consequence of the passing of the Local Government Bill¹ now before Parliament. Of these, the committee system is, perhaps, the most generally familiar.

Bagehot, in his paper on "Average Government," says, "The English idea is a committee," and this statement has become increasingly true during the fifty years or so which have since elapsed. Indeed, there may rather be a danger to-day of the idea being considerably overworked.

Origin of Committees.—In the days before the creation of the fictitious legal persons known as corporations, the need for committees was probably not felt. Each parish was almost completely self-centred, and its affairs were conducted by the churchwardens and overseers, who were usually the same persons. There were also the way-wardens or surveyors of highways, appointed annually by the inhabitants of the parish in vestry assembled, with statutory powers under the Highways Act, 1835, afterwards merged in the Highway Boards formed under the Highway Act, 1862; and prior to the creation of the County Councils in the year 1888, most of the business of the county was transacted by the Justices in Quarter Sessions.

Powers of Committees.—The question whether some of the members of a body corporate had power to act for the whole came before the Courts in the case of *River Tone Conservators v. Ash*, in the year 1829. Later, in 1878, the question was again and more definitely raised and considered in the case of *Leicester Waterworks Company v. Barrow Union*. In that case an Assessment Committee appointed by a Board of Guardians (under the Union Assessment Committee Act, 1862) had entered into an

¹ Now the Local Government Act, 1929.

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agreement on behalf of the Board. On proceedings being taken against the Committee to enforce the agreement, the Divisional Court held that the Assessment Committee could not be sued, the Board of Guardians being the only party who could have been made liable, the committee having no funds of their own, and simply exercising certain statutory functions on behalf of the Guardians.

Notwithstanding these decisions, the transaction of public affairs by means of committees has steadily increased, and although the decisions of the committees are strictly subject to review by the appointing body, the opportunities for effectual review are infrequent, particularly in the cases of the larger authorities, such as County Councils meeting quarterly, where considerable masses of detailed recommendations have to be considered in a limited time.

Advantage of Committees.—The real advantage of a committee is the informal and private nature of its meetings, as distinguished from the formal and public meetings which are usually required by statute in the case of a local authority.

Statutory Committees.—The appointment of some committees is necessary for the carrying out of statutory duties, but in many cases committees are merely convenient means of transacting business of a more or less detailed description, where large questions of principle are not involved.

Committees of Sanitary and Local Authorities.—The Public Health Act, 1875, by section 200, authorizes every urban authority (now applicable to boroughs only) to appoint committees subject to the restrictions and regulations imposed by the authority, and also subject to the incapacity of borrowing money, making a rate, or entering into a contract.

Statutory authority for the appointment of committees by parish or district councils, other than boroughs, is contained in section 56 of the Local Government Act, 1894, which provides that a committee shall not hold office beyond the next annual meeting of the Council, and that the acts of every such committee shall be submitted to the council for their approval. The council may, however, expressly authorize a committee appointed for any of the purposes of the Public Health Acts, or Highway Acts, to institute any proceedings, or do any act which the council might have instituted or done for that purpose, other than the raising of any loan or the making of any rate or contract. The proceedings or acts, when so done by a committee, are done in the name of the council.

Statutory and Non-Statutory Committees.—The first division which suggests itself is, therefore, that between statutory and non-statutory committees, but in both cases the committee is practically in the position of an agent, with the appointing body as principal, and there are generally reserved to the latter body the ultimate financial control and responsi-

bility. There is usually no provision for the committee becoming a separate legal entity, and holding property, making contracts, suing or being sued (Public Health Act, 1875, section 200, and Local Government Act, 1894, section 89).

"Ad hoc" Committees.—In the case of statutory *ad hoc* committees, such as Education Committees and Watch Committees, the powers of raising a rate or borrowing money remain with the appointing authority.

Confirmation of Proceedings.—In the case of non-statutory committees, the whole of the proceedings of the committees usually require confirmation by the appointing authority before they acquire any validity.

A local authority generally comprises men who differ widely in ability, capacity, and personal influence, and equally widely in opinion and purpose. They have usually been elected as representatives of some particular and definite point of view in regard to public affairs.

Constitution of Committees.—The first, and continually recurring, problem is how to arrange them in groups or sub-divisions corresponding to the principal groups of duties devolving upon the authority as a body of local administrators supplying public services which affect most of the phases of human life. The district of the authority is generally divided into wards, and it is usually desired that each ward should be represented on every committee. The members who represent definite political views seek similar representation, and may perhaps in certain cases strive for predominance on particular committees. Certain individuals may be peculiarly fitted by training and experience for special work, and should be found seats on the appropriate committees, e.g. accountants or financiers on Finance Committees, teachers or educationists on Education Committees, lawyers on Law and Parliamentary Committees, men of business or commerce on committees for such public utility undertakings as gas, electricity, and waterworks, engineers and architects on Public Works and Housing Committees.

Some of the most important committees from an individual ratepayer's point of view may have little or no attraction for many of those who are potential members of such committees. The case may be instanced of a Public Library Committee of a small urban authority which was generally with difficulty provided with its full complement of ten members. Whilst there was keen competition for membership of committees whose work received more public notice or excited more controversy, the Library Committee was appointed in a most haphazard fashion, being completed by the election of those who had not been appointed to any other committee. On one occasion an elderly farmer was so appointed, and stated that he considered himself to be a most suitable member of that committee since, having never read a book in his life, he would therefore be entirely unprejudiced in literary matters.

In almost every case the resultant committee will no doubt comprise

a certain proportion of members who may have little, if any, definite interest in the committee's work, and bring nothing to its deliberations but what they are pleased to describe as an open mind, so that the policy of the committee will, in very many instances, be shaped and directed either by the chairman or by an actual minority of the membership of the committee.

Election of Chairman.—The committee, having been formed, will proceed at its first meeting to elect one of its number as the chairman for the ensuing year. Here again may enter the different factors which influenced the formation of the committee, only now focussed on the choice of one man from a smaller number than that from which the committee itself was chosen. If the chairmanship has for a long time previously been held by one man, who is still available, his re-election is usually the most convenient practice, unless strong reasons arise, such as the need for a complete reversal of policy, or the more active prosecution of the existing policy. There may not usually be more than sufficient standing committees to permit of about one in every two or three of the members of the authority becoming chairman of a committee, but the greater the proportion of such committees to the total membership of the authority, the greater the resultant interest and effectiveness of the work done. Perhaps the ideal authority would be one where every member was a chairman of some committee. This would not, however, be possible in the case of areas as large as those suggested by Professor Graham Wallas in his *Human Nature in Politics*, viz. of 100,000 population with 50 representatives. To prevent a plurality of committee chairmanships in one person, it is often provided, by Standing Orders, that no member shall be chairman of more than one standing committee. This rule is, however, sometimes evaded by the appointment of special committees for particular purposes. The chairman of the authority does not usually also take the chairmanship of a committee, unless it be a committee consisting of the whole of the members of the authority.

Finance and General Purposes Committees.—As a matter of convenience, it may often be found desirable to provide for a Finance and General Purposes Committee to comprise all the members of the authority. Such a provision will permit a fuller discussion of debatable questions than would generally be possible in public, will keep the whole of the members more intimately in touch with financial matters, and shorten the duration of the public proceedings. In such a committee questions relating to the institution or defence of legal proceedings, and important questions of policy, may suitably be discussed and decided.

Determination of Policy.—The committee having been formed, its chairman appointed, and the scope of its duties defined, it is then free, subject to the ultimate control of the authority, and the local bye-laws, if any, to consider its policy in relation to those duties. In this respect

almost everything will depend upon the personality of the chairman, his experience, capacity, local standing, and reputation, and even his available time. If the chairman has the work of his committee really at heart, the meetings of the committee will never be merely formal affairs of dull routine, but will present problems of engrossing interest in such a way that, in their discussion and solution, the best of which the committeemen are capable will be called forth.

No committee can function completely and effectively without the fullest knowledge of all the facts relevant to the questions to be decided. It follows that, however much a partisan the chairman of a committee may be, he should when in the chair see that no aspect of the question under debate is neglected, and that any opposition there may be receives adequate consideration. The several committees of a local authority may, in a small way, be compared with the different departments of state, and the chairman of committees with the responsible ministers of those departments. So that, just as the minister of a department of state will uphold and defend the administration of his department in the House of Commons, so will the chairman of a committee undertake to present to the local authority the committee's recommendations, and, explaining and supporting them when necessary, endeavour to pilot them safely through adverse criticism to confirmation or adoption by the authority.

Permanent Officials.—Here a reference may be made to the positions of the permanent officials who serve the authority and its committees in the capacities of technical advisers on legal, medical, financial, engineering, or scientific questions, but who can only proffer their opinions for what they may be worth, and have no power of voting or entering freely into debate.

Bagehot, in his *English Constitution*, commends the admixture of "non-special and special minds," as being respectively fitted to determining the ends of administration and devising the means by which those ends are to be attained. This view presupposes that each class of mind will be occupied solely with the problems peculiarly suited to that class, and that neither class will infringe upon the sphere of the other. No doubt this would be an ideal arrangement were all the individuals in each class peculiarly fitted to discharge their own appropriate functions, and content to refrain from intermeddling with any others. It is, however, noticeable that, in a degree increasing with the decrease in the size and importance of the authority, the non-special minds are concerned with details of administration and personal questions rather than with broad questions of policy. This, of course, might be remedied by the amalgamation of smaller authorities, or their merger in larger authorities, and is a cogent argument in favour of so doing.

Where the committees of a comparatively small local authority have

regular monthly meetings it will often happen that there is little business of importance for consideration, and, as a consequence, such business as is transacted tends to become more and more matter of detail. The habit of spending considerable time on the discussion of trivialities grows to the detriment of the broader view required when large questions of policy are to be decided. For example, in order to avoid the adoption of fixed scales of salaries, and increments, many committees will repeatedly consider isolated applications for increases, at irregular intervals, and often completely lose all sense of proportion in so doing. And, further, in such committees there is often an increasing tendency to forget that their true sphere of usefulness is in deliberation, and the formation and direction of policy generally. The immediate result of such forgetfulness is an incursion upon the proper sphere of the permanent officer.

When the chairman and individual members of a committee take upon themselves personal bargaining with public works contractors, and negotiate directly with the owners of lands and properties required for public purposes, they tend greatly to lower not only their own dignity, but also that which should attach to the public body they represent.

Times of Meeting.—The committees of small local authorities usually meet, for the convenience of the members, in the evening. Parish meetings were required by the Local Government Act, 1894, section 2 (3), to meet not earlier than six o'clock in the evening. Larger authorities, however, generally meet during the ordinary working hours of the day, which is a clear gain from an official's point of view, and also from the point of view of business-like consideration and despatch. The relaxation of formal rules of debate is more often carried too far in evening than in day-time meetings. The factors of mental fatigue and lack of concentration are also more evident in late evening meetings, and, not infrequently, some difficult question will be weakly compromised, or indefinitely shelved, at such meetings, while, on the other hand, some precipitate decision may be hastily made, without due consideration, merely through the necessity of reaching a decision of some kind or other.

In the days when a public official was appointed annually by the inhabitants of a parish in vestry assembled, he had to carry on during his year of office as best he might, exercising his own judgment, and rendering account only at the end of the year.

Local and Central Control.—There was then no definite body to whom he could look for guidance, or the sharing of his responsibilities, nor did the Central Government generally concern itself to inquire how he discharged the duties of his office. His successors are now not only greatly more numerous, but also carry out the greater part of their work between two not always harmonious authorities, namely, the central government department, or ministry, and the locally elected body. Of these two, the central department is chiefly concerned with questions

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of control by the strict application of rules and conditions which are intended to be uniform for the country as a whole, while the local representatives usually retain the initiative, and very often only desire the application of such rules and conditions when their particular locality or some particular section, person, or body therein may evidently be advantaged thereby.

Observance and Enforcement of Bye-laws.—Even when bye-laws of purely local application have been made by the representative body itself, with the sanction of the central authority, it is often extremely difficult, and sometimes even actually impossible, to secure the strict observance of the bye-laws in cases where some temporary convenience or personal advantage would appear to be served by their non-observance or relaxation.

The members of a locally elected body are only too apt to consider that rules promulgated by themselves may, notwithstanding the sanctioning authority, also be relaxed or entirely waived at their own sole discretion or pleasure in individual cases. As a consequence, an official may be placed in the difficult position of attempting to serve two masters, one of whom is in control of his services generally, without reference to the other. It is true that this is not now the case of the medical officer and sanitary inspector of a sanitary authority under the Public Health Acts, as these officers cannot be dismissed without the concurrence of the Minister of Health; and where the Ministry of Transport make a grant towards a surveyor's salary in respect of road and bridge works, the surveyor may not be removed from his office without the consent of that Ministry. Nevertheless, the proposition still holds good in respect of all the remaining members of a local authority's staff, including the chief executive officer; and with every local official, local influences and the pressure of local opinion are likely to weigh more than distant and impersonal supervision.

Audit.—There is, however, in matters financial, the more intimate control, exercised annually through the system of public audit by permanent auditors employed by and responsible to the central department. Nevertheless, a large number of municipal corporations still escape this control, except in the case of the borrowing of money for permanent works, and in the case of expenditure on education and housing. The principle which has been applied to medical officers and sanitary inspectors might well be further extended. Some day the present system of local administration may pass and be replaced by a unified system of permanent officials responsible directly and solely to the central departments of State, in which case the committee system may either pass with it, or be retained merely for advisory or consultative purposes.

The radical division between the so-called "permanent officer" and the representative of the electorate seems to lie not principally in the

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differences of training, nor in the fact that the one is paid to devote his whole time to the duties of his office, while the other devotes often a very considerable portion of his time, without pay, but in the impersonal attitude which must perforce be adopted by the paid officer, as contrasted with the definitely personal attitude of the elected representative. The responsibility of the latter to the electorate is direct and personal; that of the former is chiefly indirect and impersonal, save perhaps in the exceptional case when he is discharging such a function as that of returning officer at an election.

There can be little doubt that members of the public prefer to deal with an individual responsible directly to them, rather than with the representative of an inflexible system, from which there is no appeal, but there can also be as little doubt that the practice of looking at questions of policy from their potential vote-producing capacity is one which tends to establish opportunism, rather than conviction, as the guiding principle in public affairs.

So long as some matters are regarded as of purely local concern, the present system will require not only public-spirited representatives of the electorate, but also local officials of the best type obtainable, and the exercise of all their ability, tact, and loyalty in the public service, the scope and demands of which grow daily.

Staff Appointments, etc.—Staffing committees are in a position to improve the personnel of the staffs of local authorities by the conditions under which new recruits for the service are obtained, and by the facilities afforded to young and promising members of the staffs to increase their experience and widen their knowledge and technical skill. Adventitious and haphazard appointments, rare and spasmodic reviews of service rendered, all tend to perpetuate faulty organization, and to engender new weaknesses and defects for the future.

Relation to Public Opinion.—In so far as a committee consists of directly elected representatives of a community and their term of office is comparatively short, they will usually reflect with approximate accuracy the views generally held by members of that community. And where a certain proportion, e.g. one-third, retire each year, there will probably be an infiltration of new ideas sufficiently regular, and of adequate strength, to maintain a tolerable degree of correspondence with public opinion. When, however, some important new question of policy arises, upon which public opinion may be deeply stirred and sharply divided, the elected representatives are faced with a difficult problem. Their wisest course will probably be to weigh the opposed views as carefully as possible, and decide, as justly as they can, which should prevail.

References to Electorate.—Anything in the nature of a referendum raises additional difficulties regarding the statement and presentation

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of the debatable question, the practicability or otherwise of expressing an unqualified affirmative or negative thereon, and the great probability of the question being left still undetermined owing to the opinions of a minority only having been ascertained. This probability is likely to increase directly with the increase of the number of those who may be entitled to express an opinion. Moreover, except in the case of the promotion of Parliamentary Bills, there is no statutory authority or machinery for ascertaining the views of the general body of the electorate and defraying the cost of so doing out of public moneys.

Political Considerations.—Where the body for which a committee acts contains members elected to represent definite political views, it will naturally result in the committee comprising members with widely divergent political creeds, and the policy of the committee will tend to vary according to the views for the time being prevailing on the committee and the appointing body. It would, perhaps, be highly preferable that questions relating to public services should be decided on other than party grounds, but so long as party government obtains in the case of the nation's affairs, similar divisions will doubtless appear in the conduct of local affairs, and the contending parties will exercise their forces in the more frequent contests for local suffrages in order to keep them ready for the greater but rarer contests for the nation's suffrages, and also as a criterion of their chances of success therein.

Dangers of System.—The chief danger inherent in administration by committees appears to be an inveterate tendency to sub-divide a committee into smaller sub-committees, where the influence of a very few persons, or even perhaps of one alone, is such as to be a decisive factor.

Sub-division of Committees.—The more able the man the more he will seek to secure the predominance of his own views by taking the initiative in doubtful questions, where others may hesitate. Almost every local authority, small or great, possesses at least one man of this type, who gradually becomes identified with the policy of that authority. The less able, or indifferent, members, by a policy of *laissez-faire*, contribute to the result. The consequence is a travesty of representative government, the apparent multitude of counsellors forming a screen, behind which one individual's purposes are pushed to conclusions not always foreseen or desired by a majority of the electorate.

Reversal of Policy.—Another danger is the liability to sudden reversals of policy, consequent on changes in the constitution of the parent body. This danger is, however, almost inseparable from any form of democratic government, whether local or national. It may, however, be considerably minimized and controlled by the influence of a body of permanent officials, experienced and skilled in the working out administratively of new political ideas. So long as the rule of government by majorities is observed, the views held by minorities, which will probably comprise all

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extreme views, will, almost necessarily, undergo delay and modification before becoming acceptable to those majorities.

Secrecy of Procedure.—In some circumstances also, the secrecy of the procedure in committees may be considered at the least a potential danger, although in many cases it is an essential safeguard of public interests. The proceedings of committees are, however, generally liable to be questioned and discussed in public, or at any rate in the presence of representatives of the Press; but in the cases of the County Councils and the Metropolitan Borough Councils, the provisions of section 82 (2) of the Local Government Act, 1888, and of section 8 (2) of the London Government Act, 1899, empower those councils respectively to dispense with the submission to the councils for approval of the acts of committees. No doubt attempts are frequently made, not always unsuccessfully, to stifle or curtail public discussion, but in the majority of such cases the real or ostensible reason for the attempt is the need of safeguarding the public interests.

Admission of Representatives of the Press.—The provisions of the Local Authorities (Admission of the Press to Meetings) Act, 1908, do not extend to any meeting of a committee of a local authority, as defined by the Act, unless the committee is such an authority (e.g. an Education Committee); but the Act does not prohibit a committee from admitting representatives of the Press to its meetings.

Co-option of Members.—So far it has been assumed that the members of a committee would also be members of the appointing body. There are, however, cases where members representing some separate interest or association of interests not directly represented on that body may, and in some instances must, be included in the constitution of the committee.

Examples of compulsory outside representation are found in the cases of Education Committees appointed under schemes established by the Board of Education; and Allotments Committees under the Allotments Acts, 1908 to 1925. (Cf. also the provisions in the Local Government Bill of the present session as to the constitution of public assistance committees.)

In the case of public libraries, the Public Libraries Act, 1892, enables a library authority, being an urban authority, to appoint a committee and delegate to it certain powers and duties. To the extent of such delegation the committee is deemed to be the library authority, and persons appointed to be members of the committee need not be members of the appointing authority.

In such cases there may at times be noticed evidences of some degree of discordance between the elected and the co-opted representatives, the former looking rather jealously at any action by the latter which might involve increased expenditure, or adverse public criticism.

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Joint Committees.—A power, the value of which is now being increasingly recognized, is that of appointing joint committees of several authorities for common purposes: for example, joint committees for regional and town planning purposes, licensing of road vehicles, provision of hospitals, etc. Very full powers are granted by section 57 of the Local Government Act, 1894, to parish and district councils, and by section 81 of the Local Government Act, 1888, to county councils. These powers cover the appointment of joint committees for any purpose within the competence of the appointing authorities, and might, with advantage, be employed more frequently than they generally are employed.

Joint Boards.—The union of urban or rural districts for purposes of water supply, sewerage, or any other purposes of the Public Health Act, 1875, by the creation of joint boards, under section 279 of the Act, has, however, some advantages over the appointment of joint committees, in that the joint board becomes a separate body corporate, with power to hold lands, and borrow money, and to sue or be sued, independently of the local authorities comprised within the united district.

Conclusion.—The conclusion one would draw from a consideration of the committee system, is that it possesses almost infinite flexibility, or adaptability, in the sphere of local administration.

Granted a suitable personnel, and competent technical advice, there are few problems upon which such committees might not venture; and with a freer use of the powers of co-option and joint committees, their sphere of usefulness might be extended almost indefinitely. By some such means the results of the researches of experts in special fields might become known and applied. History need not continue to repeat past mistakes, and vicious circles might be broken. What is especially needed is that the system should afford the fullest scope to men of good will and wide vision, whether as directly elected representatives, co-opted members, or officials, so that they may in complete harmony put forth their whole efforts towards perfecting the mechanism of government in its application to the daily lives of their fellows.

The Poor Law Authorities' Part in Local Government

By W. M. MOWAT

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[A Paper read to the Edinburgh Regional Group of the Institute on 8th January, 1929]

THE right of those unable to earn a livelihood through either extreme youth, age or infirmity to expect public assistance has been recognized in Scotland for over five hundred years—in fact, since the first Poor Law Act passed in 1424. This Act provided that all between the ages of fourteen and seventy must work unless they could satisfy the sheriffs or baillies that they were unfit, in which case they were to be given a token or licence and allowed to beg. Those able but refusing to work were to be punished. So was laid the foundation of a system on which to-day political parties veritably rise and fall. The principle then enunciated that the destitute sick had a right to assistance from the public is the law at the present day. But the law of 1424 differed from to-day in that no provision, other than the right to beg, was made for those unable to work, and punishment was to be meted out to those who, though fit, refused to work. That some form of punishment for those who prefer idle ease to honest toil should still exist, though not on the lines of our forebears, would, I have no doubt, find considerable support throughout the country. There is little doubt that the beggars did very well. There is a passage in *The Antiquary* which runs: "I am mair independent as I am. I beg nae mair at ony single house than a meal o' meat, or, maybe, but a mouthful o't—if it's refused at ae place, I get it at anither—sae I canna be said to depend on onybody in particular, but just on the country at large." A licence to beg apparently inspired a feeling of independence.

In the years following 1424 numerous Acts were passed solely for the purpose of suppressing the undeserving or criminal poor. Thus we find the sheriffs instructed to seek out the idle and to allow them fourteen days "to get them masters or to fasten them to lawful crafts." The penalty of failure was prison to abide the King's will. Of these Acts it is interesting to note that of 1449, which provides, *inter alia*: "It is Statute and

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ordained for the putting away of sornars, over-lyars and masterful beggars, with horse, hounds or other guds that all officers, both Sheriffs, Barons, Aldermen, Baillies, as well within the burgh as outwith, take an inquisition at each Court that they hold of the aforesaid things, and if any such be found, that their horse, hounds or other guds be escheat to the King, and their person put in the King's ward till the King have said his will to them."

Apparently beggars in those days lived in some state, as they had horses, hounds and goods of their own. It is probable that this refers to a type who, taking advantage of the chaotic state of the country, roamed about plundering their neighbours.

In 1535 the Act of 1424 was repeated with the addition that beggars must only beg in the parish of their birth. The ultimate responsibility of the parish of birth to support its poor is still recognized. This Act, the last for a number of years, was really the end of the first period in the history of the Poor Law of Scotland. There were only in this period two recognized classes of poor—those not able-bodied (whether deserving or not) and those able-bodied and unwilling to work.

The second period commenced with the passing of the Act of 1579, when a really comprehensive attempt was made to solve the problems relating to the relief of the poor. This Act was known as the Charter of the Scottish Poor Law, and for a period of nearly three hundred years, until the passing of the Act of 1845, regulated the Poor Law of the country. It was passed in Edinburgh in October 1579, and is entitled "For the Punishment of Strong and Idle Beggars and Relief of the Poor and Impotent." The duty of putting the Act into execution was entrusted to the Sheriff, Baillies and Judges.

Perhaps if I narrate its principal provisions, it will be sufficient to indicate how far our present-day administration is modelled from the system then laid down:

The erection of hospitals for aged and impotent poor people;

The preparation in each parish of a roll of all poor born in the parish or who had had their common resort in the parish for the previous seven years. To enable this to be done, all poor were ordered to return to the parish of their birth or common resort within forty days of the passing of the Act;

An assessment roll to be completed each year and the inhabitants to be taxed according to the estimation of their substance;

Collectors to be appointed to receive the money which was to be collected weekly. These collectors were required to account half-yearly for their intromissions;

Beggars' bairns, between the ages of five and fourteen, to be by order of the Provost and Baillies handed over to any subject of the Realm of honest estate who might be willing to receive them. Such bairns

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were compelled to remain, if a male to the age of 24, if a female to the age of 18. This advanced age was probably fixed so that the person bearing the cost of upbringing might get as a return some years of labour.

Taking the foregoing in their order, we have to-day poorhouse hospitals; a roll of poor, prepared annually and revised during the currency of the year; each parish has an assessment roll, and rates are levied, though no longer according to estimation of substance, and naturally we have our collectors; the principle of boarding out at the present day deserted, neglected, separated and orphan children is perpetuating the idea of taking charge of children not adequately provided for.

This summary is evidence that great pains were taken in those troublous days to solve the problem of the relief of the poor. There are one or two points of interest. While the Act ordered that a stent, that is assessment roll, be prepared and a tax levied, it reserved to the poor the right to beg in preference to receiving public assistance. The Act again described those who were to be treated as vagabonds and idle beggars and included "all vagabond scholars of the Universities of St. Andrew's, Glasgow and Aberdeen not licensed by the Rector and Dean of Faculty of the University to ask alms." This is a rather striking illustration of life in those days. It was apparently an approved practice of the students of the three Universities (Edinburgh University had not been founded) to acquire funds to further their education by begging during the vacation. Looking to the impoverished state of the country, and the lack of available employment during the summer, this is probably understandable.

The number of Acts passed to date had failed to achieve their purpose, not through weakness in the Acts themselves, but through failure to put them in force. As we have seen, the beggars preferred to continue to beg, and naturally the residents in the various parishes did not press to be taxed. To remedy this, in 1592 Kirk Sessions were called in and authorized to act as administrators. This did not avail, as is shown by a further series of Acts and Proclamations at short intervals reiterating with little variation what had already been passed. This went on until 1696, when it was apparently decided that further legislation was futile. At least we find no further attempt to deal with the problem until 1845. It is a notable fact that, at the end of a period of 147 years without legislation, the condition of the poor was very much better than it had been at any time previous. It is probable that in 1698 it was believed that the state of the country could hardly get worse, for it was then estimated that out of a total population of 1,500,000, 200,000 were begging throughout the country. In the interim, of course, there had been the Union with England in 1707, which would doubtless have a beneficial

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effect on the industry of Scotland. There was also the Education Act of 1696, the effect of which is described in Macaulay's *History of England*, where it is stated "that before one generation had passed away it began to be evident that the common people of Scotland were superior in intelligence to the common people of any other country in Europe."

Perhaps it might be interesting here to note the progress of assessment. The number of parishes in Scotland has not varied to any considerable extent. Though the right to assess was given in 1579, we find :

In 1700 there were	3	assessed parishes
" 1740 " "	8	" "
" 1818 about	145	" "
" 1845 there were	230	" "
" 1846 " "	420	" "
" 1894 " "	840	" "
" 1909 " "	870	" "

By amalgamations the number of parish councils has varied slightly, and at present there are 869 parishes, of which only four are not assessed. These, I may say, are Craigie, Kettins, Kinloch and Moonzie.

Following the report of a Royal Commission in 1844, there was passed the Poor Law (Scotland) Act, 1845, which made provision for all questions of Poor Law, though actually it was only an amending Act to that of 1579. It introduced parochial boards and made the local authority certain elected representatives along with representatives of the Kirk Session, the heritors and the provost and baillies of Royal Burghs.

This, I consider, was a vital mistake on the part of those responsible for the Act. While the Commissioners in their report found that it was not the law that was at fault as much as the administration, yet the authority was to remain to all intents and purposes the same. The result was that the immediate beneficial effects which might have been expected from this Act did not come about. There was also created by this Act the first *ad hoc* central authority, the Board of Supervision, subsequently renamed the Local Government Board, and in 1919 the Scottish Board of Health, which, under the Re-organization of Offices (Scotland) Act, becomes the Department of Health for Scotland.

While this Act is still substantially the Charter of the Poor, the authority was changed in 1894 when, by the Local Government Act, popularly elected parish councils took the place of parochial boards, and a vast improvement has taken place in the outlook of those charged with the relief of the poor. One definite change the 1845 Act made was that able-bodied were not entitled to relief. There was a considerable variance of opinion on the interpretation of the Act on this point, but it was finally determined by the House of Lords that, not only had able-bodied unemployed no right to demand relief, but Poor Law authorities had no power to give such relief. This remained the law until 1921, when the Poor Law

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Emergency (Provisions) Act empowered parish councils to give relief to those who, though able-bodied, were destitute.

The partially popularly elected parochial board, referred to above, was probably the principal cause of the often-heard phrase, "Stigma of the Poor Law." There has been a vast advance in the treatment of the poor within my own recollection, and the improvement was rapid after the passing of the 1894 Local Government Act.

This advance has all come about by having a more enlightened view of what a council should do for those who, perforce, have to come under the care of the Poor Law Authority, and I wish to emphasize here that this has been accomplished under the provisions of the Act of 1845.

The position, as it is to-day, is better expressed than I can hope to do in the following from the Ninth Annual Report of the Scottish Board of Health, 1927 :—

"The most cursory survey of its history shows, as is but natural, that, in its origin, the Poor Law was strictly founded on the conception of destitution ; and that only by slow and gradual evolution did its relation to sickness, and to medical care and relief thereof, attain prominence. In other words, sickness was regarded as an accident of poverty and not, as it is in a large proportion of cases, its essential cause. In the words of the Report of the Royal Commission on the Poor Law, 1909, 'Poverty is less a cause of disease than disease the cause of poverty.' From the middle of last century until to-day there has been steady growth of the conviction that special provision must be made for cases of sickness among the indigent, whether the sickness has commenced at home and has directly brought about, or contributed to bring about, the destitution ; or whether it has attacked those, previously comparatively hale, who owing to age, lack of friends or relatives, irresponsibility, or other cause have already become inmates of poor law institutions. Thus sick wards came to be a feature even in the smaller poorhouses, and finally there arose the poor law hospitals proper ; which in almost all particulars can bear comparison with the most modern and most admirably administered general hospitals, and indeed in many respects are no whit behind that standard.

"There is now a general acceptance of the principle that the sick in the poor law hospitals or in the sick wards of the smaller poorhouses should receive attention and treatment upon a scale and of a standard comparable to what is provided in the general hospitals."

The Report proceeds :—

"Since the general establishment of poorhouses in Scotland about eighty years ago it has been the practice either to provide medical attendance and its accompaniments for the indigent sick in their own homes or to remove them to the poorhouse ; the factors determining whether the medical attendance was to be domiciliary or not being the nature of the illness, the ability of the patient to procure adequate domestic attendance from relatives, neighbours or friends, and, in some degree, the patient's general status and moral record. Of recent years, however, there has been a steady tendency to determine where the patient shall be treated on the only two bases that are defensible, namely, the nature and gravity of his malady and, associated therewith, his need of help, on the one hand ; and, on the other, his expressed desire. In other words, admission to poorhouse

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hospitals has come to depend upon the same factors that determine admission to beds in the voluntary hospitals, namely, the need for treatment, the prospect of cure or alleviation, and the wish of the patient. . . .

"In respect to nursing as in regard to medical attendance, the provision of appropriate diet, medicines and appliances, bed-clothing and personal clothing and arrangements for lighting and ventilation, the standard to be aimed at is again that of the general hospital."

The Report continues:—

"As has been said, the principle of equality of standard between the provisions made for the sick in poor law institutions and those in the voluntary hospitals has been generally accepted. But in practice it is far otherwise, and the divergence of standard between that which prevails in the best of the poor law hospitals and that of the more old-fashioned, in other words, the least progressive of these institutions, has caused us some disquiet. If, as we are convinced is the case, the care and attention lavished upon the sick in the wards at Stobhill, Craiglockhart or Paisley (to name only a few) is not only justifiable but highly admirable, it seems neither right nor consistent that in other and apparently similar institutions no comparable degree of medical attention should be provided.

"We regard the conditions established in Stobhill Hospital, Glasgow, as the ideal, the standard to be aimed at. This implies no disparagement of a number of other poor law institutions where the provision made for the sick is wholly and in high degree admirable; institutions such as Craiglockhart and Seafeld Poorhouse Hospitals, Edinburgh, the District Hospitals of Glasgow, the Poorhouse Hospital in Dundee and Paisley, and Woodend Hospital, Aberdeen, the last-named now transferred to the local authority of Aberdeen."

Such, then, is the history of the legislation dealing with the poor, and I have been largely indebted for reference to works on the earlier Poor Law by such writers as Mr. J. Edward Graham, K.C., and Mr. J. Guthrie Smith, Advocate.

While the primary duty of parish councils is to relieve the destitute in terms of these Acts they are also actively concerned in the administration of numerous other Acts on the Statute Book.

In trying to show you the part played to-day by the Poor Law in local government, I will take the work of my own council as typical of other parishes throughout the country.

During the year to 15th May, 1928, over 30,000 applications for relief were received, including 21,061 from able-bodied persons. These applications are dealt with by the parish council as a relieving committee. In addition to adjudicating on new applications, the committee review periodically all cases on the roll throughout the whole period of the chargeability. Applicants for relief cannot be dealt with in the mass. The personal circumstances of each require consideration. This is essential when the various forms of relief are considered, viz. outdoor relief (in cash and kind), medical, clothing, institutional relief (ordinary maintenance and for the treatment of physical and mental disorders). Perhaps I should explain that by "kind" is meant the payment of relief by way

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of orders on grocers where, for a variety of reasons, it is not considered advisable to make payment in cash. This also refers to men residing in common lodging-houses, where it is generally found desirable to authorize the lodging-house keeper to grant bed and board to a fixed weekly amount. There has also to be considered the prosecution of deserting husbands and parents, and of vaccination defaulters; recovery of advances from relatives liable; recovery of advances in terms of the Workmen's Compensation Act, Unemployment Insurance Acts, and the Contributory Pensions Act.

The circumstances of all cases admitted to the roll of poor requiring outdoor and indoor relief have to be periodically reconsidered to keep in touch with changes as they arise. Relief is normally authorized for a period of three months, but in the case of able-bodied poor a more frequent review is made.

Two other standing committees deal with relief, namely, the Children's and Medical Committees. These meet once a month, the former being concerned with the placing and supervision of children at country board, and the discharge of duties under the Children Act; the latter with the boarding and supervision of lunatics and mental defectives. The parish council also meets as a house committee for the consideration of all matters affecting the institutions belonging to the council.

Other standing committees are Chairman's, Law, Finance and Clothing, whose names sufficiently indicate their purpose.

The parish council are also actively interested in the Children Act and the Vaccination Act. Every person, other than a relative, who undertakes for reward the nursing of one or more children under seven years of age requires to give notice to the parish council. During the past year there were over eight hundred children under supervision of the council as local authority under the Act. As will be readily understood, great care has to be taken to ensure that children do not get into the hands of undesirables, who are only too willing to adopt children on payment of a premium. Several hundred persons are annually reported to the parish council by the registrars under the Vaccination Act for failing either to have their children vaccinated or to lodge a certificate of conscientious objection. It is a duty of the parish council to enforce the Act even to the extent of prosecuting those who persist in their refusal to comply with its provisions.

There is another type of Act which was introduced with the set purpose of providing assistance without recourse to the Poor Law. Let us consider shortly how far they have been successful. By the first Old Age Pension Act, passed in 1908, persons in receipt of poor relief were disqualified from receiving old age pension; yet the inspector of poor was responsible should anything untoward happen to those old people in his area. No assistance was received from the authorities administering

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the Act in ascertaining the names of those in receipt of pension. These days, fortunately, are past, and parochial relief is no longer a disqualification, and the lot of many pensioners is now made easier, both by monetary assistance and regular visits by female visitors appointed for the purpose. During the year to 15th May the pensions of 504 old age pensioners were being augmented in Edinburgh by a weekly allowance, and in the course of the year 400 were admitted to one or other of our institutions. This work was considerably increased by the passing of the Widows', Orphans', and Old Age Contributory Pensions Act of 1925. In addition to the figures given, numerous pensioners receive medical and nursing services in their own homes at the expense of the parish council.

Another Act of the same type is the National Health Insurance Act. The benefits granted are inadequate to maintain the recipients, and unless there are other means there is no alternative but to apply to the parish. The ratepayers do not even benefit to the extent of the National Health Insurance, as it is an instruction from the Central Authority that, in fixing the amount of aliment for applicants for outdoor relief, National Health Insurance benefit under 7s. 6d. is to be ignored. Similarly, when recipients of benefit are admitted to Poor Law institutions for treatment, the parish council has no claim upon the benefit despite the fact that they are providing full maintenance and medical attention. Persons have been known to accumulate very considerable sums, yet on discharge or death the parish council gets nothing unless the person concerned or their next-of-kin makes a voluntary payment.

So also with Workmen's Compensation Acts. Numbers of men make application for relief pending settlement of their claims for compensation, and frequently considerable periods elapse before a settlement is reached with the employer. Prior to 1923 such relief was irrecoverable, and a very material loss resulted to the rates. Since the Act of 1923 the relief has been a charge against any award of compensation, and we now recover a substantial proportion of our outlays. The delay in settling an unemployed worker's claim to unemployment benefit is the cause of many applications to the parish council. Workers of the labouring class, particularly those with families, have little or no margin for saving, and a very short spell of unemployment usually necessitates a visit to the parish council office.

The most stupendous task ever undertaken by parish councils was the administration of the Emergency Provisions (Scotland) Act of 1921. Accustomed to dealing with the aged and the sick, the widow and the fatherless, to be suddenly faced with applications from hundreds of destitute unemployed persons was a tremendous job. As was to be expected, amongst the many deserving was a proportion of those who, in earlier days would, I have no doubt, been referred to as "strong and idle beggars."

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There are many who disapprove of what they term the inquisitorial ways of the parish council. I am inclined to suspect that they would be among the first to object if they happened on a case where they knew that the income of the recipient from other sources was sufficient to maintain without recourse to the parish council. It is often forgotten, or seems to be, that the parish councillors have a double duty placed upon them—to see that the needy are provided for and at the same time the interests of those who pay the rates are not forgotten. We know that many who pay rates are themselves not far removed from the poverty line.

The work of parish councils to which I have referred is common to all parish councils, but under Part IV. of the Local Government (Scotland) Act, 1894, certain additional powers are given to (1) Councils of "Landward Parishes," i.e. a parish, no part of which is comprised within the boundaries of a burgh; and (2) Landward Committees of parishes which are partly burghal and partly landward.

The additional powers are:

- (a) To provide or acquire buildings for public offices and meetings;
- (b) To provide or acquire and lay out grounds for public recreation;
- (c) To acquire by agreement rights of way;
- (d) To accept and hold gifts of property for the benefit of the parish;
- (e) To execute any works consequential on the exercising of the foregoing powers;
- (f) To contribute towards the expense of doing any of the things above mentioned.

The duty of dealing with persons suffering from mental affliction is one of increasing importance. In the earlier days persons so afflicted were looked on both as a menace and a nuisance, but following one or two minor enactments there was in 1857 an Act passed making generous provision for their welfare. A General Board of Commissioners in Lunacy for Scotland was established, and Scotland was divided into eight districts, in each of which an asylum was to be provided by the county or burgh. There were at the time asylums for the care of private patients, and these were authorized to be used for parish cases. In 1862 a further Act was passed authorizing the Lunacy Board to license wards of poorhouses for the reception of lunatics and to grant licences to occupiers of houses for the reception of not more than four lunatics. Other Acts passed in 1866, 1871 and 1887 made further provision with respect to the detention of dangerous lunatics and the method of discharge of patients under detention. By the Act of 1862 a lunatic was defined as a person certified by two medical officers to be a lunatic, an insane person, an idiot, or a person of unsound mind. Not perhaps a very illuminating definition.

In 1913 was passed the Mental Deficiency and Lunacy (Scotland) Act, which made certain amendments in the lunacy laws, and also made provision for the certification and detention of mental defectives. Perhaps

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I might explain the difference between a lunatic and a mental defective. The former may have for a considerable period lived a normal life, but his brain has for some reason or other given way, i.e. there is "dementia" or disorder of the mind. This again may be only a passing phase, and the individual concerned may after treatment resume his normal life. On the other hand, a mental defective may suffer from "amentia," or complete absence of mind from birth or an early age, or the degree of defect may range through many grades, and, while provision requires to be made for their care and supervision, not only for their own well-being but frequently for the safety of others, that even the higher grades may ever take their place in the world is unlikely. Mental defectives are divided into four classes, namely, idiots, imbeciles, feeble-minded and moral defectives.

The Board of Commissioners of 1857 was replaced by the General Board of Control in 1914. An Act in 1877 made provision for the creation of District Lunacy Boards, and these were superseded in 1914 by District Boards of Control, and in Edinburgh the members of the parish council are members of the District Board of Control. The two bodies are, however, entirely separate entities.

I do not propose to discuss at length the financial aspect of Poor Law. Prior to 1926, as you are aware, parish councils were rating authorities, and assessment naturally provided the bulk of the necessary funds. In this connection it is interesting to note the growth of the service. For the year to 15th May, 1914, the total assessment raised in Edinburgh for Poor Law purposes was £79,104, and thirteen years later the amount was £348,805. For lunacy purposes, £29,700 in 1914, and £70,783 in 1927. The other chief sources of income of a parish council are Government grants and contributions from relatives and others. During the same period grants, amounting to £15,580 and £23,177 respectively, were received. That there is so little change in the amount of the grants, despite the greatly increased expenditure, is accounted for by the fact that since 1916 Government grants in respect of sick nursing and lunacy are a stereotyped amount, based on the grant for 1915. The total grants received by parish councils in Scotland for the year 1926-27 represented only 6.16 per cent. of the total expenditure.

As evidence of the necessity for the careful consideration of each case, to which I referred, it is interesting to observe that there was recovered in the year 1927-28 from claimants under the Contributory Pensions Act, the Workmen's Compensation Act and the Unemployment Insurance Act, as well as from relatives, a sum of over £14,000, representing 2,546 cases in which monies were recovered.

Reviews

[It will be the object of the Reviews of Books in the JOURNAL to cover the whole ground of the literature produced in the preceding quarter which may have a bearing upon public administration. By this means, it is hoped, some assistance will be given to the student and some direction to the general reader. A judgment of the value of the books will be attempted, as a portion of the ordinary duty of criticism, but the particular value of the book in its relation to the advance of the science of public administration will be regarded as the paramount criterion.]

I

The Growth of Philosophic Radicalism

By ELIE HALÉVY (translated by MARY MORRIS). (Faber & Faber, Ltd.) 30s. net.

THIS is a book of over 500 pages and some 250,000 words. It is not easy reading, yet it is bound to receive a great deal of attention, as there is much to be learnt from this most illuminating history of the greatest attempt which has ever been made by a group of English thinkers to found a complete philosophy or science of morals, economics, politics, law, and administration. Practical experience has not always dealt kindly with this body of doctrine, but as the Master of Balliol concludes in his preface, "perhaps the most striking impression which the book makes is how much of our thought on modern social problems, whether we call ourselves individualists or socialists, still follows the lines laid down by and still accepts the presuppositions of the Philosophical Radicals."

Jeremy Bentham, who was born in 1748 and died in 1832, two days after the third reading of the Reform Bill and one day before it received the Royal assent, was the Karl Marx of the group, and to a considerable extent it is around his personality that the story develops. Not that it ever becomes biographical; Halévy takes small account of the intimate life of any of the men who built up this moral and political philosophy. Nor is he much concerned with the facts of the economic, social, and political environment which provided the motives for the work of these reformers and thinkers, and conditioned and limited their thought. But if this book fails to show adequately the influence of facts on thought, it on the other hand succeeds brilliantly in showing what is after all the more encouraging aspect of life, the influence of thought on facts.

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Bentham, himself, did not live to witness the triumph of his thought in the reforms which followed the Reform Act of 1832. Much of the argument which ultimately carried that Act to the Statute Book was, however, based directly on his work, and he and his followers believed implicitly that in this important step in the democratization of the British Constitution they had achieved the first essential condition for the other reforms which they desired. Halévy sums up the foundation of this optimism as follows: "In a free monarchy, the positive end of constitutional law is the greatest happiness of a single individual; in a constitutional monarchy it pursues a more complex end, the greatest happiness of the monarch, limited by the greatest happiness of the ruling aristocracy; it is only in a pure representative democracy that the positive end of constitutional law is the greatest happiness of the greatest number."

The Benthamites were now at the crest of their power and influence, and they set about their task with tremendous energy. In 1834 the Poor Law was reformed and placed under the dictatorship of Edwin Chadwick and his colleagues. In 1835 the Municipal Corporations Act was passed. A new public health administration, factory legislation, police reform, and education quickly followed. Meanwhile the Benthamite, Edward Gibbon Wakefield, was working energetically on a new plan for the colonization of Australia, and when the French-Canadians revolted in 1837-38, the government sent out the radical Lord Durham and the Benthamites, Wakefield and Buller, to prepare the new political policy from which the British Commonwealth of Nations has developed.

But this book is not primarily concerned with these concrete achievements of the Benthamite school as the architects of the new social, political, and economic institutions required to replace those which England and the British Empire had so completely outgrown. These achievements are not in fact chronicled until the last chapter, "Conclusion," has been reached, and there they receive but brief mention. The main purpose of the book is to elucidate the philosophy which guided this work.

The main propositions of the Benthamites are, of course, fairly well known; the value of this book, however, lies in the fact that it works out the history, analyses the complications, and demonstrates the limitations of the doctrine in a way that has not been attempted elsewhere. Just as present-day political thinkers are assisted and inspired by the analysis of scientific theory and method, so Bentham was fascinated by "Newton's principle, which had made it possible to found on a single law a complete science of nature." Bentham, following the English philosopher Hume, the Frenchman Helvetius, and the Italian Beccaria, believed that in the principle that "all men seek pleasure and avoid pain," he possessed the key to a moral and social science which was as

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demonstrably true as the laws of gravity. It is assumed that all pleasures and pains are susceptible of quantitative measurement, and in consequence of this view the most typical man of their literature was the economic man of the classical economists.

One of the most valuable services of this book, however, is the analysis of the attempt to apply the principle over the whole range of human life, and how it was that in the course of this task the Benthamites, without fully realizing it, absorbed into their system two contradictory propositions: "the artificial harmonization of interests" which the state creates and maintains; and the "natural identification of interests" according to which if the state would only stop interfering and leave each individual to search out the maximum happiness for himself, the net result would be the maximum happiness of the greatest number.

On the first of these principles Bentham founded his theories for the reform of penal, civil, and constitutional law and procedure. The purpose of law was to regulate, in the interest of the greatest happiness of the greatest number, those situations in which the interests of individuals did not naturally harmonize. For instance, "A" possesses a piece of property which "B," "C," and "D" desire. It is arguable, Bentham acknowledges, that if it were to be divided equally between "A," "B," "C," and "D," the immediate result might be a net increase in the sum total of happiness in this little community of four. But the insecurity which would result from the compulsory division of this property by "B," "C," and "D," would be such that it could not be enjoyed to the best advantage, and the final result would be a loss to the community. Therefore, the state must in the interests of the greatest happiness of the greatest number give security for the private ownership of property. To do this the state produces conditions which make it in the immediate interest of "B," "C," and "D" to refrain from infringing the property or person of "A." This is the purpose of penal laws. According to this view the punishments of the law for any infringements of its code should be as inevitable as possible, and adequate, but no more than adequate, to make it not worth the while of "B," "C," or "D" to do other than obey. This, then, was the aspect of society from which the Benthamites first derived their principle of the artificial harmonization of interests.

The doctrine of the natural or spontaneous harmonization of interests, of course, had its genesis in the analysis by Adam Smith and the French physiocrats of the mechanism of exchange. According to this analysis, every one in pursuit of his own interest will naturally choose the most profitable available employment for his labour or capital. If one employment becomes more profitable than another, then capital and labour will flow from the less profitable to the more profitable

until the increased supply of the latter and the decreased supply of the former brings them both back to their true economic price. Interference with this process by tariffs, it was argued, could only be harmful as causing this beneficial process to be upset. It led to goods being produced under conditions not otherwise the most economically suitable, and prevented the development of that division of labour which the economists regarded as the essential condition for the production of the greatest wealth. Similarly, interference with the labour market, such as the old assessment of wages and regulations of conditions by the justices, or the fixing of a standard of living by the old poor law, could only do harm by retaining men in employments which were not economically the most profitable and, by placing an unnecessary burden on those engaged in the more profitable employments, it restricted development, and led to a net loss of efficiency and wealth by the community.

Now Halévy insists that these two principles—the principle of the artificial harmonization of interests and that of the natural or spontaneous identification of interests—are incompatible, and certainly in practice it was a very nice point indeed for the Benthamites to decide when they ought to base their policy on the one and when on the other. Godwin and his school, of course, plumped solidly for the theory of the spontaneous identification of interests, the complete rationalization of human conduct, and the consequent early perfectability of society. But the Benthamites or Philosophical Radicals of the eighteen-thirties saw clearly that the assumption that people naturally adopted that course of action which was most profitable to themselves could only be sustained if the people were educated and trained to do so. Thus they believed in the state provision of educational facilities, they also saw that young children in factories were unable to look after their own interests, therefore they drafted the early factory legislation. They saw that insanitary conditions, which normally were beyond the control of any individual, were the cause of much poverty and hardship. Therefore they worked for the early health legislation, and designed much of the administration. It must also be remembered that the "Charter" around which one of the most remarkable agitations of last century developed was originally drafted by that close disciple of Bentham, Frances Place.

It is not, therefore, an unfair generalization to state that during the first ten years following the Reform Act of 1832, the predominant school of Philosophic Radicals was guided in its work of reform more by the principle of the artificial harmonization of interests than by the doctrine of spontaneous identification. But during the next few years the leadership of the school passed from the London reformers to Manchester. It was perhaps natural that this school should take the lead when the issue of free trade was before the public, but the ascendancy they obtained

with their dogma of no state interference lasted for several decades, and marked the end of philosophical radicalism as a constructive force. But by this time the creed had made its full contribution to political and social development. Its influence was only possible so long as the believers continued blind to the incompatibility of the two principles, the "natural" and "artificial harmonization of interests." But the development of political events had served to uncover this blind spot. The revelation killed philosophical radicalism.

In the present century there has been a return to the belief in state interference in economic affairs. But this return cannot be explained or justified by any doctrine developed by the Philosophical Radicals. To-day the state is not merely the universal policeman maintaining order while a mass of individuals—rationalized by a system of state education—work out their own destinies and secure their own well being. The state in almost every sphere of economic and social activity now exercises functions which can only be philosophically justified by a view of society and the nature of man very different from that conceived by the Philosophical Radicals.

But this development is proceeding without the advantage which Bentham secured for his followers—a conscious purpose and a simple creed. May it not be that out of the work of some such organization as the Institute of Public Administration, which exists for the purpose of examining and reflecting on the various activities of the state and local authorities, some coherent body of doctrine will arise. Meantime, the state, face to face with the problem of improving the conditions of the mass of its citizens, and generally increasing the economic welfare of the community, must continue to feel its way experimentally in those services of restriction, control, assistance, and management of economic institutions and interests which it finds it can undertake more advantageously than any other organization, and leaving to others those activities which are not of this character. These reflections have, however, taken us beyond the scope of this book; yet as most people read their histories backwards, they are not entirely irrelevant.

It remains only to state that when I take up this book for a second reading it will be with certain very strong impressions in mind which I should like to make more definite. Here are some of them:

(1) That Bentham's thought and work were constantly stimulated and guided—sometimes into error—by the belief that moral, social, and political phenomena were subject to simple laws similar to those of the physical and mechanical sciences.

(2) One of the most interesting things about philosophical radicalism is the intimate relationship which it established between the studies of law, morals, and economics.

(3) The fundamental principles of the "artificial" and the "natural"

harmonization of interests on which philosophical radicalism was based are demonstrated to be incompatible.

(4) A clear distinction is drawn between these sociological and economic forces which are static and those which are dynamic.

(5) Abstract ideas have exercised a much greater influence in the history of politics than their dependability would appear to warrant.

(6) Despite the obvious untenability of much of its foundation, Bentham's philosophy and outlook not only dominated politics, economics, and administration for several generations, they have coloured much of our present-day thought.

A. C. STEWART.

II

The Fascist State

Making the Fascist State. By HERBERT W. SCHNEIDER. (Oxford University Press.) 2rs. pp. xi+392.

DR. SCHNEIDER has limited very carefully the scope of his book. It is neither a full history of the events leading to the establishment of the Fascist state in Italy, nor does it embody a thorough examination of the political philosophy of Fascism. It is both more and less than these things: it is a study of the inter-action of idea and fact. "The inter-action between fact and philosophic fiction, between practical exigencies and social theories, between mind and body, forms the dominant theme of the following interpretation of fascism."

So wide is the author's historical knowledge and so penetrating his criticism of theory and interpretation of events, that we accept this restriction of his theme with regret. A more comprehensive treatment of historical events would, in our judgment, have given greater value to the evaluation of theory which accompanies it. The theories which emerge from a political movement of so turbulent and revolutionary a character as Fascism are coloured deeply by the opportunism born of violent emergencies, and they are of little interest as subjects of academic study, assuming their significance only in the full light of the practical events to which they owe their origin.

The striking collection of "documents"—speeches, statutes, newspaper articles, and so forth—which form the substantial appendices to the book indicate clearly how the doctrine of the philosophers of Fascism is being formed to comply with the practical requirements of the politicians. The "radical" programme of the Fascists before 1922 contains nothing in common with the authoritarian achievements of Mussolini in power. The anti-clericalism of five years ago has needed a lot of explaining away

in order to make possible the Lateran Treaty of 1929. Fascism has changed its methods and its objectives as the needs of the moment have dictated; no consistent political theory can be based on such a fluctuating movement, and the writings of its philosophers exhibit the efforts of partisans to justify the ways of the *Duce* to men.

This is not to imply that there is no political philosophy at all behind the Fascist movement; the supporters of a living political party must be eclectic in their doctrines, and a wide range of theoreticians have been laid under contribution to support the policy of Mussolini. But the essence of philosophy is revealed in these words of Alfredo Rocco, minister of justice, who found that the history of civilization is summed up "in a struggle between the principle of organization, personified in the State, and the principle of disunion represented by individuals and local organizations." In this philosophy there is nothing new; it is the familiar doctrine of despots (benevolent or otherwise) to whom the need to retain power in their own hands is the prime consideration of politics. The specific contribution of Fascism to world politics is not a theoretical but a practical one; Mussolini has not enlarged the content of political thought, but he has shown how authoritarian and hierarchical forms of government may be introduced in a country where Liberalism had decayed to anarchism, and where the forces of class conflict had brought the economic system to the borders of collapse.

Dr. Schneider shows unusual insight in his interpretation of the events of the Fascist revolution. He avoids many of the customary errors in his estimates of men and affairs. He does not slur over the practical certainty that Mussolini's interventionism in the war was subsidized. He shows how, in spite of the rhetorical fervour of the Fascists, the dominating principle of Mussolini's foreign policy is the traditional one of Italy—*niente per niente*. The subsidizing of the violent early forms of Fascism (squadrist) by the agrarians and the "frightened bourgeoisie" is made clear, and the hardy myth that Fascism "saved Italy from Bolshevism" in the 1920 working-class upheavals is authoritatively dismissed. The breakdown of the occupation of the factories was due to dissension among the workers, and the refusal of the banks to give credit; "fascism played no critical part in it one way or the other."

But in spite of Dr. Schneider's skill in explaining, rather than in merely narrating, the stages of Fascist history, he has omitted, or under-emphasized, some important aspects of this side of Italian events. He shows the economic basis of the early forms of squadrist, but is much less clear in analysing the social content of later developments of the Fascist Party. Thus the great struggle between orthodox Fascism and "dissidence" was in essence one between industrial and agricultural interests. The more recent developments in internal policy of the Fascist Party whereby democratic control has been replaced by a

Public Administration

centralized bureaucracy is also explicable by an important change in the character of the membership and controlling influences in the Party. Beginning as a band of desperadoes, unemployed after a military career and willing to undertake any exciting exploits in return for pay and a share of the swag, the Party was gradually brought under the control of wealthy industrialists and agrarians; the personnel of the Party was largely lower middle class, but the finance and the policy came from above. After the industrial magnates had beaten the landlords in the struggle for domination, they in turn were gradually ousted by bankers and financiers. The rivalry between financial and industrial interests never went to the length of open strife, but found expression in more or less constitutional quarrels over deflation and credit policy. But by degrees the financiers found it politic to intensify their control, not so much *vis-à-vis* the industrial elements (with whom working accommodations could be arranged) but in relation to the rank and file of the Party whose economic interests often led them to adopt a hostile attitude to the dictates of the wealthier leaders.

Such analyses as these, which are essential to a proper understanding of the history of the Fascist Party and of the fluctuations of Italian policy, find insufficient place in Dr. Schneider's book. The trouble is frequently not that he overlooks such a point, as that he has crowded his canvas with so much detail that he often fails to convey the main outlines of his picture.

The purpose of this book is to describe and comment on the processes whereby the modern Fascist State has come into being rather than to give an account of the present-day State organization. Nevertheless, the main outlines of the Italian governmental machine may be discerned through the historical records.

Italy to-day is organized as a corporate State. The democratic principle is rejected and the basis of political organization is a functional one. Professional associations provide the foundation of the political structure. Each association represents one category of employers or of workers. The associations of employers and the association of workers in the same industry are joined together to form a corporation; these are grouped into federations which in turn are grouped into six national confederations covering the main economic activities.

These confederations fill an important place in the political structure. It is their function to nominate candidates for Parliament—geographical constituencies and the election of individuals having been abolished. The country forms a single constituency for which 400 deputies are elected *en bloc*. From the nominations submitted by the confederations a final selection is made by the Fascist Grand Council, the governing body of the Fascist party.

The central governing body of Italy is thus completely under the

Reviews

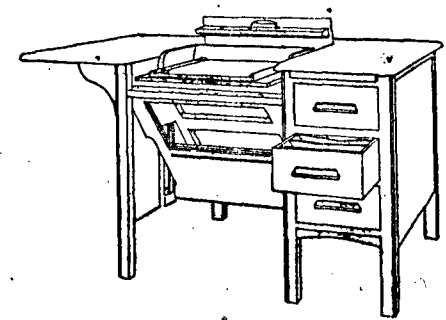
control of the Fascist party as to its selection, and when elected its powers are restricted to commentary and the formal passage of statutes formulated by the government.

Local government in Italy is under the close supervision of the central power. Not only are the provincial prefects appointed centrally, but the mayors and municipal councils of each commune have since 1925 been nominated from Rome. "The hierarchy," says Dr. Schneider, "was now complete. Mussolini became practically dictator and the Fascist party the only recognized political body in the land."

Mussolini occupies the position of head of the State by constitutional law and is protected in person and dignity by statute. An elaborate hierarchical system secures in the hands of the head of the State and his personal associates the hegemony over every phase of organized social life. The system of parliament, Fascist Grand Council, local prefectures, and municipal councils is not a means for the origination of political activity; its function is to give publicity to the proposals of the government. It is not a constitution as understood among western European peoples; it is a vast *réclame*.

By the establishment of this elaborated form of dictatorship, the Italian *classe dirigente* have found a remedy for the social chaos which followed the war. As to the permanence of that remedy there are diverse opinions; it is even questioned whether the cure is not worse than the disease. But as a record of one of the most remarkable achievements in statecraft in the history of mankind Dr. Schneider's book has a position of importance and distinction.

L. WELSH.



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For particulars of Papers
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Public Administration

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Summer Conference, 1931

THE programme of meetings arranged for this year's Summer Conference, to be held in University College, Oxford, 10th to 13th July, 1931, under the chairmanship of the Rt. Hon. Sir John Anderson, G.C.B., is as follows:—

Friday, 10th July.

(Two Sessions, 10.30 a.m. and 2.30 p.m.)

Recruitment and Training of Public Officials.

Sir Stanley Leathes, K.C.B.

Mr. A. L. N. D. Houghton (General Secretary, Association of Officers of Taxes).

Miss M. L. Dhonau.

Magistratsrat Dr. Jar. Hubertus Grochtmann.

Stadtrat Dr. Alfons Riess.

See pages 244 to 292.

Saturday, 11th July.

(10.30 a.m.)

Efficiency Ratings in the Public Service—Should they be applied, and how?

Mr. A. J. Waldegrave, I.S.O., M.B.E.

Character Assessment in State Service.

Mr. B. W. Walker Watson (Winner of the Haldane Prize Essay Competition, 1930-1931).

See pages 293 to 311.

Monday, 13th July.

(10.30 a.m.)

Financial Control in Administration.

Sir Charles Harris, G.B.E., K.C.B.

Mr. E. Lund, M.B.E., F.S.A.A. (City Treasurer, Carlisle).

See pages 312 to 334.

(2.30 p.m.)

Research into the Theory and Practice of Public Administration.

Mr. Arthur Collins.

Mr. J. R. Howard Roberts (Town Clerk, City of Kingston-upon-Hull).

See pages 335 to 352.

Reviews

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The Training of Public Servants

By STANLEY LEATHES, K.C.B.

[Being Paper to be discussed at Summer Conference of Institute of Public Administration, July, 1931]

I HAVE been looking at my paper which was discussed at Cambridge on the 31st July, 1923, when Sir Austen Chamberlain was kind enough to take the chair. The paper was published in the October number of the Journal in the same year.

It was entitled the Qualifications, Recruitment, and Training of Public Servants. I explained in my opening remarks that I had not promised to talk about training or qualifications, and was not fitted to do so, because my qualifications, if any, were purely accidental and undesigned, having been acquired by chance and without method. As for training I had none—for that specific career. Nevertheless, the headline to every right-hand page of that article is "Training of Public Servants," a subject which is only mentioned in the first paragraph to be set aside, and in the remainder of the article by allusion twice. Now I am led captive, and pledged to write on the very subject which I had refused to treat even when every headline said I was doing so.

I must crave your indulgence, for I can only write on this theme by guesswork. It is true that I lived in an office for the best part of twenty-four years, but I took no direct part in training any subordinates;—except, I suppose, that I must have done something to train two secretaries who served under me after I had become a Commissioner, and I hope that indirectly I did something to mould the policy of our Examinations Branch. I suppose I ought to have done more, but coming in near the top one may easily do more harm than good by interference.

I must therefore, if I am to carry out the task imposed upon me, exercise such powers of imagination as I may possess, and frame in my fancy the course of discipline and instruction that should await the tyro when he enters his department for the first time.

But there must be many forms of discipline. There is, or should be, a different discipline for a clerical officer entering for the first

The Training of Public Servants

time, and for an administrative officer who has passed out of school and through the university. Technical officers—lawyers, assistants in the museums, engineers, inspectors under the Board of Education, &c., will approximate rather to the administrative class than to those below, but, although the assistant principal should bring to his duties a trained mind, he must have to learn all the technicalities of his special duty from the beginning. On the other hand, the lawyer or the engineer is familiar with the general principles of the arts which he has to practise or supervise, and needs only to adapt them to his particular province. Again there must be a different method of instruction for indoor, and outdoor staff; and to some extent the training of municipal servants cannot be quite the same as that of civil servants in the central departments. But we should be able to find some general principle on which the successful training of these different varieties of public servant depends.

I think the secret lies in the right distribution of responsibility and its graduated and universal acceptance. The youngster when he enters his office, whether he enters it at the bottom, or part of the way up, should have got from his previous training a certain amount of knowledge, and a certain number of accomplishments which will aid him to get the hang of his job. If he has been properly trained at home and at school he ought to feel that it is up to him to master his immediate duties and to carry them out accurately as soon as possible. Everything that he observes should interest him, and he should be all agog to discover what are the purposes of the routine which he is told to follow. He should be ashamed if he makes a mistake without due cause, and discreetly pleased if he succeeds in giving satisfaction. Then comes in the responsibility of his superior officer, or senior comrade, whose duty it is to put him to his work, and see that he knows exactly what to do, and, as far as may be, that he understands the larger operation towards which his little effort is directed. And then above him succeeds the responsibility of the sergeant, as we may call him, whose duty it is to see that the whole platoon is working harmoniously, and that the new recruit is not only doing his best, but getting the best chance of doing his best. And there, or somewhere thereabouts, comes in the captain, who is responsible for the whole company, and should soon become aware if the little recruit is straying from the path, and either guess or ascertain by a little inquiry whether the recruit is himself at fault, or whether his comrades or his immediate superior have neglected to give him the requisite instruction, and put him in the right path.

And this universal pull and thrust of responsibility should run throughout the whole Department, though it be very large; even the Under-Secretary of State, whose main duty lies in higher fields of

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thought and policy, should have a subconscious insight into the machinery of his office, and be aware of the merits and defects of his subordinates far down upon the scale.

It must make instruction and discipline more difficult that in Government departments vacancies are filled as they occur, and therefore there is seldom a squad or a batch of new entrants due for instruction all at once. Instruction has to be run in with the rest of the work. But, although all my hearers know what I am going to say better and far better than I do, I must be allowed to point out that, whatever difficulties in the work may result, it is essential that the young entrant should be put through as many of the branches of the department as possible, and that notes should be kept of any special aptitudes that he may have shown in each.

In this connection, I cannot neglect to express my satisfaction that the practice of detailing a special officer to take charge of Establishment has come into general use since I joined the service. It is on the Establishment Officer (under his Chief) that the direct and manifold responsibility for the training of the staff lies; and, if his more obvious responsibility is to advise as to promotions, higher or lower, and transfers from branch to branch, it is nevertheless true that in a just and enlightened procedure with regard to promotions is to be found the most potent influence over training and efficiency. I should here like to mention with honour the paper by Mr. Walker Watson that is going to be discussed at this meeting. No analysis of character, however well designed, will enable the Head of a Department or an Establishment to dispense with the necessity of estimating the total value of each individual, or to supersede that necessity by the assessment of his dividend qualities and capacities. But a sound principle of analysis, and a sound method of marking, are valuable aids in the process of assessment; whereas a faulty analysis can only darken council. In my opinion Mr. Walker Watson has made a great advance possible in the practice of character assessment.

The building up of a sound spirit in a Department depends upon the proper direction of the efforts of every rank; and the creation of that spirit derives from a sound tradition working through the mind of a keen and conscientious head, supported by colleagues after his own pattern.

But we must not forget that the training of a civil servant, as it began before he entered the Service, so also it cannot be wholly carried out within the Department. The civil servant who wishes to rise (and honourable ambition is the most potent of all incentives) must pursue his own studies in his leisure hours. The Council for Higher Education, which has been run by Mr. Gotts and Mr. Winyard now for several years, has affiliations in all the principal offices, and

The Training of Public Servants

numbers many thousands of clients. The Heads of Departments and the Office of Works have been helpful and skilful in contriving to supply accommodation in the offices themselves after hours. The resources of the London County Council and the various institutions of the London University have been placed at our disposal, and our Committee issues an annual programme, mapping out the great opportunities that are open to all students within the metropolitan area. Like duties are carried out by the local committees for the great centres outside London.

We recognise that the study of any branch of knowledge or any art, if seriously pursued, must always assist in the development of mind, perception, and character. Among the courses we advertise are courses in art, in music, in calisthenics, in literature, not only in those subjects which are directly useful to the civilian. We recognise that anything that tends to make a better, a more complete, a more harmonious individual, tends to make a better civil servant.

And lately a new body has come into the field—the Civil Service University and Professional Association, among whose objects are named the encouragement and furtherance of Higher Education among Civil Servants, and the obtaining of degrees, diplomas, and certificates, in subjects useful to civil servants. The Association usefully points out that the Central Government gives much less encouragement and recognition to such evidence of serious and successful study than is given by many of the more progressive local authorities.

All this leads up to my final observation, which is that instruction, reading, criticism, guidance, and formal training, are valuable only if in the last resort the student does the work himself. The civil servant must get to know the shape and purpose of his department. He must conform to that, and, within it, he must find out what he can do which conduces to the general purpose, and gently and firmly work out that. That may be only the first step; others may follow, but after that each step will be easier.

There is always an antithesis to every decisive proposition. It is well to improve yourself, it is well to advance yourself, but it is well also to remember that the best civil servant in the long run is he who makes it easier for others to do their best.

I started with the knowledge that I have not the detailed experience necessary for the adequate handling of this topic. I trust that others who will be present will supply my deficiencies.

Recruitment and Training of Public Officials

By A. L. N. D. HOUGHTON

General Secretary, Association of Officers of Taxes

[*Being a Paper to be discussed at the Summer Conference of the Institute of Public Administration, July, 1931*]

I ENTER this well-trodden field of discussion with considerable hesitation. Almost every conceivable aspect of the recruitment and training of public officials has been given expert, critical, and constructive examination, not only within the Institute itself, but more recently and more intensively in evidence both to the Royal Commission on the Civil Service, and to the Departmental Committee appointed by the Minister of Health. I am stimulated by the belief, however, that the very antiquity of this problem is proof that the last word has not yet been said.

From my point of view, the most forbidding feature of this subject is that any consideration which we may give to the age, education, and time of recruitment of public officials must necessarily contain a greater measure of academic interest than possibility of practical result. This is more especially the case concerning the Civil Service. The State as employer and examiner must come to prudent terms not only with the State as educator, but with the public conscience. The recruitment of officials for Local Government Service also involves certain obligations to the local community which must be combined in due proportion with the primary object of securing suitable candidates for appointment. In most cases, whatever system of recruitment is adopted, it must not only be designed to promote and maintain the efficiency of the public services, but it must withstand the critical gaze of politicians, newspaper proprietors, educational authorities, staff associations, and other people who help to make the world a fit place to live in. Private employers need not concern themselves with the principles of recruitment laid down for the public services. The worst evils of patronage and jobbery

Recruitment and Training of Public Officials

may go unchecked without questions being asked in the House of Commons. Even systems of recruitment undertaken by efficient and public-spirited industrial undertakings, though conducted with scrupulous fairness, would invoke public criticism if applied to the Civil Service or to local authorities. For instance, it is not unusual for big industrial and commercial corporations to seek nominations from the universities, public schools and secondary schools of promising youngsters with a view to their being offered employment at the conclusion of their educational course. Contrast this with the fate of an experiment made in 1921 of qualifying the openness of the competition for appointment in the Tax Inspectorate in the Inland Revenue Department, by providing as an indispensable condition of candidature a recommendation from the university authorities of *prima facie* fitness for the work. After being assailed on the Civil Service National Whitley Council at, I confess, my own instigation, as an offence against the principle of open competition, it was abandoned. Again, at a time when no private employer would dream of engaging a person without a preliminary interview, the *viva voce* test in certain Civil Service examinations is regarded in some quarters with mistrust and suspicion.

When, therefore, we set about prescribing ideals concerning the age of entry, the educational qualifications, and the degree of specialised training as the basis for recruitment of public officials, we have to compromise with forces which, if not absolutely immovable, are deeply entrenched in national tradition. The question is not so much the system of recruitment which, in the abstract, we require, but what we can get within the limits imposed by principles which almost defy assault, and by practical considerations of undoubted weight.

According to one hypothesis the approach to the problem of recruitment is by way of determining in sequence, firstly, the requirements of the work (including the efficient and economical division of labour); secondly the type of agent to be employed, and, finally, the best means of getting him. In practice that is not the complete process, nor can it be. It is only the first stage if, indeed, it is not actually an inversion of the sensible order. At any rate, sooner or later, demands must be related to the sources of supply. Whatever the starting point, we are eventually confronted with the actual product of the educational system. It is idle to protest that recruitment to the public service must not merely be the reflex of the educational system. Education itself is by no means "an autonomous art," which "develops according to inner laws of growth and defines its methods and proximate aims independently." The educational system is the reflex of the tide of social progress, of economic conditions and of industrial and commercial needs. Some people do

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not believe in education after a certain age. Others cannot afford it, even if they believe in it. Any system of recruitment to the public services which were to impose educational standards which, for economic or social reasons, would be unattainable except by a restricted field of potential candidates would defeat its own object.

The Royal Commission on the Civil Service of 1912 advanced the doctrine that the public service should "gather the natural fruits of the educational system of the country in its various stages as they mature." The point I am making is that there are no other fruits to gather. Leaving aside for the moment the professional, technical and scientific branches of the Civil Service, we find that the entrance examinations are, in general, related to the standards of knowledge which candidates may be expected to have attained at definite stages in their education, viz., at the ages 16-17, 18-19 and 21-24. So long, therefore, as the recruitment of the general administrative, executive and clerical classes of the Service continues to be based upon examinations covering general educational curricula (with or without trimmings in certain cases) the age of entry and the education of candidates are really predetermined by the educational system. It is true that one can consider whether facilities for entry into the Service should be provided at each educational age-point. Whether, for instance, recruitment should be confined to the lower and/or to the intermediate age groups. Perhaps I may borrow Dr. Finer's definition of this: "Should you consider the Service as one to be entered at, say, sixteen, the original entrants to fill higher posts by promotion after their improvement by special administrative education, or should you recruit once at sixteen and again at nineteen or twenty?" The answer depends in part upon the conclusion we come to on the old topic of the need, if any, for the extension of recruitment based upon specialised education.

Already, entry into very highly specialised branches of the public services, both national and local, is confined to candidates who possess qualifications and degrees recognised by the professional institutions. No particular virtue rests upon the State as employer for a development which has been forced upon the system of recruitment of public officials by the professional trade unions. These succeeded firstly in the establishment of their professional status, secondly in devising an acknowledged standard of professional knowledge and skill, and thirdly in erecting fences around the close preserves. The question is whether that development has gone far enough. It may be assumed that every Department has its own special and peculiar work to do, and it might be considered that staff of different Departments should be chosen with regard to the special nature of the work. The prevailing theory is that education in its fullest sense inculcates the

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capacity for the efficient performance of the duties of many branches of the public service. The present method of recruitment for what may be described as the general or administrative branches of the Service is designed to secure reasonably well-educated candidates whose mental abilities the Service then proceeds to adapt to more or less specialised conditions.

Sir Francis Floud, in an excellent paper on "The Sphere of the Specialist" (11th January, 1923) expressed the opinion that "the first essential quality of a good administrator is adaptability." He believed that "this quality of adaptability is more likely to be found in men who have had a good general education and have been initiated at an early age into the daily routine of civil administration than in men who have become specialists in one particular branch of knowledge." Assuming for the moment that we do not accept Sir Francis Floud's view and that we favour a wide extension of methods of recruitment which aim at more specialised attainments, we are at once involved in fresh difficulties. The representatives of the University of Oxford, in evidence to the present Royal Commission, stated that "If it is held that the civil servant of the administrative class should have some special training in administration or in any of the social sciences, we are strongly of opinion that that should be secured by the interposition of a probationary period between examination and service, and not by trying to induce candidates to offer these subjects in the examination."

Professor Gray in his paper "Education and the Civil Service" (July, 1929) stated that "special training if imposed or encouraged must come after entry into the Civil Service." The real truth is that the public services cannot set the pace of progressive development of recruitment methods. The Civil Service Commissioners and local authorities cannot alone bring effective influence to bear upon the general trend of educational development. The co-operation—conscious or otherwise—of other large employers is indispensable to the maintenance of visible contact between industrial, commercial, local government and Civil Service requirements and the educational product.

Perhaps I may be pardoned for alluding to a recent experience of my own in connection with the proposal made by the Association of Officers of Taxes for the revision of the scheme of organisation in the Taxes Branch of the Inland Revenue Department, which revealed with startling clarity the obstacles in the way of modifications of the broad structure of the present system of recruitment. The age limits of entry into the clerical classes of the Civil Service are 16-17. From this examination we recruit a considerable number of officers to the clerical staff in the Taxes Branch of the Inland

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Revenue Department. In our opinion that age is too young for appointments, which after short experience bring an officer into contact with the public and involve the assumption of considerable individual responsibility. Not only in contact with the public but generally, in connection with income tax work, a certain maturity of thought and outlook is desirable in all officers dealing with the extremely personal affairs of the taxpaying community. We accordingly felt that it was desirable for a tax clerk to be recruited at an age when his resource, sense of responsibility and other personal qualities were sufficiently well developed to enable him, within a reasonable time after entry, to take his place and hold his ground as a representative of the revenue. For these reasons we felt that the age limit for entry into the Taxes Service should be higher. We suggested 17½-19. In addition we had a notion concerning the special requirements of the Taxes Service which we desired, if possible, to reflect in the standard of recruitment and the type of candidate obtained for the work. We were guided in this matter by the syllabus of the Open Competitive Examination for recruitment to the Tax Inspectorate, in which is included subjects which have a practical orientation, such as economics, commerce and accountancy. The Committee appointed by the Chancellor of the Exchequer in 1921 rejected the examination for the administrative classes in the Civil Service as a means of recruitment to the Tax Inspectorate, partly because they felt that "the type of candidate that was successful at the Class I examination, however suitable he was on the average for the headquarter administration of the Civil Service, would not ordinarily be likely to find the duties of the Tax Inspectorate congenial, or to show the same aptitude for those duties as might be expected to be found among candidates whose university studies had been pursued with practical aims in view." Believing that the special requirements for recruitment to the Tax Inspectorate applied in corresponding degree to recruitment of the clerical staff, we proposed a modification of the type of examination employed for recruitment to the Taxes Clerical Staff. We took into account that, on the average, the School Certificate is obtained between the ages of 16 and 17. We were aware of the policy of the Board of Education to encourage the Secondary Schools to develop post-School Certificate work on specialised lines. We considered, therefore, that by having a later age of entry than 16-17, which in itself was desirable for other reasons, it would be possible to include in the syllabus of the examination subjects such as economics, elementary business organisation, and elementary accountancy.

We soon encountered the difficulties. The inclusion in the syllabus of the examination for recruitment to the Tax Inspectorate of sub-

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jects of practical orientation is made feasible because facilities exist at the universities for the study of subjects covered by the Economics Degree, and for other specialised studies after the conclusion of the ordinary academic course. The normal Secondary School Course provides no alternative to, or extension of, a general educational curriculum until after the School Certificate stage, and not always then, despite the encouragement of the Board of Education. Moreover, it was thought that many students who were in a position to embark upon a special course of training after the School Certificate stage would probably prefer to go still further by proceeding to the next definite stage in the general educational course, which would take them to age 18-19. They would then be eligible to compete for a more remunerative appointment. There lay the danger of excluding from the field of candidature the boys and girls who had perforce to finish their general education at the earlier stage and at the same time of running the risk of failure to attract those who were able to remain at school for a further eighteen months or two years. We also encountered the opinion that only on the strongest grounds of necessity was it desirable to add to the number of different types of examination for entry into the Civil Service. It was necessary to guard against complicating recruitment and possibly, by the multiplication of the number of separate examinations, defeating the object desired. We were reminded that the 1912 Commission expressed the view that to abandon the system of *general* recruitment to the general classes of the Civil Service would seriously diminish the quantity and the quality of the candidates. The only workable proposition found in the end was to continue recruitment from the Clerical Class Examination but to attract the cream of the successful candidates with the bait of financial advantage!

This illustrates the difficulty of looking at the question of the recruitment of public officials solely, or even primarily, from the point of view of the immediate requirements of a particular branch or section of the public service.

My conclusion on the question of the standard of education to be required of recruits to the public services is accordingly that a good general education must be retained as the basis of recruitment to all posts for which specialised educational preparation is not generally available. I would qualify the above in this respect: I would seek in particular cases greater freedom in superimposing upon a test of sound general education special examination features designed to discriminate against the doubtful type of candidate. In certain circumstances this would take the form of an adjustment of the "balance" of the examination test (an example of this occurs in the weight given to certain of the optional subjects in the syllabus

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of the competition for the Assistant Inspector of Taxes group of examinations). In others it would involve the inclusion of a particular branch of study amongst the obligatory subjects (an example of this is found in the syllabus of the competition for Officers of Customs and Excise). An additional safeguard, which I personally strongly favour, lies in the judicious extension of the *viva-voce* test. I have no sympathy with the critics who seek to abandon this feature of certain Civil Service examinations. After giving full weight to its limitations, there is in my judgment very definite value to be gained from seeing a candidate in the flesh. What private employer would engage a person without an interview? Personal qualities matter in a public official as much, if not sometimes more, than in a private employee. Even in the short space of fifteen or twenty minutes, it is possible, when all is said and done, to make some appraisal of personal equipment for the work in view.

I would endorse the generally accepted doctrine that there should be a place in the scheme of recruitment of public officials for candidates thrown up by successive stages in the educational system. I fail to see how the attainment of higher general educational standards can be encouraged if the State and local government service offers no tangible evidence of their economic value. It is all very well to stimulate enthusiasm for education for its own sake, but material considerations occupy a sufficiently prominent part in human outlook to lead parents to look for some return for their expenditure and the students for their endeavour. I say this without agreeing entirely with the conventional theory that "different grades of schooling are required for the different grades of work." Personally, I am not able to accept the belief that the qualitative distinction between the candidate who enters at 16-17 and the one at 18-19 is sufficiently marked to justify relating those two age groups to quite separate classes on appointment. On the other hand, I am certainly not in sympathy with any proposal to close the door against the candidate who carries his education a stage beyond the ordinary Secondary School Course. My view that a place should be found in recruitment for candidates from each stage in the educational system must not therefore be taken as implying approval either of the present scheme in the Civil Service whereby the 16-17 age group are recruited to one class (Clerical) and the 18-19 group to another (Executive), or of any proposal to discourage the latter from looking to the Service for a career at all.

Turning now for a moment to candidates of advanced academic training, I suggest that quite apart from every other consideration, it would be a strange phenomenon if the vast field of public employment had nothing to offer them. When university graduates are

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shut out of State employment, it will be time to shut down the universities, or at least to regard them solely as centres of academic research and of training for the teaching profession. We have been fully warned of the dangers of the academic mind. Professor Gray reminds us that "the scholarly civil servant will not necessarily be a successful civil servant." He puts us on guard against the "undiluted academic mind." We must also guard against the undiluted mind of any other type. What after all is the main function of a public official? For the most part his business is to administer the law. As Mr. Ramsay Muir rightly points out in his book "How Britain is Governed," there is a "fundamental distinction between the work of industry and commerce and the work of Government." Whereas the former is "productive or creative," the latter is "regulative." The work of government frequently calls for special characteristics. These involve a critical approach to matters offering scope for elucidation; the exercise of mental faculties in the application of involved legal principles to widely varying and complex types of cases. It may involve personal contact with the public, with other authorities, local, national, or even international. The type of individual required is he who habitually subjects matters coming within his purview to a mental process of dissection, criticism and appraisal; and it is this trend which evolves the distinctive mentality commonly associated with the civil servant. The academic mind, judiciously adapted to practical requirements of public business, can be a singularly effective implement of national and local government.

In the foregoing, although many of my observations embrace the whole field of recruitment of public officials, including those of Local Government, I have directed attention more particularly to the Civil Service, with which I am more closely acquainted. The principles of recruitment to the Civil Service are, I think, broadly applicable to the recruitment of local officials. The systems of recruitment in operation for National Government and Local Government services respectively do, however, differ widely. The central control of Civil Service recruitment vested in the Civil Service Commissioners makes for a degree of uniformity and ordered policy difficult to achieve in connection with the recruitment of local officials, owing to the independence and parochialism of local authorities. I understand that at the present moment a Departmental Committee of the Ministry of Health is considering this vast and complicated subject of the recruitment and training of local officials, and in view of the tremendous amount of constructive thought which has undoubtedly been given to it by associations of local authorities and of local government officials respectively, I tremble to embark upon a dis-

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cussion in which I am ill-qualified to participate. If I may permit myself one or two general observations, I should say that one factor which will militate against standardisation of the recruitment of local officials will be differences in standard of local remuneration. Another may be the almost certain necessity for providing purely local avenues of recruitment for certain types of appointment. I am not sure that even if local authorities could be persuaded to recognise definite educational standards for the recruitment of their officials it would constitute much advance towards the solution of the problem. Although such a step would prescribe the field of recruitment it certainly would not provide a basis of final selection.

Assuming for a moment that the possession of the Matriculation Certificate were made an indispensable condition of appointment to certain local appointments, what would be the final sifting process? One suggestion made is that the selection for appointment could then be made by interview. Although such a method would be a marked improvement upon that now applied in many cases and would achieve a measure of uniformity of recruiting standards far removed from existing conditions, I think that it would still leave room for a closer approach to the competitive examination system. The "competitive interview" method of recruitment is defensible in circumstances where candidates possessing specialist qualifications are being selected for professional or technical appointments at an age and in circumstances where a written examination would be manifestly inappropriate. I do not favour, however, its employment as a substitute for a competitive examination, where the latter could be prescribed under perfectly suitable conditions, and in eminently desirable circumstances. The choice between the two methods may not be obvious judged solely from the angle of discriminating between one qualified candidate and another. Nevertheless, there is at least some advantage to be gained from devising the most effective means of skimming the cream off the milk.

That, in my view, lies in some method possibly more scientific and undoubtedly more satisfactory from the public point of view than an interview alone. Retain the interview by all means, but rather as an adjunct than an alternative to competitive examination.

I am greatly attracted to the idea of the institution of a central body with power to co-ordinate and standardise local recruitment methods. Competitive examinations need not necessarily be universal or conducted on national lines. Local conditions could be met by regional treatment of this problem so far as necessary. For general recruitment, as distinct from specialist appointments, there are reasons apart from local sentiment which might lead to the need for a definite measure of local recruitment. I know from experience the

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detering effect upon the field of candidature of the risk of appointment to a place far away from home and local associations. It is bad enough in a Service like the Revenue, where an "exiled" officer may hope for—and in sufficiently strong circumstances may definitely expect—a transfer to a particular locality. In the absence of facilities for the interchangeability of local government officials this unfavourable influence upon the field of candidature might conceivably be much worse.

No system of recruitment, however skilfully and wisely devised, is complete without effective arrangements for after-training. The first twelve months or two years after entry should serve the double purpose of laying the foundations of efficient service and of detecting the odd cases of individual unsuitability for the work. Recruitment is no more of an exact science than promotion. Misfits will creep in under any system. The essential thing is that these shall be discovered as soon as possible after entry, in order that time and money may not be wasted on the further training of unsuitable material and, equally important, that an officer's whole life may not be blighted by unduly deferring the evil day. In my opinion the probationary period of newly appointed civil servants is frequently allowed to be frittered away without providing any real test of potential capacity for the duties which lie ahead. This results either in the retention of unsuitable people or in their dismissal on the grounds of inefficiency at an age when they have no reasonable chance of embarking upon an alternative career.

There is a growing appreciation of the need for effective training of recruits to the public service, but there is ample room for the exercise of more determination to see that they get it. Training may be of two kinds; internal, or that part of it which is obtainable only as an accompaniment of official experience; and external, or further education, the pursuance of which involves the study of specialised subjects which are more or less closely allied to a particular branch of official life. The scope, duration, and intensity of an officer's training should obviously depend upon the grade and section of the Service into which he has been appointed. I would not prescribe the same scheme of training for a Clerical Officer as for a First Division Clerk. Nor would I suggest that a Third-class Officer in the Ministry of Labour should be brought within the training scheme of an Assistant Inspector of Taxes, despite the fact that they are both recruited from the same open competition.

But even for the Clerical Officer I have more in mind than mere tuition within the narrow sphere of the immediate demands of the work in hand. Training, as I envisage it, implies not only systemised initiation into the mysteries of the law and practice governing the

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particular section of the work upon which an officer may be engaged, but the cultivation of a broad and intelligent conception of his place in the machinery of the local authority or the Government Department as the case may be. I would carry the definition even further in its application to recruits to administrative posts by prescribing for them the need for study of the wider aspects of the science of public administration.

We have already examined the limited scope for the insistence upon specialised study as a condition of entry into the public services. Educational authorities and persons of acknowledged repute in the field of public administration agree upon the reservation of specialised study for the post-entry period. Whilst there is general agreement upon the *stage* at which this should be undertaken there is a conspicuous and lamentable lack of adequate provision for either training or study in this direction. Speaking of the Civil Service, not only is there inadequate provision of facilities for internal or official training, there is in addition a noticeable absence of incentive to further education. These defective facilities for official training apply more particularly to grades below the administrative class. One of the evils of the past (which happily is rapidly being remedied in some Departments) has been that of making little or no allowance in the staffing arrangements of the office for the training of new entrants. Firstly, supervising officers have been overburdened with individual duties to such an extent as to leave them with limited freedom to devote to their juniors. Secondly, and if anything more serious, new entrants have been regarded as effective staffing "units" almost from the beginning, with the result that they have been saddled with a volume of work (obviously, in early days, of a simple character) occupying their whole time and attention, thereby giving little opportunity for the gaining of wider knowledge and experience. These deficiencies seem almost too elementary to mention, but I am convinced that they have been the root cause of the indifferent training given to many of the entrants to the clerical classes in the Civil Service in recent years.

It is possible that the Taxes Branch of the Inland Revenue Department is in the van of progress in regard to the training of staff in the Civil Service. Newly appointed Tax Clerks (who form part of the Clerical Classes of the Civil Service) are, wherever possible, posted to tax districts for training purposes, and during a preliminary training period of six to twelve months are supernumerary to the normal complement of the office. Each officer is supplied with an "Outline of Income Tax Law and Practice" which enables him to obtain a general conspectus of the principles and scope of the Income Tax, and of the machinery employed in its

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assessment and collection. Instructions are issued by head office to the local district office concerning the mode of employment of the new entrant during his period of probation. Safeguards are imposed against the unduly long employment of a new entrant upon routine work, and reports are called for by head office from time to time concerning the scope of the training given to the officer concerned, and of the progress being made. After confirmation of appointment, at the conclusion of twelve months' probation (which may in certain circumstances be extended) an officer is then supplied with a collection of instruction manuals more detailed and technical in their treatment of Income Tax work than the "Outline". An indispensable condition of promotion to the tax officer grade (which is the grade above that of the tax clerk) is the passing of what is known as the Tax Officers' Qualifying Examination, which is a comprehensive written test covering the whole field of the clerical work of a tax office. A tax clerk may undertake voluntary candidature at this examination after three years' service. On the conclusion of five years' service candidature at this examination becomes obligatory. A compulsory candidate at the examination who fails to qualify is again called up the following year. A candidate who fails twice after having completed five years' service may volunteer to take the examination again, but further candidature is not *imposed* upon him. That a tax clerk may not be promoted to the rank of tax officer until he has passed this examination provides a very definite stimulus to the tax clerk to embark upon a systematic study of his lectures and books of instruction involving, in the final stages of preparation for candidature, the devotion of considerable private time to the acquisition of theoretical and practical knowledge. Within the limits of practicability tax clerks who have not passed the T.O.Q.E. are given every facility and encouragement to gain the necessary experience and knowledge to enable them to do so. Tax clerks preparing for the examination are, as far as possible, released from overtime and definite restrictions are placed upon their employment on specialist duties at headquarters and other offices until they have passed the examination. It is naturally the keen desire of every tax clerk who has still to pass the examination to gain experience on clerical work over as wide a field as possible. If a removal from one district to another (even if it involves removal from one town to another) is the only means of providing a tax clerk with reasonable experience, a transfer may be carried out where it can conveniently be arranged. In order that the training and field of experience of tax clerks who have not passed the examination may be carefully watched, a "Record of Experience" is kept in each case. When a tax clerk is transferred from one district to another the "Record

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of Experience " accompanies him to the new station. The object of this record is to ensure as far as possible that a tax clerk is given every opportunity of gaining experience in all sections of the clerical work.

As regards the Tax Inspectorate, an Assistant Inspector of Taxes is appointed on probation for a period not exceeding two years. During this period he is subject to tests (including the passing of a Departmental Examination in Elementary Law and Practice relating to Income Tax and Land Tax and the general work of an Inspector's office). If an officer has not satisfied these tests within a period of two years it is not possible further to retain him in the Public Service. A more advanced examination of a similar character, leading to the grant of a Commission as Inspector, is required to be passed after a further interval. Here again, the Department cannot undertake to retain in their service any officer who does not qualify as an Inspector. The syllabus of the Preliminary Examination for which an Assistant Inspector is normally expected to sit about fifteen months after appointment, covers the law and practice under Schedules A, B, and E, and the general clerical work of a district. The Commission Examination, at which an Assistant Inspector is normally required to sit about fifteen months after passing the Preliminary Examination, covers the Law and Practice under Schedule D Accounts (including the necessary knowledge of book-keeping), Dominion Income Tax Relief, and office organisation and management. A systematic training course is prescribed for newly appointed Assistant Inspectors, involving attendance at official expense at specified lecture centres in different parts of the country. Senior officers are detailed for work as lecturers. One of the big difficulties in the revenue in connection with training schemes, especially those involving oral lectures, is the disposition of the staff over the whole of Great Britain and Northern Ireland. This is overcome to some extent by discrimination in the selection of districts to which Assistant Inspectors are appointed for training purposes. Part of the training of an Assistant Inspector comprises actual experience on all branches of the clerical work of a tax office as well as upon the duties appropriate to the Tax Inspectorate. Assistant Inspectors who have not passed the Preliminary Examination are treated as being in a "cadet" class, and are attached to districts for the specific purpose of training and are given the utmost possible freedom to devote themselves more to the acquisition of knowledge than to the actual performance of Income Tax work.

Another branch of the Inland Revenue, the Estate Duty Office, whilst recruiting its Assistant Examiners from the Executive Group of situations in the Civil Service, imposes as a condition of service that

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entrants shall in due course either obtain a university degree in Law, or be called to the Bar. After the end of five years Assistant Examiners who have obtained the necessary legal qualifications are given the title of Examiner and receive a special salary advance. In the Valuation Office Clerical Staff promotion from the grade of Valuation Clerk to that of Senior Valuation Clerk is conditional on qualification in a Departmental examination covering office organisation and routine, together with certain special subjects, *e.g.*, practical draughtsmanship, scale drawing, elementary mensuration and the measuring up of buildings on the site. In the above Departmental schemes of training there is present the definite incentive to attain the standard of qualification laid down either as a condition of retention in the Public Service, or as a condition of advancement. In circumstances, for instance, where the only value of an Assistant Inspector of Taxes lies in his potential capacity to assume the duties of an Inspector, the prescription of the attainment of certain qualifications as an indispensable condition of continued employment is fully justified. In other cases, where failure to qualify for advancement does not necessarily destroy an officer's utility as an official agent in a particular sphere of work, the imposition of a similar condition would be unwarrantably harsh. I think that the Inland Revenue arrangements for official training might with advantage be extended to other branches of the Civil Service and possibly to some sections of the Local Government Service. In such Departments as the Ministry of Health, Ministry of Labour, Customs and Excise, there is probably scope for a more scientific approach to the problem of post-entry training. My knowledge of other Civil Service Departments does not, however, enable me to dogmatise.

As distinct from what I have described as internal or official training there is the question of the encouragement of external training or further education. Whilst it may be true that the acquisition of external qualifications, diplomas, &c., may enhance personal claims to advancement in the Public Services, the existence of promotion blocks in many cases diminishes the apparent value of further education. There is frequently insufficient inducement to undertake the burdens of private study and the considerable sacrifice of time involved. I think that in circumstances where external qualifications reflect themselves in the quality and value of service to the State, arrangements should and could be made to recognise the fact by means of some special reward. I believe that it would be worth while considering such devices as accelerated incremental progression, or the award of special allowances. The specification of the directions in which further education should be encouraged would be a matter for consideration in the light of the requirements of the

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particular branch of public work in which officers were engaged. At the present moment, however, an Inspector of Taxes who becomes a barrister, an incorporated or a chartered accountant, is not given any special recognition of the attainment of qualifications which cannot help but enhance his economic value to the Department. It would also be a matter for consideration and determination by reference to other factors whether this encouragement of further education should be given concurrently with the arrangements for official training, or whether it should follow afterwards. At any rate, I am satisfied that in these days there exists the strong need for the encouragement of the attainment in public officials of qualifications which will enable them to occupy a creditable place in the machinery of government of a community which tends more and more to become highly specialised.

Recruitment and Training of Public Officials in Germany

By MAY L. DHONAU

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IF in recent years the problem of the recruitment and training of public officials has been receiving considerable attention in England, it is not surprising to find that this is also the case in Germany, where under post-war conditions it has attained a particular degree of importance. Here, indeed, the treatment of the problem has passed the initial stages of discussion.

Already before the war there were isolated attempts on the part of some authorities and groups of officials to improve the educational standard of public officials and the facilities provided for their training. Such attempts have since the war become so widespread and systematized as to deserve the name of a movement. It was not enough that officials should regain their former routine. The revolution brought with it fundamental changes in the relation of officials to the State and the public, while the legislation of the Republic has imposed on them ever-increasing tasks. One of the peculiarities of the post-war period has been the constant imposition by Reich and Lands of fresh obligatory functions upon the local authorities. The latter have themselves realised the importance of better training for their officials and with regard to one large group at least have taken the initiative in providing it. In this they were not actuated solely by philanthropy and public spirit, although these undoubtedly played their part. While the tasks of administration grow, the resources of the local authorities have become increasingly inelastic and are strained to the uttermost. The problem of administrative reform has become a question of public interest and of lively if not always well-informed controversy. It is not enough, so it is maintained, that reforms should be made in organisation and material equipment. In addition, the efficiency of the officials themselves must be increased. Local authorities, incited by the stringency of their resources and the force of public opinion, have begun to think in terms not only of

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salaries but also of labour costs. In some respects the movement has gone so far as to defeat its own ends, for in many cases the demands made upon officials are such that they have neither time nor energy for further education or training.

In order to comprehend the nature and importance of the measures which have been taken for the training of public officials, it is necessary to take a brief survey of the general administrative structure of German local government.

Local officials fall into two main categories, local State officials and the officials of the self-governing authorities. The local State officials are recruited in the same manner as the central services. Higher officials, with certain exceptions, must have legal training, while the lower and intermediate grades have to pass, after a period of practical training, examinations similar to those taken by the officials of the self-governing authorities at the schools for public administration to be described later.

The officers of the self-governing authorities can be classified in various ways. We must distinguish first between the officers of the Provinces, Circles and Communes, or of the equivalent authorities in non-Prussian Lands. Although the administrative structure of these bodies varies, there is no fundamental difference in their methods of recruiting and training their officials. Local authorities are free to organise their departments as they will, and the most genial diversity prevails in accordance with the size and type of authority. The characteristic German classification of officials is into three grades, higher, intermediate and lower. Into each of these divisions fall administrative, professional and technical officials, clerical officers being included in the administrative category. This classification is not merely one of convenience but corresponds to an actual division into three classes of officials according to the importance and difficulty of the work, and from whom to a certain extent different qualifications are demanded. Although this classification is recognised by the law, there are no legal regulations as to the officers to be included in each group. This varies again with the size and type of authority, *e.g.*, the head clerk of a department may or may not be reckoned a higher official. Inclusion in each group is determined not so much by the previous education and training of the officers as by the character of the work to be performed. However, academic qualifications are often attached to the higher posts, while in recent years there has come into operation a scheme for systematizing the training of officers for certain intermediate posts.

The highest officials are responsible for the conduct of some department or undertaking, subject to the general control of the head of the administration. In towns with the Magistrat constitution certain of

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these officials are elected by the assembly into a college which is itself responsible for co-ordination of the administration. The *Bürgermeister* is, *ipso facto*, a member of the Magistrat and its leader, but the head of a department in one authority may sit in the Magistrat and confer on equal terms with his colleagues, while in another the head of the same department has no voice in the decisions of the Magistrat. The position of the technical and professional officers is in this respect most diverse. The director of the public gas-works may be a member of the Magistrat and fulfil administrative as well as technical functions, or he may be, and generally is, subordinated to some higher administrative official who represents his undertaking together with some other work or department in the Magistrat. The health department may be represented by a doctor or an administrator. In any case, the work of the Magistrat is administrative, no matter whether it is composed of professional, technical or otherwise qualified officers. In the Provinces and Circles the departments are under the direct control of the *Landeshauptmann* or *Landrat*, together with their advisory councils. In addition to these chief officers, there are other higher officials employed on account of their professional, academic or technical qualifications in leading positions, either in subordinate administrative posts or in order to carry out some specialised function. Others act as assistants, informers and so on, to their superior officers.

In contrast to the lower division, the intermediate officers co-operate in the work of administration. They are responsible to a large degree for the examination of the documents and preliminary investigations, upon which they have to report to their superior officers. In certain cases they have power of independent action.

Not all the servants of the local authorities are officials in the German sense. Distinction has to be made between the officials and the "*Angestellte*," or "employees." We are faced with an initial difficulty in treating this subject, since there is no clear definition in German law as to what constitutes an official. They cannot necessarily be distinguished according to the nature of their work, for work of an identical nature is often carried out by officials and employees. Even some of the most important work may be carried on by an employee. A doctor, for instance, or the director of a public undertaking may be either an official or an employee. Even the favourite distinction between a servant endowed with the exercise of power on behalf of the sovereign authority does not hold good. It has thus far significance, that most of the lower administrative and in particular the clerical posts, are filled by employees. The only finally valid distinction lies between the terms of the agreements upon which the officials and employees are engaged. The employee is engaged

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upon the same terms as he would be by any private person or association. The official has particular obligations and compensatory advantages, chiefly with regard to security of tenure and latterly also with regard to the training provided, and the consequent chances of promotion.

Officials may further be classified according to method of appointment. Certain of the higher officials are elected, notably the members of the Magistrat. Conditions as to appointment are not the same in all parts of Germany, or even in every district of a single Land. The general principle observed, however, is that the highest officials and possibly Angestellte are elected or appointed by the council, the others are appointed by the head of the administration, who is responsible for the control of current administrative affairs. Ratification by the council is sometimes necessary, and the opinion of the council may be asked even when the ultimate decision rests with the administration. The same rule applies to promotion. The advantages of the system are that it prevents unwelcome publicity in the discussion of qualifications, while allowing appointments to all departments to be supervised by a single authority with power to arrange for transference. The term "elected" as applied to the highest officials has a certain significance, since political factors, as well as personal qualifications are often taken into consideration at the time of appointment.

Various methods of appointment are adopted. In some cases the head of the administration, whether collegiate or personal, conducts the whole work of investigation and interviewing, but most large authorities appoint Establishment Departments or Committees with power to make the preliminary investigations and selection. The Establishment Departments are further responsible for the distribution of the officials between the departments. Higher posts and even many intermediate posts are advertised, though it is generally the custom to recruit all but the highest officials from within the particular service, with the exception that fresh entrants are permitted for the intermediate divisions. The intermediate official may indeed apply for promotion to another authority and the Prussian scheme for the training of officials is designed to facilitate this practice. In the case of the higher officials, however, there is a great deal of transference from authority to authority, and of administrative officials from one department to another. Transference of lower and intermediate officials among the departments is more frequent among the smaller authorities than among the larger, where specialisation is greater, but even here the official is trained in more than one department.

Fresh entrants to the service are recruited mainly from the neighbourhood. Prospective candidates apply to the authority by whom they wish to be engaged, and are summoned for interview. Inter-

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views take place as a rule in April and October, when the older officials retire on pension. Entrance examinations are rarely held, the prevalent opinion being that they are not a fit test of administrative capacity. The system preferred is that of appointment on probation with practical training, combined under the scheme to be discussed later with theoretical training for intermediate posts. Preliminary examinations are only demanded of those candidates who do not possess the prescribed educational qualifications in the form of leaving certificates, and so on.

Apart from the rule that one member of the Magistrat must be a lawyer, no qualifications for local officers are demanded by statute or regulation. The form of qualification demanded differs naturally for professional, technical, and administrative officials. Except where questions of a general nature are involved, the following survey concerns the administrative and clerical officials.

Elementary education is generally sufficient for entrance into the lower divisions. The official begins his career as a learner and is often transferred from one department to another during his period of probation. He is only finally accepted if his aptitude is proved, the length of the probationary period varying greatly as between different authorities. He is given no other training apart from that gained in practical work.

It is for the training of the intermediate officials that German local authorities have taken the greatest care. Administrative rationalisation would in any case have made unprecedented demands upon the intermediate officials, but in addition to this they have now to perform certain of the tasks formerly carried out by their superior officers. The amount of the work to be undertaken makes it imperative that the higher officials should be able to leave all the preparatory stages to their subordinates and to grant them considerable power of independent decision. The intermediate official, in particular the Obersekretär, is a highly important person, since the manner in which he prepares and presents the case to his superior officer, must be of influence upon the ultimate decision of the latter.

The local authorities were driven into taking measures for systematising the training of intermediate officials partly from fear of State intervention, already manifested in the regulation of salary and pension rights. Accordingly, in 1924 the Prussian Städtetag and the Reichsstädtebund decided, in conjunction with the Verband der Kommunalbeamten und Angestellten Preussens (Prussian Association of Local Government Officers and Employees), to work out a scheme for the training of intermediate officials. Certain non-municipal associations entered later into co-operation. The result of their negotiations was the circular addressed by the Prussian Städtetag to the

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Provinzialstättetage on the 5th March, 1926. This opens by recognising the importance of local experiment but concludes that it is outweighed by the value of uniformity in securing a general higher standard of training and allowing greater opportunity for the transference of officials.

According to this scheme, appointment to the posts of Sekretär and Obersekretär shall be made dependent on attendance at a school for public administration, the course for each post to be concluded by an examination. Such schools were already in existence, the oldest, that of Aschersleben, having been founded in 1909, but the Provinzialstättetage are to be responsible for ensuring that other and sufficient schools are founded. As a general rule the schools shall be maintained by the provincial and regional municipal associations. The circular included recommendations for the government of the schools, for the syllabus and examinations. Schools wishing to be recognised under the scheme must have their constitution, syllabus and examination regulations (including the composition of the board of examiners) approved by the Prussian Stättetag.

Candidates for the intermediate service must have reached the Obersekunda at a grammar school and bring a good class report. That is to say, they will be about 17 years of age. Reports and certificates from other institutions of equal educational standard are accepted. Candidates with elementary education may be admitted but must pass, at least before attending the school for public administration, a preliminary examination in general education.

The period of training lasts for four years. During the first three years the probationer is trained in all the most important departments, a minimum of six months being assigned to each department. In the fourth year he or she receives theoretical training at a school for public administration. If part-time instruction only is given the theoretical training begins in the third year. For the candidate who has passed his Abitur or State school-leaving examination, which secures admission to the universities, the period of training is reduced to two years, for candidates who have reached the Prima, corresponding more or less to our lower sixth form, the period is reduced to three years. Elementary scholars, on the other hand, have to serve for six years as probationers. The passing of the first examination qualifies for appointment to a secretaryship but does not entitle to immediate engagement. The successful candidate must wait until a post becomes vacant, and in the meantime continues to serve as a probationer. Before he can apply for admission to the course for Obersekretäre he must spend another five years in practical work, unless he has passed his examination with "Good" or "Very Good," in which case he need only serve for two years. The course

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for Obersekretäre or similar posts lasts for one year, and is part time.

Candidates for the intermediate service are recruited not only from the lower division and from "outsiders," but from the Versorgungsanwärter or professional soldiers and policemen who have served their time in the Reichswehr and police forces.

The Prussian circular stipulates that the probationer shall receive his salary while attending the school, but the local authorities are not obliged to pay his fees. A number of local authorities do however send probationers at their own cost.

The instruction given covers a wide range of subjects. The following subjects are studied:—

- (1) Political Science and Public Administration.
- (2) Special branches of Public Administration.
 - (a) Rights of officials.
 - (b) Police, trade and building.
 - (c) Finance and taxation.
 - (d) Welfare.
 - (e) Labour legislation and insurance.
 - (f) Education laws.
- (3) Budgets, Accountancy.
- (4) Arithmetic and Commercial Book-keeping.
- (5) Methods of organisation.
- (6) Commerce.
- (7) Law.
- (8) Organisation of the most important departments and undertakings.
- (9) Shorthand.

Shorthand need not be studied at the schools. Experience has been so bad in this respect that candidates are asked to acquire their knowledge of shorthand previously.

All these subjects are compulsory. From this it will be realised that the instruction is indeed that of the school and not the university. It is not, however, of an entirely elementary nature since the probationers have already acquired practical knowledge of their work. The aim is to train officials for employment in more than one department, but it may well be maintained, in view of the previous practical training of the probationers, that the instruction is too technical. There is no specialisation for the second examination; the instruction given being simply of a more advanced nature. Only officials of the municipal banks take a specialised course for their second examination.

In this connection the public schools for welfare and social science may be mentioned. These are generally local institutions, supported by State grants. They train health and districts visitors, kinder-

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garten teachers, crèche nurses and similar officials. The administrative officials receive the ordinary training for intermediate officials.

It is the general practice of German local authorities, whether or not they make provision for theoretical training, to take apprentices or probationers in their administrative departments. There are no legal regulations concerning either the duration of the period of apprenticeship or the payment of salaries. The local authorities are not obliged to pay salaries to their probationers, although it is customary to do so. On the other hand, the probationers themselves do not pay fees. It has become a growing habit among some local authorities in these hard times to take more probationers than they mean to engage in the near future, and in this way to get much of their secretarial work performed at a cheap rate, a practice unequivocally condemned by the Prussian Städtetag, and for the rectification of which legal intervention will probably be necessary.

Despite the general acceptance of the principle of apprenticeship, some schools of public administration admit scholars who are not yet probationers. This practice is likewise widely condemned, in the first place because it transgresses the canon of combined theoretical and practical instruction, in the second because it retards the progress of probationers who have already had practical experience.

The scheme outlined above is based on the so-called "Einheitslaufbahn" or single career. This system provides for the uniform training of probationers without regard to their previous education or training. That, at least, is the definition usually given, though it is not accurate since the length of the training varies in fact with the educational qualifications of the probationers. The essential of the single career system is that it obliges all intermediate officials to enter through the lower posts of the division. It must be clearly understood that there is no single career system for the local services as a whole. Where the "Doppellaufbahn," or double career is introduced, the intermediate division is itself subdivided into two grades, called with characteristic German descriptiveness the simple and the difficult services, but which we will name the minor and the major grades. Elementary education is sufficient for entrance to the minor grade. Training for this grade is merely practical and should (according to the Prussian regulations) end with an examination not to be taken before the probationer has reached the age of twenty-two. Qualifications and training for the major grade are similar to those for Obersekretäre under the single career system. Probationers from the minor grade may be admitted to the major grade, but must first pass a preliminary examination in general education.

The advantages and disadvantages of these two systems are debated with vigour by their respective adherents. About 90 per cent.

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of the Communes have the single-career system, while the double career has been introduced in a number of large towns. From the point of view of promotion the difference between the two systems is not so great as may at first be supposed. It is possible for officers with elementary education to rise to the higher posts under both systems, provided they can attain the prescribed educational standard. In the single career a greater number of less well-educated candidates are excluded initially, while in the double career they may gain entrance to the service but cannot enter in the same proportion into the major grade. The double career is often preferred on grounds of economy. It enables local authorities to create a class of less well-qualified and less expensive officials, while providing no check upon the work to be handed over to this grade. It allows indeed an evasion of the responsibilities incurred under the Prussian scheme for the single career, which seeks to divide the work so as not to create blind alleys and demands a higher general level of training for the intermediate division. The double career is likely to prevail, however, in the large towns where much of the work, even in the intermediate division, is specialised routine.

Despite the fact that adherence to the Prussian scheme is purely voluntary and cannot be enforced upon the local authorities even by those communal associations who took part in the preliminary negotiations, the whole of Northern Germany is covered by a network of public administration schools. It is generally recognised that full-time instruction is the most satisfactory, but part-time instruction is nevertheless given by many schools. This is notably the case in the Rhineland and Westphalia, where the train services are particularly good, but is often due to the expense, both for the authorities and for the officials themselves, of a full-time course of instruction. Owing to the question of expense and to the fact that the schools are not available on this score for many officials, many local authorities continue to hold courses for the training of their own officials.

In non-Prussian Lands, for example, in Brunswick and Thuringia, attempts are also being made to regulate the training of officials. In general the Prussian scheme has been adopted. This scheme has the advantage of ensuring a uniform standard of training, while at the same time leaving unimpaired the freedom of the local authorities in selecting and appointing their officials.

Apart from a few sporadic courses, nothing has been done to provide for the training of the employees. Where these hold posts which are considered as equivalent to probationary service, they are of course, able to receive the training given to the official probationers.

The systematic training of officials in schools for public administration is the result, as has been shown, of efforts primarily on the

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part of the local authorities. The Academies of Public Administration, on the other hand, of which there are at present 24 in Germany, owe their foundation to the initiative of the officials themselves. They answer the need felt by many officials for a more advanced form of training than that provided at the public administration schools.

There were already before the war institutions in existence for the academic training of public officials. These provided, however, a four-term course (two years) of full-time instruction. Such a type was felt to be unsuited to post-war conditions. The majority of the officials desiring academic training wish to study while pursuing their vocation. They have neither time nor money for full-time attendance at a university. The academies therefore provide part-time, largely evening, instruction. In 1921 the then existing academies formed an association for collaboration in their work, which was afterwards transformed into the Reichsverband Deutscher Verwaltungs Akademien (National Association of Academies of Public Administration). The academies are maintained by the various official organisations, but receive grants from the Reich, Lands and certain large Communes. The Association has worked out a scheme to which, owing to the co-operative nature of the organisation the academies mostly adhere, while introducing modifications in accordance with local experience and conditions.

The courses provided last for six terms (three years). All students are trained in the social sciences, in economics and in law. They are given indeed the kind of mixed instruction which some reformers recommend should be made compulsory for all academic candidates for the civil services. In addition, particular courses are held for the different classes of officials attending. The latter are recruited mostly from the intermediate grades, although higher officials also attend. The academies refuse to provide general education of a superficial and dilettante character, but most of them include courses in philosophy and history. Two examinations are held, a general one in public administration and a special one for local officers. The academies are founded as a rule in university towns and are run in close conjunction with the universities. They are staffed, however, not only by university lecturers but also by leading officials, and are concerned to maintain a close connection between theory and practice in their instruction. In order to make some provision for officials who are not in the neighbourhood of an academy, week-end and vacation courses are held.

The Academies of Public Administration have to meet various forms of criticism. On the one hand it is maintained that there are too many of them. Only a very small proportion of the students pass or even sit for the final examinations. For instance, of the 1,173

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regular students at the Academy of Public Administration in Berlin in the year 1928-29, only four passed the general examination, while eleven obtained the diploma in local government. From this we may conclude that past methods of recruitment did not produce the type of official who is fit for academic training, or that administrative training is not conducive to the academic frame of mind. In both suppositions there is certainly some truth, but a further and more important explanation is to be found in the fact that the academies are attended by officials whose energies are already highly taxed by their vocational duties.

On the other hand it is maintained that there are too few academies, that the existing ones can only be attended by officials in the neighbourhood, and that this gives them an undue advantage over their less fortunately situated colleagues. For this reason many of the officials themselves view with disfavour any recognition paid to the examinations held by the academies. Local authorities also have not shown themselves too ready to recognise the certificates as qualifications for promotion. The academies indeed serve their accredited purpose of raising the general level of education and training among the officials but do not afford, as much as might be expected and desired, a means by which intermediate officials may advance to the higher posts.

Apart from the one exception already mentioned, the local authorities are not bound by statute or regulation as to the qualifications to be demanded from their higher officials. The title of the Prussian Circular is, however, significant. It runs:—"Training for local officials without academic qualifications." Academic qualifications are often demanded by local authorities for their higher administrative posts. In the past these posts were generally filled by lawyers, but there are now ample opportunities for economists.

The local authorities have not considered it necessary to train their own highest officials themselves or to demand of them some special training qualifying them for public service. The prevalent view is that of Dr. Nischk, principal of the school for public administration in Aschersleben, when he writes:—"Consequently the training of candidates for the highest posts by the Communes themselves is entirely excluded. It would be indeed uneconomic, since experience has hitherto shown that the general academic and professional training on the whole satisfies the necessary requirements." Such is not the view of Dr. Walter Norden, director of the Kommunalwissenschaftliches Institut of the University of Berlin. This was founded in 1928 by the Prussian Government as a result of unremitting efforts on the part of Dr. Norden and of decisions on the part of some Communes and Communal Associations to grant financial assistance. Here

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students intending to enter the local services may specialise in communal administration. They do not necessarily at once obtain administrative posts but are employed as "Informatoriker" or "wissenschaftliche Hilfsarbeiter"; that is to say, they prepare reports and undertake research work in an assistant capacity to the higher officials.

The highest administrative posts are further recruited from among the subordinate officials, from members of the assembly, from "outsiders" and from the specialists and technical officials. The majority of the professional and technical officials prefer to continue to serve the local authorities in their capacity as specialists rather than to enter administrative posts. In contrast to the State services, however, they can enter the higher administrative positions in local administration and cannot make the complaint, often justifiably raised against the State services, that the work of the specialist and technician as such is despised, and that he is given no opening to the higher administrative positions. For 20 years at the Charlottenburger Hochschule a specialised training was provided for technicians intending to enter the civil services, in order to qualify them for administrative as well as technical work. The experiment, although successful, has been dropped owing to the opposition of the pure technicians, who considered this mixed training inferior while providing an undue advantage for entrance to the civil services. Two hundred students were trained in this way, most of whom are at present engaged in the local services.

For the further training of higher officials there are in existence the institutions already mentioned in connection with the Academies of Public Administration, and the courses held by the various official organisations themselves. The Deutsche Vereinigung für staatswissenschaftliche Fortbildung is an association of higher officials to which the Städtetag belongs. It holds twice a year regular courses of three weeks' duration, when questions of outstanding importance are treated and discussed. The Association performs indeed the kind of work which is carried out by the Institute of Public Administration itself.

I will now endeavour to summarise and comment upon the main features of the German system.

The educational standard for entrance to the local services is not uniformly regulated and is in general low. In the case of those authorities adhering to the Prussian scheme or some kindred system, this defect is redressed to a certain extent by a severe process of training for the intermediate posts. Uniformity of training is attained not by central regulation but by voluntary agreement on the part of the local authorities. Owing to the nature of the work done in the intermediate divisions, it is of fundamental importance that these posts should be filled by well-trained and capable officers, and it is the

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custom to admit applicants with the necessary educational qualifications directly to this division, as well as to take them from the subordinate ranks. The experience of the schools for public administration goes to show that the officer with elementary education generally finds the work more difficult than his fellow from the secondary school. He is often more industrious than the latter, for he realises that he has much to make up, but his power of judgment is little developed. This is a factor in favour of a higher initial standard of education, though it is most desirable that this should be introduced in company with general educational reforms. The scholarship system is not widely developed in Germany, and there would be a real danger that numbers of worthy though less fortunate candidates would be excluded. As a less satisfactory alternative it might be possible to insist that young officers should attend continuation schools until they have acquired the necessary qualifications.

Instruction in evening classes and courses attended out of office hours cannot provide a real substitute for the mental training obtained in the higher forms of the secondary schools and at the universities. This is proved by the experience of the schools and academies of public administration themselves. Very few officers are able to pass the examinations held by the latter. If the Academies of Public Administration are really to provide a bridge by which officials from the intermediate divisions may pass to higher posts in those cases where academic qualifications are required, they must be given at least partial leave of absence from work and in case of need financial assistance. The period of training might then be reduced. Unfortunately the present financial circumstances of the local authorities are not favourable to such a development.

In Germany, as in England, the official is trained in the service, though with the stipulation that he is at first installed merely as a probationer. It is undoubtedly an advantage that every official should be subjected to a period of probation in practical work, whether or not he gained his entrance by examination. The passing of an examination no more indicates a good official than the possession of a first-class degree necessarily indicates a first-class teacher. In Germany, however, it has been recognised that training by means of office routine is not enough, and under the scheme voluntarily adopted by many local authorities provision is made not only for a systematic training covering the work of more than one department, but for theoretical training as well. The aim of this training shall be:—"to extend and deepen the knowledge gained in practical work and to increase the official's power of judgment and independence of thought."

University training is often demanded for the higher posts. The

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highest administrative officials, and in particular those of the Magistrate, do indeed form a class to which we have nothing to correspond in England, since they stand between the departmental specialist, the professional and technician and the elected assembly. This accounts for the partly political character of the highest officials. They are ministers and members of an executive body standing in close relation to the elected assembly. Not all higher officials have this political character, since the professional and technical specialists, subordinate administrative officials and assistants of departmental heads, also belong to the higher class. The system naturally has its dangers, since political considerations may be allowed to outweigh criteria of efficiency. There is, however, no system of government which can entirely preclude the possibility that efficiency may be made subordinate to political expediency. The only safeguard lies in the good sense of the members of the representative bodies themselves. With one or two notable exceptions, the German system is extremely successful.

Like the lower and intermediate officers, the higher official, although selected on the ground of his academic, professional or technical qualifications, generally acquires his knowledge of public administration after he has entered on his official career. It is not demanded of the lawyers and economists, from whose ranks a large number of the higher officials are drawn, that they should have had a special training fitting them for the local services. The greatest dissatisfaction has long been felt with the prevalent system of legal training, but hitherto no radical reforms have been effected. It is more deficient as a training for the local services than that afforded to economists. The economist can put to use most of his theoretical knowledge and is equipped with a mental training that is of particular advantage for the economic and business aspects of local government. The experiment of the Charlottenburger Hochschule in providing a special form of training for technicians desiring to enter the public services was successful and might be repeated. This was, however, an administrative rather than a specialised technical training. It seems clear that when the public service demands special technical or professional knowledge the higher official should be able to show specialisation, either of a theoretical or practical nature, in those branches.

One peculiarity of the highest German local officials needs special mention. The administrative officer often moves not only from authority to authority but also from one department to another. It is thus essential that he should have such initial qualifications as render this possible. His training must be wider than the particular work on which he is engaged, and must be such that he will adapt

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himself readily to his new position. This system has the beneficial result that officials often have knowledge of the work in other departments and are saved from a narrow departmental outlook. It cannot be maintained, however, that an academic or professional training is the sole suitable qualification for the highest posts. These are recruited, as has already been stated, not only from the universities and professions but from the elected assemblies, from the ranks of the subordinate officials and from so-called "outsiders." Since the revolution men and women have been appointed whose training was obtained in other than the professional, academic or administrative walks of life. This custom diminishes as the revolution recedes into the past but still prevails to a certain extent and has been generally successful. I am convinced that the vigour and enterprise which characterise German local government are due in no small degree to the presence of these diverse elements in the administration.

It may seem undesirable that men and women with academic or similar qualifications should be admitted directly to the higher posts. It would be useless, however, to ask already highly trained people to spend most of their time for years after entering the service on routine work. The result would simply be their exclusion from the service. German experience has shown that training in the service is not the only or always the best form of preparation for the holding of administrative positions. Three principles have indeed to be observed. A general high standard of education and training must be maintained, the greatest opportunity for promotion from within the service should be provided as is consistent with maximum efficiency, while fresh forces must be absorbed from without when this means the introduction of officers with training and experience of a kind that is not obtainable within the services, although conducive to their efficiency. The work of administration is not merely executive in the narrow sense. It is also creative, and the local authorities must have in their services men and women who can see their own particular problems within the general administrative framework and relate the latter to the questions at issue in social and political life as a whole.

Observations on the Nature of the German Civil Service

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[*Being a Paper to be discussed at the Summer Conference of the Institute of Public Administration, July, 1931*]

IN the following discussion I shall simply attempt to give an insight into the salient features of the German Civil Service. We can only do justice to the subject if we proceed from the situation prior to the revolution of 1918, because though since 1918 there have been further developments there was neither abolition nor complete reconstruction of the Civil Service as in other countries.

Typical and guiding for the creation and development of the German Civil Service was Prussia, not only because this State was the largest of German Federal States in contributing to the reconstruction of the German Empire, but principally because it was from the beginning organised as a State based upon and directed by officials. As the army was the instrument of the State in relation to foreign affairs, so was its staff of officials the foundation of the Prussian State in its domestic concerns. In Prussia there was realised earlier than elsewhere the idea of a public professional Civil Service, especially in the organisation of a modern system of Public Administration by King Frederick William I (1730-1740). Consciously or unconsciously he connected it with the essential principle of the Middle Ages, the feudal relationship of loyalty and service between feudal lords and feudal vassals. Therefore the absolute state of the eighteenth century required of its officials life-long and exclusive devotion of its working capacity, and unconditional loyalty towards the sovereign power. In return therefore he guaranteed personal protection and material rewards. The latter consisted in the eighteenth century naturally (corresponding to altered economic conditions) no longer in the assignment of land for exploitation, but in current monetary income, *i.e.*, a salary.

Whoever could meet these moral and allied technical requirements could enter upon a Civil Service career. This was from the very beginning in no way limited to a caste. Power of action and a genius

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for organisation meant, in this era of State construction, the attainment of the marshal's staff, which about 100 years later, every Napoleonic soldier carried in his knapsack. It naturally followed that in many cases the sons followed the profession which had been chosen by their fathers; so that a kind of Civil Service estate came into existence. Very quickly there evolved a specific professional ethos, a conception of Civil Service honour, which had a far-going influence upon the moulding and inner homogeneity of the Civil Service. We may even here speak of a kind of unwritten fundamental law of officialdom; and this was an echo of feudal relationship. This particular conception of the nature of the service in relation to the State induced, according to personal attitude, some to become officials, while others were repelled from the profession. The decisive point in the choice of the profession was, and has remained, the question whether the individual relates himself to the community more objectively or more subjectively. In the first case he will be satisfied with a certain modest material livelihood and devote himself to his public duties, in the latter he will strive to develop his own capacities as best he may for his own self.

Since the beginning of the nineteenth century one or other group joined the purely professional Civil Service as the executive factor of the public authority as organised by the enlightened absolutism of the eighteenth century. Its evolution issues from the ideas of the time when modern local government was introduced; this, in Prussia especially, had its beginnings in the reforms of Stein and Hardenberg after the defeat by Napoleon in 1806. We refer to the so-called unpaid officials ("Ehrenbeamte"). Emanating from the reform of municipal government, the idea of honorary official co-operation of elected citizens in public affairs gradually permeated the entire administration, so that to-day in almost every public service we find honorary and professional officials working together.

In spite of that the fundamental distinction between honorary and professional officials remained; the former are elected for a term of years by the competent body, for example, by the municipal council in the towns. Thus they are in certain dependence upon a specific constituency of the population, namely, their electors, and no special professional training is required from them for the honorary office in question, but it is deliberately desired, to make fruitful for public administration the practical experience of the non-professional population. The honorary officials obtain their living from their private occupation; they offer free their time to the community for honour's sake, without material reward.

On the other hand the civil servant was, and remains, primarily in a situation of dependence on and permanent relationship to the

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head of the State; in Prussia, for example, at that time to the King, as the bearer of the authority of the State.

The closest connection between professional and honorary officials developed naturally in local self-government. In the course of the nineteenth century this was ever more widely extended, and was applied—originally introduced in the towns—finally to the rural parishes, the Districts, the Provinces, and associations for special purposes. Its tendency is essentially to disburden the central authority.

As, in recent times, the forms of social and economic life became more and more complicated, the administration was confronted by new duties and problems. In their solution the Civil Service played the chief part. It was therefore always more necessary to lay emphasis upon the appropriate training and selection of these instruments.

According to the kind of executive functions civil servants were divided into the higher, the intermediate and the lower Service. And corresponding to this division different requirements were established for training and continued education. This classification, originally prescribed by the central authority for its departments, was transferred to the civil services of the local authorities, which, principally through the professional Civil Service possessing the same foundations and attitude of mind, was kept in the closest relationship with the State, quite apart from the Central authority's rights to inspect and to sanction appointments.

Of the three groups of officials we have named, the higher Service remained almost exclusively reserved to academic entrants with a completed University education. The process of education was (it is, in principle, unaltered) the following:—First, it was necessary to undergo a predominantly theoretical course of 3—4 years in a University or a technical high school. The condition for entry into the University is the matriculation certificate of a secondary school. As such, originally, the humanistic *Gymnasium* held the monopoly, and it laid the chief emphasis upon the study of the classical languages. Since 1890, the so-called *Realgymnasium* and other modern cognate types of school, came into existence, and their most important branches of study are the natural sciences, mathematics and modern languages. To-day they are statistically predominant, without, however, overwhelming the humanistic *Gymnasium*.

At the end of the University course there came the first examination, to be taken before a State examination commission. And then there followed a more practical, but, at the same time, scientific training, which once more lasted for three or four years, and at the end of which there occurred a second State examination. The fulfil-

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ment of this course of training was the absolutely indispensable condition for the exercise of a corresponding profession; for example, as a Judge, but beyond that also for the profession of Barrister, the higher Civil Service, official or free physicians, teachers at secondary schools and Universities, technical officials of the Higher Civil Service and so on.

At the basis of this education was the common idea that the State itself should carry through, and superintend the professional training, both theoretically and practically, and judge its results by its own examinations. The actual professional career as a civil servant began only after this, whether in the service of the central authority or of a local government body.

The choice of the younger generation for the career of higher civil servant was naturally limited by the fact that study and the long unpaid period of preparation presupposed the availability of a certain amount of private means for the person concerned, but it would be a mistake to think that in Germany before the war only the children of well-off families took to study; the entries to the Universities, even with the purpose of a subsequent career in the Civil Service, constantly increased. In many cases the education was achieved by the greatest self-sacrifice. Occasionally there was help through scholarships and free places, and there was an ever-fresh current of popular ability flowing into the body of the Civil Service, and yet without affecting its homogeneity.

With the successful passage of the second State examination the actual professional training came to a close. The career of the official itself, with its multifarious duties, constituted the practical continuation of the schooling for those who wished to devote themselves to the Civil Service as a profession. There were also continuation courses of a more theoretical nature, *e.g.*, at the Universities, or through study groups, and foreign travel for study, &c.

The officials of this class were called upon to take the leading positions in the Service of the Central or Local Authorities, *i.e.*, to take decisions, to guide and superintend their execution, and to bear the responsibility. Particularly was the greatest value attached to education towards a consciousness of responsibility, to personal impeccability, impartiality, and a decorous mentality. The disciplinary responsibility of the civil servants went exceedingly far beyond the criminal responsibility of all ordinary citizens.

Naturally the local self-governing authorities sought, almost without exception and even where the statute did not require it, for these academically trained civil servants, in order to put them at the head and other leading positions of the community, *e.g.*, as burgomaster, as paid *stadtrat*, &c. Naturally the local authorities

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sought in the first place for such professional civil servants as had, in the course of their practical career, already acquired sympathy with the nature of local government.

We might incidentally remark that for the highest offices of State, especially that of Minister, even before 1918, such a professional training was not unconditional, even if in practice most of the people who held such offices had passed through the educational career we have indicated. It also happened, however, that industrials, bankers, and so on, were appointed Minister without having had an official's usual education.

The second group of the civil servants, the so-called intermediate, comprised, and even to-day comprises, those who carry out the current work in the departments, especially the clerical work. Certainly their activity is partly mechanical, but that lies less in the quality than in the recurrence or uniformity of their task.

Further this office work presupposes an appreciable measure of information, practical capacity, and moral impeccability, especially if it concerns the mastery of special fields of work, *e.g.*, book-keeping and accounts.

The candidates for these intermediate offices constituted two groups, the first comprised the so-called military candidates. These were persons who served in the army, who had chosen the career of regular soldier, followed by the civil office. They served twelve years in the army, were promoted into the non-commissioned officer class, and then went into the Civil Service upon the acquisition of the so-called "civil-provision-certificate." Their further education occurred in the department which accepted them, and naturally, only the most capable and intelligent of the candidates worked their way up in the intermediate offices since they only commenced with a simple elementary school education.

The adjacent group of so-called "civil candidates" for the intermediate service was relatively less numerous. It was composed of young people who devoted themselves to the Civil Service just as any other person might wish to become a business man or an agricultural worker. In the choice among the candidates the departments were not restricted. Naturally aspirants with a secondary school education were preferred even if they had not attained the matriculation certificate. With these the military candidates had to enter into competition in any further vocational training. This occurred, in the departments in which the civil servant was to be employed, in the form of theoretical and practical examinations. Promotion to higher posts depended upon these in combination with service rendered in current activity, and personal capacity, especially up to the position of the independent director of an office or, a

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division of an office. Naturally, it was difficult even for the talented military candidates to keep pace with the better academic preparation of the civilian candidates, who further came direct from their seat at school to the Service. But, as against this, the former soldier brought with him a fund of industry, punctuality, dependability and accuracy, qualities of particular value in office work.

Now we have still to discuss the third group of so-called lower officials. They were recruited predominantly from among those military candidates for whom the intermediate service was too difficult. The duties of the lower officials comprise mechanical work and simple office work as well as outdoor work; thus, for example, in the post office and railway administration the overwhelming number of the civil servants naturally consisted of the lower officials. Their military career enabled them to provide, above all, the unconditional sense of duty and a mind directed toward official activity.

This German body of officials grew in its two centuries of development into a trustworthy, incorruptible, and very efficient implement in the hands of the ruler of the State, standing side by side with the army in value and prestige. The principles of appointment for life and a right to a pension have often been criticised, and for these things officials have been scorned; and it is believed that the State would be better served with employees on the model of free private industry. This was, and is, still to-day to be denied, for German circumstances. It is precisely in the public legal character of the civil service, the mental picture of which is expressed in the oath of service, and the warrant of appointment, lay the reason for the incorruptible sense of duty and, at the same time, the inward independence of the official. This institution corresponded to a certain traditional tendency in the people itself, for, after all, the overwhelming mass of civil servants were recruited from the ordinary classes of the population.

This was the composition of the German Civil Service when the revolution of 1918 occurred.

From the first day there was revealed the inward permanent value of the old professional Civil Service. While everything else broke down, the professional Civil Service, unconcerned by the passionate political battles of the day, carried on their duty, and so helped to lighten the catastrophe of the end of the war in so far as it concerned domestic affairs. By remaining at their posts they prevented chaos. Yet there was not lacking in the programmes of the radical elements the demand that the professional Civil Service should be entirely abolished. As, however, the life of the State reconsolidated itself, the more did people recognise that the re-

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modelled form of the State, also, would build itself, with the maximum of security upon a professional Civil Service.

Therefore, the Weimar Constitution of 11th August, 1919, with which the individual constitutions of the States are in harmony, has held fast to the fundamental principle of the professional Civil Service, has placed under the protection of the Constitution the acquired rights of officials, and has retained firmly and in principle the idea of appointment for life and rights to pensions. Also, in regard to the possibility of entering into the Service, the Reich Constitution has established fundamental conditions; for example, all citizens, without distinction, are admissible into the Service according to the law, and according to their capacity and services. This means, however, nothing other than a maintenance of systematic training and technical schooling of professional officials. Just as the Constitution has given to women equal political franchise, it also affirms the possibility of the entry of women into all official situations. Women have already places in all the classes of the Service; but naturally, they are still, having regard to the figures, exceptions.

The division of business into the classes higher, intermediate, and lower, is, as in the former classification of the professional Service, still maintained by Reich, States, and local self-governing bodies. Also, the conditions which are laid down for previous education have remained fundamentally the same. Nevertheless the former rigidity of the classification has been appreciably loosened, so that one can speak of a deliberate development. It has occurred in various ways, to begin with, from within outwards. We have made easier the possibilities of promotion for individual civil servants, especially is there a much closer connection between the top groups of the intermediate services and the higher class. The superior clerical official has been given a certain right of co-operation in the tasks of direction and decision, which were formerly reserved to the groups of higher civil servants, especially trained thereto. These higher positions of intermediate officials provide, upon proven capacity, a bridge to a transfer even into the higher service. After successful transfer such officials can be employed equally with the academically trained officials, and are included in the designation of the "higher" officials. There are some limitations which the law expressly prescribes: *e.g.*, where a special judge-like quality is demanded for the incumbent of a particular office. This can only be attained after the passing of special examinations.

Institutions for the continued education of officials already in the Service, especially in the intermediate Service, are being continuously elaborated. So, for example, special courses are instituted, attendance at which is partly voluntary and partly compulsory. The

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authorities, *e.g.*, the town of Berlin, maintain administrative classes with specific curricula and systematic tuition. Successful passage through these courses is a condition for permission to take examinations, success at which makes possible further promotion.

Another altogether voluntary possibility of continued education is offered to the intermediate Civil Service in attendance at the "administrative academies," *e.g.*, in Berlin. These are educational institutions whose character as near as possibly approaches that of a High School or University. Yet regard is had to the fact that the students are already engaged in work. Successful attendance and examinations gives the official, if no right, then at least the possibility of promotion into the higher Service.

In the higher Civil Service it is left to the free discretion of the individual servant what opportunities of continued education he takes. For theoretical study there are available Universities and the High Schools of various types. Further there is a German Society for Continued Education in Political Science which regularly establishes courses of lectures by leading men in the most diverse fields of science, sightseeing tours, and travel for study.

In the lower and the middle grades, the Civil Service has only been altered in so far as that the former group of military candidates is to-day replaced by candidates who come from service in the Reichswehr or the Police, and wish to go over into the Civil Service. As these formations fall very much below the former army in strength the number of these candidates has appreciably diminished. The civilian candidates of the intermediate Service are required in almost every case to-day to produce the matriculation certificate of a higher Secondary School.

Statistically stronger, and in its effects more significant, is the alteration since 1918 in the composition of the so-called higher Civil Service, and, indeed, in all branches of the administration. This change cannot be considered as an internal development like the one we have just sketched, but as a reformation through external circumstances. It is connected with the alteration of the form of the State, in especial, the introduction of a Parliamentary system, which is practically unthinkable without political parties. Of course, the Constitution lays it down expressly that civil servants are the servants of the community and not of political parties, echoing the phrase of Frederick the Great who called himself "The first servant of the State." Yet it is clear that the leading parties of the Reich, the States and the local governing authorities must have a direct influence on the relevant offices and would try to capture the continuous conduct of affairs, as is usual in parliamentarily governed countries. The consequence of this is, that the leading positions of the higher Service

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are occupied by personalities, who very often have not risen within the professional Civil Service itself, but have come from any casual profession, and usually belong to some representative assembly. In any case, this practice, the intention of which is to produce a closer co-operation of the legislative and administrative positions has not always operated efficiently. This is due either to the lack of professional education of the individual for the relevant office, or his imperfect adaptation to the nature of the work of the public department. Therefore, in the last few years there has been a regressive development to the advantage of the technically trained professional Civil Service.

Recruitment and Training of Public Officials

By STRADTRAT DR. ALFONS RIESS

[Paper to be discussed at the Summer Conference of the Institute of Public Administration, July, 1931]

THE recruitment of public officials requires such securities that only persons who are suitable and meritorious, both as regards ability and character are appointed. For the appointment of an official to a position in which expert knowledge (doctors, technicians, &c.) is required proof of general as well as of expert knowledge is necessary. In Germany, within certain limits, official positions are reserved for soldiers who have completed their term of service, and have to be provided for. Apart from the case of military men, two kinds of recruitment are to be distinguished; on the one hand the appointment of persons with special preliminary training which has been acquired outside administration (*e.g.*, in private undertakings), on the other the recruitment of young people, who must be trained for their profession by the administrative authorities themselves. As to these young people only a certain measure of general education need be shown, according to the demands of the career chosen. In order that capable persons may have the opportunity of advancement, however, care must be taken, that every official who proves his ability has the chance to rise from a lower position to a higher, irrespective of his education, a principle which to a great extent has only been realised in Germany since the war.

For a number of causes public administration to-day requires trained people to an increased extent.

One of the most important is that the administration of the modern State and municipalities is regulated more and more by statute and that these administrative statutes are very complicated. In Germany this is especially true of the administration of public welfare, (health and poor law) and taxes. Not only has the number of persons who are supported and provided for by public administration enormously increased, but, in accordance with present-day

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conceptions, that support has to be appropriate to the individual causes of the need for relief. Therefore the number of regulations and directions continually increases, and only he who is closely familiar with the state of affairs and is backed by a large experience can manage this work.

The administration of taxes is similarly complicated in Germany. The reason for this lies partly in the intricate structure of public administration (for we have Reich, State, and municipal taxes) in which the municipalities are entrusted with the collection of various Reich and important State taxes apart from their own, and partly in that, for financial reasons, all possible sources of taxation must be made use of.

A second reason, in addition to the number and range of the laws which have to be applied by the public authorities, is the increase in the number of persons coming into contact with the authorities. This is also a result of the economic and financial conditions, of the increase of unemployment, and of the improvement in the machinery of public welfare. A third reason closely connected with the before-mentioned circumstances is the increasing scarcity of unpaid officials. The increasing poverty of citizens does not allow of their placing their unpaid services at the disposal of the public authorities to the same extent as formerly. The workman in particular, who also demands his share in public administration, is not in a position to serve town or State without remuneration on account of possible unemployment.

Finally, the principal positions fall more and more to the party leaders, the politicians; and yet they cannot deal with the details of current public administration.

For all these reasons our large State and municipal services need trained officials. The larger a service is, the more the experts are needed in the various branches, be they lawyers, technicians or economists. This not only applies to the leading officials, but also to those of the intermediate ranks who execute the actual written work. In view of all these circumstances the development of an elaborate system of training and examination is an absolute necessity. The training must above all, ensure that the future official has a knowledge of the constitutional and administrative laws demanded by his office. It is not so much a matter of learning all the laws and regulations by heart, for these will be quickly forgotten after the examination, rather must the instruction be directed to the learning to understand the laws and regulations and to their application in accordance with the purpose of the law. The aim is high and not easily attained, and many candidates miss this goal. The reason lies less in the candidates' lack of industry and good will than in

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their lack of ability, above all in the inability to express their thoughts well in writing.

In Germany the Reich as well as the State and numerous municipalities, particularly the larger ones (especially Berlin) or associations of the smaller municipalities, have created organisations of their own for the education and examination of their official candidates, and I append the directions concerning the training and examining bodies of the town of Berlin for their subordinate officials. For the higher officials the municipalities have no special conditions. They simply draw their juridical and technical staff for the higher service from the ranks of State officials, for whose training the State is responsible. There are many private associations also for the refreshing of knowledge of civil servants (*Verwaltungsakademien, Vereinigung für Staatswissen Ichnilichn Fortbildung*).

The consequence of the fixed arrangement for the training and examination of the administrative staff is that definite careers for the various groups of officials have been evolved, and that the appointment depends upon attendance at these courses and success at the subsequent examinations. A far-reaching collaboration has been granted to the organisations and associations of officials, and this collaboration has, on the whole, proved advantageous. It is true that the requirement of a definite training and the passing of examinations have given rise to a certain exclusiveness in the official bodies and have also rendered difficult, although not impossible, promotion from the middle ranks to the higher class as far as they are filled by experts. This may be considered as one of the disadvantages of the system. On the other hand, in the allotment of the highest offices, *i.e.*, the members of the town councils, expert knowledge no longer plays such a large part, in contrast to the conditions in Germany before the war, because these positions are filled chiefly by party politicians. This system lessens the attraction of public, especially municipal, administration for eminent experts, either technical or juridical, because the position immediately above them is frequently occupied by politicians who are often not distinguished by prominent administrative capabilities.

The training and examination arrangements are different in each municipality, and, at the most, uniform only for a group of municipalities, this is a further hindrance to the penetration of experts from the outside.

It has also proved necessary to vary the training and examinations for the simpler and more difficult offices respectively.

Altogether the recruitment and training of officials is thus by no means a simple task, the present-day conditions in public administration, however, are so intricate that all these difficulties have to be

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faced and overcome. Private undertakings also, particularly large concerns, are confronted by the same difficult problems. It is simply a matter of unavoidable circumstances, which are the result of the increasing size and complexity of both public and private enterprises.

The most important questions arising in this connection are as follows:—

(1) Who is to bear the cost of the schools? In most cases the tuition fee is collected from the officials undergoing training; the town of Berlin, however, does not do this, but provides the cost of their schools from the municipal treasury.

(2) Is the progress of officials during instruction tested by means of examinations from time to time? This is generally the case. In Berlin, however, oral and written examinations take place only at the conclusion of the courses.

(3) Is the instruction to be given as incidental to the service, or on the other hand, in special courses during exemption from service? In most cases special courses lasting some months are held; in Berlin, the officials must perform their services and attend the course of instruction several times a week after office hours, during a longer period.

(4) Shall special teachers, without other office, be appointed, or shall any suitable official be employed to instruct the candidates in addition to carrying out his regular duties. Mostly a mixed system has been used; in Berlin, however, there are no teachers who are principal officials. The financial question plays a part in this matter.

ADMINISTRATIVE TRAINING COLLEGE.

SCHEME OF INSTRUCTION.

Courses of Instruction for the Administrative Staff.

Preliminary Remarks.

1. In Course I instruction should be elementary and restricted to the rudiments. No preliminary knowledge in the subject of the lectures is to be assumed on the part of the students.

Course II is self-contained; its prescribed contents should be dealt with comprehensively even if already treated in Course I.

2. The number of lectures and classes allotted to each particular section of the syllabus should be strictly adhered to. This also serves as a guide to the lecturer regarding the proportion of time to each

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topic. Contact among the lecturers giving the same lectures is desirable in order to ensure uniformity of treatment.

3. The order of the lectures need not be rigidly adhered to. Subjects in which fundamental changes may be expected during the period covered by the courses of instruction are to be placed at the end. This applies particularly to the lectures on "Public Taxation," "Budget," &c.

4. The instruction consists of theoretical lectures and practical classes (written and oral exercises). For Course I the training college district committee must arrange for three tests (under supervision) from the sections to be decided by this committee. More comprehensive written examination papers, as required in the final examinations, are not to be demanded in Course II.

The chief lessons are to be divided between theoretical lectures and practical classes. In which branches of instruction and in what manner the division is to be carried out is given in the syllabus.

The lecturers should set the Course II students home work (theoretical and practical) as a rule after every alternate two-hour lesson. The results should be handed in to the lecturers in the next practical class for perusal and correction.

The supervisor of the practical classes in Course I should proceed similarly, but it remains with him to determine the amount of written home work to be demanded from the students.

The practical classes should, if possible, be conducted by the lecturer. Where the number of students is so great as to necessitate division into several classes the same lecturer should conduct the different classes. The lecturer of Course II should, however, with the previous permission of the college district committee, be allowed the services of an assistant, either for the preliminary correction of the written work or assistance in the classes themselves. The assistants are recognised by the college district committee. It shall be left to the training college district committees to transfer the exercises or, where division has taken place, to transfer a class to some lecturer other than he who gives the lectures.

For the exercises in Course I assistants are not to be employed. Not more than 40 students are to be admitted to the practical classes in Course I.

The students must be given instructions in the correct use of the German language and in the clear rendering of legal regulations.

Special attention should be given in the lectures to laws and regulations, specially relevant to the locality (in a wide sense), including the official instructions circulated through the Service journals.

5. Opportunity is to be offered to the students as far as possible during the course of instruction, but outside of the lectures and classes,

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to become acquainted with municipal establishments and works. The training college district committees are recommended to render possible and facilitate the visiting of such institutions.

SYLLABUS

Course I

Subject	Lectures (2 hours each)	Practical classes (2 hours each)	Re- marks
1. General survey of municipal activities ...	2	—	
2. Office organisation and procedure... ..	1	4	
3. Constitutional and administrative law ...	6	4	
4. Local Government law	4	4	
5. The civil code	—	12	
6. Constitution of Law Courts and Civil Procedure	—	8	
7. Industrial Law and law relating to officials ...	6	6	
8. Social legislation	5	4	
9. Social welfare administration	5	4	
10. Public taxation	4	8	
11. Budget: book-keeping and accounts ...	4	8	
12. Examination papers	3	—	

Course II

1. General survey of municipal activities ...	2	—	Civil law and law court procedure are treated together for the practical classes.
2. Introduction to statistics	2	—	
3. State (political) and administrative law ...	7	5	
4. Local Government law	7	5	
5. Civil code and commercial law	15	5	
6. Constitution of Law Courts and legal procedure	5	15	
7. Industrial law and law relating to officials ...	10	6	
8. Housing	2	—	
9. Building and housing schemes	4	3	
10. Social welfare and administration	6	4	
11. Public health	2	—	
12. Social legislation	6	4	
13. Education	4	—	
14. Public taxation	8	8	
15. Budget: book-keeping and accounts ...	6	12	

Annual Reports on Efficiency and Qualification for Promotion

By A. J. WALDEGRAVE, I.S.O., M.B.E.

[Paper to be discussed at the Summer Conference of the Institute of Public Administration, July, 1931]

THE difficulty for the head of a Department of knowing the qualifications and the degree of efficiency of the members of his staff naturally increases with the size of the Department; and in the case of a big Department, divided into more or less self-contained branches, and perhaps scattered geographically, it is inevitable that the knowledge shall in most cases be obtained by means of reports from intermediate officers. The personal touch which exists in a small organisation being lost, it is necessary to replace it by some sort of indirect contact; and even where the junior comes occasionally into direct touch with his Chief it is desirable that the impression he makes shall be supplemented, and perhaps corrected, by the more intimate knowledge of him which his immediate supervisors possess.

In a number of Government Departments, but by no means in all, steps had been taken before the War to devise machinery for dealing with this problem in a systematic way, and a considerable amount of experience had been gained. It was not however until the formation of the National Whitley Council that the problem received attention of a focussed kind. The question was taken up by that Council as an aspect of the problem of promotion (though obviously it has equally a bearing on other aspects of the problem of securing the highest efficiency of a Department), and in 1921 a report on the subject was issued by a committee of the Council. One of the recommendations of the committee was that there should be annual reports in which the qualities of officers should be systematically appraised. The procedure recommended was adopted, and the system of annual appraisal is now an established feature of the Service. In every Department the heads of Sub-Departments and branches find themselves called upon once a year to consider the

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qualities of their subordinates and to report upon them by means of a form drawn as follows:—

(1)	Degree of Qualification (2)	Remarks (3)
1. Knowledge:— (a) of Branch (b) of Department 2. Personality and force of character 3. Judgment 4. Power of taking responsibility 5. Initiative 6. Accuracy 7. Address and Tact 8. Power of supervising Staff 9. Zeal 10. Official conduct		
General Remarks (including note of any specific qualifications not included above)		
Degree of qualification for promotion to next grade		

In column 2 the reporting officer enters the letter A, B or C, indicating Above average, Average, or Below average. The "degree of qualification for promotion to next grade" is similarly indicated, A meaning that the officer is considered to be eminently fitted for special and early promotion, B that he is regarded as fitted for promotion but not for exceptional promotion, and C that he is not considered fit for promotion at present. If A or C marking is given, the reasons for giving it are to be stated.

Without having been present at the meetings of the Committee which produced this form of annual report, one can see that it represents a compromise between two extreme views on the subject of appraisement. On the one side there would be the view that it is impossible by any sort of systematic analysis to obtain a basis for the comparison of one man with another. The supporters of this view would maintain that a man must be looked at concretely and not analytically; that, as soon as you begin to divide him up into separate qualities, his essential self—his personality—disappears. The thing that matters, they would say, eludes any attempt to resolve it into its component parts. Passing to analogies, they would contend that it is like trying to determine food values by chemical analysis

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where the all-important vitamins are too subtle to disclose themselves to the tests employed. Or it is like, they would say, looking for the beauty of a picture with a microscope.

On the other side would be those who hold that this view opens the door to favouritism, prejudice and caprice; that without systematic appraisement a man's chance of promotion turns on the luck of being in the limelight; and that it is possible, by a system of allotting marks to the respective qualities required for the post under consideration, to select the best man with unerring accuracy. Once the qualities had been set out with due elaboration, and their relative values had been discriminated by differences in the maximum number of marks which might be awarded under each heading, the appraisement would be simple and automatic: the officer who obtained 84 per cent. of the marks would clearly be superior to the one who obtained only 83 per cent.

The system which was recommended by the Whitley Committee and adopted in the Departments takes a position between these two extremes. It requires the reporting officer to consider separate qualities and to make a graded award in respect of each of them: it further requires him to look at each officer concretely and to place him in one of three grades when so considered. But it does not provide for the awarding of marks; while it does provide for the free expression of observations and the giving of reasons for the recommendations made.

It should be of interest, now that the system has been in operation eight years or so, to consider how it works in practice—whether in the main the machinery introduced by the Committee has proved satisfactory; whether experience has indicated directions in which it might be improved; or whether, perhaps, without altering the machinery, the method of operating it might in some respects become more skilful and be productive of better results.

My own opinion is that the introduction of the system has been amply justified, and that it constitutes one of the outstanding successes of Whitley procedure. The annual reports have compelled supervising officers to give systematic and deliberate consideration to the character and characteristics of the men and women under their charge, and have done much to ensure the selection of officers for higher posts for reasons which, if not always giving universal satisfaction, are recognised by the staff to be the result of the careful attention to information regularly and conscientiously furnished.

Consideration of the question whether the information given could usefully be amplified by an amendment of the form of report leads one to the conclusion that there is not much wrong with the form as it stands. In one or two directions there might perhaps be a finer

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discrimination of qualities. Under "Initiative" the distinction might be marked between the intellectual initiative of the penetrating and inventive mind and the initiative of the energetic and adventurous temperament: they are two different qualities, both highly valuable in the official realm, but not always found in combination. Or it might be better to introduce the additional heading of "Mental Power." In some way there should certainly be an opportunity of indicating whether an officer has brains of outstanding quality. Similarly, provision should be made for indicating the quality of "Adaptability."

Again, the attempt to distinguish three degrees of virtue under the heading of "Official Conduct" breaks down in practice: a man's conduct is either irreproachable or it is not. There might be advantage in combining "Zeal" with "Official Conduct." In general, however, the analysis of qualities serves its purpose in giving a fair picture of the kind of officer who is being reported upon and in ensuring that the character and capacity of both himself and his colleagues shall have been surveyed with thoroughness and consistency. An intelligent use of the "Remarks" column enables the reporting officer to introduce a certain amount of light and shade into the portrait.

The one feature in which the form of report could definitely be improved is in respect of the number of categories provided for the purpose of indicating the degree of qualification for promotion to the next grade. In an ideal world the number of vacancies in a higher grade would coincide with the number of officers on the lower grade, of ripe but not over-ripe seniority, who could be certified as fit to fill them. But alas! in practice the number of vacancies usually falls short of the number of candidates, and it becomes necessary to make a selection in which the regard paid to degree of qualification for promotion shall pass beyond the simple classification of Not Qualified, Qualified, and Exceptionally Qualified. The task of a Promotion Board then becomes, one imagines, very like that of the selectors of a cricket Test Team. The selection of the first three or four players may be easy enough—a Hobbs selects himself—but when these obvious selections have been made the task becomes progressively difficult. It must be remarked moreover that even the simplification which arises from the unquestioned prominence of the few would disappear if the selectors had to rely on reports from county captains who had not adopted a uniform standard of judgment; nor entirely divested themselves of partisanship, conscious or unconscious.

The entry of the factor of relativity into the consideration of the degree of qualification for promotion makes it desirable that there should be at least four categories recognised instead of the present

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three; and in practice this necessity tends to find expression by the use of the "Remarks" column for entries such as "Almost an A," "Very good B," and so on. It would make for clarification if a fourth dimension were definitely recognised by the use of the additional symbol "B+."

There might indeed be advantage in having a fifth category, "B-," to distinguish from the hopelessly unfit C class those who fall short of fitness for promotion by reason solely of inexperience, or because of a defect which can be remedied if attention is given to it. This raises the question whether it is desirable to communicate to an officer the fact that he has received a low marking. No hard-and-fast rule should I think be laid down on this point: in some cases the knowledge of an adverse report will discourage a diffident and conscientious man, while in other cases it will act as a spur to the careless or indolent man who is not doing his best. The matter should be left to the discretion of the supervising officer. Whether he decides to communicate the marking to his subordinate or not, he should endeavour to discover the cause of the unfavourable report, and should ask himself whether it may not be due to unsuitable handling of the officer, whether he might not do better on other work, whether he could be helped by advice or warning; and so on. The Department should face any responsibility it has itself for failure on the part of its staff.

Whatever the indications employed, and whether they be more or fewer, it is of vital importance that they should be used with the same significance by the various reporting officers. And to this end it is advisable that the heads of branches should be informed of the sense in which their markings will be understood. Otherwise there is bound to be ambiguity about what is meant by "qualified for *exceptional* promotion"; the man who displays promise of the highest qualities but is relatively inexperienced will be confused with the man who is a valuable specialist but of relatively deficient general ability, and this type again will be confused with that of the officer of no special ability but of long experience and outstanding character. Then, too, there is the type of man who cannot be described as brilliant but who is of such good all-round ability that he ought to be distinguished from colleagues who are barely qualified for promotion. Steps should be taken to ensure that reporting officers make distinctions between the different types in their own minds and express them as far as possible in the same language.

Let us assume that it is desired to use the A and B+ markings and to ensure that they are used with the same significance by the heads of different branches. The instructions would vary according to the class of officer concerned and the kind of work which would

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follow promotion. In the case of Executive Officers who are being considered for promotion to the rank of Higher Executive the instruction would run something like this:—

“A” marking should be confined to men of wholly exceptional calibre and ability whom it would be right and proper to advance over a number of good men who will ultimately get promotion. To justify this marking, a man must have shown quite definite promise of fitness in the future to occupy the highest posts in the Department. If a reporting officer has no doubt as to a man possessing these outstanding qualifications, but is of opinion that he is not quite ripe for immediately passing over a number of B+ men he should nevertheless mark him A and note the report to that effect. The class “A” is not likely to be large, and unless a man has shown that he possesses abilities of this order while he is still young he is not likely to develop them afterwards, and the passage from B+ to A marking would indicate rather that he has been wrongly assessed in one class or the other.

“B+” marking should be reserved for men of above average brains who possess qualities of character, personality or intellect which take them definitely out of the main B class and fit them for directive work. To justify B+ marking the head of the Branch should be reasonably certain that the officer has the ability to deal with the most difficult individual work falling to the Higher Executive grade anywhere in the Department as well as to take charge of a section of men. Officers receiving this marking should show potentiality for advancing to the rank above Higher Executive.

In the case of Clerical Officers who are being considered for promotion to the rank of Higher Clerical Officer the instructions would be somewhat different. In this case the outstanding quality generally required is that of supervision and leadership, and emphasis would be placed on this. Accordingly there would be similar remarks about the wholly exceptional character of the “A” marking, supplemented by directions of the following character:—

To justify “A” marking a reporting officer should feel no doubt that the officer possesses (a) *wholly exceptional* qualities of leadership in respect of initiative, the capacity to organise and the ability to train and supervise staff, and (b) intellectual ability well above the average of the class and of such an order as to leave in the reporting officers’ mind no doubt as to his capacity to deal in due course with the most difficult individual work allotted to the Higher Clerical grade anywhere in the Department.

“B+” marking should be given to men who, the reporting officer feels no doubt, possess (a) *wholly exceptional* qualities of leadership in respect of initiative, the capacity to organise and the

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ability to train and supervise staff, and (b) intellectual ability up to the average of the class and of such an order as to leave no doubt as to the officer’s capacity to deal adequately in due course with the individual work on an average Higher Clerical duty in the Department.

These examples of the kind of guidance which should be given. When all has been done, however, by written instructions to secure that reporting officers shall adopt the same standard of appraisal and the same method of marking, it is to be feared that differences will continue; and there would be serious danger of injustice if Promotion Boards proceeded on the assumption that the symbols of one reporting officer could be taken as meaning exactly the same as those of another. It will still be necessary to make allowance for differences of temperament and of degree of critical faculty on the part of reporting officers and to pursue investigations into particular cases. Something can be done to develop uniformity of standard by pursuing these investigations with the reporting officers assembled together. Geographical conditions will make this difficult in the case of a large scattered Department, but an occasional meeting of the heads of branches of a centralised Department, even though it is a large one, can be arranged. At such a meeting the discussion of the comparative qualifications of the officers within the orbit of candidature for promotion, where each is probably known to the heads of other branches than the one in which he is actually serving at the moment, will help not only to clear up the immediate problem but to form a common standard which will be applied on the next occasion of furnishing the annual reports. If two people, one knowing X and the other knowing Y, proceed to compare them with Z, whom they both know, they will discover something, not only about X and Y, but about their own standards of judgment.

The utility of this joint consideration is not diminished by adoption of the sound principle that every officer should be subject to the independent appraisal of at least two supervising officers, and that if this position does not arise naturally, through normal changes in the personnel of branches, a special transfer should be arranged before a critical situation develops.

One element of confusion which can be removed is that which sometimes arises from an attempt by reporting officers to introduce into their appraisal due weight for the respective factors of seniority and merit. That both these factors enter into the question of promotion goes without saying; but the weight to be given to the one or the other varies from class to class and from time to time. Circumstances may call for special regard being paid to one or the other. It is well that the reporting officers should understand that

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responsibility for forming a judgment on these circumstances rests not with themselves but with those to whom they are reporting, and that the responsibility may be passed on without apprehension. Hesitation on this point is apt to make for obscurity and confusion.

With the development of an efficient technique in applying the system, the method of appraisal recommended by the Whitley Committee of 1921 may confidently be expected to give very substantial assistance in carrying into effect the principle which that Committee recognised as the dominating consideration to be kept in view in all promotions, viz., advancement of the efficiency of the public service. And it is to be hoped that in the process of rendering the Annual Reports, supervising officers will come more and more to regard them not only as a piece of machinery for selecting men for promotion, but as an opportunity and occasion for giving attention to the capabilities of the officers under their charge in relation to the work which they are doing and to the work which they might do. The element of truth which lies in the objection to any systematic appraisal of human quality, as being an attempt to apply mechanical measurements to a vital something which must transcend them, should receive recognition in the evidence of a mechanical application of the reports and in an endeavour to consider whether, within the conditions imposed by the Service, difficult and unaccommodating as these may be, the individual is receiving the opportunity of doing his best and of getting as near as possible to the happiness and efficiency which come from doing the job for which one is fitted.

Character Assessment in State Service

By B. W. WALKER WATSON

[Being the Winning Essay in the Haldane Essay Competition, 1930-1931]

“WE want power to drive the ponderous State,” wrote Emerson. Again, “There is no end to the sufficiency of character. It can afford to wait; it can do without what is called success; it cannot but succeed.” But the State cannot afford to let the man of character wait. In its own interest it must needs track him down and elevate him, not indeed for his special good, but for the good of all. Paradoxically, the State is impersonal, yet it must ever be urgently seeking a person, one who shall best express that impersonality.

In the past there have been great civil servants, although the State held no organised search to establish them. But that was in the days when the crowd was small and the individual apparent. As the century turned, the crowd was becoming a “horde of Government officials” with the individual more and more indistinguishable from the mass, and elementary methods of selection were seen to be failing. The impasse was reached when, after the War, vast numbers of ex-Service men were retained by the State in civil employment, and in the absence of any organised system of personal valuation the problem of character assessment promised to become insoluble. Thus it came about that the first real attempt was made to analyse, tabulate and evaluate the various qualities which were thought to indicate the measure of fitness to serve the State.

On the 31st of March, 1922, the National Whitley Council for the Civil Service approved a standard form of character report which was to act as a guide to the Departments in determining eligibility for promotion. It is the purpose of this paper to review this instrument in the light of experience, to disclose its serious inadequacy to achieve the end in view and to offer a more efficient alternative. The official destiny of very many thousands depends entirely upon the manner in which the promotion system is conceived and operated, whilst the State is equally interested in seeing that all the vital points in its machinery are furnished with the efficient power which is character.

On what principles should such a system be grounded? Should we invoke the aid of Mr. Bernard Shaw's psychometrist, or the psychologist, or the literary examiner, or our own higher officials?

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Mr. Shaw's ideas on the detection of a man's abilities are characteristically expressed in the preface to "The Apple Cart." "What I am waiting for is the discovery of a process by which on delivery of a drop of his blood or a lock of his hair we can ascertain what is right with him mentally. We could then have a graded series of panels of capable persons for all employments, public or private, and not allow any person to undertake the employment of governing us unless he or she were on the appropriate panel." On the other hand and in the meantime the psychologist needs the whole person as material for the test of mental and physical reactions, but at present he finds more credence and scope in the land of quick fortunes and financial crashes than in this more sceptical country. Putting these aside as at least premature, there is something to be said for holding literary and oral examinations for promotion purposes, but not very much. To middle-aged men and women examinations are an incubus on private life, and in those few Departments where they still survive they are commonly regarded as an anachronism and at best a poor substitute for a scientific analysis of character. The usual sprinkling of what may be euphemistically termed surprise results certainly seems to support this view.

We are left then with the original proposition adopted by the National Council, that superior officials shall report according to their observation and wisdom on the individual members of the staff, using as a basis the various qualities supposedly possessed by the ideal civil servant. But of course there is no ideal civil servant. Every different kind of position in the Service postulates its own ideal. There is not one ideal but three thousand ideals, and the best that can be attempted is to seek the least common multiple of all the desirable qualities for which they stand. These will be so numerous that it will be necessary to reduce them to practicable proportions by grouping them into, say, ten headings. Having thus developed our multiple ideal after the manner of a composite photograph we may possibly be met with the objection that a being approximating to the better class of archangel is indicated. The correct reply is: Exactly; the British Public expects it, and moreover the British Public needs it!

At this stage, where any such scheme is very likely to go astray, as indeed the official scheme has gone astray, it is useful to lay down a few desiderata as to the grouping of the desirable qualities and also as to the method of allotting degrees of merit under the respective groups or headings. No scheme which fails to answer more or less satisfactorily to these tests should be allowed to act as an arbiter of the official fortunes of any civil or local government servants, since the tests are the outcome of experience and not of hypothesis:—

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1. No vital factor should be excluded by the headings.
2. The headings should be precise and self-explanatory.
3. The headings should be of equal value.
4. The method of marking the degrees of merit should permit a wide range of final results, so that the officials reported upon are automatically well graded.
5. It should therefore be possible at a glance to compare any one official with any other.
6. The method of marking must be of sufficient sureness to give confidence in the results; *e.g.*, the best official on paper should be the best official in fact.

With these essential points in mind it is now possible to examine the model Report on Members of the Staff, as adopted and recommended by the National Council in 1922. The ideal civil servant is visualised as possessing eleven principal qualities, and the method of marking is to allot to each quality the letters A, B or C, implying "above average," "average" or "below average of the grade." The qualities listed on the report form are as follow:—

Knowledge of Branch.	Initiative.
Knowledge of Department.	Accuracy.
Personality and Force of Character.	Address and Tact.
Judgment.	Power of supervising Staff.
Power of taking Responsibility.	Zeal.
	Official Conduct.

How far the scheme is just and efficient can now be made obvious by applying to it the six conditions already enumerated.

1. It is at once clear that the framers of the scheme have visualised a very incomplete ideal. About half the man is ignored, no direct consideration being given to quite a number of really important qualities. The omissions include such vital factors as: health, energy, appearance, intelligence, speed in working, general culture, power of self-expression, courage, organising ability and execution. So pertinent are these discarded qualities that in all probability a rival scheme based on them alone would select better eligibles than those the official scheme has been producing for the past eight or nine years. This is a very disconcerting indictment, and one which must weaken any confidence the rank and file may have in the present promotion procedure. The conclusion cannot be resisted that the system measures only half the character and that such half-measures are good neither for Staff nor State.

2. There is good reason to believe that some at least of the headings have been variously interpreted, and in view of this probability it is strange that no explanatory definitions have been issued. For example, the term "personality" may be considered from the point of view of quality or of quantity; again, a member of the staff

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may genuinely seem a *persona grata* to one Reporting Officer and a *persona ingrata* to another; and still again, it is one of the commonest errors to associate the term with individuality, which is a distinct and less superficial quality. What, also, is to be understood by "force of character"? The bully who dominates his colleagues until he meets one who is aware of the underlying weakness of the type may be favourably judged on his apparent strength, whereas the reserved man of strong character may easily be underestimated. Another doubtful heading is "initiative," which may be merely active originality such as any exuberant youth may display or, alternatively, an active originality born of knowledge and reflection. A character chart should surely exhibit something of the definiteness of a formula and nothing of the ambiguity of a commercialised crossword.

3. Some of the headings are of unequal significance, although the scale of marking is the same throughout. The "official conduct" of the vast majority of civil servants is normally so good that its presence might almost be taken for granted, yet it is placed on a marking level with "initiative," which in its intelligent form is rare by comparison and therefore more to be sought. "Zeal" and "judgment" are in similar disparity, as also are "accuracy" and "power of supervising staff." The general effect is to unbalance the scheme by setting up different average levels for the various items, and whilst it is admittedly difficult to choose headings which shall present an intrinsic equality it should be possible to approach that standard by careful grouping or pairing of qualities.

4. The marking system is very elementary and lacks precision. Firstly, there is no indication how far A is intended to be above, or C below, the average B. Each Reporting Officer is left to make his own standard, with the result that there are as many marking standards as Reporting Officers. An improving individual may thus actually receive fewer A's than previously if he acquires a new chief. Secondly, assuming that B is the average or mean of A and C a representative staff will be allotted altogether as many A's as C's. This is obviously a mathematical necessity and if it is not realised the marking is badly done. In practice the marking is badly done, for the very human reason that Reporting Officers are reluctant to allot a C, which must be confirmed by a supplementary report. The effect is that C's are almost never given, and the scheme is still further unbalanced. Thirdly, the number of A's given to an individual rarely exceeds four. It is usually 4, 3, 2, 1 or 0, the rest of the marking consisting of B's. In the end, therefore, only five different results emerge, so that these Reports on Members of the Staff do no better than arrange the many thousands of officials into five orders of merit! Surely so complicated a piece of machinery should produce at least ten times this range of results.

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5. Even if the letters A, B and C were conscientiously allotted according to the intention of the scheme there would still remain the problem of comparing certain final results with others. To put the case algebraically, how shall one choose, for instance, between 3A plus 6B plus 2C, and 2A plus 8B plus C; or between the latter and A plus 10B? Promotion Boards ought not to be set sums like these.

6. It is not an uncommon experience to find that these reports do not always disclose a relative order of merit which common sense can approve. The best official on paper may not be the best official in fact. There seems to be only one way of completing these forms equitably, and that is, to arrange the members of the staff in a preliminary order of merit to the best of one's knowledge and belief, and then to fill up the forms to match. Only in this manner can a conscientious chief make the means justify the proper end. But in that event why use the forms?

Professor Graham Wallas once began a lecture on the Civil Service by remarking that the world is governed by pieces of paper. Perhaps the world has latterly been misgoverned by its pieces of paper, and it would seem that the smaller world of the Civil Service is capable of improvement in this respect. But without seeking further flaws is there anything to be said in favour of a character inquiry which assesses only half the character, employs ambiguous terminology, accounts unequal qualities as of equal value, has such a narrow range that it classifies officials into barely more than five different orders of merit, arrives at results which are not easy to compare and inspires little confidence into its findings?

There is one commendable feature to be set off against these shortcomings. The scheme is a pioneer instrument of sound fundamental principle, the principle of charting the character components of the hundred per cent. official as a standard against which the merits of the staff shall be appraised. The instrument, it is true, has been built up from badly-chosen component parts, it is difficult to operate and it fails to accomplish its purpose. But there is no reason why it should not be dismantled and satisfactorily reconstructed, provided the underlying principle is retained.

As illustrating how the reconstruction might be effected an alternative scheme has been prepared, and a brief examination will reveal how far it fulfils the six essential conditions laid down earlier in this paper. The difficulties are admittedly great at the very outset. To analyse the complete character into its principal constituents and to label them self-explanatorily would no doubt tax the wits of a Royal Commission of Philosophers. Did not Plato declare, "He shall be as a god to me who can rightly divide and define"? Perfection is therefore not to be claimed for this scheme, which has been framed

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rather as an example and as a basis for consideration. But it may at any rate be justifiably suggested that on range of results alone the scheme possesses about ten times the merit of the official model.

In outline it is simple. The character components have been made as comprehensive and inclusive as possible by coupling the most likely ones in ten complementary pairs; each pair of qualities is to be allotted marks up to a maximum of ten; and a supplementary report is to accompany every completed analysis which shows a total of more than 75 or less than 25 marks. These dual headings will be seen to explain themselves, but a few comments will not be out of place.

Appearance and Manner.
Health and Energy.
Zeal and Conduct.
Intelligence and Initiative.
General Culture and
Self-expression.

Departmental Experience and
Knowledge.
Output and Quality of Work.
Judgment and Courage.
Organisation and Execution.
Control and Supervision.

Appearance and Manner. Civil servants represent so many extensions of the Royal personality and authority, and as such may be expected not to belie their status in matters of personal appearance, address and tactful communication. The two qualities do not necessarily consort in the same individual. The exponent of a pseudo-Oxford accent and diplomatic style of approach may periodically appear somewhat hirsute, or wear outrageously yellow boots, or secure his office jacket with an excessive allowance of red tape. On the other hand, the reflection of a Bond Street mannequin may deliver himself in speech-tones reminiscent of an old-time silver-ring bookmaker. A story is told by Spence which is evidence of the proverbial deceptiveness of appearances. Kneller was entertaining Pope, when his nephew, a Guinea trader, came in. "Nephew," said Sir Godfrey, "You have the honour of seeing the two greatest men in the world." "I don't know how great men you may be," said the Guinea man, "but I don't like your looks. I have often bought a man much better than both of you, all muscles and bone, for ten guineas."

Health and Energy. For reasons unknown these important factors do not appear in the official scheme, but it is certainly in the public interest that they should be included. Retirement on the ground of ill-health can be a serious charge on the Exchequer, whilst the indifferent performance of duties prior to the breakdown may react unfavourably upon the reputation of the Department concerned. A clean health record might therefore be deemed a valuable asset, yet it must not be overlooked that if such a record has been obtained at the expense of vitality, the ability to stand the strain of emergency work is dangerously reduced. In contrast to the man who holds no

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reserve of energy, there is the enthusiast, often brilliant, who pours all his vitality into his work with the utmost zest and gusto until he is a spent force, physically and mentally exhausted. After a few weeks in the care of a physician he replenishes his fund of energy and is able to return to his duties and speed round the vicious circle again. These not uncommon instances show the interdependence of the two factors and the desirability of setting off a low marking for the weaker factor against a high marking for the stronger. It may be objected that the recognition of the health record for assessment purposes would make the staff reluctant to absent themselves for sickness, but the contention is surely met by the reasonable assumption that anyone rightly impressed with the value of good health on official grounds would take steps to guard and improve his well-being. Our ideal civil servant would undoubtedly do so.

Zeal and Conduct. In the model scheme these factors were together given one-fifth of the total maximum valuation. But Government servants are generally zealous and well-behaved, and there must be many staffs of whom the majority of the members deserve an excellent assessment for these qualities. Seeing also that the effect of zeal and conduct is necessarily reflected in the rest of the character the maximum allowance is clearly excessive, and one-tenth should be ample. The terms need no definition, but it has been knowingly averred that there are those who believe the whole art of zeal to consist of seeming uncommonly occupied during periods of immediate supervision, and that of conduct in producing unimpeachable reasons for late arrival or in avoiding contact with higher officials soon after lunch.

Intelligence and Initiative. The initiative which rushes in where angels fear to tread, is futile, sometimes dangerous and always unintelligent. The Don Quixote of the Service, who jauntily sets forth promotion-hunting and incidentally arouses the resentment of colleagues and subordinates by his unthinking and disturbing activities, must therefore be assessed for what he is. But there is also the quite intelligent type which chooses to carry on an obsolete order and practice of things and is never moved to put out an initiating finger against them. This attitude, whether due to disillusion, cynicism or some form of fear, should also be given its just reward.

General Culture and Self-expression. It is curious that culture is omitted from the official scheme. Possibly it is because a satisfactory definition of "a cultured man" is hard to come by, although culture shines with its own light. *The Efficiency Magazine* of December last made a praiseworthy attempt which will perhaps serve as well as any other. "A cultured man is one who has control of his thoughts, who appreciates the things that are true, sincere and beautiful, and

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who has a wide knowledge of what has been done in the world of Art, Literature, Science and Civilisation. But he appreciates the wonder of a motor car or a wireless set or the Carreras factory as much as he appreciates a sonnet or a Beethoven symphony." Our ideal civil servant will be all this and more, if physical and mental games are added to make the all-round man. Henry Ford has recently told us how Edison, being interested in everything, dislikes the single-track mind, and that at the age of eighty years this creator of whole industries is still reading and inventing. The point for our purpose is that his general culture and self-expression are both highly developed, yet the one would be ineffective without the other. In the Civil Service self-expression takes the verbal form of interviewing, attendance on committees or speech communication generally, and the literary form of correspondence, reports or drafting instructions. To assist the assessors members of the staff should be invited to submit lists of attainments and extra-official qualifications, which would provide a clue to their culture and power of self-expression. The official scheme, of course, does this.

Departmental Experience and Knowledge. Seniority naturally weighs heavily under this heading, and more heavily still if full advantage has been taken to absorb the benefits of experience, whether in the present or in a previous Department. Here again lists of Departments and Branches should continue to be furnished, preferably including brief descriptions of the duties performed.

Output and Quality of Work. A man may be accurate but slow, or speedy but unreliable, and this dual heading becomes very necessary if his work is to be justly appraised. The official scheme considers only accuracy.

Judgment and Courage. Judgment without courage means non-committalism or inability to issue decisions; courage without judgment is mere irresponsibility; but judgment with courage is the sound heart of character. Unfortunately the Service atmosphere tends to sap the courage of conviction. Those who have it not discourage it in those who have, and this attitude breeds a policy of "safety first" which easily degenerates into undue cautiousness, then into nervousness and finally into a blind acceptance of precedent. To exalt courageous judgment as a desirable feature in Departmental life would be to drive a breath of tonic air down the corridors and into the pigeon-holes of the Service. This heading therefore needs no apology.

Organisation and Execution. These are factors whose operations can be observed in the lowest as in the highest ranks according to degree. Indeed, their effects cannot be hidden, for a glance at a desk will often suffice to reveal the occupant. The faculty of organisation is often thought to be a gift of nature, but it is really a mental habit which can be cultivated like any other, beginning in small matters

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and evolving in bigger ones. A man may be incapable of organising half a dozen paper fasteners, and must let them lose themselves just before they are urgently wanted; another may be able to organise anything from paper fasteners to the national food supply. It is all a question of atrophy or usage. But it is as well to remember the sad case of the schoolmaster who arranged a wonderful library of note books and failed to put any notes into them. The plan of a universal compendium was duly conceived but execution was completely inhibited. Michael Angelo summed up the relation between these two qualities once and for all when he called "him alone an artist whose hands can execute what his mind has conceived."

Control and Supervision. These factors are by no means synonymous. Control is the essence of leadership and at its best commands obedience through respect and admiration; supervision implies a detailed knowledge of the work done by subordinates. The one ensures that work is done, the other that it is properly done. The one is strength of character (a deeper thing than personality), the other is expertness. The Civil Service is neither a military force nor an aimless crowd, and does not require dragooning or policing. The more enlightened form of discipline which is self-discipline is rapidly developing its own tradition under the influence of the post-war Whitley spirit. Personal efficiency and a feeling of personal liberty are likely to be in fullest combination where the application of Whitleyism is most advanced, and this result will have followed the creation of an atmosphere much more irresistible than rules and penalties. In that atmosphere the new chief must be a true leader, and, as Walter Savage Landor puts it, "have that intellect which puts into motion the intellect of others."

The most irreproachable choice of character ingredients can be endangered by an ill-devised method of allotting marks, such as the alphabetical scale at present in use. In other spheres an arithmetical valuation is found entirely satisfactory: the golfer is a plus 3 man, the batsman has an average of 84.33, the bowler 18.72. Why should not the civil servant be a 63 or a 74 man in his own grade? He enters the Service by virtue of a certain percentage of marks allotted in a written examination, and it is not at all illogical to suggest that the same principle is good enough for subsequent character examinations.

The proposal is, then, that the ten headings should be given marks up to a maximum of ten each, making a possible Efficiency Figure of one hundred and indicating that the ideal civil servant is a one hundred per cent. man. A few experimental assessments on these lines seem to show that the arithmetical scale is at least as easy to apply as the alphabetical and that it is undoubtedly more interesting. In order to fix a common standard, and also to assist those who prefer to think in words rather than in figures, a table of verbal equivalents has been drawn up:—

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Exceptional 10	Fair 4
Excellent 9	Indifferent 3
Very good 8	Poor 2
Good 7	Very poor 1
Satisfactory 6	Bad 0

The resultant total is an Efficiency Figure which represents the relation an official bears to the ideal member of his grade. If it is at least 60 he qualifies for promotion. If it is more than 75, or less than 25, a supplementary report should be made in confirmation of the assessment. The latter provision, that the Reporting Officer must give in writing an explanation of the faith that is in him for any unusually high or low marking, acts to some extent as a deterrent against favouritism or victimisation.

One incidental advantage is that a complete character can be described, if required, in terms of the above table according to the average marks per heading. Thus a "68" man has an average of nearly 7 per heading, indicating a "good" character. A "60" man would qualify for promotion as "satisfactory," and the psychological effect of placing this term just above "average of grade" can easily be appreciated.

It now remains to compare this reconstructed scheme with the original on the basis of the six essential conditions laid down earlier. (1) The character analysis considers the whole man instead of half the man. (2) By reason of the dual nature of the headings the terms are more self-explanatory and less liable to varied interpretation by different Reporting Officers. (3) The qualities are paired in a manner designed to equalise the intrinsic importance of the headings. (4) There are possible at least 50 different Efficiency Figures as against 5. (5) An Efficiency Figure can be compared on sight with any other; the present system does not always permit this. (6) More confidence can be placed in the assessments.

Such, then, is the kind of scheme which is suggested as an alternative to the official model. For reasons connected with inter-departmental promotions it is highly desirable that the scheme should be of universal application and not open to variation by any of the Departments, except perhaps in the matter of the appointment of Reporting Officers.

No excuse is needed for stressing the gravity of the subject. In "The People of England" it is well observed that "the greater part of national life resembles the unconscious life of an individual," and of no function is this truer than of administration. All the more necessary is it, therefore, to ensure that this function shall be performed under conscious direction of the finest quality available. There has been no more difficult problem facing the National Council than that of framing an adequate promotion procedure, yet there is none whose solution promises such sure returns in ultimate efficiency.

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Nine years ago the National Whitley Council for the Civil Service set its seal upon a promotion system which, with variations in certain Departments, has since continued in operation. That system has in many respects been found wanting. May it not be hoped, and even expected, that by the tenth year the Council will have revised this very significant document and have evolved a more permanent instrument which shall indeed generate "the power to drive the ponderous State"? Its full significance can only be realised by remembering that its example is endowed with centrifugal as well as centripetal force, for if it reaches inwards to our own centres of Local Government it also flies outwards as far as the ends of the Empire.

Note

By Sir STANLEY LEATHES, K.C.B.

I asked permission to write a note on this paper, and that permission was kindly accorded by the Editor. My object in making that request was not that I might have the pleasure of recording in words the satisfaction already signified by the award. My colleague, Sir Frederick Willis, I am sure, will wish me to state that he entirely concurred in the award. In fact, I believe he made the suggestion first, and it was I who concurred.

However, after reading the essay again I must take the opportunity of saying that I trust that the suggestions made therein will receive the most careful attention of the authorities. I consider the analysis masterly, and I specially applaud the pairing of qualities which balance, correct, and complete each other.

I have only one comment to make. Analysis in the estimation of character is no doubt necessary, but it has not its full value unless it culminates in synthesis. To use a somewhat base analogy, by marking the individual answers to the several questions given by an examination candidate you may not arrive at the best estimate of which you are capable. I have always found it wise to check my total by the unified impression and confirm or correct accordingly, after careful reflection. Many times I have known a second class become a first, or vice versa, on a final and synthetic estimation.

So I should recommend the superior officer, after marking his the candidates according to the scale, to consider with regard to each individual and the general order resulting from the addition of the marks whether the analysis has given the best possible result. I have marked A very good; is he not really excellent? Do I really think B satisfactory? Is he not rather fair to indifferent? And then, when the list is complete, can I justly say that C is better than D? Has not my analysis somehow put them in the wrong order?

After all, a human being is one and indivisible. The analysis is only a means to the end, which is the just estimation of each man or woman as a whole.

Financial Control in Administration

By Sir CHARLES HARRIS, G.B.E., K.C.B.

[Paper to be discussed at the Summer Conference of the Institute of Public Administration, July, 1931]

FINANCIAL control is a wide subject—almost as wide as government itself; for, as Mr. Lloyd George once said, "Finance is Government": that is, money is the common denominator to which, willy-nilly, ideals and efficiencies must be reduced before they can secure priority of adoption. To argue this is unnecessary here, as we all know that money is the directive of man-power, and financial limitations reflect the fact that no nation can divert an unlimited proportion of such power from the production of wealth to the non-productive or destructive activities with which governments are so largely concerned; and never more so than when, as now, high among the activities of government must rank the inactivity politely spoken of as maldistribution of leisure. But our theme, "Financial Control in administration," narrows the subject by excluding all the parliamentary part of such control: the debating of Estimates, the determination of policy and the voting of funds; for though, as citizens, we may feel that no part of our system more urgently needs rationalisation, it would not be in order for us, as public officials, to criticise the ways of Ministers and Parliaments. If our budgets, our trade returns, our credit and the course of our national debt for years past combine to show that our once justly admired system of financial control, taken as a whole, is now simply ineffectual, it is not for us here to allot the blame between the political and the administrative parts of the machinery. But one fact stands out: with us more than any other constitutionally governed nation, parliamentary control of expenditure has sunk to a farce. No less an authority than our President, an ex-Chancellor of the Exchequer with forty years of parliamentary life to his credit, recently told a committee that the real work of financial control is, and must be, done not by the House of Commons and its committees, but by the spending departments and the Treasury. But this puts the permanent Head of the Treasury in a false position; for though among clerks he is an Authority, among Authorities he is a clerk, without the power the guard of an express

train has of clapping on the brake without the driver's leave when he thinks the pace too hot. If, therefore, the effect produced by our financial machinery now resembles nothing so much as pumping water into a barrel with open bung-holes, it does not follow that the blame lies on the Civil Service, though the public may be taught to regard it as the sole organ of control. The naked fact is that, as regards expenditure, the Cabinet rules as dictator. So much by way of introduction.

We start, then, with the Treasury—the Lord High Treasurer in Commission. From the day when the King of England ceased to keep his treasure in a box under his own bed, he looked to that high officer to see that it was honestly and thriftily spent under the royal authority, and (one may be sure) gave him the fullest support in any orders or precautions to that end. So it comes about that to-day Treasury control over expenditure is nowhere limited by definition, but is just whatever the Treasury in its wisdom likes to make it. Thus, our Treasury is not only the Ministry of Finance of other systems, but also what has recently been called the Ministry of the Budget, viewing the whole financial programme of the year as one and controlling it as such, not only at the stage of estimate but also of expenditure; and its wisdom has been nowhere more plainly shown than in the creation, under its inspiration, of special financial organisations within other Departments of State, to conduct their disbursements, render account of them and bear the responsibility for seeing that its regulations and orders are observed, in letter and in spirit, in the business dealings of their Departments.

Here arises the first point: the distinction between financial control of business and its technical oversight, a distinction of growing importance as administration becomes more and more technical all round. The proverbial right of the person who pays the piper to call the tune has often tempted the authority holding the purse-strings to select for itself which items of a programme shall be carried out and which dropped or postponed. But proverbs are like expert witnesses; you can generally get them to support either side; and in everyday life the man who, on the strength of paying the medical expenses, would himself decide points of treatment, would bring himself under another saw: he who is his own doctor commonly has a fool for his patient. The payer of the piper is indeed entitled to settle the length of the programme, but should leave the choice of items to an expert in pibrochy. The priority of different technical expenditures is essentially a technical judgment and cannot be settled by financial authority without detracting from the due responsibility of technical staffs. I shall come presently to one method of giving effect to this principle in practice; but at this point I should mention

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that my experience, on which rather than on general theories of administration this very incomplete contribution to the discussion is based, lay entirely in a Defence department. In such a department the subject-matter is extremely technical and is the province of a very strongly organised and influential professional body, exercising great responsibilities and controlling directly, from its headquarter office, a great area organization; and it may be that such a Civil department as the Post Office (say), as its work becomes more technical than the old business of carrying letters, will tend in some degree to approach some similar type of organization. In the War Office, during my time, continual changes resulted in the transfer of all technical (and therefore nearly all administrative) duties from permanent civilians to military personnel holding short-term War Office appointments and then returning to the army; and this led to the creation of a civilian financial staff organised on lines parallel to the military staff, as described further on, with results that may be found to have some bearing on the relations between financial and technical staffs elsewhere, though I cannot pretend to say to what extent.

Financial control addresses itself to two main questions: (a) the economy or business merit of a particular expenditure; and (b) the availability of funds to meet it. Under (a), in simple questions such as pay, its standard of reference is conformity to accepted levels in like or analogous cases; in more complicated cases its task is first to ascertain the true cost of any project, including the reactions it will provoke elsewhere, and then where possible to measure the return to be obtained for the expenditure, preferably in the form of unit cost. Unfortunately, when once a new project for government expenditure has been accepted, it merges in the established scheme of things and, like motion under Newton's first law, tends to continue uniformly in the same direction, immune from criticism of actual results because there is no machinery by which anyone can ascertain what anything actually costs, and probably least of all the officials who are conducting the new routine, because they never see even such accounts as do exist. This absence of the constant review of actual results, which in efficient business management is carried on by means of intelligently designed accounts, is perhaps the weakest point of our financial administration; and leads to desperate efforts, at irregular intervals, to secure some economy by calling in a "Geddes" Committee of distinguished outsiders to tell our over-regulated but uninformed departments where they are wasting money. The reason is, of course, that the purpose for which generations ago our parliamentary accounts were designed had nothing to do with merit of expenditure or economy of administration, but was to satisfy Parliament that the points it insisted on—honesty, due authority, and

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limitation of expenditure—had been secured. Merit and economy were the affair of the Treasury; and that Department, in prescribing the accounts to be kept, seems to have always regarded them as concerned with (b), availability of funds, leaving economy to be secured by correspondence and regulations about details. Thus, for new projects however important, the only guarantee of economy our whole system of financial control affords lies in the fullness and fairness of the prospectus prepared by the Department concerned for examination by the Treasury; and these qualities in the prospectus are best guaranteed by thorough discussion of all details between the administrative branch and the departmental finance branch with its intimate knowledge of the working of the department and of the material to be found in its account records. All prospectus writers, if uncontrolled, are sanguinely *ex parte*.

The availability of funds, (b), which is no guarantee of economy, might seem a simple question of figures; but it has its own complications. Not only the Votes of Parliament but the endless subheads and items into which each is divided, are by Treasury regulation made separate "grants," to overspend which is open sin, while to underspend involves surrender of balances. Acute but unbusinesslike intellects have invented not very coherent rules requiring a payment to be charged to the account of the previous, the current or the following year, according to certain characteristics, so that the "expenditure" which must be kept within the "grant" is not the same as the total of the year's payments. With expenditure going on all over the country or the Empire, with votes arranged on any but a geographical plan, and with the notorious unpunctuality of Government contractors, it takes a financial expert to say at any moment whether Scylla or Charybdis lies ahead. Good control of a vote comes to mean not best value got for the public service from the money voted, but success in an intricate game of artificial hazards and forfeits having little connection with practical requirements or ends. Where permanent officials merely find opportunities of proving professional skill at the game, technical officers on short-term appointments may reasonably demand the help of a qualified pilot to keep the ship off the rocks.

Thus, the position and duties of a departmental finance branch and its relations with technical or administrative branches cannot be standardised *a priori* but must vary with the subject-matter and the staffing of the administrative branches. In the War Office, under the conditions already noticed, a special relation between military and finance branches was evolved, called "financial advice." Successive generations of military personnel had progressively lost the administrative traditions of the civilians they had replaced, and the art of

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administering a vote was almost forgotten, while the finance sections handling the expenditure and accounts relating to stores, clothing, food, &c., knew nothing of new projects until the finished plans came to them with the challenge: "Any financial objection?"; nor had they any share in the preparation of the annual Estimates. Financial objections under this plan became numerous and often well-grounded; and at last a very able military administrator (Sir Henry Brackenbury, Director-General of Ordnance in the closing years of last century) saw that by drawing the fire of the finance branch at an early stage, instead of exposing a finished plan to it, he would avoid committing himself to partly-digested proposals and would lessen friction. Accordingly he got leave to consult informally, before taking decisions involving finance, the head of the finance section dealing with his expenditure, on the understanding that the higher financial authorities would be in no way committed to accept his eventual proposals whether he followed the advice so obtained or not. It was also arranged that this "Financial Adviser" should supply the D.G.O. with the same periodical statements of liabilities and expenditure under votes as he supplied to his own superiors—the necessary foundation for the limitation of expenditure, (b)—and should help in the preparation of the Estimates. This plan worked so well that in the "Esher" reorganisation, after the South African war, it was extended to the other administrative branches of the War Office and also to the army Commands, where the War Office local auditor of army accounts was appointed Financial Adviser to Command headquarters; and before the Great War it had been embodied in our war organization, with the cordial approval of the Generals designated to command in the Field, when it proved invaluable.

It will be noticed that the Financial Adviser organization requires both the finance and the accounts relating to the work of an administrative division to be dealt with by the same finance section; a plan of which the great practical advantages are well expressed by the homely German proverb, "The one hand washes the other."

Financial *advice*, in this sense, covers wider ground than financial *control*, applying to matters where the soldier decides finally, disregarding or dispensing with such advice if he chooses; but in practice it has been so welcomed and so generally followed that my only anxiety used to be lest the deciding general should lean too heavily on the advising civilian. When the last word is with Finance, and advice not accepted may reappear as control, the well-understood fact that the velvet paw contains claws has not been resented; and the junior's advice in such cases has been overruled by his financial superiors often enough to show that it is not in fact control *mutato nomine*.

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The bringing of the financial advisers into the preparation of the annual Estimates from the earliest stages proved very useful. Administrators soon grasp the fact that by cutting provision for current maintenance very fine, they can make more room (in the Estimates) for the new projects on which (if they be proper men) their hearts are set. The financial adviser, with his knowledge of recorded expenditure and consumption, is best able to check any such tendency; and only if agreement is not reached is it necessary for higher authorities to intervene. Similarly new projects, put into shape by the administrator and financial adviser in concert, and submitted to superior authorities with an agreed statement of cost, can be discussed at any time in the year and advanced to the stage at which only the question of available money remains, when they go into cold storage until Estimates are on the stocks. Priority is finally decided at a meeting of all the members of the Army Council, at which the Secretary of State announces the total which he has settled in Cabinet, gives such instructions on general policy as he thinks fit and then withdraws, leaving the Chief of the Imperial General Staff in the Chair, as the deciding authority on the relative military importance and urgency of the various departmental projects, to discuss and settle with his colleagues how to bring the whole programme down to the allotted total.

At the risk of becoming wearisome I have gone thus far into details of procedure in order to show one way in which Heads of technical departments, within the inevitable limits of finance, may be allowed full exercise of their professional responsibilities. The system described was tried out in the years 1906 to 1914, when the organization of the Expeditionary Force and the Territorial Army multiplied our effective military power many times, concurrently with a notable reduction in its cost. In the hands of a Minister with the genius for combining opposite elements in one great effort of teamwork, it produced a fine blend of technical progress with large-scale economy. The liberty of choice thus left to technical authorities by their Minister should be similarly respected by the Treasury unless it can show that there are considerations, really financial, which somewhere in the technical programme have been overlooked. In fact, both in and out of the Treasury, apart from the limitation of totals, the financial influence should be exercised not by opposing to the judgment of technical authorities a different conclusion from the same data, but by bringing into the discussion data which were not present to the technical mind. And if it be objected that the technical mind is notoriously liable to be wrong in decisions of policy, the answer is that that is a very good reason for not attempting to substitute (as we have done) Treasury for Parliamentary control.

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Some uncertainty has existed as to whether the making of contracts is administration or finance. In many American municipalities, for instance, it is assigned to the Finance Department, and in some, in a desperate effort to keep clear of Boodle, it has even been assigned to the Auditor. In the Cardwellian War Office it was under the Surveyor-General of Ordnance, a parliamentary officer; but when he was abolished in 1887 it was put under the Financial Secretary, not as being finance, but because of the three Ministers in the Office he was the only one necessarily in the Commons. For one brief interval, each military department made its own contracts, subject to a review by the Finance Department; but this worked as badly as had been foretold, and the Director of Contracts, having been revived, was in 1908 put again under the Financial Secretary and made independent of the Finance Department. Then, as always, it seemed clear to me that the work, though of great monetary importance, is administration, differing fundamentally from finance and requiring special qualifications. It cannot be done by regulation or subjected (as finance is) to audit control with its accumulations of precedents, case-law and Treasury sanctions. An efficient Director of Contracts must have a first-hand knowledge of markets, the status, connections, personalities and performances of contracting firms, and the ways and requirements of the using departments as regards patterns and inspection, so as to be prepared—and free—to conduct personal negotiations at short notice on business lines. Certain questions arising out of contracts, but not in the making of them, such as variation of conditions after signature, payments outside terms of contract, extensions without competition and other points, are proper subjects for financial control; and on such points it is good to have an independent financial—and in special cases Treasury—review. But these are trimmings, not the main dish. In Defence Departments in particular, the heavy responsibility of the Minister for the preparedness of his Force for sudden war, logically involves his unfettered control over the placing of contracts, including acceptance of any tender considered essential to punctual and efficient performance. This should be made (in the most important cases) his personal decision, carrying with it the obligation to defend it personally in Parliament. The War Office, therefore, has never been willing to admit that contract-making is a branch of finance or subject to Treasury control. It may be that the above reasons apply with less force to such supplies as are purveyed by the Stationery Office and some other civil departments; but I think they show that in its essence the work is administrative.

Coming now to the general relations between departmental finance branches and the Treasury, as a junior official in such a branch I

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was taught to consider myself an "outpost of the Treasury," in the sense of being bound to resist anything contrary to the letter or spirit of Treasury instructions. But would it not be better to make these branches sections of the Treasury itself, controlling departmental expenditure from inside, just as in India the financial organization at Army Headquarters is a detached section of the Finance Department (Treasury) of the Government of India? Good men will make almost any system workable; and in any case, Indian conditions so far differ from ours that argument from one to the other is fallacious. The truest economy (as distinct from broad-axe work) comes from within the spending departments; and neither the Minister nor his administrators can be expected to accomplish much in that line if the only help they can get is from the subordinates of another Minister who is (or should be) the declared opponent and critic of all fresh expenditure. Other difficulties are obvious, such as those involved in staffing so many finance branches from one small central department. All my experience supports the view that the departmental finance branch, while upholding all Treasury standards, should give its complete allegiance to the Head of its own Department. But, that given, questions of some interest arise as to the attitude of the head of such a branch, who has been over-ruled by his Minister (not in his quasi-statutory position as Accounting Officer, but as financial critic or adviser) when he has (a) to give evidence before a Parliamentary Committee on the point in question, or (b) to explain or discuss it orally at the Treasury. Different considerations seem to me applicable. In case (a) a past decision or act of government is in question; and Parliament, having "power to send for persons and papers," is entitled to know not only what was done, but on what grounds. The official is representing his Ministry; and the Committee, if not satisfied with his evidence, may send for the Minister himself as well as the departmental files. When pressed in such a case, I have said: "I personally took such and such a view, but higher authority attached more weight to such and such other considerations and decided accordingly"; and I always found that such frankness was appreciated. But in case (b) the position is different. The official view of the Ministry is (presumably) fully and fairly before the Treasury in an official letter, of course with the determining considerations in the foreground; the question is still *sub judice*. The Treasury is not entitled to send for the departmental files, and its position is rather that of cross-examining counsel, to whom the official is not called upon to re-state an opinion that has been over-ruled by his superiors. When one has been silenced rather than convinced in one's own Department, the position may not be free from difficulty; and after many ponderings I have never felt able to

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better the illogical but supremely practical direction to a witness to "tell the truth, the whole truth and nothing but the truth, *on behalf of the plaintiff.*"

Principles apart, the great question of practice in the sphere of financial control is decentralisation: both between the Treasury and other headquarter offices, and between the latter and their area or other subordinate offices. This is altogether too large a question for this paper to deal with adequately, but some points may be briefly indicated. Centralisation has long been the besetting sin of large organizations, in other aspects of administration as well as in finance; and of course it has great and evident merits or it would not be so universal a feature in the work of men so able and zealous as the public officials of so many countries now are. *Quod semper, quod ubique, quod ab omnibus*, is not lightly to be challenged; and yet the merits of uniformity, finality, direct central control of funds voted centrally by Parliament, are bought at a heavy price, though one not so immediately evident. In the fiscal sphere the advantages of "safeguarding" to a particular industry may be undeniable, if it stops there; but if it becomes "safeguarding all round," or general protection, quite other considerations apply, involving real and deep-seated disadvantages—I express no opinion as to where the final balance of advantage may lie. So, looking beyond the trees to the wood, there are deep-lying objections to centralisation as a general system, of which one is the congestion of regulations and correspondence about details, which submerges offices, multiplies routine clerks and absorbs the time and energies of men who ought to be free for constructive thought; and another is the paralysing effect on the whole race of officials, who soon learn to think that their sole duty is to secure exact compliance with regulations or to submit to higher authority for a fresh ruling, with the result that their sense of responsibility and power to act for themselves suffer atrophy. On these lines, work is done over and over again in the offices through which it passes on its way up to the centre: and while detailed savings may be made in the process, there is none of that live economy which comes from the man on the circumference, where action has to be taken, thinking for himself how to save money on his own job. Most of us have seen public money wasted in strictest accord with regulations.

The alternative to working over the details again and again in higher offices is to have some means by which their general effect shall be presented in intelligible and significant form to the controlling mind. Inspection is one such method, applicable to many aspects; but for financial control the generally accepted machinery in the business world is that of appropriate accountancy, and especially of accounts of the costing type. Accounts of the profit-and-loss type

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have little or no application to government work; but there are large areas of such work in which by means of well-chosen cost units, cost accounts can serve as an index to economy of administration, and so furnish a means of financial control of expenditure by generalised results. As we have already seen, our classical system of government accounts addresses itself only to limitation of totals by compartments, and has no bearing on economy. Accounts in this system, covering only cash, have no meaning for the men who are actually spending the money, or for anybody else until, a year or more in arrear, they are brought together centrally, for twelve months and from many places, for comparison with the parliamentary grants. What man can be expected to take any interest in marksmanship if he fires away shot after shot, by order, at an unseen target and only hears, long afterwards, what sort of score the squad as a whole has made? But in the costing system there is necessarily an account, covering expenditure of all kinds—and the expenditure of stores offers a better field for economy than their purchase—for each particular institution, kept on the spot, made up at frequent intervals and laid before the administrator, so that he sees the result of his own actions on his figure of merit. It is a psychological fact that men will take active interest in anything, however dull—machine-minding or even economy—if it is so presented as to awaken the conative instinct and promptly registers the degree of success attained. There are here possibilities of new achievements in financial control which have not yet been realised.

Our Government financial system, deplorably weak in accountancy, is strong in audit, with a departmental examination of accounts followed by the searching independent review by the C. and A.G. of all the correspondence and office papers bearing on expenditure. Under present conditions, statutory and other, this review is largely concerned with such formal points as the exact appropriation of expenditure to the comminuted structure of the parliamentary grants and the production of Treasury authority, in advance or in arrear, whenever discretion is exercised outside the regulations, so intensifying the plague of centralisation of details. But it might be used to facilitate decentralisation without loss of control, if the departments enjoyed a larger freedom and the Auditor drew attention to any case in which he detected substantial failure.

As we began with the Treasury, so we come back to it in the end. Its action in the sphere of decentralisation necessarily determines the action of the whole Service. What, judged by its public form, is its attitude? As our voted expenditure has swollen since the time (say) of Goschen's hundred-million budget, and the departmental financial organisations have been strengthened, has it shown

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anxiety to relieve itself of the growing burden of detail? Or has it striven to tighten its control of everything, grudgingly conceding a little freedom when the departments have summoned up courage to plead for more, but never of its own motion pressing it upon them? It is of course true that the general movement of the times in matters of personal remuneration, with national organizations of employers and workpeople watching to take advantage of the least slip anywhere which may present opportunity of gaining a little ground, must make for centralisation in all such questions, even in business where the desire to decentralise is present and active. In such matters it may be that a voice for decentralisation is appropriately raised in Oxford, long known as the home of lost causes. But take as test a class of detail which has none of these fateful possibilities, which does not lend itself to any wide combinations but is largely lamentation for milk already spilt: the rules for the writing-off of "losses" (the inevitable incidents of any active business) with their complicated classification of the causes of loss and their microscopical limits to what may be passed without Treasury sanction. These are pre-eminently a subject for large decentralisation controlled (as already suggested) by audit; but so far as my information goes, except for a correction for the rise in the price-level, the limits stand as they did long before the war. Here we have a second instance of proverbial wisdom pointing both ways; for to the precept "Take care of the pence and the pounds will take care of themselves," mother-wit has not failed to retort, "Penny-wise, pound-foolish."

In short, as regards control at the expenditure stage, to climb out of the pit into which we have fallen, we want a rope of three strands: modern accountancy, decentralisation, and more reliance upon audit.

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[Paper to be discussed at the Summer Conference of the Institute of Public Administration, July, 1931]

Introduction.

(1) I propose to deal with the subject allocated to me purely from the Local Government point of view, and in this connection use the term "Local Government" in a wide sense and include within its ambit, County, County Borough, Borough, District and Parish Councils, Joint Boards and miscellaneous authorities.

(2) The adequate control of public finance is a subject very much to the fore at the present time; as to how it has to be done is frequently a matter of conjecture or impractical suggestion.

(3) In the first place the average citizen pays his rates and taxes usually within the prescribed period and without undue pressure and endeavours to meet all those other charges which one must pay to live, he, at the same time, frequently endeavours to bring up his family, if such he possesses, in a state rather better than that which he experienced, but in connection with National and Civic affairs he is frequently woefully ignorant of the relationship that exists between the State and the local authority with regard to even everyday services which he enjoys, and particularly so in relation to the financial obligations which those services impose upon the community.

(4) In the second place any discussion which we may have which seeks to compare present day financial values with those of pre-war days or even of 10 years ago, fails to have true effect unless we adjust the present day value of the £ with that of the period under review and in this connection before discussing methods of controlling the expenditure of local authorities, it is, I think, advisable that we should know something of what that expenditure amounts to, and as to its trend in an upward or downward direction.

(5) Some twelve months ago, and for another purpose, I prepared, with considerable assistance from the Statistical Officers of the Ministry of Health, figures and statistics relating to the growth of municipal indebtedness and rate-borne expenditure, the details from which such information was derived being substantially set out in

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the Statistical Abstract for the United Kingdom published by the Board of Trade in January last.

(6) The statistical tables given in the Abstract relating to the outstanding debt of local authorities covers the period 1913-14 to 1927-28, and an approximation of the monetary values of the years subsequent to 1920 with those of 1913-14 can be arrived at by utilising the Board of Trade index numbers of *wholesale* prices from 1920 to 1928 based on the year 1913 which for this purpose is stated at 100, and by converting the post-war capital expenditure of local authorities into the monetary values of 1913 we may examine firstly the growth of municipal indebtedness and rate-borne expenditure by pre-war standards, and secondly, appreciate the sum involved in the subject we are discussing.

(7) The table set out hereunder gives the following particulars relating to the expenditure out of loans for capital works of local authorities in England and Wales during the years 1913-14 and 1920-21 to 1927-28, under the following heads:—

- Expenditure (to nearest £1 million) out of loans for capital works of local authorities of England and Wales during the years 1913-14 and 1920-21 to 1927-28.
- Index numbers of wholesale prices from 1920-21 to 1926-27 based on the year 1913 (= 100).
- Expenditure out of loans for capital works of local authorities in England and Wales during the years 1913-14 and 1920-21 to 1927-28, converted into monetary values of 1913-14 (to nearest £ million).
- Expenditure out of loans for capital works of local authorities of England and Wales during the years 1920-21 to 1927-28 which would have been incurred had the expenditure increased in proportion to the increase in wholesale index numbers.

Year	Expenditure out of Loans	Board of Trade Index Number of Wholesale Prices (1st April to 31st March)	Expenditure out of Loans converted into 1913-14 monetary values	Expenditure out of Loans which would have been incurred had the increase been in the same proportion as the increase in the Index Numbers
	(a) £ (millions)	(b)	(c) £ (millions)	(d) £ (millions)
1913-14	21	100	21	21
1920-21	94	237.5	33	60
1921-22	129	181.9	71	38
1922-23	72	157.9	46	33
1923-24	50	160.8	31	34
1924-25	70	166.8	42	35
1925-26	101	153.9	66	32
1926-27	117	146.9	80	31
1927-28	120	141.2	85	30

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(8) It is to be remembered that the above illustration has reference only to the expenditure out of loans of local authorities and there is still to be considered the sources from which the debt charges on these loans, *i.e.*, interest and debt redemption, are provided. Generally the sources of the revenues required are:—

- Local rates.
- Grants in aid from the National Exchequer.
- Revenues of trading undertakings and miscellaneous income.

(9) In this connection a comparison has been made with the post-war rate-borne expenditure and that of 1913-14, using the Board of Trade *retail* index numbers, with a view of ascertaining the trend in that portion of the income of local authorities derived from the citizen by means of local rates and also of its magnitude.

Year ended 31st March	Receipts from Local Rates	Receipts from Local Rates converted into monetary values of 1913-14 according to Board of Trade Index Numbers of Retail Prices	Board of Trade Index Numbers of Retail Prices (1st April to 31st March)	Amount which would have been raised if the receipts from Local Rates had increased in the same proportion as Index Numbers of Retail Prices
	£ (millions)	£ (millions)		£ (millions)
1914	71	71	100	71
1920	106	48	217.9	155
1921	152	60	254.8	182
1922	171	81	209.9	150
1923	157	88	179.7	128
1924	143	82	173.9	124
1925	142	81	175.1	125
1926	149	85	174.1	124
1927	159	92	172.1	123
1928	167	101	165.8	118

(10) My apology, if such be needed, for bringing to your notice the extent of the expenditure of local authorities out of loans and that borne by local rates, is due to a belief that the importance of finance in both national and local affairs, is not sufficiently appreciated, and that the present method of defraying the cost of quasi-national and local services gives rise to confusion in the public mind and tends to impose difficulties in financial control and administration.

External Control.

(11) Having assimilated the extent to which local authorities are indebted in respect of outstanding loan debt, and also as to the annual charges which are termed rate-borne expenditure, it is a matter of consideration as to the method adopted for controlling local govern-

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ment expenditure both externally and internally. There is a close bond of relationship between the Central Government and local governing bodies, this relationship being founded upon a necessity for co-operation dictated by economic reasons. By external control is meant the oversight exercised by a separate authority from without, such as by Parliament or by a Government Department, such control being effected in the following manner:—

- (a) By means of obligatory or restrictive clauses contained in General Acts of Parliament, *e.g.*,
 - (1) The Treasurer to keep accounts and make them up half-yearly (*vide* M.C.A. Act, 1882 and P.H.A., 1875).
 - (2) Methods of borrowing and redeeming debt.
 - (3) Appointment of Borough Auditors, M.C.A., 1882.
 - (4) Limitation of Profit on Trading Undertaking (Electricity Supply Act, 1926).
 - (b) By the restrictions imposed on local authorities by Parliament in connection with local Acts which the local authority may have occasion to promote, such control being exercised in the first instance by the Local Legislation Committee when the Bill comes up for consideration.
 - (c) Control by Government Departments, as, for example, the Treasury, which exercises control directly and indirectly on local authorities' activities. Directly where the Treasury is responsible for fixing the rate of interest at which local authorities may borrow money from the Public Works Loans Board. Indirectly, in regulating or determining the amount available from National Funds for distribution to local authorities by way of Grants, *i.e.*, Grants made out of the Road Fund or approved by the Unemployment Grants Committee. The Treasury are also able to exercise very powerful influence on the Local Legislation Committee in connection with financial provisions sought by local authorities, an example of this being shown in the efforts made to secure powers to operate Municipal Saving Banks and also to issue Local Bills, also control exercised by the Ministry of Health, the Ministry of Transport, Home Office and Board of Education in connection with new and extended services, the raising of loans and other matters.
- (12) With reference to Parliamentary control it is to be remembered that the local authority cannot involve itself in transactions for which it has not the necessary statutory authority, nor is it allowed anything like the latitude which is enjoyed by an ordinary commercial concern. Its constitution is prescribed by various Acts of Parliament and it operates within the limits prescribed by the various Statutes

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governing it. In addition, a considerable amount of control, particularly concerning financial transactions, is effected by various Government Departments, and of these, special reference should be made to the Ministry of Health, which exercises a very wide influence on local authorities in the control of expenditure by the opposition of local legislation which the authorities are promoting where the interest of the State conflicts with that of the local authorities, where schemes involve financial risk to the community, or where departure from established procedure is contemplated, and for many other reasons.

(13) Regarding the relationship which exists between local authorities and the State it is to be remembered that the National Administration differs from local administration in several respects. In its relationships with the local authority matters of principle affecting the local authority are frequently dealt with by the Government Departmental Heads, whereas in the case of a local authority they are decided upon by a majority vote of the Council, varying in numbers according to the type of Resolution to be passed. In practice it is found that the control exercised from without aims at securing—

- (a) That the proposed scheme or works are within the legal power of the authority to perform.
- (b) That they do not conflict with the operations of the State.
- (c) That they are essential.

(14) Several of the Government Departments are concerned in the consideration of applications for loans to finance schemes which the local authorities are desirous of promoting and in this connection by the holding of local inquiries to examine in detail the proposals put forward, also by the requirements of annual returns and statistical information for the purpose of ascertaining the cost of various services, *e.g.*, street cleansing, where a unified system of costing has been introduced among local authorities and in collating other statistical information for the purpose of comparison with other local authorities operating similar services, and in particular the Ministry of Health by the audit of certain accounts of local authorities by Auditors attached to the Ministry, such audit extending to County Councils, Metropolitan Borough Councils, Rural District Councils, Urban District Councils and Joint Boards, and also to certain Funds and Accounts of County and Non-County Borough Councils.

(15) In order to secure uniformity and elasticity Public General Acts of Parliament affecting local authorities frequently provide for the determination of administrative detail by Orders and Regulations prescribed by the Minister entrusted with the Government Department to which the matter relates with regard to Capital Schemes of a

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local authority. Examples of these are to be found in the following:—

- (a) Regulations under Housing Acts;
- (b) Poor Law Account Orders;
- (c) Police Regulations;
- (d) Regulations of Board of Education and various others.

Such regulations have a considerable effect in limiting (or expanding) municipal expenditure, *e.g.*:—

- (1) Prescribing density of house to the acre (Housing Acts);
- (2) Prescribing type of house to be erected (Housing Acts);
- (3) Allowances for repairs (Housing Acts);
- (4) Strength of Police Forces;
- (5) Fixing of salaries of Medical Officers, and in various other ways.

With regard to the capital schemes of a local authority, and by this I mean that type of expenditure financed by way of loans, whilst the powers of a local authority to carry out the work are to be found in a General or Private Act, this may still be subject to power to raise the requisite capital sum. Apart from other considerations the Central Authority always require satisfying that the requisite procedure as to Resolutions and so on have been passed and approval given by the Authority for the application to be made, and that the loans, if authorised, shall be repaid within a period usually not in excess of the life of the assets it is proposed to create, and as to the method the local authority propose to adopt to raise the sum required.

(17) It is not infrequently stated that whilst it is recognised that there should be some competent oversight of local authorities in regard to capital expenditure, that the existing procedure is frequently irksome and involves, in many instances, the promotion of a Local Act or Provisional Order, with the delay and expenditure attaching to these, and particularly so where opposition is encountered, and that in regard to schemes submitted for approval which do not require a Local Act or Order, that the examination of the proposal by the Central Department is sometimes arbitrary, or it is irksome inasmuch as an important scheme may be held up pending the satisfaction of very minor inquiries as to certain details, and therefore that greater discretionary powers should be granted to local authorities by whom all or the greater portion of the expenditure will ultimately have to be provided. On the other hand there is a body of opinion which holds the belief that many local authorities do not exercise that care and oversight which they should in the consideration of schemes for which they are responsible for promoting, and consequently that greater safeguards should be employed to ensure their adequate control, and that in regard to matters such as audit the existing prac-

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tice of examining accounts frequently at long intervals after the financial period to which they relate has terminated, is ineffectual.

(18) It is to be recognised that the continued growth in both capital and revenue expenditure is such as to call for very careful scrutiny both in regard to the schemes themselves and the cost of their execution. Much of this is inevitable and if analysed will be shown to be in the main in connection with Housing, Road Development, Extension of Public Services, such as Electricity, Gas, Water and Transport. It has been shown that the external control which is exercised is directed more particularly into an inquiry as to their legality and necessity. Valuable advice is readily given to local authorities seeking it and probably frequently given without being sought. The question arises as to whether the existing scheme of external control is adequate and efficient and, if not, in what way can it be improved? It is a subject on which "angels fear to tread" and as I realise that I am far from reaching that state of perfection, and equally that I do not wish to qualify for classification among those referred to in the other part of the quotation, any expression of view other than the mere orthodox, is put forward with great respect and diffidence.

(19) Speaking as one who has spent 30 years in the Municipal Finance service and with experience with a number of local authorities, it appears to me that Parliament itself could do much to simplify and improve the relations between the State and local authorities, whereby a greater measure of financial control and an improvement in the administration of local government, though not necessarily of an external character, could be achieved.

(20) At the present time local authorities are subjected to a very considerable cost in the promotion of legislation which many other authorities possess. The powers which many of the local authorities already have, are such as might reasonably be granted to other authorities desiring them. An enormous amount of time must be unprofitably exercised by local authorities and their officers and by the various Government Departments and by the Committees of both Houses called upon to consider them. That brain power might very frequently be expended at greater profit to the State and the local authorities in the exploration and consideration of the means whereby efficiency in National and local financial administration might be secured, with the aim of making it at least as efficient as that already possessed by other countries.

(21) Other matters in addition to that cited above have led me to the belief that, as regards finance, there is a necessity for a new and revised Municipal Code simplifying the entire position regarding the promotion of local legislation and which should aim at securing that

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the various Government Departments, in their relations with local authorities, shall be more concerned with the development of methods to meet modern conditions rather than with a system which depends so much upon precedent for its consent.

(22) In regard to scientific costing, the utilisation of modern office appliances and in the standardisation of local authorities' accounts much more might be done which at the present time is being left to organisations such as the Institute of Municipal Treasurers and Accountants (Inc.) to investigate and where possible to find a solution.

Internal Control.

(23) The Council of a local authority is responsible for questions of policy, the executive power being entrusted to various officers. In regard to the positions of Clerk and Treasurer these must be held by separate persons and neither may perform the statutory duties of the other. It is usual for the detail work of the Council to be dealt with by several Standing Committees, the actions of the Council and its Committees being governed by the Standing Orders of the Council. Of the Standing Committees the Finance Committee is of primary importance.

The organisation of the Council may follow one of two basic principles:—

- (i) According to service, whereby committees may be empowered to conduct and control all matters relating to a particular service, *e.g.*, Education, Police, &c., or
- (ii) According to subject matter, *e.g.*, Salaries and Staffing, by the formation of a committee to deal with this subject irrespective of the service under which it arises.

The Local Government Act, 1888, imposes this latter basis on County Councils by the appointment of Statutory Finance Committees, but while experience proves that organisation has generally proceeded upon the "Service" basis, some modification is undoubtedly necessary to ensure co-ordination and unified action on the part of a local authority.

(24) A Statutory Finance Committee is only prescribed for two classes of authorities, namely County Councils and Metropolitan Borough Councils. In connection with County Councils, expenditure exceeding a certain amount has to be submitted to them for their sanction before being incurred, namely, all contracts to be entered into exceeding £50. It is, however, a question whether this control which the Local Government Act of 1888 prescribes can, in any sense, be claimed as adequate, particularly in these days when County Councils are called upon to perform so many important functions, which affect other classes of local authority. The provi-

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sions contained in the Act of 1888 whilst usefully recognising the need for a Statutory Finance Committee cannot in themselves be regarded as effecting full financial control, and consequently it is frequently found, as regards County Councils, Metropolitan Borough Councils and other classes of local authorities, it is not by existing statutory obligation imposed on the local authority from without, other than the statutory obligations referred to above, that proper safeguards are to be found in the control of local expenditure, but more particularly by a scheme of organisation which the local authority itself builds up, that control is exercised.

(25) These methods of securing financial control by local authorities are variable in character, and in some instances minute and somewhat elaborate financial regulations have been approved by the Council which, in fact, give to the Finance Committee a greater measure of oversight than that conferred by the Local Government Act of 1888. There is still a tendency on the part of some to regard the duties of the Finance Committee as being those attaching merely to the passing of Bills and the levying and collection of rates and other revenues of the authority, and any interference by it in the collective work of the Council, through its several Committees, is regarded as an intrusion and particularly is this so where the Finance Committee's activities touch upon those performed by Trading Committees. The restrictive view, it is contended, is not in the best interest of the local authority and that if effective control is to be secured it can best be done by a Committee whose members are specially selected for that purpose and who are capable of keeping in touch and co-ordinating the financial operations of the local authority. The financial regulations of a Finance Committee will usually be found to include directions concerning the following matters:—

- (a) Consideration of schemes or work involving capital expenditure.
- (b) Supervision and co-ordination of the financial and accountancy work of the authority.
- (c) Sale or purchase of property and the letting of same where necessary.
- (d) Collective purchasing for various Departments.
- (e) Printing and stationery contracts.
- (f) Establishment of costing system for all departments.
- (g) Preparation and publication of statistical and financial returns and information.
- (h) Submission of annual rate estimates including:—
 - (1) Powers to amend or refer back to Spending Committees, items of suggested expenditure;
 - (2) Capital estimates;

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(3) Supplementary estimates.

- (i) Examination and submission of accounts to the Council for payment.
- (j) Raising of loans to finance capital expenditure.
- (k) Collection of all revenues relating to the local authority.
- (l) Generally to supervise and control the financial operations of the local authority.

(26) If a Finance Committee is to justify its existence its chief functions would be that of a supervisory as well as an advisory committee. It is possessed of information not known by individual spending Committees and whilst it should invariably seek to co-ordinate the financial work of all departments, it is in a position to visualise the effects of the policy of any Committee on the finances of the local authority as a single entity and among other matters will consider matters of policy, such as—

- (a) The adoption of a rationed estimate, that is limiting a spending Committee or Committees to a block vote, leaving the Department certain latitude as to its spending.
- (b) A consideration of the method of defraying expenditure of a capital nature and as to whether it shall be borrowed or paid out of revenue.
- (c) The policy of direct or indirect labour in carrying out new and existing schemes.

(27) One of the subjects which calls for deep and considered opinion by the Finance Committee arises when expenditure is incurred, a proportion of which is met by Grants in aid. This subject is a pertinent one at the present time particularly in view of Grants made by the Unemployment Grants Committee to induce local authorities to expedite expenditure so as to provide work for those who are unemployed, and also those other services such as Education and Police where Exchequer grants are made. The existing procedure is frequently condemned as being an incentive to local authorities to expend more than they can afford in order to secure a Government Grant. An important duty of the Finance Committee is that of considering the method of raising capital money required by the authority to finance schemes defrayed out of loans, as to whether this shall be by stock, loans on mortgage or by other means. The Committee is usually required to consider and report on new schemes and to recommend the Council as to whether such schemes are of necessity and should be proceeded with.

(28) It is the practice among County, County Borough, Non-County Borough and the larger Urban District Councils, excluding a few of the largest local authorities, to concentrate the financial work

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of the Council in a Finance Department; the advantages of which are:—

- (a) More effective financial control;
- (b) Standardisation of accountancy systems, including costing;
- (c) The means whereby the Committee can be kept informed of the financial operations of all the Committees of the Council;
- (d) Greater convenience to the public in dealing with the local authority in regard to financial matters such as the payment of accounts, &c.;
- (e) The issue of financial and statistical information in a standardised form.
- (f) A specially trained accountancy staff to deal with the many and varied financial transactions of the authority.

(29) With regard to the internal organisation of the finance department the work is more effectively performed if dealt with sectionally. Care must, however, be taken to see that the sections are not so segregated as to prevent cohesion and continuity in the functions to be performed, and in regard to that section of the department dealing with the examination and audit of accounts the work should be so arranged that it falls into natural sequence. The procedure will vary according to the manner in which the work is performed. For example, work done by contract and that by direct labour. In the former case the processes of check involve:—

- (a) Examination of specification and form of tender.
- (b) Examination of Minute of the Council authorising work to be performed.
- (c) Verification of Ministerial sanction.
- (d) Verification that work has been duly executed in accordance with specification and contract.

With regard to work done by direct labour other matters have to be considered and embrace not only those referred to in (b), (c) and (d) but also the establishment of a costing system in its entirety embracing:—

- (1) Purchase of materials.
- (2) Adequate system of stocks and stores.
- (3) Ascertainment of manufacturing costs including use of machinery and wages incurred.
- (4) A proper allocation of administration expenses.

The establishment of an efficient financial system by the local authority is fundamental and absolutely necessary if effective control is to be realised.

(30) The provisions relating to the appointment of Auditors of the accounts of local authorities are of a varied character. The audit of accounts of certain classes of authorities by the Audit Staff of the

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Ministry of Health, known as District Auditors, has been referred to. This audit is usually a terminal one, that is, at the end of the period to which the accounts relate. Moreover, it is largely concerned with seeing that the expenditure is authorised and legal. One of its chief defects arises from the fact that it is frequently held at a lengthy period after the accounts are closed. Many Corporations have secured power to appoint professional auditors to audit the accounts of the Municipality, occasionally including those audited by the District Auditors. Professional Auditors are with few exceptions Chartered or Incorporated Accountants with a knowledge of commercial affairs. In addition there are the Elective Auditors appointed under the provisions of the Municipal Corporations Act, 1882. No professional status or qualifications are required and the audit is frequently of a most perfunctory character and of little value. The subject of audit is one worthy of the attention of Parliament, and those Municipalities desirous of appointing professional auditors to supersede the Borough or Elective Auditors should be able to do so without being put to the expense of obtaining statutory powers. Probably the most effective audit of all is that established by the Finance Committee itself, attached to the Finance Department, and which conducts a continuous audit of the detailed transactions of the various Departments of the local authorities. This branch of the Finance Department is termed the "Internal Audit Staff" dealing as it does with the internal operations of the local authority.

(31) It is not possible in this paper to deal with other than mere outlines. Much might be said of the matters referred to. It is necessary to realise that the modern progressive Municipality deals with many matters other than those relating to public health, the protection and education of its citizens. The figures which were quoted at the commencement of this year give some idea of the magnitude of the outstanding debt of local authorities which at the end of March, 1928, had reached the sum of £1,051 millions or 59 per cent. higher than the pre-war National Debt, and in the same period rate-borne expenditure had expanded from £71 millions in 1914 to £167 millions in 1928. It is, however, to be borne in mind that the years 1914 to 1918 did more than create a spirit of national patriotism. It brought into being a realisation of a higher standard of living, a demand for an extension of public services affecting the health and well-being of the community, and with it there has inevitably been an expansion in both national and municipal expenditure.

The local government service to-day demands competent men and women to conduct its affairs both in an administrative and executive capacity, and as regarding public finance an ever-growing necessity for its efficient control.

Research into the Theory and Practice of Public Administration

By ARTHUR COLLINS

[Paper to be discussed at the Summer Conference of the Institute of Public Administration, July, 1931]

THE object of this paper is simply to indicate some of the problems of Government which seem to be suitable for special study, in the hope and belief that the result would be the advancement of the science and art of public administration. It will therefore be short. Scarcely any officials engaged in the management of the affairs of the State or of a Local Council would think it profitable to discuss whether we must rest content with things as they are. We always seek to find improvements in our way of doing things. It appears to be unnecessary, also, to examine closely the meaning of the word "research," or to define its limitations. Suffice it to say that for our present purpose, research work involves a study of some branch of administration of public affairs, either by a student detached from any organisation, or by workers in an organised body. They are to apply their minds to an inquiry into the reason for doing things as we do them, and to judge the results of doing them in that way, so that by the blend of theory and practice the functions with which we have to deal in our administrative system may be discharged as speedily and effectively as possible.

My friend, Mr. J. R. Howard Roberts, the Town Clerk of Kingston-upon-Hull, informs me that his paper deals with the part the Universities may take in research work conducive to improvements in public administration. For some reason the British mind seems naturally to regard the University as an excellent school for the study of theory, but entitled to little credit for practical knowledge gained from experience. This fallacy may in due time die out. In the meantime Mr. Howard Roberts's paper should be read as one in conjunction with this, and not treated as thought the contribution of the Universities is only theoretical, and as such detached or detachable from the practical.

If there should be any substantial number of men and women taking part in public administration, either as the elected representa-

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tives of the people or as appointed officials, who regard the work of research as a fit occupation for faddists and cranks and not for the orthodox public servant, they would find it difficult to deny that research into the mysteries of nature and science, especially medical science, had brought manifold benefits to the human race. The application of electricity to the use of man, the maintenance of life in human beings saved by insulin, and the discovery of aseptic immunity, bestowed upon the world by Lister, in all cases of the use of the knife by the surgeon, alike testify to the fact that while the daily practitioner in every walk of life attends to the daily needs of the people, the greatest steps towards improvement and reform in communal life have been made possible by the intensive study, the quiet and detached thought, of the student employed in research. It would be idle to pretend that in the realm of government, involving the management of the public business of the people, there was no scope for research.

Little time need then be occupied in making out a case for initiating and utilising the research worker in our field. Let us rather consider what are the subjects lying to hand at this moment which most public officials are too busy to study, except in their moments of leisure (if any) from daily duty. Then we might proceed to inquire what would be the best agencies to utilise in these special studies, and finally review the part which we may play, as members of the Institute of Public Administration, in these measures for the improvement of our craft.

The subject is so wide that one cannot pretend to treat it exhaustively. It is rather by the examination of bulk in samples, than by measurement of the whole, that progress may best be made. Moreover, selections made at random might be too discursive, and there must be some coherence and sequence in our thought on this subject. The underlying strain, therefore, which is to run through these notes is the need for some measurements of value derived from expenditure out of rates and taxes. This might be regarded as a kind of straight line in our plan, from which there will be divergence sometimes to the left, and sometimes to the right, but we shall cross this straight line at various points and maintain our course in the same direction as the straight line towards the goal, namely, the best form and method of government at the least cost. ("Efficiency with economy" is too hackneyed a phrase to have much meaning nowadays; it suffers from being a combination of two of the most abstract words in our language.)

A distinguished writer (Mr. John M. Gaus, of the University of Wisconsin) in presenting a study of Research in Public Administration to the Social Science Research Council of the United States,

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classified the problems in Public Administration, from the research standpoint, as follows:—

1. The relation between the policy of formulating groups—presumably located in the legislature—and the administrative departments of government, and the mediating role of the political directors of administration.
2. The staff aids whose function it is to enable the legislature and the political directors of administration to control and administer the government more efficiently. This includes officials charged with the preparation of the budget, financial control, and the financial policy; the recruitment of personnel and the administration of a personnel policy; the purchase and storage of materials, the planning and construction of public works and the publication of public documents.
3. The regulation of the administration of certain functions which is exercised by a central authority over local authorities through various devices.
4. The supply of information and advice to, and the co-ordination of effort of, other units of government by a central government.

There will probably be general agreement that this broad analysis of such a great subject, with so many ramifications, is an excellent one, and the matters with which these notes deal might conveniently (even though they are selected, and not comprehensive) follow something like the same sequence.

It is a sore temptation to begin with the highest branch of government, Parliament itself, and consider the possibilities of a report from a constitutional authority like Sir J. A. R. Marriott—a model of the research worker—on the adjustments which should be made in our application of the theory and practice of public administration where there are three political parties in the State, instead of two. Our system is based on a party in power and a party to oppose. A third party which may be one or the other—in power or in opposition, as circumstances require, is a phenomenon which we have not yet thought out, in its bearing on our administration of public affairs. Being a matter of party politics we must stand aside, but we may take up our consideration of the matter at the point where our administrative problems transcend the interests of any party, and deal first with unemployment.

Unemployment Relief Grants.

There is absolutely no measurement of the value, if any, derived from money spent out of taxes on unemployment grants, either by way of assistance towards schemes providing employment to some

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extent, or by grants to workers who unfortunately (and for the greater number against their own inclinations), since they cannot find work for their pay, must receive it for subsistence without work.

Considering the vast sums which have by this time been expended in relief of men and women unable to find employment, one would have expected to see clear evidence of scientific study of the kind of work to which the public funds could be devoted, with the special object of so employing men and women as to yield assets of real worth in the computation of the national wealth. Is there not a great field for study in this direction? Perhaps the Economic Council appointed by the present Government is now busy on it. Are we so politically minded that we are not prepared to set some of our best thinkers to work to examine carefully the prospects of securing real and tangible benefits for the State by other methods of applying the sums now devoted to the subsistence of men and women without work?

Have we examined the scope within which subsidies on manufactured goods for export may conduce to keep men at work instead of idle? Is there, in short, so violent an opposition to the use of State funds to subsidise industries in various ways and forms, that our taxes must be applied to paying men and women for doing nothing in order that they might live, instead of doing some work? Our object is not so much to argue, as to inquire, and certainly not to deal with party or political policy, but to see whether this great problem of the best use to which to put the yield of taxes in a country very much unemployed, has really been studied. Is this barred as a subject to research, and if so, why?

Zones of Local Government.

Great progress has been made during the last 10 years in the consolidation of the units and functions making up our system of local government. We have abolished many thousands of small parochial areas, formerly for some purposes separate administrative units. We have consolidated the management of important public services by establishing a county as a unit, and in all large towns, known as county boroughs, the town council is for all practical purposes the one agent or instrument by which the democracy governs.

The next stage may well be the extension of the unit for some administrative purposes, into a combination of counties, or counties and county boroughs—i.e., the establishment of regions or zones. Many will remember the introductory paper by Mr. Edgar Ashby, of Birmingham, on this subject, his essay winning the Haldane Prize in 1929.

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It would be foolish to suppose that a regional or zonal unit should (or could) take charge of all public services now carried on by county councils and county borough councils respectively. It would be for selected functions of local government that the larger unit might be called into being—e.g., the construction and maintenance of roads, the maintenance of mental hospitals, the establishment of a united police force, the control of vagrants, and so on. In each case, research might show that for some or all of these purposes some counties are too small as separate units, and it is not unlikely that out of the reconstruction of the old Poor Law service by the Public Assistance Committees of the counties and the large towns, the advantages of the establishment of a county council and the county borough councils within the administrative county as one authority for one or other of these services, may be made abundantly clear. Such a problem calls for the undivided attention of two or three men or women detached for the time being from all other calls upon their time and attention, so that they may investigate closely the costs of maintaining some of these public services in our largest counties, in comparison with the aggregate working costs of a group of the smaller counties, and possibly of some of the smaller county boroughs within those counties.

No one can tell what would be the outcome of a scrutiny comparing the cost of management of such institutions and purposes as the care of the mentally afflicted in a county like Lancashire, and in a group of three or four smaller counties and county boroughs, each having separate responsibility. Lancashire County Council and all the county boroughs in Lancashire are united in an asylums board. In the aggregate they must have in their care a number of institutions and patients as great as many of the smaller counties and county boroughs in other counties put together. Comparison of costs might reveal the saving which could be effected by departing from the present position in which a county council is for all practical purposes a self-contained unit, even though it be in some cases so small a unit for some purposes as to make the unit costs unduly expensive.

A nominee of a Government Department, and one or two skilled men from county and county borough staffs, could work out this case fully.

Purchases for the Purposes of Government.

Most governments, national and local, spend by far the greater part of the yield of taxes or local rates upon the remuneration of officials and the purchase of materials. In the management of the payments for services there has been some tendency, especially since the War, to consider a settlement of national standards of remunera-

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tion. For example, the Desborough Committee settled the rates of pay for the police, and the Burnham Committee established regional scales, or rather grades of pay varying with the different types of districts, for school teachers. But with regard to the remuneration of the rank and file in the State Departments, and in the service of local councils, there are wide disparities. Even if all Government Departments have been brought into line with each other in all respects, there is no co-ordination between them, on the one hand, and county or town councils, on the other, and amongst the latter there is no recognised grade or scale which could be deemed appropriate as a kind of standard.

It may be quite impossible to set up such a standard, and most undesirable to do so, even if it were possible, but such wide differences as at present exist seem to indicate the need for attention, and such action as might correct some of these anomalies could only be taken after a considerable amount of research. Is this not worth special study?

But these matters of remuneration are most controversial, and are only mentioned in passing, as there is a call even more urgent for the study of the present arrangements for the purchase of goods and materials by the State and local governing bodies.

Most excellent work has been done in this country, in some of the State Departments, and in some of the large cities, for centralising the purchase of goods for the service of the Department of State concerned, and for the county or town council as one unit. Departmental buying, however, appears to be still the rule, rather than the exception, so far as the local government world is concerned. A highways department may be purchasing timber and cement on its own specification and contract, while a trading department of the same corporation has its own separate specification and contract, at a separate price. In some classes the timber, cement, or other materials may be absolutely the same in each specification, but may be bought at different prices departmentally, and in others there may be very slight differences in the specification which it may be quite unnecessary to maintain, in order to buy the council's requirements as a whole upon one tender for the aggregated quantities of the various departments. So far as is known, not many local authorities have set on foot research work into the case for and against central purchasing of their aggregated requirements, but once the inquiry has been undertaken, it has almost without exception proved to be economical.

Still greater than all these, however, in its benefits to the public, is the economy to be effected by standardising public services requirements, wherever possible, both for the State and local authorities. In the United States it is amazing to see what has been accomplished

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by the Ministry of Commerce on lines laid down by the then Minister of Commerce, the present President of the United States. As an indication, one might refer to the contents of the average hospital. There are only two types of bed, two or three grades of linen and blankets, three or four standard sets of crockery, cutlery, and so on, standard washing and cleaning utensils; and practically every other item of equipment or appliance, or article used in public institutions, is made to a standard pattern. Such standards have been established by the closest co-operation between selected representatives on the administrative side of the hospital service, both national and local on the one hand, and the representatives of the manufacturers of these articles on the other. The result is that the manufacturers concentrate on a few types, they manufacture in large quantities, and after they have served the public needs, at prices which would surprise British hospital managers, they are in a position with these standard articles to meet the needs of the man in the street. He also gets his goods at the reduced prices made possible by the avoidance of dissipation of capital and productive energy upon every conceivable variation in the goods put into service in countries like ours, where no standardisation to speak of has been effected.

Of all the opportunities for increasing the value derived from every sovereign spent out of taxes and rates, the establishment of standard patterns of articles consumed or used in the public service, seems to be the greatest. It is a gain to the taxpayer and ratepayer, not only in respect of the use to which his payment for rates and taxes is put, but also in the use of his earnings for his private domestic purposes. And from practical examples which are forthcoming in a service like the administration of hospitals, there would surely follow, from research, similar benefits in other branches of public administration. Each department might well be tackled, and one of these days a government will set to work a few selected men and women, directing their attention to each class of goods purchased for public use, to prepare a plan of standardisation which would make sure of the co-operation of bodies like the County Councils' Association, the Association of Municipal Corporations, the Association of Educative Committees, the Urban District Councils' Association, and the Rural District Councils' Association. They are all interested in their several ways, and nothing is more likely to appeal to them as an object of co-operative endeavour, a scheme to make a pound collected from a tax or a rate, go further than it does at present. The standardisation of production of such goods for public use inflicts no injury upon either the manufacturer or the worker. Lower prices of production lead to greater purchases and consumption, and there is really no need for such a distracting diversity in

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the sizes, patterns, and other elements of goods for the public services, which maintain us in the position of keeping great numbers of manufacturers engaged upon the production of small quantities of articles of their own particular make.

That the British nation is well able to carry out such research work, and on it to establish standardisation of production in certain directions, is proved by the great service rendered to the community by the Engineering Standards Committee, which has done for the engineering trade, what might well be done for most other trades, and especially those trades furnishing supplies for public services.

The cost of such research work as this standardisation scheme would involve would be very small in relation to the savings.

Sales by Local Authorities.

The business done by local authorities in the sale of gas, electricity, water, and so on, has for a long time been hampered by diversity in the tariffs, which have made it impossible for the public to form an opinion of much value upon the scale of charges to which they were subject, in comparison with other towns. A considerable advance has been made of late years as a result of the study of tariffs for the supply of electricity to consumers, special committees having been set up for this purpose at various times. Much more, however, remains to be done, before anything like a standard plan of charging for electricity can be recognised as such. The price per unit in the city of "A," upon a flat rate per unit, or upon any one line in the scale of charges, may of course be different from the price per unit in the town of "B" for the same purpose, and still conform to a standard system of charging. Differences in the price of a unit of electricity will be inevitable, as long as local generation and distribution exists. The "National Grid" may eliminate a good many of these differences in course of time, but it is scarcely likely that any tariff system for the supply of electricity would be the same in price per unit all over the country, on uniform methods of charging. Take the lighting of houses and shops, for instance, there is generally a flat rate, and as a choice to the consumer, a two-part tariff. The latter consists of a standing charge to represent the payment for an assured supply, accompanied by a running charge per unit for each unit consumed. Thus the more a consumer takes, the less per unit he pays for electricity. Scarcely any two electricity companies or corporations follow precisely the same lines, in setting up their tariff. Some measure the standing charge upon one basis—*e.g.*, the number of rooms—and some upon other bases, *e.g.*, the area of the rooms, or the annual value of the premises. There is no end to their variety. Much may be done by the simplification of these tariff scales, which

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while leaving each authority to insert the number of pence it will charge for a given service, will lead to a much greater amount of uniformity in the method of charging, and in the bases to which the number of pence per unit is applied.

Similarly, there is extraordinary variety in the manner and extent of charging for the use of meters. Nothing but good to the community could follow from research work in this field, upon which to found proposals for eliminating a great deal of these peculiar local customs and practices.

Much the same opportunity presents itself in the gas world. There is no reason why there should be such a complete contrast as there now is in the methods of charging for electricity on the one hand and gas on the other. A gas undertaking has also a great number of standing charges to bear, and yet nearly every gas undertaking has to work upon a flat rate per thousand cubic feet or per therm. There is no standing charge. If a customer consumes no gas, he pays nothing. Even if there be a sliding scale of charges, it is generally a fixed charge per thousand cubic feet, or per therm. There is no two-part tariff system (speaking generally) for gas supplies, in the sense in which the two-part tariff system is utilised for electricity purposes. Special inducements to consumers to pay a minimum charge for standing costs, whether gas is used or not, plus a running charge per thousand cubic feet, or per therm, might well lead to the same relative increase in gas consumption as that which has taken place in electricity consumption during the last decade. The advancement of the gas business in this way must depend upon the amount of research work that can be applied to it, and gas companies and corporations supplying gas are not unmindful of the merits of the two-part tariff system at the present time. Organised effort would, however, be required to investigate the problem, and to prepare a plan of research leading to the formulation of a system of charge capable of national application, subject always of course to legal powers for that purpose being given by Parliament. Gas companies are at present subject to much more severe control of charges, by old powers conferred in the past by Parliament, than electricity undertakings are.

The National Gas Council is a body well equipped for this line of study, and its research work already disclosed is good example of its activities which other organisations might follow in their own spheres.

Departmental Costs in Local Government.

A local authority in the provision of most of its services and amenities, does not work for profit. Its money is expended as a means of preserving public health, affording education to the youth

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of the country, the maintenance of peace in the streets, the prevention of crime, and in other ways not measurable upon a commercial basis.

Under present conditions, however, there is great difficulty experienced by anyone who tries to measure the value derived from these costs undertaken out of the public purse. The possibilities of research work in this subject are most extensive in their range, and they can only be shown by illustration, as they are too manifold to receive full treatment in these notes.

The Ministry of Health have within the last few years initiated a system of accounting which most of the large towns of the country have taken up, with the intention of bringing out the expense of removing the town's refuse, expressed not simply as a great amount of money paid out of local rates, but upon the unit of a measured quantity of refuse—*e.g.*, per ton, or per 1,000 population, or per 1,000 houses per annum. Notes explaining local circumstances are encouraged, indeed account must always be taken of them in any comparison of local costs of administration of any public services, but the result has undoubtedly been advantageous, and local authorities are now in a position to examine the costs of the removal of refuse in their town in the light of comparable—even if approximate—figures of other towns. Everyone can judge costs per ton, but a cost of many thousands of pounds for the whole work may have little significance.

In the United States, research work has led to the establishment of most extensive formula by which to judge whether a town is well equipped in the public health sense, so that before judging whether the amount spent out of local taxation in those towns upon public health institutions and services, is well represented by values derived, the equipment which that town possesses is revealed. The number of beds available for each class of disease in relation to the number of the population is disclosed, the number of patients per nurse in each of the respective classes of disease, the number and quality of the medical staff, the marginal reserve for contingencies such as epidemic diseases, and so on, are all stated, and then follow the costs of administration under each heading, reduced subsequently, as closely as may be, to costs per appropriate unit, per patient per week, per bed, whether occupied or not, and so on.

Recently research workers in the United States have been considering the establishment of units by which to measure the value derived from expenditure out of local taxes upon the services of the Public Works Department. It may be useful to see the trend of such a movement, as illustrated by a specimen of the statement to which

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consideration is being given, and accordingly it is submitted, as follows:—

Research Work in U.S.A. into the Measurement of Costs and Values of Services of Public Works Department.

Service by Bureaux (1)	Volume of Work 1931 (2)	Unit of Work, 1931 (3)
1. Administration and Accounts	(a) Total No. employed supervised	(a) Per employee of Dept.
	(b) Total funds expended	(b) Per dollar expended by Dept.
2. Planning and Design	(a) No. projects planned	(a) Per project of Dept.
	(b) Total expenditure involved	(b) Per dollar involved
3. Streets and Alleys		
(1) Repair work	No. sq. yds. repaired	Per sq. yd.
(2) Sidewalks	No. sq. ft. laid	Per sq. ft.
(3) Pavement	(a) No. cu. yds. excavated	(a) Per cu. yd.
	(b) No. ft. of curbing laid	(b) Per ft. laid
	(c) No. sq. yds. foundation	(c) Per sq. yd.
	(d) No. sq. yds. surface	(d) Per sq. yd.
4. Sewers		
(1) Maintenance	(a) No. of manholes	(a) Per manhole
	(b) No. miles pipe maintained	(b) Per mile maintained
(2) Construction	(a) No. cu. yds. excavated	(a) Per cu. yd.
	(b) No. lineal ft. pipe laid	(b) Per lineal ft.
	(c) No. catch basins installed	(c) Per catch basin
	(d) No. manholes	(d) Per manhole
5. Refuse Collection		
(1) Refuse removal	Total quantity in tons	Per ton
(2) Refuse disposal	Total quantity in tons	Per ton
6. Street Cleaning		
(1) Regular cleaning	No. curb-miles cleaned during year	Per curb-mile
(2) Snow removal	(a) No. of miles plowed	(a) Per mile plowed
	(b) No. cu. yds. removed	(b) Per cu. yd.
7. Public Buildings		
(1) Cleaning of buildings	No. sq. yds. cleaned	Per sq. yd.
(2) Other building maintenance	No. cu. yds. of building space	Per cu. yd.
8. Standards (or Inspection)		
(1) Examination of plans	Total No. plans examined	Per plan
(2) Inspection of buildings	Total No. building inspections	Per inspection
(3) Plumbing inspection	Total No. plumbing inspections	Per inspection
(4) Elevator inspections	Total No. elevator inspections	Per inspection

In these and in other ways students are devoting themselves to research in the United States and in Canada, upon organised lines, mostly under the aegis of the Universities, but also with the financial and moral support of national and local bodies such as the National Chamber of Commerce, State Taxation Leagues, and privately endowed funds, like the Russell Sage Foundation, the Brookings Institution, and other similar funds for the purpose.

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One can commend in generous terms the contribution to these studies which is made by the various Bureaux of Municipal Research, financed by private enterprise, of which the organisation in New York, Philadelphia, Detroit, and Rochester stand out as the finest examples. We have nothing quite comparable with them in this country, but it seems reasonable to expect that if a few outstanding examples arose of the benefit to the community from research work undertaken into the theory and practices of public administration, the public would not be slow to recognise the possibilities of further advances along the same lines, and would ensure the provision of the men and material necessary for the purpose. The Carnegie Trust could derive full value for the community from an allotment of its means to research work of this kind here.

Existing Facilities for Research.

Research work into problems of public administration is not unknown in this country, and it would be foolish to suggest that the notes now presented contain any elements of novelty, or open up entirely new avenues for exploration.

The Government itself, through its various Departments of State, is constantly devoting itself wholeheartedly to the intensive study of some field of communal enterprise or activity. The country owes a great deal to the Ministry of Health, the Home Office, the Board of Trade, and the Ministry of Transport, not to mention other Departments not so closely associated with local government, for their work in assisting local authorities with the benefit of their knowledge and experience. No man who has spent his life in the local government service could fail to realise the advantages of central government in its effect upon local affairs. Many a time the intrusion of a State Department is resented, and not infrequently there is good cause for alarm, but on balance, even the local councillor who is most anti-bureaucratic, would admit that the local authority gains rather than loses from its contact with the Central Departments.

Organised bodies representing either the elected Councillors or the officials of councils have also played their part in various ways in undertaking research work into some phase or other of local activities common to the whole industry. Mention has been made of the deep and practical interest which is taken in the study of administrative problems by bodies like the County Councils' Association, the Municipal Corporations' Association, the Urban and Rural Districts' Associations, and so on, but unfortunately it is not often that an opportunity arises for bringing the whole power of these bodies together in one united effort.

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In the same way, the organisations of public officials, such as the National Association of Local Government Officers, the Institution of Municipal and County Engineers, the Institution of Electrical Engineers, the Institute of Municipal Treasurers and Accountants, the Cleansing Superintendents, the Society of Medical Officers of Health, and so on, have each in their several ways furnished data which has only been made available by the devotion of their appointed representatives to the duty of investigation and research into special subjects of national interest. In all those cases the time has had to be given to a great extent out of the leisure hours of the officials concerned, and the local government world fully recognises such service. More recently there has been established a Society of Town Clerks, and this is a development from which further assistance may confidently be expected in the provision of men specially trained to deal with problems of public assistance arising in all Departments. But although the word "co-ordination" has by this time acquired an unpleasant reputation, it is co-ordination of effort which seems to be required. Whether this can be brought about best by the power of initiation being vested in a Government Department, or in a University, or in a joint representative body linking up all these organisations, is a matter which it would take too long to discuss. Suffice it to say that there is enough work to hand to warrant attention by competent persons without delay, and that by some means or other, the effort should be made, in the public interest, to develop the study of these problems of government, both national and local, of which many present can give more instances than those comparatively few in number now presented for discussion.

Finally, we are entitled as an Institute of Public Administration, to claim that individually as well as collectively, many of our members are engaged upon research work of great value. Each reader of a paper at a branch meeting generally manages to bring to light as the result of his special study of the subject, some new phase or factor in public administration which can be added to our knowledge of the theory and practice of our profession. There is fame if not fortune awaiting any of our members who cares so to devote himself or herself to research, even in leisure time, as to acquire a reputation as an exceptionally well-informed man or woman on a particular subject. This is an age of specialists, and while everyone may not become the head of a great Department wherein to specialise would be dangerous, a head has always a fondness for a member of the staff who can be relied upon to furnish on request and at once, authoritative information on some branch of the work of a Department. A knowledge simply of ordinary departmental data does not suffice. The range of study has to be wider than that falling within the range of depart-

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mental activities. The search may involve an examination of literature, gathered from all parts of the world. The single-handed student has great achievements to his credit in all branches of business life, and the Institute can make full use of any of its members able and willing to devote themselves to research work in the theory and practice of Public Administration.

Research into the Theory and Practice of Public Administration

By Mr. J. R. HOWARD ROBERTS,
Town Clerk of Kingston-upon-Hull

[*Being a Paper to be discussed at the Summer Conference of the Institute of Public Administration, July, 1931*]

RESEARCH is defined in a modern dictionary as "laborious and natural search as for truth, diligent inquiry or examination in seeking facts or principles, inquiry, scrutiny." To say that the theory and practice of Public Administration had ever had applied to them such attention as is implied in this definition would amount to an over-statement of the facts. It must be conceded that individual thinkers have from time to time written upon various aspects of the matter, Royal Commissions and Departmental Committees have considered and reported upon the subject, but I do not know of a single volume in the English language which could really be said to deal exclusively with it. Why this apparent neglect?

It could be said with equal truth that the subject of industrial or commercial administration had until recent years been regarded with somewhat similar indifference. One is reminded of the story of the farmer with whom a methodical enthusiast remonstrated for keeping no accounts in connection with his poultry farming—his reply was, "Why should I? If the hens *ain't* laying there's nowt to account for, and if they *be* laying there's nowt to worry about." This doctrine of easy going *laissez-faire* may have been good enough in either commercial or public administration in the past, but it will be agreed that it is certainly not good enough for the present, and will be less and less acceptable in the future.

It being therefore beyond doubt that more intensive research is a necessity, how best can it be carried out?

Perhaps it may be thought at first sight that those best able to carry out such investigations are the administrators themselves, but while their co-operation may be essential I doubt if in fact they are best fitted for the task of the actual research. In the first place the legislature has in the past few years increased the burdens upon the

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administrator of public affairs to such an extent that few, if any, of them have the necessary time to devote to the intensive study and investigation which such research demands.

The word research somehow implies an atmosphere of mustiness, ancient tomes, laboratories and midnight oil—it infers a quiet and meditative withdrawal from the hustle and hurly-burly of worldly affairs, of undisturbed prolonged and connected thought—an atmosphere which even the most rabid critic of the public services would scarcely allege to be that in which officials engaged in public administration carried on? I suggest the answer is—the Universities—provided

By whom then is it right and proper that this research should be carried on? I suggest the answer is—the Universities—provided adequate collaboration takes place between them and those actually engaged in the practice of public administration.

It is satisfactory to observe that already the Universities of London, Liverpool, and Manchester are devoting attention to the study of this subject, and that a Diploma in Public Administration is now capable of being obtained, but research into the matter carries it a step further than anything which the Universities have so far set themselves to do.

Let it be assumed therefore that the Universities are willing to undertake this research, how could it be carried out?

In the first place it is clear that expense will necessarily be incurred in setting up the machinery—the endowment of “chairs” and the payment of those engaged upon the work.

As those principally concerned to benefit by the results of such research are the public at large, it seems fair to suggest that both the Government and local authorities might be called upon to share the cost—their contributions being paid in the one case out of the National Exchequer, and in the other out of levies upon local authorities collected through the medium of their appropriate Associations—the County Council Associations, Association of Municipal Corporations and so on. Having regard to the breadth of the shoulders of those upon whom the burden would fall the cost is not one which should prove a serious obstacle in view of the importance of the results which might well be achieved.

Let us suppose, therefore, that the monies having been found, the Universities are in a position to embark upon their task, how should they proceed?

Perhaps it might have been indicated earlier in this paper that the institution of such research if it is justifiable and necessary at all can only be so justified at the public expense if it is undertaken with the object of evolving either an improved system of public administration or at any rate producing such amendments in specific

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branches of it as will result in increased efficiency in either the national or local services.

The closest collaboration between the theorist and the practical administrator is therefore essential. There are several means by which this can be brought about—one of which is surely through the machinery of the Institute of Public Administration. Who would be better fitted for the Universities to consult? Consider for a moment what the Institute has done and is doing in this respect. It has provided a clearing house in which the experience of administrators can be pooled, a method of tapping as it were the reservoirs of knowledge on a subject which hitherto had remained almost untouched. Opportunity has been afforded not only for the expression of opinions at the conferences of the Institute, but also for the dissemination of such opinions through the medium of the Journal.

Not only has the Institute done valuable public service in this way, but with a view to focusing attention upon the matter of research it has recently decided to set up an Investigation Group of a widely representative character, whose sole purpose will be to consider certain directions in which improvements into the administrative machine might be introduced.

The most recent example of research in this direction is provided by America, where a “Public Administrators Clearing House” has just been formed for the purpose of the collation of information and co-operation with existing research agencies and technical experts. The headquarters are in Chicago, and it is governed by a body of trustees.

I venture to suggest that if so approached the Institute would be able to indicate very definitely the lines upon which such research should be undertaken. Moreover, a close collaboration with the Institute during the process of investigation would help to provide that link between theory and practice which is so very necessary.

Space does not permit more than the merest outline of possible suggestions which the Institute might make—but here at least are a few means of approaching the question:—

(1) A closer study of the methods adopted in other countries; this might well necessitate sending to selected seats of Government, both national and local, men qualified to inquire thoroughly into the subject. I hardly dare suggest that the Institute might go a step further and even suggest the names of the actual emissaries? Mr. Montague Harris of the Ministry of Health has written a most valuable book on this subject which provides an excellent lead as to the direction in which further investigations might proceed.

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(2) A comparative study of modern business and commercial administration from the point of view of seeking to ascertain whether the methods adopted in commercial affairs could not to a greater extent be introduced into public affairs. The Universities having departments of Economics and Commerce would be singularly well fitted to undertake research in this direction. Take for example the University College of Hull, where a diploma can be obtained in Industrial Administration; there a representative Commerce Advisory Committee has been formed, and the course taken by students provides opportunities not only for the study of theory but also for gaining practical experience in administrative methods by periodical visits to well-equipped modern factories.

(3) A comparative study of the methods of administration adopted by the public departments themselves both national and local, with a similar objective, namely, to see whether any interchange of systems could usefully take place.

It might well be that in the event of several of the Universities being entrusted with such research some mutual understanding could be reached whereby a certain branch of inquiry would be undertaken by a particular University and a different branch by another, so as to obviate overlapping.

As the purpose of such research would not primarily be purely educational in its more restricted sense, that is to say, the results achieved would not be utilised only in the teaching of University students but would require to be at the disposal of Parliament and of local authorities, periodical reports upon the matter could be published from time to time, which if they contained definite recommendations could well form the basis upon which important national and local administrative reforms might rest.

I have endeavoured to indicate in very general terms at least one possible line of approach to this important problem, not with a desire to convey the impression that it is the only one, nor do I suggest for a moment that there is anything original in the suggestion, but I am hopeful that the setting forth in definite terms, however inadequate and incomplete, a proposal of this character may at any rate form a basis for discussion which may perhaps be fruitful in bringing forth other suggestions.

Notes

RECENT LEGAL DECISIONS AFFECTING PUBLIC ADMINISTRATION

By F. A. ENEVER, LL.D.

SYNOPSIS

Improvement Schemes: Superannuation Allowance: Unemployment Insurance: The Crown and the Rent Restriction Acts.

1. *Improvement Schemes.*

THE housing scheme litigation as to the legality of an Order of the Minister of Health confirming the Liverpool (Queen Anne Street) Improvement Scheme, 1928, reached its final stage on the 23rd March last in the decision of the House of Lords in *Minister of Health v. The King, ex-parte Yaffe* (*Times*, 24th March, 1931; *Sol. Jol.* LXXV, 232).

Mr. Yaffe, an Estate Agent of Liverpool, was the owner of two houses which it was proposed to acquire compulsorily under the scheme on account of their insanitary condition. He obtained a rule *nisi* for a writ of *certiorari* to quash the Order of the Minister confirming the scheme on the ground that the Minister had no jurisdiction to make the Order, as the scheme which the Order purported to confirm was not an improvement scheme within the meaning of the Housing Act, 1925.

Section 35 of the Housing Act, 1925, empowered local authorities to make schemes for the improvement of unhealthy areas within their district, and Section 40 (3) provided for the confirmation of such schemes by the Minister of Health with or without conditions or modifications. Section 40 (5) enacted that the Order of the Minister, when made, should have effect as if enacted in the Act.

The grounds of Mr. Yaffe's contention that the scheme was not an improvement scheme within the Housing Act, 1925, were (a) that it contained no concrete proposals for the development of the area after acquisition by the Liverpool Corporation; (b) that it did not provide for the rearrangement or reconstruction of any of the streets or houses in the area; (c) that it provided that the land within the area might be sold, leased, or otherwise disposed of as the Council might think fit, and that the estimates which accompanied the scheme

were insufficient; (d) that the local inquiry, which the Minister caused to be held, was void, because there was no improvement scheme within the meaning of the Act to be inquired into; (e) that the modified scheme, which purported to have been confirmed by the Minister, was not an improvement scheme within the meaning of the Act, since it did not indicate the manner in which the lands were to be developed, and was not accompanied by any lay-out plan; and (f) that a clause purporting to incorporate in the scheme plans to be made subsequently by the Council and approved by the Minister was *ultra vires*.

The Divisional Court, by a majority (Hewart, C.J., and Talbot, J., Swift, J., dissenting) decided that the Order of the Minister was effective. The rule was accordingly discharged. Hewart, C.J., held that the scheme had been so modified in the form in which the Minister confirmed it that if it had originally possessed that form it would not have contravened the Act; that Section 40 (5) of the Act was sufficient to cover irregularities which preceded the making of the Order; and that the Order of the Minister was made in pursuance of the Act. The grounds on which Talbot, J., based his decision were (1) that once the Minister made an Order confirming an improvement scheme it had statutory authority by virtue of Section 40 (5) of the Act, and no question of *ultra vires* could be raised in a court of law; and (2) that an Order confirming a scheme which, as confirmed, was in accordance with the Act could not be quashed merely because the Minister might have been prevented from confirming the scheme as originally submitted to him. Swift, J., in a dissenting judgment, held that the scheme presented to the Minister for confirmation must be such as could be confirmed without modification, and that until such a scheme was prepared the Minister had nothing to consider; that the local authority had submitted no proper scheme to the Minister for confirmation and Section 40 (5) did not operate until Section 40 (3) had been complied with; and that the question whether the Minister had made an Order was one of fact, the Court not being bound to accept the Minister's statement that he had made such an Order.

The Court of Appeal [1930] 2 K.B. 98 (Scrutton, L.J., Greer, L.J., and Slessor, L.J.) reversed the decision of the Divisional Court and held that the Minister's Order under Section 40 (3), if not made in compliance with the statutory conditions was not one which could have statutory effect under Section 40 (5), that the Order in question was *ultra vires* by reason of the statutory conditions not having been complied with, and that therefore a writ of *certiorari* should issue for the purpose of quashing it.

The Minister of Health appealed and the House of Lords by a majority held that, as confirmed, the scheme was good; that the

appeal should be allowed; and that the judgment of the Divisional Court, although on very different grounds, should be restored.

Lord Dunedin, in giving the judgment of the Court in a long and exhaustive judgment, in which the other Lords, with the exception of Lord Russell of Killowen, agreed, stated that the ground of Mr. Yaffe's complaint was shortly that there was not a scheme put forward in conformity with the requirements of the Act, and that consequently the Minister had nothing to confirm; also that when he did confirm, with modifications, what was put before him, there still was no scheme which conformed to the Act, so that the so-called confirmation of the Minister was *ultra vires*, null, and ought to be quashed. The answer of the Minister and the local authority was that the scheme, such as it was, having been confirmed by the Minister, his Order, by virtue of Section 40 (5), had the effect of an Act of Parliament and could not be inquired into by the Judges in *certiorari* proceedings; also (a) that the scheme was good as put before the Minister, and (b) that if there was any blot in it, that blot had been cured by the Order of the Minister, so that the scheme, as it left his hands, was good, and in conformity with the Act.

Lord Dunedin stated that the first question, and it was a very important and far-reaching one, was whether Section 40 (5) had the effect of preventing any inquiry by way of *certiorari* of an order confirmed by the Minister. It was evident that it was inconceivable that the protection should extend without limit. If the Minister went out of his province altogether, it was repugnant to common sense that the order would be protected, although, if there were an Act of Parliament to that effect, it could not be touched. His Lordship thought that the Court of Appeal was right in refusing to decide the case on the ground taken by the Divisional Court.

Then arose the second question, and it must be apparent that the limits were narrow within which objection might be found. The respondent could only object with success if he could show that the scheme was not such a one as was contemplated and provided for by the Act. It was argued for the respondent that the scheme, as ultimately approved, was not in accordance with the Act; also, and that was the argument that prevailed in the Court of Appeal, that even if that were not so, at least the scheme as sent up to be approved was not in accordance with the Act: that being so the Minister had no right to touch it.

The latter argument depended to a large extent on what view was taken of the expression used in Section 40 (3) of the Act. The section said that the Minister had to consider whether the carrying out of the scheme "either absolutely or subject to conditions or modifications" would be beneficial, and, having so considered, he

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might then by order confirm the scheme "with or without such conditions or modifications, so however that no addition shall be made to the lands proposed in the scheme to be taken compulsorily."

The last words of limitation seemed to his Lordship to show that otherwise the Minister was unfettered in the conditions which he might impose, or modifications he might make. It was not, of course, suggested that if there were something sent up which was really not a scheme at all the Minister could confirm it. The Minister was not the author of the scheme; he was the critic and the finisher of it. In particular he might remove any blot which he found in it as presented, and the word "blot" included any provision which, if left untouched, would not be in conformity with the Act.

The objections urged were (1) that the scheme, as submitted to the Minister, did not contain a lay-out plan; and (2) that in Clause 5 of the scheme, as originally presented, the Council was given untrammelled powers, a defect which the Minister had no right to cure.

As to the first objection, the Court of Appeal largely proceeded on the case of *Rex v. Minister of Health, ex parte Davis*, [1929] 1 K.B. 619. On the merits it was apparent that such case was utterly different from this. In that case the improvement scheme consisted of a power to take an area on the ground that it was insanitary, and then to leave the municipality completely unfettered as to what it was to do with the ground taken. All that the Council was bound to do was to clear the area of buildings, and then "the whole of the cleared area shall be sold, leased, or disposed of as the Council shall think fit," any application to the Minister to devote it to purposes approved by him being a mere alternative at the will of the Council. His Lordship thought that it was an inevitable conclusion that such was not a scheme under the Act. It differed absolutely, however, from the scheme in this case. It was apparent that the ground was to be used for a building scheme, the cost of laying out the new streets and buildings was stated, and it was further stated that there was to be no surplus land.

The real objection urged was that it was a fatal defect in the scheme that it did not, as submitted to the Minister, include the lay-out plan. The expression "a lay-out plan" was nowhere to be found in the statute. What the objector urged was founded on the words of Section 35 (1) (b), "A scheme (hereinafter referred to as an improvement scheme) for the rearrangement and reconstruction of the streets and houses within the area," and the argument was that this meant that one essential of the scheme was a plan for reconstruction. That a plan for reconstruction was not such a plan as could be put in the builder's hands on which he could proceed without further details was apparent, and was indeed excluded by the

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very words of the demand—"a lay-out plan." His Lordship's view was that there was no cut-and-dried form in which a scheme might be propounded. The essentials were that it should clearly show the area which, in its present condition, was treated as the unhealthy area, and that further it should show that the municipality had *bona fide* proposals in sight, but that all particulars and the precise form that reconstruction might take, were left over for the decision of the Minister, who could impose such conditions as he desired.

Applying that view of the facts in the present case, the scheme, as sent to the Minister, not only clearly showed that the cost of reconstruction had been minutely gone into, but also that the whole area was going to be used for reconstruction by the fact that "no surplus land" was expressed, and it was accompanied with all the reports, including the report of the Housing Director, which really gave every detail. The objection finally resolved itself into this: that the book of plans only included the plan of the area, with the properties marked pink and blue, and did not include the plan marked in the report which showed the general lay-out of the new buildings, a plan which could have been asked for by the Minister and was, in fact, seen by the official sent to conduct the inquiry and report to the Minister what he should do. It was clear, therefore, that the Minister was fully aware of the general scheme as to how the cleared area was to be dealt with when he granted the confirmation.

As confirmed, the scheme seemed to his Lordship unassailable.

Lord Russell of Killowen, in a dissenting judgment, stated that in his opinion it was impossible to say that documents which contained no indication of any proposed lay-out and disclosed no unequivocal intention to rearrange any streets or to rebuild any houses constituted in any sense "a scheme for the rearrangement and reconstruction of the streets and houses within the area, or of some of such streets or houses." If he was right in that, there never was any "scheme" made or prepared by the local authority; and there was nothing for the Minister to confirm.

The lengthy and expensive litigation has, accordingly, resulted in favour of the Minister of Health. The decision is now only of historic interest, since by the Housing Act, 1930. Sections 35 and 40 of the Act of 1925 are, among others, repealed. Section 7 of the Act of 1930 now governs the procedure to be adopted in dealing with improvement areas. This procedure is on somewhat different lines from that prescribed by the Act of 1925. The local authority may pass a resolution declaring a defined area to be an improvement area, but, before doing so, must satisfy the Minister of Health as regards certain matters. From the point of view of an owner of property

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in an improvement area a veil is drawn across the negotiations which may ensue between the local authority and the Minister of Health, so that the dispute which arose in the present case cannot be repeated.

2. Superannuation Allowance.

A superannuation question, of transitory interest only by reason of the abolition of Boards of Guardians by the Local Government Act, 1929, has been decided in *Hammond v. The Westminster Union* (171 *Law Times*, 145).

Hammond had, before the 6th August, 1914, been employed by the Westminster Union as a night watchman. On that date he was appointed to act as gatekeeper as a substitute for a man who was on war service and continued so to act till the 9th January, 1920, when he was appointed permanently as gatekeeper, the man for whom he was the substitute having been given other employment. He continued to serve till the 12th April, 1929, when, being 70 years of age, he resigned on account of age.

Hammond claimed, on his resignation, to include in his period of service for superannuation purposes the period from 6th August, 1914, to 9th January, 1920. The defendants were ready to accede to this claim, but the Minister of Health refused to sanction the inclusion of the period, on the ground that service as a substitute for an absent servant did not bring the person so substituted within the definition of a servant in Section 19 of the Poor Law Officers' Superannuation Act, 1896.

Section 2 of that Act provided that every officer or servant of a Board of Guardians who should become incapable of discharging the duties of his office by reason of permanent infirmity of body or should have attained 65 years of age should be entitled on resigning to a superannuation allowance during his life according to a scale computed on his length of service. By Section 4 all service, whether continuous or not, by any officer or servant under any authority was to be reckoned for the purpose of the Act. "Servant," by Section 19, was defined to include every servant regularly employed at wages.

Hammond brought an action against the Westminster Union for a declaration that the period in question should be included for the purpose of computing the amount of his superannuation allowance. The Westminster Union ceased to exist on the 1st April, 1930, by virtue of the Local Government Act, 1929, and their functions and liabilities were transferred to the London County Council, who were substituted as defendants to the action.

Farwell, J., held that under the Act of 1896 all service was to be reckoned; that "regularly employed" in Section 19 was con-

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trasted with casual employment; that a man was entitled to superannuation by virtue of his course of service and not on account of holding any particular post; and that Hammond was regularly employed during the period in question and was entitled to have that period reckoned.

By the Local Government Act, 1929, the Poor Law Officers' Superannuation Act, 1896, is repealed, except (*inter alia*) so far as by virtue of the Act of 1929 it continues to apply to transferred officers. By Section 124 of the Act of 1929, where an officer, who has made annual contributions under the 1896 Act, is transferred to the service of any council which has no superannuation scheme, he may elect to remain subject to the provisions of the 1896 Act, as he might also do by notice given within three months after the 1st April, 1930, where the council to which he was transferred had such a scheme. Thereupon the 1896 Act is to continue to apply to him, subject to such modifications as the Minister of Health may by order direct, until there becomes applicable to him a statutory superannuation scheme not less favourable than that provided by Section 124 (1) (a) of the Act of 1929.

3. Unemployment Insurance.

The vexed question of the extent of the exemption from insurability under the Unemployment Insurance Act, 1920, was the subject of a number of actions tried together by Roche, J., in March last, two of which, namely, *London County Council and Edwards and London County Council and Satchell* (75 *Solicitors' Journal*, 247) affected a local authority.

The exemption in question was "employment in domestic service, except where the employed person is employed in any trade or business carried on for the purpose of gain."

Edwards was employed as a foreman baker and Satchell as an ironer by the London County Council at the South Grove Institution.

Roche, J., the judge appointed to try such questions under the Act, in holding that neither of the persons were insurable, stated that with regard to the ironer he had no doubt that such persons had the privilege of belonging to the class engaged in domestic service. The position of a baker was not quite so easy to decide, but even in quite recent times there had been a number of establishments where bakery had been part of the normal domestic service. He believed, therefore, that the baker was also engaged in domestic service and was exempt from insurance.

A similar question affecting two classes of municipal employees of the Corporations of Blackpool, Liverpool, Bournemouth and Manchester (*Times*, 4th March, 1931; 171 *Law Times*, 226) came

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before Roche, J. The employees in the first class were cleaners and lavatory attendants at the tramway depots of the Corporations of Blackpool and Liverpool. His Lordship held that these persons, although employed in domestic service, were insurable under the Act, the tramways being a trade or business, essentially commercial in nature. The employees in the second class were waiters and waitresses employed at the restaurants of the Bournemouth and Manchester Corporations. One of the waitresses was employed at a restaurant forming part of the amenities of Heaton Park, an extensive municipal property, some three miles from Manchester, devoted to the use of the public. Visitors could buy food at cost price there or could bring their own food and be supplied with hot water at a nominal price. In this case Roche, J., held that the restaurant was not carried on for the purpose of gain, and that the waitress was not insurable. In the other cases within the same class, however, the catering businesses of the corporations were held to be carried on with a view to profit; although the object of the corporations was not to make large profits, and any profits made were applied in reduction of rates. This took the cases out of the exemption, and the employees were held to be insurable.

4. *The Crown and the Rent Restriction Acts.*

In the recent case of *Clark v. Downes*; *Clark v. Mawby* (171, *Law Times*, 250, 264) the principle that the Crown is not bound by an Act of Parliament, unless expressly or impliedly bound thereby, was applied to the Rent Restriction Acts.

His Majesty's Office of Works erected, in 1915, certain huts which after 1923 became vacant. The huts were relet in 1924-1925. The Crown sold the property in 1928 and the purchaser leased it in 1929 to the plaintiff, who sought to recover possession against four tenants. The County Court Judge held that two of the premises had become decontrolled and two had not, and that no Order for possession could be made in respect of the latter, despite the question which had been raised whether the property had ever come within the Rent Restriction Acts, it having at the material time belonged to the Crown.

In the Divisional Court this decision was reversed on the grounds (1) that the Crown was not bound by the Rent Acts, and (2) that as the Crown was the owner of the property at the time when the Increase of Rent and Mortgage Interest (Restrictions) Act, 1920, came into force, the freedom from restriction then enjoyed by the property attached to it even after the ownership changed, since the Rent Restriction Acts operated *in rem* and not *in personam*.

This appears to be the first decision of its kind in the English Courts. A comparison of two Scottish decisions, however, points to

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a distinction which may be drawn between property held on behalf of the Crown by a Government Department founded on prerogative and Government property held by an administrative body not founded on prerogative. In *Lord Advocate v. Barlow* (1924, *Sc. L.T.* (Sh. Ct.), Rep. 72) the Rent Restriction Acts were held not to be binding on the War Department, while in *Prison Commissioners for Scotland v. Donaldson* (1922, *Sc. L.T.* (Sh. Ct.), Rep. 91) they were held to be binding on the Prison Commissioners. Whether such a distinction would be made in the English Courts one cannot foretell.

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Public Health Organisation in the Chicago Region. By ROBERT F. STEADMAN, of Syracuse University, N.Y. (University of Chicago Press.)

THIS is one of a series of studies directed by the Social Science Research Committee of the University of Chicago on the subject of the Metropolitan Region of Chicago, which according to the preface "with its 1,800 independent taxing and rule-making bodies is perhaps the most confused jumble of political agencies anywhere to be found." The intention is that each writer should carefully analyse the facts relating to a particular service or group of services, and offer candid and constructive criticism, to the end that, when all the studies have been combined, a basis for amelioration of the situation may be found.

This study deals with health conditions not in the city merely but in the region of Chicago, defined as an area extending 50 miles in every direction from the intersection of State and Madison Streets, with a population of about 5,000,000. The city itself includes about 200 square miles and over 3,000,000 people. The region in the main is included in two states (Illinois and Indiana) and five counties, but parts are included in ten other counties and two additional states. On the whole, the writer's conclusion is that within the City of Chicago health administration is efficient—except as regards tuberculosis. Outside Chicago itself there is a welter of health authorities, whose health administration is in the main far below the standard of Chicago. The health officers are nearly all part-time in these outside areas and poorly paid, and some of them have not even a medical training. The death rates in the outside areas from the principal contagious diseases, notwithstanding the more healthy natural surroundings, are shown to be greater than in Chicago proper, and, as the whole area forms an economic unity, the good work done in Chicago tends to be neutralised by the defective work outside. The facts all point in the writer's opinion to the necessity for centralised control.

In Chicago itself there is a special agency for dealing with tuberculosis which works independently of the Board of Health. It is called the Municipal Tuberculosis Sanatorium. The Board of Directors are appointed by and liable to dismissal by the Mayor. Dr. Steadman finds that the expenditure of this body is steadily

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increasing, while the results are becoming more and more unsatisfactory. He cites figures showing that the number of deaths rises year by year, while the number of cases reported year by year diminishes. This is useful criticism. It may be that a satisfactory explanation of the figures can be given, but the onus rests with the Board to supply it. From an English point of view the separation of the tuberculosis work from the public health service would be regarded as very unsatisfactory. Co-ordination is necessary for an efficient service. The dependence of the Directors upon a political Mayor is also unsatisfactory according to English notions. It might very well tend to extravagance, to expenditure on fine buildings and the more showy side of the work to the neglect of the very necessary spade work which must be carried out in a city like Chicago, especially among the negroes and in the poorer quarters.

As regards the outside areas the author is no doubt right in finding that the defects which exist are due to the machinery of government. Larger administrative areas and whole-time officers with administrative experience are the obvious remedies.

In the London region also there is a very large number of authorities; but there appears to be little positive evidence, with the exception so far as it is relevant to this issue of the Dawes Report on London refuse, that health services are seriously defective. The control of a Central Department and the system of Government grants partly account for the difference in the two cases as these are factors which tend to maintain a certain level of efficiency even in small local authorities. In contrast with English cities the greater freedom from control enjoyed by a large city such as Chicago tends with other factors to produce greater fluctuations in the standard of achievement. If there are lower depths, there are also greater heights. As regards the health services the last report of the Chicago Health Department which has reached this country appears to be a report covering the years 1923, 1924, 1925. As an instance of greater freedom of initiative it may suffice to refer (p. 376 of that report) to a smoke ordinance (or bye-law in our language) made by the Board of Health which prohibits the emission of any dense smoke from chimneys except when the fires are being cleared or new fires being built. No such bye-law could be made in this country without confirmation by the Ministry of Health, and no bye-law so stringent has in fact been made. The report indicates much zeal in enforcing the ordinance, but Dr. Steadman seems to suggest (p. 223) that on the transfer of the work from the Health Commissioner to the "Division of Boiler Inspection" there had been a certain decline in smoke abatement measures. Executive responsibility for ordinary health services centres in the Health Commissioner,

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a man with medical training who apparently holds office as a rule for a comparatively short period and is liable to be dismissed by the Mayor. Thus we find in Dr. Steadman's book a reference to a Health Commissioner of Chicago who had done excellent work and had led a successful revolt against a reactionary law passed by the rural legislators of the State of Illinois—for which he was awarded the *Chicago Daily News* prize of \$1,000 for having "performed the most beneficial action or done the most beautiful thing for humanity" during the year. Later in the book we read that he was summarily dismissed by Mayor Thompson. He was later appointed first to one and then to another office in the region apparently beyond the control of the Mayor. The incident suggests that if the Mayor is to continue to have powers of this kind there is some advantage in the existence of independent authorities.

In America, as in this country, the one solution which has hitherto been found for the regional problem, when urgent need arises in regard to a particular service, is the *ad hoc* authority. There are several of these in the Chicago region, whose existence in Dr. Steadman's view merely adds to the chaos of authorities. An *ad hoc* authority to deal with sewerage was set up in 1889, viz., the Chicago Sanitary District. It serves a population of nearly 4,000,000. There are nine paid trustees elected by the people of the district for 6 years; borrowing is limited to 5 per cent. assessed valuation and is subject to referendum. Serious misuse of public funds by this authority is stated by Dr. Steadman to have been definitely proved, a statement confirmed by "Government of Metropolitan Areas in the United States," a book with much elaborate detail recently published by the National Municipal League. According to this last-mentioned book "the creation of this organization had tended to complicate the government of Chicago. The addition of one more political unit has made it more difficult for the citizens to follow the work of the local government." Whatever minor irregularities there may have been, there can be little doubt that the record of this authority is a record of one of the most remarkable events in the history of sanitary engineering. The sewage of Chicago before the authority was set up was discharged to Lake Michigan, from which the water supply of the city was derived (as it still is) by pipes under the lake extending to intakes some miles out. The sanitary authority reversed the flow of the Chicago River and sent the sewage down to the watershed of the Mississippi; in order to dilute the sewage and carry it away they also made a canal to carry down to the Mississippi a volume of water from the lake, nearly 10,000 cubic feet per second, that is about four times the normal flow of the Thames over Teddington Weir. These works were completed about 1900. Litigation in the Supreme Court

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immediately ensued between the State of Missouri on the one hand and the State of Illinois and the Sanitary District on the other hand, on the ground of pollution of the Mississippi and danger to the water supply of St. Louis. Several hundreds of thousands of dollars were expended in costs. The finding was that the evidence did not at that time support the allegations. Some time afterwards further proceedings arose at the instance of other states and authorities bordering on the great lakes on the ground that the level of the water in the lakes was being substantially lowered. These proceedings cover a long period. As a result the sanitary district were directed to purify the sewage, and the quantities of water allowed to be taken from the lake were limited. According to the judgment of the Supreme Court of 14th April, 1930, the quantity to be taken is reduced to 6,500 cubic feet per second, and must by the end of 1938 be limited to 1,500 cubic feet per second—in addition to "domestic pumpage," i.e., water taken by the City of Chicago for domestic supplies. This last item in 1930 was at the rate of 1,700 cubic feet per second. (These figures are taken from the judgment of the court and the semi-annual report of the sanitary district made to the court on 1st January, 1931.) The domestic pumpage is equivalent to 918,000,000 gallons per day—a consumption¹ of about 250-300 gallons per day per head of population. The quantity of water distributed in 1929-30 by the London Metropolitan Water Board to a much larger population was 277,467,700 gallons, equal to a little over 37 gallons per head (see 11th Annual Report of the Ministry of Health). This amazing difference is not easy to explain. It may be mentioned that the report of the Chicago Board of Health for 1924 states that a total of 824,000,000 gallons per day was pumped by the City of Chicago in that year, "equivalent to a per capita consumption of 278 gallons per day." In 1925 the total estimated volume of sewage and trade wastes of the sanitary district was 835,000,000 gallons daily.

The last report of the sanitary district to the court shows that the estimated cost of the full programme of sewage disposal work is \$179,241,224 of which \$90,316,061 represents expenditure on completed work. The method of treatment is mainly the activated sludge method. The operations are probably on a scale larger than any hitherto known in any country.

Capital expenditure of something like \$70,000,000 appears to have been incurred in the operations prior to 1900—not of course included in the above figures.

In spite of this colossal expenditure it appears from Dr. Steadman's

¹ Exact figures as to population supplied are not available. The water area does not coincide with the Sanitary District.

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book (published in November, 1930) that the problem of sewerage and water supply in the Chicago region is far from being solved, because there are authorities, particularly in the State of Indiana, who, with the full concurrence of that State, still discharge their sewage and trade wastes untreated into the lake. The water supply of authorities who cannot afford the expense of taking water from intakes far out in the lake beyond the zone of pollution is liable to contamination. As long ago as April, 1927, the United States Public Health Service published a pamphlet showing that the sources of water supply of certain areas in the region were contaminated, that even elaborate purification plant would not make the supply satisfactory, and that complete treatment of the sewage and trade wastes discharged to the lake was imperative.

A study of Dr. Steadman's book suggests (1) that a comparison of conditions between large metropolitan centres in different countries is very difficult but very stimulating, and (2) that it would be well if the work of officials in this country as in America were supplemented by research work at the universities devoted to the larger problems of local government.

W. R.

Local Administration: Finance and Accounts. By A. CARSON ROBERTS. (Harrison and Sons, Limited.) 3 guineas. 560 pp.

THERE is no greater authority on local accounting than the writer of this volume, formerly in charge of the audit of accounts of Metropolitan Local Authorities and adviser to the Ministry of Health. The book is directed primarily to the financial officers of local authorities, and they cannot but find in it a wealth of experienced guidance. With the enormous growth of local functions, accounting has become increasingly important. The great range and complication of local accounts is not generally appreciated, though the constant grouses about rates show that the burden of them is sharply felt, too often without recognising adequately the services which are received in return. The difference made by very good accounting and even good accounting amounts to many thousands of pounds a year to any authority of size. There is no branch of local service which shows greater advances in recent years, and there is still room and enough for more. It is not simply that there are so many more accounts, so very much larger sums to be handled. Improved technique, such as adequate costing, indicates how accounting may increasingly be made the handmaiden of efficiency and, not least, of economy. The old days when it was enough to keep accurate accounts are gone, just as the old system has departed when auditing was mainly a test of honesty. This test is as necessary as ever (and one of the points

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emphasised by Mr. Carson Roberts is that honesty is to be secured more by proper accounting arrangements than by policeman checks, needful as these are), but this is but the beginning of the way of efficiency. Incidentally, the author prefers the system of "Government" audit and gives sound grounds for his preference. Very much has been done in recent years, especially by the Institution of Municipal Treasurers and Accountants in raising the standard of the financial officers of local authorities. The closer co-operation between the Ministry of Health and local authorities and their officers has ministered to the same end. The present volume will be an added help. The book is in two parts—"local finance" and "local accounts." The author intends to issue the first part in a separate volume "because it is of at least as much interest to those who serve on Finance Committees as to those who prepare or audit the accounts." But it is very detailed, well so far for the purpose for which it has been written. What would be better for the "directors," for those who serve on Finance Committees, would be a short simple volume setting out the principles of financial control and how it may wisely be exercised by the controlling body. For this also there is room and need.

N.

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Bellerby (J. R.).

A contributive society.

The economic system; the foundations of the system; strength and defects; industrial motive; the education of motive; a contributive society.

London. 7s. 6d. Education Services.

British Science Guild. Committee on the Position of the Technical Expert in the Public Services and Industry.

A report on the scientific and professional staffs in the public services and industry.

London. British Science Guild.

Copland (D. B.).

Credit and currency control, with special reference to Australia. Melbourne. 5s. University Press.

Hallis (Frederick).

Corporate personality; a study in jurisprudence.

London. 17s. 6d. Oxford University Press.

Harris (Percy A.).

London and its government.

London. 7s. 6d. Dent.

Hearnshaw (F. J. C.) ed.

The social and political ideas of some representative thinkers of the revolutionary era (1760-1820).

London. 15s. Harrap.

Marquand (H. A.).

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London. 12s. 6d. Longman's.

¹ NOTE.—Arrangements have been made with the London School of Economics and Political Science for members of the Institute to use the above Library. Those wishing to do so should make application to the Secretary of the Institute, Palace Chambers, Bridge Street, S.W.1.

Recent Books

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Report of the Consultative Committee on the Primary School.
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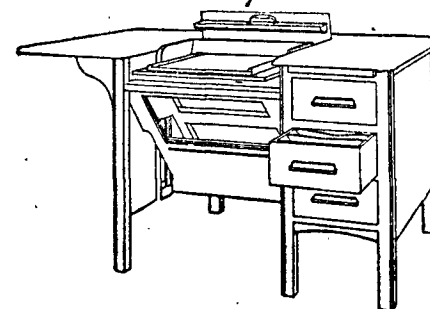
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The Story of London Transport

By Sir ROBERT DONALD, G.B.E., LL.D.

THE story of transport in London is a record of lost opportunities, mischievous delays, and wasteful disorganisation. The problem has always been ahead of the spasmodic and piecemeal attempts to solve it; well-meant efforts of timid reformers have been either side-tracked or blocked. The failure to grapple with this question of locomotion in a growing community, which involved the direct loss of many millions, inflicted untold injury to trade and caused appalling discomfort to inhabitants, can be traced to several main causes: the assertion of private and vested interests over public welfare, the hostility to new developments, the free play of individualism, and the absence of a central controlling authority.

Delay and muddle alternated during the half-century which witnessed the evolution of modern transport. There was continual interference by Parliament, and it was impossible to mobilise public opinion on one side or the other as local government did not advance in the metropolitan area with the growth of the community. There was complete absence of central regulation and authority over the traffic area.

The earliest public vehicle which plied for hire in London was the hackney coach—not named after the parish of Hackney: it is a corruption of the French word *hacquenée*, which was applied to horses let on hire. It was welcomed by the public but provoked precisely the same difficulties which have harassed London for three centuries: vested interests cried out and received sympathetic attention. The watermen had a monopoly of traffic between the City and Westminster: in those days the Thames was London's chief highway. In 1623 the watermen declared war upon the coaches, described as "the caterpillar swarm of hirelings," and referred to as "this infernal swarm of trade spillers which have so overrun the land that we can get no living upon the water." It was suggested that the coaches would shake the life out of passengers who risked themselves in these new-fangled vehicles, besides ruining the rough

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surface of the streets—the charge brought against the motor omnibus in later years. The hackney coaches continued to run with considerable success and had regular ranks along the streets of the City and between it and Westminster. The opposition succeeded in getting Charles I to issue a proclamation in 1635 “to restrain the multitude and promiscuous use of coaches about London and Westminster.” The conditions under which they were permitted to remain made the trade quite impossible. At the same time the King granted one of his court favourites, Sir Francis Duncombe, a monopoly in hiring Sedan chairs, which did not find sufficient favour with the public to become known as “Duncombes.”

It was not until 1654 that there was some kind of regulation of hackney coaches: a tax of £1 a year had to be paid to the Court of Aldermen for every vehicle. Another attempt in 1660 was made to kill the coach business by proclamation, but it survived, and in the following year the tax was increased to £5 a year on the ground that the coaches were “very destructive to the paving stones”; the money was ear-marked for the repair and cleansing of the roads—the original road fund. Later, in 1694, a licence of £50 was imposed on each hackney coach, together with an annual tax of £4. The licence, however, was good for 21 years. Parliament limited the number of hackney coaches to 700, and thereby created a restricted monopoly. The coaches were very comfortable vehicles in which to travel. They were pretentious, and many which had belonged to noble owners bore coats-of-arms.

Incidentally a party of masked women who hired a coach in 1694 were responsible when they went for a drive, owing to their disgraceful behaviour, for the exclusion of public vehicles from Hyde Park.

The Crown and Parliament and the Lords of the Privy Council continued to interfere with and endeavour to regulate the hackney coach business for 100 years. Regulation of fares was introduced in 1711. Fares were fixed at 1s. for a mile and a half—minimum fare and distance. In order to safeguard the passengers it was suggested that each hackney coach should have a pedometer visible to the passengers—a forerunner of the taximeter. The hackney coach, although restricted in numbers, continued to be the chief means of public transport in London to well into the nineteenth century. These picturesque vehicles were the popular means of transport in the days of Dickens, and they put up a stiff fight against the next newcomers, cabs and omnibuses, just as the watermen did against them.

The horse omnibuses and cabs made their appearance in the London streets only six years apart. The cabs began running for hire in 1829, and it was several years before hackney coach drivers

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were permitted to transfer to cabs. They were small one-horse vehicles carrying two passengers, with the driver perched on a seat which jutted out on the offside. Omnibuses appeared six years later. Both these new services declared war on the hackney coach, but it took twenty years to run it off the streets. Both the cab and the omnibus were in name and in fact of French origin. Cab is the first syllable of the French word *Cabriolet de place*, a vehicle which had run in Paris for many years before it was adapted for London. It catered for the luxury traffic. A new cab was invented by Mr. William Boulnois, father of Mr. Edmund Boulnois, who was a member of the L.C.C. and of Parliament—a quaint vehicle constructed to carry two passengers facing each other, with the driver seated on the top. It was never named the “Boul,” although “Duolius” and the “minibus” were applied to it. It had but a short existence. The real original London cab came a few years later in the hansom, named after the inventor, Joseph Aloysius Hansom, who was financed by Boulnois. This development was followed by the four-wheeled cab, the growler, as it was latterly termed. From the four-wheeler Lord Brougham evolved a superior type of private carriage—the brougham.

Another type of cab, known as the tribus—carrying three passengers, with entrance from the rear and the driver on the offside—appeared, but was not a success.

More important from the point of view of public service was the omnibus. Small ‘buses had been tried in Paris two hundred years before they were known in London. The omnibus, with a carrying capacity of 18 passengers inside, was a brilliant conception of a French banker, one Jacques Laffitte. It carried passengers across Paris for a fare of twopence halfpenny, this beginning the system of uniformity of fares within a fixed area, which has continued in Paris ever since and has been adopted in other cities. The new vehicle got its name, by an accident, from a man named Baudry. A grocer in Nantes named Omnes put a sign up over his shop “Omnes Omnibus,” conveying the intimation that he sold all groceries. Baudry applied the name to the new vehicle, and omnibus took the place of the *carrosse a cinq sous*. An Englishman named George Shillibeer, who had a business in Paris as a coach-builder, brought the omnibus to London and tried to change its name to the Shillibeer. The Shillibeer ‘bus appeared in the streets in 1829; it was drawn by three horses and carried 22 passengers inside. There was the usual opposition to the new vehicles, instigated by the owners of hackney coaches and the stage coaches, which were employed for long-distance traffic. The ‘buses, it was said, disturbed quiet neighbourhoods, they wore out the streets, and they were a

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menace to the respectable hackney coach. These early 'buses had clocks inside and were quite comfortable vehicles.

An Act was passed for regulating public vehicles, permitting them to pick up and set down passengers in the streets; they were licensed. Shillibeer, before he got his business going well, was faced with a new competitor, railways. He widened his interest by establishing an undertaker's business on the French system of fixed charges for graded classes of funerals. He made money but lost his chance of immortality as the word Shillibeer could not survive as a conveyance for the living when it was applied to a funereal coach for the dead.

New 'bus lines were started without regard to existing services. They ran where they chose, and concentrated on the business routes, so that the new vehicles did not open up new traffic. There was no regulation. 'Buses were identified by names such as the Caledonian and the Favourite. The people of London at this period were beginning to appreciate the value of time; rapid transit was a new factor in their lives. They welcomed therefore the new means of quicker travel—shortening the time spent between suburban homes and city offices—which was offered by railways.

This new competitor appeared in 1836. The first railway, the London and Greenwich, was opened in that year. The 'buses took up the challenge and the railways had to meet the competition of a regular service of twenty 'buses between the City and Greenwich.

Competition between 'bus and train continued from that time onward—more trains, more 'buses. The rapid expansion of London in the middle of the nineteenth century saved the 'buses from bankruptcy, but they were forced to organise bigger units and enter into combinations to safeguard their commercial position.

The London General Omnibus Company, which was established in 1856, was an amalgamation of a number of small lines. It introduced an improved 'bus with seats on the roof. Originally it was a French company, but was reconstructed as an English company in 1858 with a capital of £700,000. Following French practice, the company introduced "correspondence" tickets. It soon had about 600 buses running, and was the predominant popular transport business in London. Its position was not seriously challenged until 1880, when the London Road Car Company was established.

In the meantime Bills continued to be introduced for the regulation of traffic, but in a haphazard way, without system or plan. In 1899 it was proposed to give the police power to regulate traffic by excluding 'buses from congested streets. Strong public opinion was shown against the Bill and it was withdrawn.

The presence of the 'buses in the streets not constructed for the accommodation of such traffic caused congestion. Within the area

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of the City of London no special provision had been made for through public passenger vehicles. Structurally the City belonged to the Middle Ages, when the concentration of inhabitants within walls was a natural protection. Its streets were equal to the traffic which belonged to the City proper, as its chief outlet for commerce and communication with the outside world was by water. When, however, London expanded beyond the City in all directions a new situation had to be faced. As the Royal Commission report of 1905 said:—

"The great extent to which in early days the river could be, and was, used as a means of communication from east to west prevented attention being given to the lay-out of new streets and roads as London stretched out beyond its original limits."

It is almost incredible to think that Parliament failed to recognize this new problem and denied the inhabitants of Greater London the organs of self-government which would have enabled them to express their opinion. Within the memory of some of our oldest inhabitants London was still in the grips of chaotic mediævalism. Outside the City everything was confusion and disorganization. A multitude of small and corrupt authorities had no unity or cohesion. More than two million people were inarticulate. The construction, paving, and lighting of streets were controlled by small parochial units. In the Strand, for instance, London's main thoroughfare outside the City, there existed between what is now Northumberland Street and Temple Bar, a distance only of 1,336 yards, seven different paving boards. Similar conditions existed all over the growing metropolitan area. Territorial families and speculative builders laid out blocks of new streets regardless of a general plan. Parliament was at last forced to give attention to the relationship of traffic to street improvements, but practically nothing was done to remedy conditions until the Metropolitan Board of Works was established in 1855.

Parliament, however, was not idle in the meantime. Railways had invaded London and something had to be done. Between 1836 and 1855 there was a succession of Select Committees and Royal Commissions, all reporting and recommending. The appointment of one Select Committee invariably led to another to report on its predecessor's recommendations. Each of these committees took evidence and issued voluminous reports. All were differently constituted, all groped in the dark, seeking a solution of the problem and finding no way out, because they had not courage or foresight to grapple with fundamental principles of policy and administration.

To vary the monotony of Select Committees Parliament in 1842 appointed a Royal Commission which issued a number of reports. Before it ceased reporting a Select Committee was appointed in 1846

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to see what could be done to keep railways within limits—to keep them away from Central London. Railway builders thought they could serve the people of London better if they shortened the time which it took them to travel from their homes to central districts near their places of business. Little importance was attached by Parliament and Committees to short-distance traffic; it “would not justify the sacrifice of property or the expenditure that would be involved in the placing of termini in crowded centres.” Railways, be it observed, were treated in 1840 just as the motor coaches are treated in 1931, and kept to what was then almost the outer area of the metropolis. This Committee, however, had a spark of vision and admitted that in future railways might be permitted to penetrate within the forbidden central area, and looked forward to the time when a comprehensive uniform plan of street improvements and railway development would be carried out under the authority of some department working in conjunction with local authorities. The Committee also recognized the advantage of railways being connected with the docks, provided always that in order to reach the docks the route made a wide circuit outside the central limits.

Simultaneously two improvements actually took place. One was the passage of the Metropolis Management Act of 1855, which set up the Metropolitan Board of Works, a body constituted by members nominated from numerous vestries and local boards. Primarily it was set up for the purpose of constructing main sewers and secondly to make street improvements. A Select Committee in 1855 which was appointed to inquire into “the state and condition of the several communications to and in the metropolis, including bridges over the Thames,” reported:—

“Your Committee find that the requirements of the existing traffic of the metropolis far exceed the present facilities provided for it; that the rapid increase of that traffic is constantly adding to the amount of inconvenience and loss thus caused; that, enormous as the increase has been, it is and must continue to be kept seriously in check by the want of means for its natural expansion; and that it has become indispensable to make provision in this respect for the future on a great and comprehensive scale, and with the least possible delay.”

The Committee, while it thought that Parliament could do little, favoured the construction of an inner circle and an outer circle of railways in conjunction with the construction of new streets by the Metropolitan Board of Works. It also considered that some scheme of internal railway communication for the metropolis should be under one management. The Committee recognized that what was required was a central authority with wide powers of jurisdiction, but did not

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indicate how that authority should be constituted. There was another Select Committee appointed in 1863 which objected to the appointment of a Commission “to consider the whole subject of making railways in the metropolis,” because “such a Commission would involve delay.” Every Committee and Commission professed to be in a hurry—but only to pass on the problem unsolved to some other body. This particular Committee recommended the construction of inner and outer circles and that there should be an expert examination of all schemes “which brought forward haphazard fashion should be considered and dealt with independently of each other.” A Joint Committee in 1864 went over some of the same ground covered by the previous Select Committee. It made a definite recommendation for an inner and outer circle—not finally completed until twenty years later, but the Metropolitan and the Metropolitan District Railway was constructed as a result of this recommendation. The District Railway played a great part in building up the western suburbs; for its first eleven years it made no return on its ordinary capital of £2,250,000. The next thirty-seven years was the period of phenomenal growth of the suburbs served by the line, but the company did not participate in the progress as its shareholders obtained no return. Not until the Underground group brought the Metropolitan District into its pooling arrangement did the company pay a dividend, and then it was only possible because a large measure of co-ordination had been effected with tramways and motor ‘buses under the same ownership. No better illustration could be given of the advantages of common ownership, as at no time previously had the public using the line enjoyed cheaper or better transport.

While branches of main line railways—nine of them entered London, all carrying suburban traffic—were operated without any association with each other, ‘buses continued to increase, giving unco-ordinated services. London grew without plan, chiefly alongside the railways, as in the case of the Metropolitan District, so that a map of the suburban area looked like the spokes of a great wheel.

Railways and ‘buses were supplemented in 1870 by another unco-ordinated system of transport—tramways. From a legislative point of view, tramways are simpler. Their construction was regulated by the Tramways Act of 1870, which granted tramways owned by companies a limited life of twenty-one years, after which time the local authority could acquire them without compensation. Tramway companies, each independent of each other, sprang up in the usual haphazard way and ran on routes irrespective of whether these routes had a good service of ‘buses, trains, or not. They were not linked up with each other or with any other service. In fact, the policy was well suited to cause inconvenience, loss of time and

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money to passengers by keeping these new facilities distinct physical entities, a characteristic which was accentuated when horse haulage disappeared, by the use of different systems of traction.

There was a terrific fight between the 'buses and the tramways, both using the streets to serve the same districts. The 'buses had one advantage: they could run their services from north to south over the bridges. Tramways were prohibited from crossing the central bridges, and the London County Council, after it acquired the tramways, was prevented from running 'buses to feed and connect tramway lines as the companies had done—a circumstance which intensified competition between the two methods of transport.

Parliament for many years refused to sanction tramways to cross over Westminster and Blackfriars bridges and to run along the Thames Embankment.

It was notorious at the time that the owners of the horse 'buses and the suppliers of fodder, enlisted the sympathy of the Irish Nationalists in their cause and that these Members, to whom tramways across Westminster Bridge might have been a great personal convenience, voted solidly against them. On more than one occasion they joined hands with the House of Lords in resenting the intrusion of the modern tramway near the sacred precincts of Parliament, although antiquated 'buses were tolerated.

The County Council acquired fifteen tramway undertakings and placed them under one authority, but there was no linking up. Most of them remained disjointed. There were thirteen separate owner-ships in the metropolitan traffic area outside the County of London; not only were different systems of traction maintained and, until recent years, no through services established, but in some cases a few yards separated the rails of two systems, so that passengers had to change cars.

There was, however, no stopping mechanical progress and the imperious demands of traffic, and those two factors had to be united.

Two revolutions in mechanical transport took place about the same time. Horse tramways had been replaced by electric traction by 1900; this meant an improvement, not an addition to facilities. The more revolutionary development was the introduction of the "tube"—the deep underground system which is admirably adapted for London. The first line, the City and South London, was authorised in 1884, but was not opened until 1890. The system even in its early crude form was greatly appreciated by the public. As usual there was no organized plan. Separate companies scrambled for power, thinking they had discovered a new gold mine in boring through the London clay. They pegged out claims in rivalry and

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Parliament sanctioned them. The main railways saw the potentialities of the new system and took a hand. But there was no linking up either between the different lines or with the main railways. There were numerous dead ends. There was no association with surface transport. In fact one more system of disjointed means of transport was added to the disconnected, disorganized tramways, 'buses, and suburban railways. Parliament discouraged the union of the tubes, and the vested interests of property settled where stations were to be constructed. The old short-sighted idea remained that railways were detrimental to property, in spite of the numerous object lessons of how land alongside railways in Outer London had appreciated a hundredfold in value.

The most notorious case was that of the Aldwych tube, which became a sort of switchback, starting at a dead end near Holborn and coming to a standstill in the Strand. It was projected to go from Hornsey to the Strand and under the river to form a useful link with the south side, but it was feared that it would damage the ground landlords' interests and was prohibited.

The London public paid heavily for this short-sighted policy. There were now four heterogeneous disjointed systems of transport in the metropolitan area. The mobility of the population was increasing rapidly, mechanical science was advancing, but progress was not reflected in the London transport system. Parliament, however, was not idle. There was another epidemic of Select Committees and Royal Commissions—mountains of evidence and futile reports. A Joint Committee of both Houses in 1901 concerned itself with the growth of "tubes" and recommended that they should be subject, within certain limits, to the control of a central authority; it thought that the City Corporation and the County Council should be allowed to construct lines to thinly populated neighbourhoods, thereby relieving congestion, and also recommended that the Board of Trade should hold an inquiry into the system of locomotion by means of tubes. As nothing happened next year the London County Council invited the Government to establish a central controlling authority. It kept on worrying the Government with resolutions, petitions, and deputations, and a Royal Commission on London Traffic was appointed. This Commission conducted a most comprehensive and thorough investigation into all aspects of the problem which no one can fully understand without studying its report issued in 1905. Its main specific recommendation was in favour of setting up a London Traffic Board. While the Commission was sitting new railway schemes were authorised without regard to the need of a comprehensive plan for a complete co-ordinated system of transport. The Commission's recommendations lay dormant, and after three

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years the County Council tried to wake up the Government, but as a report of the Council states, "Nothing tangible resulted from these efforts of the Council apart from the appointment of other Select Committees, who were instructed to inquire into the same problem."

Tube railways continued to extend. One would have thought, with the glaring object lessons of mistaken policy in the past, that Parliament would have insisted that the tube railways, which were obviously destined to develop on a big scale, should be planned as a homogeneous system. Nothing of the sort. Each line was treated as a separate unit; there was no co-ordination with other railways or with surface transport. Each company had its own bit of line starting at one dead end and ending at another. When the railways were built originally they provided separate stations at one point so that passengers would be put to as much inconvenience as possible.

Many millions have been spent in making amends for past mistakes; in joining two stations which were only a few yards apart, linking up one line with another, co-ordinating tubes with surface transport, making extensions to open up new areas and carrying out other improvements.

Parliament kept up its succession of Select Committees and Royal Commissions, but recommendations were never translated into action. Public authorities failed to prepare the way towards a solution; baulked by a conflict of interests, their own pusillanimity and failure to appreciate the needs of the public or how to serve them. It was left to private enterprise to lead the way.

Little progress had been made in the comfort and speed of London transport facilities; no advance took place in co-ordination until American experts, with American money, entered the field. Rapid transit had reached its highest state of efficiency in American cities, and it was not surprising that leaders in this business should have been attracted to London. This vast aggregation of human beings—the greatest within a given area in the world—was suffering from the lack of efficient organisation in its transport facilities. Here was a unique opportunity for creating order out of chaos and reaping a reward for enterprise. The invaders discovered that it was a costly, tedious, and slow business. These scientific transport experts brought courage, experience, and vast resources to bear on the problem. They showed Londoners the way to the promised land but they failed to realize their ideals. The pioneer of the transformation was Mr. C. I. Yerkes, who became interested in London traffic at a time—about 1900—when the outlook was obscure. Associated with him was the banking house of Speyer. First came the electrification of the Underground and of tramways, then the purchase of tubes and the construction of new tubes. The Underground Electric Rail-

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ways Company, which became the nucleus of a scheme of unification, was formed in 1902. Later more tube railways were bought, and the London General Omnibus system added to the combine. Unification of ownership was making headway, but not co-ordination. There was not even financial unification. It was not until Lord Ashfield, who joined the Underground as General Manager in 1907, became the head of the undertaking that real effective unification took place. Then began the final stage in the evolution of London transport, which led up logically and irresistibly to the present position.

(To be continued)

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Reference Library in New York City or in the Library at the University of California. Similar collections in more specialized fields, and often more extensive within those limits, are maintained at a score of bureaus of municipal research, municipal reference libraries, legislative drafting bureaus, leagues of municipalities, research departments of professional associations, specialized foundations, certain departments of central and local governments, and in the departments of universities where such subjects as public health administration are taught.

To cover in this way the entire field of national or local administration at all adequately requires a large and diversified staff. But except for the general direction of the work, this staff need not be composed of specially trained or experienced technicians. It is none the less an expensive project because of its extent.

The justification of this type of governmental research, if it needs one, is first, its immense practical value in helping administrators and their advisors to deal promptly with a given situation in the light of mankind's most recent experience; and second, the indispensable place of a broad factual foundation in any constructive thinking.

Second, there is what we term "applied research" the detailed and reasonably comprehensive study of a problem in a given area to serve as the basis for immediate action. This kind of research has come to be known as a "survey" or "administrative audit" and may be quite narrow in its scope, dealing with such a question as the street signs of Cleveland, Ohio, or it may be quite broad, as in the recent survey of the governmental organization and administration of the state and county governments of Virginia.

Work of this character must be done by an experienced staff. If the field covered is at all extensive, or has important ramifications, the staff must be made up of a well-integrated group including specialists who know the techniques, such as engineering, town planning, accounting, public health, education, and welfare work, as well as men whose primary attention centres on organization, finance, personnel, management, and the broader questions of economics and social policy. Nor is it enough that such men be consulted individually; they must participate in the final work and thinking, and themselves fuse their ideas together to form the final program. Applied research requires team work of the highest order, and is immensely facilitated if the nucleus of such a staff is enabled to work together continuously on a series of problems over a period of years, as has been done in a number of bureaus of governmental research.

And finally, there is what is termed "scientific research" in which the effort is made to develop new facts, to discover underlying principles to help in understanding and solving the continually

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[Comments made at the Oxford Conference of the Institute of Public Administration, July, 1931]

By LUTHER GULICK, M.A., Ph.D.

Director, Institute of Public Administration, New York City; Eaton Professor of Municipal Science and Administration, Columbia University

CARLYLE attributes social advance to cataclysm and heroes, to great need and great leaders. In more homely terms, some have said "sweet are the uses of adversity." People of affairs have phrased it, "necessity is the mother of invention."

This is equally true in the field of public administration. It is perhaps for this reason that one finds in the United States the first extensive development of research into the practice and theory of public administration. In the United States we have had, and still have the "great need," the "adversity," and the "cataclysm," in governmental affairs. And since no heroes have come forward to save us, we have turned rather to invention.

We are depending on two new social tools: *factual research* in administration and *public education* in governmental affairs. Of course, no one would claim that either of these are completely novel inventions, but it does seem that the method and the extent of use make something of a contribution to the advancement of the science of government.

As this is not the occasion to enter upon a discussion of public education in government, I turn directly to the question of research into the theory and practice of public administration, the subject of the papers before us.

Classification of "Research."

We have come to distinguish three kinds of governmental research.

First, the collection and classification of great masses of known or easily accessible facts, laws, and practices. The purpose is to have material ready at hand for any interested person, especially for the administrator and the student of administration. An illustration would be the mass of annual and special reports and other printed and manuscript documents brought together in the Municipal

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changing problems of modern government. This type of research ranges all the way from the study of the tools and techniques of government, such as labour-saving devices, efficiency ratings, and unit costs, to the examination of the general framework and operation of services and types of government, and to the exploration of the more fundamental principles of public administration involving such questions as the place of the technician in democratic government and the problems of centralization and decentralization, of integration and devolution, of the evolution of governmental functions and organization, and the relation of public control to social institutions. It reaches from the details of management into the philosophy of society.

I must hasten to add that we do not claim to have made any great contributions to the science of public administration as yet through the so-called "scientific research." I think it is recognized, however, that we are now making and observing important experiments especially in state and local government and that at least contributions are being made to the tools and techniques of administration. Original ideas of this sort and new philosophical syntheses must, of course, depend upon insights and flashes of thought in the minds of creative individuals. They are not induced by organization in public administration any more than in other realms of human experience.

Comments on the Papers

There are a number of matters in the papers of Mr. Howard Roberts¹ and Mr. Arthur Collins¹ which deserve special comment. I would endorse especially Mr. Roberts' statement on page 351: "The closest collaboration between the theorist and the practical administrator is therefore essential," and his suggestion at the top of page 352 that modern business and commercial administration has contributions to offer in our field.

The most significant thing to me in Mr. Collins' paper is the insistence upon the need for developing unit measurements of value derived from the services of government. This is probably the most important objective of governmental research at the present time in the United States. We are endeavouring to develop meaningful units of cost, units of work, and units of accomplishment or result.

Notes on Research

In your discussion of plans for the establishment of more extensive factual research in public administration, it may be useful to note here certain of the attitudes and procedures suggested by our experience. May I summarize them in this way:—

¹ See PUBLIC ADMINISTRATION, July, 1931.

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1. Suspend judgment. Doubt every institution and process, especially if it is sanctified by tradition. Place a monumental question mark after every statement and opinion, particularly if it is accepted universally by the highest authorities. Most traditions and most authorities are eventually wrong in this changing world.

2. Collect all relevant facts, without too great insistence on relevancy—they may fit in at a later stage. In gathering materials, distrust committees, discussion, disputation, and "evidence." Such material is always secondary and usually coloured. Deal directly and personally with the raw facts; live in the material. And in most of the larger or more complicated fields of work where new continents of fact must be brought to light, do not depend upon the single individual, but organize a properly staffed research group to deal with the problem.

3. Be reasonably practical; do not delay too long. No matter how much material you gather, nor how long you wait, you will never complete any piece of research to your own satisfaction. For this very reason, nothing can be considered as final, though the practical implications and the stimulation to others growing from the presentation of a report will justify its publication. This suggestion is contradictory, and is intended to be contradictory, to the two preceding paragraphs.

4. When any change is made in governmental organization, method or policy, especially as the result of research, watch the experiment; test the result with all of the methods and measurements available.

5. Give attention to the training of research workers. Research in administration requires certain traits of curiosity and ingenuity, a definite mental attitude, honesty and keen observation, and operating knowledge of certain techniques for dealing with various kinds of facts, figures and opinions, and some acquaintance with the adjacent professional arts and sciences. Most of these can be acquired or developed by training and experience. The proper place for this training is in connection with the research organizations themselves, but training must be definitely recognized, and not allowed to become purely accidental.

6. Do not monopolize research in public administration. A research organization will tend to be dominated by a single strong personality or a single idea. It is not safe to assume, at this pioneer stage of development, that all the wisdom and all the inventiveness can be corralled in one place, or brought to proper development under one controlling man or idea.

7. And finally may I suggest that we recognize the importance of *time* in the principles of administration; that we have our own doc-

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trine of relativity; that we do not search too hard for universal principles equally applicable for the Romans, for the English national government of to-day, and the rural districts of Australia, and that we see if there are developmental or evolutionary sequences through which different peoples and different governmental units pass, powerfully affecting the application of the various principles of administration.

I cannot close without expressing to you my very genuine appreciation of the opportunity you have extended to me to participate in this conference again after an absence of four years. I can only assure you that in the development of your plans for governmental research here in England, we in the United States will be happy to co-operate to the full extent of our capacity.

The City Manager in the United States

By LOUIS BROWNLOW

Director of the recently organized Public Administration Clearing House, Chicago, and Lecturer in the Faculty of Political Science, University of Chicago

AS I sit down to write this article on the City Manager in the United States I find my first thought to be one of regret that I am not master of some genuinely American language—Choctaw, for instance. For were I able to write this article in Choctaw I have no doubt that the Editor would find some accomplished scholar who would translate it into acceptable English, and that it then would find a prosperity among English readers that nothing written in American-English can hope to enjoy. Unless, indeed, it be found necessary actually to translate this MSS. About two years ago I wrote an article about Radburn, an American variant of Sir Ebenezer Howard's Garden City scheme, and sent it on to be published in the International Town Planning Bulletin. I knew, of course, that it would have to be translated into French and German for that journal's tri-lingual uses, but I confess that I was slightly startled when I discovered that the able editors had found it necessary also to render it into English. It was not that my peculiarly Missourian idea of grammar was so much the obstacle, although it was a factor, but the chief stumbling-block was that words we use here in America have not the same meaning that the same words have in England, and that this divergence of accepted connotations is especially noticeable among the locutions currently employed in the field of local government.

I emphasize this difficulty of terminology because I think it has a great deal to do with the confusion that sometimes arises when we, English and Americans, try to talk together about local government. We frequently are betrayed by our possession of a common tongue into a too-facile acceptance of the notion that we accord to certain words and phrases a common connotation, when, as a matter of fact, as soon as we leave the ordinary fields of general usage and stray into the by-paths of the technological vocabulary our meanings may vary widely.

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Not only is that true as between Englishman and American, but it is true also as among the people of our several forty-eight states. That is the reason that any generalization about any phase of local government in American must be read subject to so many qualifications that, were they all set out, the text would be drowned in the footnotes. For there are the forty-eight separate sovereign states, each of them with a written constitution and a legislature which are the final and supreme arbiters of local government; and there is the federal government—the government of the United States—which has nothing whatsoever to do with local government outside the capital city of Washington. A complex of superimposed governments, indeed, but not an hierarchy.

Already I am using the word “government” in its American sense, as expressing the totality of the public domain, power, purpose, use, interest and concern together with the cardinal factor of continuity. It is in this sense that the American thinks of his “government” at Washington as meaning all the geographical areas under the flag, and yet there never has been but one government at Washington—that one government is there now—and so far as he can think there never can be but one. So, too, the citizen of Nebraska thinks of his state “government” as the continuous and continuing geographical and political entity which cannot change, no matter what changes may be made in its methods and its processes.

So, therefore, to the American mind, the government itself being immutable and indestructible, there is no inherent objection to a change in the form of the machinery of government if that experiment promises any particular good. At any rate that is true of local government considered from the view-point of the municipality, and it is something necessarily to be kept in mind if we are to understand the rise of the city manager. (May I be permitted but one of the thousand qualifications that ought here to be made? There is nothing that would prevent any one of the forty-eight states from adopting a responsible parliamentary government, or changing from a bi-cameral to a uni-cameral legislature, except custom, and yet every suggestion for such a change has been frowned upon as being in some vague manner non-republican.)

Essentially the rise of the city manager is not a political phenomenon in itself. It is merely the manifestation in municipal government of the increasing recognition of the technological revolution. It is only another example of replacement of the amateur by the technician. But it represents such a radical change in American notions of local self-government that it cannot be properly evaluated without consideration of its constitutional, historical and traditional backgrounds.

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All of the forty-eight states cling to the pattern of the federal government, and are fixed in their devotion to Montesquieu's notion of the eternal separation of the three co-ordinate branches of the executive, the legislative and the judicial; and yet in each of the forty-eight states there is a different notion of the place and power of the local governmental unit within the framework of the state. Despite these forty-eight different schemes, there is a prevailing feeling throughout the United States, expressed in varying degrees in the several states, that local governmental units are entitled to exercise autonomous power to an extent unknown in any other civilized nation.

This introduces in addition to the constitutional complexity the further confusion of the play of tradition, and in particular the tradition of the frontier. This tradition, in its turn, is subject to regional variations innumerable in fact but of three principal types; the Northern deriving from Massachusetts, the Southern deriving from Virginia, and the Latin deriving from Louisiana and Texas. These three types have been intermingled in the melting-pot of Westward Ho! but still they are discernible, and without some consideration of them we cannot hope to understand local government in America.

Leaving out of the picture the Latin strain (which has little effect on purely municipal institutions), let us consider the Northern and Southern types of frontier tradition. In New England the people settled in villages, were forced by their isolation to contrive their own local order, and as they lived and worked close together they chose, quite naturally, the extreme democratic method. They assembled in town-meeting, chose their officials from amongst themselves, made their own local laws, and the like. That was the pure democracy of the New England town—if we be not too meticulous and impute to impurity the exclusion from that democratic haven of the propertyless, women, Quakers, Church of England men, and such inconsiderables. In Virginia and the South the settlements were in plantations. Again forced by isolation to order their own affairs, what more natural than that a group of planters select from their number representatives to take the long ride to the meeting-place of the county gentry? So here arose the republican scheme of representative government. Even it was thought of as being democratic however, for could not every gentleman of property freely vote—provided, of course, he was Church of England?

In the North this led to the adoption of the town as the unit of local government; in the South to the county. In the North waves of reform obtained the franchise for the non-propertied, for the Quakers and the Episcopalians, and as population increased divided and sub-divided the towns again and again to make the town-meeting

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more workable, only to abandon this process for the delegation of the powers of the democratic town-meeting to certain representative and popularly chosen selectmen.

In the South the same essential processes resulted in the enfranchisement of people not gentlemen, Presbyterians and other Dissenters, and the admission of mechanics (non-slave) to the polls. As the population increased the county became too large to concern itself with all local affairs. New counties were spawned, but there had to be an end to that, and, in time, a village, town and city autonomy was granted.

These tendencies toward a mixing of the democratic and republican schemes were hastened during the third quarter of the eighteenth century by the increasing local hostility toward the central governments of the thirteen colonies and by the increasing inter-colonial communication and correspondence that were leading to the revolution and independence, accomplished in the last quarter of that century.

But whatever centralized control of local governmental units might naturally have come about by rational processes at the time of the Independence of the Thirteen States was defeated by the intensity of the democratic jealousies then stirring all the world, while the formation of the Union under the Constitution involved such a sacrifice of state autonomy as to induce the states themselves, under pressure of popular opinion, to leave the local governmental areas almost quite free of central guidance.

This practically absolute independence of the municipality is something that sometimes proves difficult for the European student of local government to realize. In constitutional law, the municipal corporation has only such powers as are delegated to it by charter granted by the state legislature; but only in rare instances and only to a very limited extent has this superior power elected to retain even supervisory administrative control over local governments. It is almost literally true that a city or town in the United States is an utterly independent governmental unit, having no administrative connection with any superior governmental authority, and having no relations of official character with any other local government. This independence is grounded much more solidly in the democratic tradition than in constitutional law, as is proved by the fact that during the last decade, as a new movement for state control of municipal finances has manifested itself in several states, the cities, towns and villages are found in embattled league against the encroachment on their "fundamental rights."

Despite this extreme democratic tendency, observable at the beginning and not now less formidable, during the first half-century

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of the Republic, both North and South, but more markedly in the South, under the influence of the political lag and of habit, local government actually was left to the care and concern of the gentry, the clergy, the men of property, and the merchants. In New England the town-meeting chose their leaders from the local aristocracy, and in Virginia, when cities arose, the gentlemen chose the council, the council chose the aldermen, and the aldermen chose the mayor.

The Revolution and the ensuing Independence set up a brand-new juristic conception of the state. The very name of "subject" disappeared and the "citizen" took his place. Government was to have no authority over the individual. Indeed, if it had not been for what now seem to have been fortunate epidemics of cholera and smallpox in Philadelphia, the judges of the Revolutionary period would perhaps have left no constitutional support for any regulatory function of local government. As it is now, when a city would make a regulatory ordinance it must solemnly relate it to the public health and safety in order to make sure to find that tiny loophole in the freedom of the citizen which a Philadelphia jurist inadvertently made in his fright of the smallpox.

But the frontier of the Colonial Days was done. The English gentlemen who fought a civil war with the King's ministers while avowing their devotion as loyal subjects of His Majesty, had launched, perhaps with some lingering regrets, a new nation. The frontier swept over the Appalachians. Its job was the winning of the West.

The first quarter of the nineteenth century went by. Old wine was being drunk from new bottles, and the new forms were being worked by the old gentlemen of the governing class. The bitter feuds of Jefferson and Hamilton were, so far as the captains went, the internecine strife of the equestrian patricians. Government was of the people (the Constitution said that), and for the people (every statesman said that), but not yet by the people (they were notoriously unfit).

The frontier rolled over the mountains, its lines straight westward for the setting sun. Gentlemen, for the most part, stayed at home. The propertied class stayed, too. Land-hungry home-seekers, jail-dodging debtors, adventurers of every sort, all seekers for wealth and for freedom, poured through the mountain passes and along the lake shore levels to dispossess the aborigines and carve new empires.

One thing never survived that mountain crossing. It was the word "gentleman" in its political connotation. Another thing died in the first skirmish with the Indians. It was the notion that any one person in the community is more competent than any other person to discharge the duties of a local government official. When the first stockade was built, democracy found that it could choose for itself

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the leader who could best fend against the foes of savage and of beast. And, fatally, it was found that this leader sometimes couldn't read or write, so that literacy and leadership were divorced in the democratic mind.

In the South, from Virginia, there went the county. In the North, from New England, went the township, grouped into counties for the administration of the judicial arm, perhaps, but still in essence the New England town. In the South there was soon the collision with the Spanish alcalde; in the North, but on less friendly terms, with the French prefect, and some adaptation of ideas, together with much mixing of the southern and northern strains, giving Ohio, for instance, a full complement of both traditions.

It must be remembered that these were no colonials setting forth to add new territory to that of the new nation. They were seeking new territory for themselves. They flirted with Spain and with France. They had ideas of new kingdoms and empires, as well as of new republics, of their own. Even before the dawn of the nineteenth century Kentucky and Tennessee had been admitted to the Union as full partners of the original Thirteen States, partly because that was the only way to keep them in the United States at all. One of the first United States senators from Tennessee was expelled from that sometime-to-be-august body for treasonable conversations with the Spanish looking to the attachment of Tennessee, even then a state, to the realm of His Most Catholic Majesty.

Another of the first United States senators from Tennessee resigned in disgust of the too-English, too-Bourbon, too-centralizing Federal Government, and went back west to Tennessee to do two things. The first was to keep the west American. The second was to make America western. He did both. His name was Andrew Jackson.

Without Andrew Jackson there might have been another leader who would have impressed the frontier mould upon the American democracy. Doubtless the event was determined by all those things that do determine history and but use human beings as puppets. But was he leader of men or was he merely marionette dancing as economic forces pulled the strings, it was Andrew Jackson who gave to America Jacksonian democracy with all its good and all its evil. And when, at the beginning of the second quarter of the nineteenth century, Jackson came back from the West and assumed the leadership of the nation, the colonial English gentlemen who had captained the American ship of state retired into history.

In the period, roughly, 1824-1830, property qualifications for voting were abolished in nearly all the states, voting for presidential electors by the people instead of by the legislators was established in all of the states but one, and the doctrine was proclaimed that officials

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should be chosen by the direct vote of the people, and that any voter was competent to fulfil the duties of any office to which he might be elected. Jackson became President, and Senator Marcy uttered that famous phrasing of another of the cardinal tenets of the new democracy: "To the victors belong the spoils."

(Perhaps just here it ought to be remembered that at about the same time in the Mother Country there were stirrings of democratic discontent. I have heard that even there patronage and perquisites and sinecures in odd places survived even the Reform Bill that so ruthlessly deprived certain dukes of their rotten boroughs.)

Certainly here began the radical divergence of the institutions of local government that make it so difficult for British and Americans to understand each other's problems. The difficulty is increased by the fact that for the most part in both countries the old names were kept in use. You were to use the nominal forms for building an entirely new structure of local government on the foundation of the Poor Law to meet the technological demands of the intensive industrial revolution at work in a country of small and limited area definitely oriented toward a central government which itself was destined to enjoy a long period of relatively stable power, peace, and prosperity—from Lord John Russell (or, at any rate, from Sir Robert Peel) to Mr. Asquith. We were to use these same nominal forms for building an entirely new structure of local government on the foundation of public health and safety to meet the same technological demands of the same industrial revolution, but here at work in a country of huge and expanding area, requiring these demands to be interpreted at one and the same time in the light of the local needs of places in every stage of civilization, and this in a country where there was no orientation toward one central government but toward an increasing number of state governments which themselves threw aside all responsibility for local administration, and in a nation where there was long to be no peace, no recognized power, and for the most part poverty rather than prosperity; the period of the clashes between the industrial north and the agrarian south, between free labour and slave, between rich east and poor west, between the United States on the one hand and France, Spain, Great Britain, and Mexico on the other, for the possession of large parts of the West and the Pacific littoral. More than one of these clashes produced war—one of them the greatest war but one, perhaps, the world has even seen.

Through all this, north, south and west, marched triumphantly on the spirit of Andrew Jackson. For every public ill the Jacksonian democracy had a ready remedy. If a local government officer were recreant to his trust, the sole and only thing to do was to select his successor at the polls. It did not seem irrelevant that the qualifica-

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tions for candidature had nothing to do with the duties of the position to be filled; it seemed enough to inquire what is his politics; is he Republican or Democrat; will he, if elected, choose as his subordinates none but good party men; will he be faithful and true to do these things in their diminishing order of importance: (1) Obey the order of the party bosses and prefer the bosses of the opposition party to the mugwump; (2) be true to his friends by helping them in business and keeping them out of trouble; (3) be generous in charitable deeds; (4) make no parade of educational qualifications, if any; (5) devote a reasonable modicum of time to the duties of the office, but not let it interfere with his political and social activities; (6) be honest; (7) be competent?

So we went to the polls and elected our local governmental officials. We elected not only members of town and city councils and county governing boards that way. In the same manner did we choose the mayor in the city and the sheriff and the clerk of the courts and the registrar of deeds and all the country officers. In like manner did we select the judges to sit upon our benches and the prosecuting attorneys to represent the state in criminal proceedings before them. In the states, too, not only did we elect the governor and the members of the legislature and the judges, but we elected as well the secretary of state and the state treasurer and the state auditor and the state superintendent of schools and the members of the state railroad and warehouse commissions—a catalogue of thousands if anyone were to name them all. Only in the federal government was the principle of popular election of the executive and administrative officers confined to one person—the President—and that had been extended to include him, despite the plain intent of the Constitution.

Again regretting that I cannot here set down the thousand-and-one qualifications that accuracy would require to amend these sweeping generalities, the third quarter of the nineteenth century witnessed the corroding effect of the Civil War on local government and the intensification of the partisan spirit, with patriotism (in Dr. Samuel Johnson's definition) becoming identified with party. In this state of affairs, with the tremendous growth of cities, with the high tides of immigration, with the building of railroads, with the rapid extension of the industrial system and its accompanying economic and social phenomena, with the development of public utilities, such as gas, electricity, tramways, and telephones, there ensued an era of corruption in municipal government that was equalled only by incompetence of management in the same field.

The fourth quarter of the nineteenth century was characterized by self-examination and a revival of public spirit. It was the muck-raking era. The most significant rake that was applied to that huge

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and fetid mass was that of James Bryce. Few of his fellow-countrymen seem to realize the influence of Bryce's work on local government in the United States. His bald and bold characterization of municipal government as America's most conspicuous failure was an indictment, a conviction and a challenge all in one. In Lord Bryce's train there were scores of lesser writers, and in the train of the writers hundreds of crusading reformers who, each in his separate city, sought to clean house.

But for the most part these reformers placed their faith in the ballot box; usually they thought that all that was necessary was to oust one set of officials and elect another set, and they were frequently as loath as the bosses themselves to forsake party standards or seek a change in the structure of the local governmental machine.

Despite the dragging influence of this political lag, toward the end of the century there began to arise advocates of non-partisan elections for local governmental officers, and, even more important, perhaps, the so-called Short Ballot movement, which, in the field of local government, meant the reduction of the number of administrative officers elected by the people, the concentration of greater power and more responsibility in the elected mayor, and the appointment by the mayor of his principal subordinates. Accompanying this movement was the development of the Civil Service Reform, which sought to establish the merit system and assure tenure during good behaviour for the subordinate employees of the cities.

During these same years in another field of local government, which in the American mind is as separate from ordinary municipal concerns as if it were on another planet, great progress was being made in the effort to oust the evil influence of partisan politics. This other field was the public school system. For the most part organized on a school district basis and taking form from the democratic New England town-meeting, the schools were too close and too dear to the people to permit them long to be grossly mismanaged. Gradually educational requirements for employment as teachers were introduced, strengthened, generalized. State grants-in-aid in many of the states provided a means not only for more centralized control, but for standards of performance. Definite training in state institutions was required as a pre-qualification for employment in the schools. As the schools improved under this regimen, the people at the polls willingly granted more and more money for their development and expansion.

It was also in the public school systems (public school in America means the free school) that the technological iconoclasts demolished another idol of American democracy. Even before the days of Jack-

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son, and certainly ever after, it was held in America to be a prime article of democratic faith that no person other than a *bonâ fide* resident citizen should be permitted to serve the community in any public place. A member of Congress must not only be a citizen of the state, as the Constitution requires, but he also must be a resident of the district which he represents. So on down through all the line of local officers. A public office was regarded as a perquisite of the local electors. But in the school systems, teachers first, then principals, then superintendents, were employed solely because of their special qualifications for the work they were to do. An odd thing happened: people began to distrust the locally resident superintendent of schools, and actually to prefer the imported article! Then, too, in the school systems the party scheme of elections was gradually abandoned. Persons were selected to serve as members of school boards because of their demonstrated public spirit and devotion. The result was that in the school systems, with a few notable exceptions, of course, "politics" was barred.

So far from having a direct effect upon other local governmental systems, however, the reforms in the school system were rarely referred to in the discussion of general municipal affairs. The tendency to regard partisan and factional politics as a necessary concomitant of city and town government was so strong that the prevailing notion was that the schools were not a part of government at all—a notion still pervading popular American thought in the field of local government, despite the fact that more than one-third of all the local government revenues of the entire country goes for the support of the schools.

With the coming of the twentieth century there emerged side by side two apparently contradictory movements for municipal reform. One had for its motto the dictum that the cure for the evils of democracy is more democracy. It sponsored direct legislation through the initiative and referendum, and more, rather than less, popular control of administrative, as well as legislative, officers by means of the recall. It also sponsored the Home Rule movement, by which the state legislatures in many states surrendered to the local municipalities the principal part of state control by permitting the electors of each city to frame their own municipal charters. The other movement was the Short Ballot reform, which sought to strike from the ballot the subordinate officers and place them under the appointing power of an elected executive, who was to be held to greater responsibility by reason of the greater concentration of power in his hands.

Literally scores of experiments in different types of city governmental structures were attempted under the influence of these trends.

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One of the most general was the substitution of the single chamber city council for the bi-cameral system, modelled on the lines of the Federal Congress—a sign of wavering faith in the check and balance system of control. Another was the substitution of appointive boards for the single head of a department.

Most significant, however, was the commission form of government. Born of the disaster of the Galveston Flood, when circumstances required swift action, the commission form of city government forsook the classic American idea of the separation of the executive and legislative powers and concentrated them both in a small commission, usually of five or three men, elected directly by the people. Acting together these commissioners were the legislative authority; acting severally and individually each was the administrative head of a department.

So immediate were the good results obtained, good men consenting to run for the positions in non-partisan elections; so refreshing was the increased efficiency, occasioned in part by the shortening of the legislative processes, that the commission form of government was adopted in city after city. It was actively encouraged by the National Municipal League and other bodies of reformers, and seemed for a time to be the way out of the American municipal muddle.

It had, however, an inherent defect. The people almost always selected the commissioners because of their announced position with respect to matters of policy. In other words, the electors chose legislative representatives. In practice it was soon apparent that a commissioner faithful to his mandate as a legislator might not necessarily be qualified to manage a technical department. There was the instance of the city that chose accurately the commissioners best representative of the prevailing opinion with respect to a gas company franchise, but at the same time put a banker in charge of the health department and a physician at the head of the finance department! There was no one to co-ordinate the several administrative departments. Yet the commission plan was popular and continued to be adopted in more and more cities until the emergency of the Council-Manager plan.

In 1908 the members of the huge, unwieldy bi-cameral council of the little city of Staunton, Virginia, by common consent decided that they were wasting too much time in the processes of their work, and were not making a very good job of it at that. A committee of aldermen and councillors was chosen to suggest a way out. The commission form of government was then at the high-tide of its popularity, but the Virginia legislature had not yet authorized its adoption by Virginia cities. Blocked at this exit, the committee decided to

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suggest an extra-legal remedy. It was that the council should employ a trained engineer-administrator, make him general manager of the city, and devolve upon him by consent all the executive and administrative functions exercised by the committees of council, retaining for the council only the legislative functions.

The suggestion was adopted. Staunton employed a railroad civil engineer as its general manager, and thus the city manager movement was born. The first city manager was Charles E. Ashburner, an Anglo-Indian, Calcutta-born, educated in England and trained in administration in American railroad work.

At about the same time Richard S. Childs, now President of the National Municipal League and then the youthful chief supporter of the Short Ballot movement, noting the defects of the commission form of government, wrote a charter for the City of Lockport, New York, which set up the council-manager form of government substantially in its classic mould. The Lockport charter never became effective, but it was very shortly adapted for the use of Hickory, North Carolina. From these beginnings a few small towns picked up the experiment.

It was, however, another disaster, a flood in the Miami river that swept away large parts of the thriving city of Dayton, Ohio, that brought the new scheme into general notice. Dayton was required to be rehabilitated, and measures to prevent a recurrence of the catastrophe were urgently necessary. The inefficient, party-controlled city government was not to be trusted with such really important work. So Dayton adopted the new council-manager scheme of government, and called as its first city manager Mr. (now Colonel) Henry M. Waite, who had rendered distinguished service as city engineer of Cincinnati under a short-lived reform administration of that metropolis. Mr. Waite's work in Dayton was the beginning of the general movement for the employment of trained and professional administrators as city managers, supplementing as it did the precedent in the case of Mr. Ashburner. Despite the example of the non-resident superintendents of schools, this new scheme seemed to many people to be subversive of the democratic constitution of the nation. It was monstrous that a foreigner should be imported to rule over us! Are there not men of ability and integrity here at home? Do they not deserve the office? Ought not local tax money be spent with home people?

In some states the legislatures have not yet permitted cities and towns to adopt the city manager scheme. In other states only the smaller villages and towns are permitted to embrace it. In still others adverse decisions by conservative courts have negated the permission granted by the legislatures.

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Despite these handicaps and despite the fact that in no state is the manager plan positively encouraged by the state—it is at most only permitted to the electors of a particular municipality at their own motion—the growth of the manager movement is impressive. It has been accompanied by a sharp recession in the rates of growth of the strong-mayor plan and the commission plan—its two immediate predecessors in the field of municipal reform—and as yet shows no indication of weakness. Its present status (as of 1st July, 1931) is shown in the following table:—

NUMBER OF COUNCIL-MANAGER CITIES BY POPULATION GROUPS.
(From final figures, U.S. 1930 Census.)

Population Group	Number of Cities in Group	Cities with Council-Manager Plan	
		Number	Per cent.
2,500 to 10,000	2,183	174	8
10,000 to 25,000	606	107	16
25,000 to 50,000	185	34	18
50,000 to 100,000	98	23	23
Over 100,000	93	19	20
	3,165	357	

This table ignores the two-score or more towns with less than 2,500 people that have the manager plan. It should also be remembered that all these cities are in thirty-six of the states; twelve of the forty-eight still refusing to permit the adoption of the new plan. Even within the thirty-six states there is great concentration in the states that have had the scheme the longest period of time, Michigan with 44 city manager cities, Florida with 36, Texas with 35, California with 34, Oklahoma with 30, and Virginia with 28, leading the list.

During the twenty-two years of the growth of the movement only twelve cities that have adopted the council-manager scheme by a vote of the people have abandoned it by the same method. This does not include a number of cities where the manager plan was instituted merely by ordinance (*anglice* "bye-law") adopted by the council, and was therefore subject to abolition by mere repeal of the ordinance.

There are in all the forty-eight states and the federal territories 376 cities of more than 25,000 population, and although in twelve of the states and the federal districts the council-manager scheme is not permitted, it is significant that one in every five cities of this total has adopted this new form of city government. This 20 per cent. of American cities in taking up this new thing has abandoned some of

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the most dearly held traditions of the frontier. They have violated political and constitutional dogmas to which they still cling in state and national affairs, and they have introduced an entirely new era in local government in America.

This new thing, briefly stated, is this: That the people shall choose their legislative representatives at the polls, that these councillors in turn shall choose one of their number as mayor to serve as the political leader and the ceremonial head of the city; that the mayor and council shall choose solely on the basis of his qualifications for the position, and without respect to political creed or place or residence, a manager who, within the general lines of the policies determined by the council, is the sole responsible executive and administrative officer of the city. Responsible to the council himself, he in turn appoints the heads of departments and through these chiefs it is his business to manage the affairs of the municipality. Considering the historical background, the inveterate habit of each American city to pursue its own particular trial-and-error method without regard to what other cities have experienced, and the violence done by the very scheme itself to the American political tradition, it is not to be expected that the course of events in every city has been or will be smooth.

Mortality has been high among city managers. New councils coming in frequently have felt themselves under the compulsion of the old Jacksonian new-broom theory to remove the old manager and select a new one. Sometimes the political bosses have captured the machine and have named complacent managers from among the ranks of local politicians. But these are the exceptions rather than the rule, and the average term of service of managers is gradually lengthening, as is shown in the following table:—

AVERAGE LENGTH OF SERVICE AS MANAGER AT DATES INDICATED.

Beginning of Year	Average for all Managers in Profession
1916.....	1 year, 7 months.
1921.....	2 years, 15 days.
1926.....	3 years, 4 months.
1931.....	4 years, 11 months.

Of the 405 city managers in service 99, or 24.4 per cent., have served less than two years; 250, or 61.7 per cent., three years or more; 172, or 42.5 per cent., five years or more; and 48, or 11.6 per cent., have served as city managers for more than ten years. The increasing stability of the profession is further indicated by comparison with previous years. The percentage of city managers with a total service of three years or more increased from 20.3 per cent.

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in January, 1921, to 48.2 per cent. in 1926, and to 61.7 per cent. in 1931.

These figures should be interpreted not in comparison with English standards, but with the records of the American partisan-selected, popularly elected administrative officer, whose tenure was from election to election, and no more. It must also be remembered that in part the short length of service is accounted for by the resignation of managers who accept appointment in larger cities at higher salaries. From the beginning up to 1919 there were a total of 18 promotions from city to city, whereas in the next ten years, up to 1929, there were 151 such promotions.

It may be interesting to consider the cases of two managers. Mr. Ashburner, the first manager, was paid \$3,500 a year by Staunton. He went from there to Springfield, Ohio, at \$5,000, and was advanced to \$6,000. He came back to Virginia as city manager of Norfolk at a salary of \$10,000, which was increased by increments to \$15,000. He then went to Stockton, California, at a salary of \$20,000, serving there until compelled by ill-health to retire. O. E. Carr served first as city manager of Cadillac, Michigan, 1914-1916, at a salary of \$3,600. He went from there to Niagara Falls, New York, 1916-1918, at \$5,000; Springfield, Ohio, 1918-1920, at a salary of \$6,000; Dubuque, Iowa, 1920-1925, at a salary of \$8,500, which was advanced to \$10,000; Fort Worth, Texas, 1925-1931, at \$13,500, which was increased to \$15,000 and then to \$16,500; Oakland, California, 1931, at a salary of \$20,000.

As yet none of the very largest cities have chosen their managers from the ranks of the managers serving the smaller cities, but the general tendency is to advance men from city to city in the ascending scale. This is having a marked effect in obtaining general recognition of the professionalization of the city managers. They look upon themselves as members of a profession, they support a professional organization and publication, and, in turn, are being granted an increasing degree of recognition by the public generally as well as by other professional administrators, as, for example, the school superintendents and the health officers.

(Throughout this article in referring to city managers as constituting a profession I have used the word in its rather broad American meaning of an occupation requiring special qualifications and imposing certain ethical standards, and not in the sense that men are admitted to it by any diploma, certificate, or by means of examination.)

Now comes the question: What does a city manager do? It is a difficult question to answer, even for me, who has been a city manager of two cities. The difficulty lies partly in the fact that no

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two cities in the United States have the same functional activities, and partly in the fact that no city in the United States has with respect to itself on any level—that of elector, taxpayer, employee, official, councillor, or whatnot—the same attitudes that are to be found in the next city. Each has developed its own administrative pattern and its own traditions, influenced, of course, by state law and by regional habit, but none the less individual and unique. So a manager in one city does things that he would not do in another. He must adapt his theories of administration to local conditions. This is known in America as “management.”

There is one thing that seems to be shared in common by both the American and the English inquirer about the city manager. The American who lives in a city where the manager is not yet known in the flesh, or in one where he is but a recent importation, and more especially the old-school American politician, is sure to ask just the same question that was asked of me by many English administrators at the meeting of the Institute of Public Administration at Oxford in the summer of 1930. Allowing for differences of vocabulary, pronunciation, and accent, that question is: “Why should people submit to a municipal czar?” The answer is, of course, that they don’t. They have turned to the city manager in order to escape the czar. In some places that czar was the political boss. In others he was the departmental bureaucrat.

The city manager isn’t a czar, nor any other sort of monarch. He is more nearly a prime minister without portfolio. The manager himself, except of necessity in the smaller villages and towns, doesn’t personally direct the affairs of the several departments of the municipality. He doesn’t give orders directly to the staff. He doesn’t interfere directly in the ordinary operations of the municipal machinery. He manages all the departments, but he directs none of them.

Put in another way, his chief function is to serve as the responsible co-ordinator with power; to see to it that all of the departments of the municipality work together to carry out the policies that have been determined by the council so far as that is possible within the limits of the funds which council has appropriated for the several services. As such co-ordinator it is his business, of course, to keep council always advised of the course of events and to make recommendations even in the field of finance and of policy that seem to him to be necessary for the better administration of the entire government.

In American cities under other forms of government it has been found that a strong council committee or a strong group of commissioners sometimes would deprive weaker committees and groups

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of their fair share of available funds, so as to expand certain municipal activities in which they had a particular interest at the expense of others which really were of co-ordinate importance to the people as the whole. It is the city manager’s business to see the municipal structure as a whole and to prevent such unbalanced programmes, although I must confess that I have known a few managers, too, thus to pay undue attention to their own pet enthusiasms.

It is a particular part of the manager’s business to subdue the dragging effect of inter-departmental jealousies, and to this end he has been given the power to appoint on his own terms the heads of departments. To the American politician, and to some English administrators as well, this has seemed to be an unwarranted extension of personal power. The American politician—thinking in his terms—has said that it would permit the manager to build up a strong political machine by which he could influence the selection of friendly councilmen who in turn would perpetuate the manager in office. So it might if the manager made his appointments as the politician would make them—with the political motive first. That has been the prevailing rule in American cities, and still is so in three-fourths of them. But the manager doesn’t build up a political machine by his appointments in actual practice, because he selects men who are technically qualified for the work they are to do, and they in turn do not think in political terms nor act in political ways. The English local government administrator—at any rate the few I have talked with, thinking in his terms—has said that it would permit the city manager to dismiss men of long service and high degree of professional training. So it might if the manager were that kind of a man, but in actual practice the manager has kept in the service the qualified men found in the old governments—for even under the political schemes some of the technical positions had to be filled by trained men—and in nearly all manager cities the heads of departments and the rank and file of the employees have been given an added sense of security of tenure and an entirely new assurance of promotion by merit.

The reason for this practice of the city manager in action is not related to a standardized training for a recognized profession, of course, since there is no such thing. It arises from a complex of powerful motives. The first is that the city manager has been chosen precisely because the people of the city have willed that political and partisan motives shall be subordinated in their local government, and if the city manager is to succeed he must convince the public that he is in fact as well as in name a “manager” and not a “politician.” The second is that he is influenced by the ethical code of his fellow city managers, and thus is held back from yielding to political

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temptation. The third is that he knows as a result of administrative experience that he can succeed only as he gains, holds, and increases the hearty support of his subordinates, and that to do this he must assure them fair treatment, safe tenure, satisfactory pay, and agreeable working conditions.

The very title of "manager" means all of these things to the American mind. One will hear it said concerning an industrial or other business establishment: "There is too much politics in that concern—the management is weak"; or, conversely, "A man gets a square deal in that office—no politics, the management won't permit it."

And the city manager knows very well that if he were to yield to a temptation to play politics to save his skin in a particular situation it would be held against him later on in that particular city and quite conclusively bar him from any other city.

Another thing about which the American politician of the old type and the British local government administrator seem to agree is that the city manager is paid too much salary. Again there is the matter of scale. In the United States the politician has never objected, indeed he has encouraged, the payment of relatively large salaries, say \$5,000 to \$7,500 a year, to members of boards and heads of departments who were not expected to give their whole time to the service of the city. They carried on their usual business or professional careers and devoted spare time, if any, to the city. The manager gives his whole time and requires whole-time service of his heads of departments as well as of his employees. A city manager must be prepared to resign instantaneously if the council asks him to do something which the ethics of his profession forbids, and he knows that there is, as yet, no retirement pay for such as he. As a matter of fact, the salary matter is largely affected by local standards, and the relatively large salaries paid to city managers in almost every instance—and here the qualification is perhaps unnecessary—have been saved over and over again every year by improved methods of management.

The question naturally arises: From whence come these city managers? In the beginning most of them came from the profession of civil engineering; and, indeed, more of them now in service are engineers than may be credited to any one other group. Accountancy has contributed its share, as have business administration, journalism, medicine, pedagogy, and the law. But from whatever professional or occupational source, most of the managers have had actual experience in municipal administration in subordinate positions. They have served as city engineers, or city auditors, or superintendents of schools, or have held some other municipal

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administrative post under a different form of government. Some of them have come up from such positions as secretary of chamber of commerce, or other semi-public secretarial positions involving a managerial and co-ordinating experience.

At the very beginning of the movement more than one of the universities offered courses in city managership, not fully reckoning with the difficulties of finding places for young graduates, and not fully appreciating the fact that experience in subordinate places is a *sine qua non* for him who would manage a group of subordinates.

Notwithstanding the disappointing experience in respect of these earlier attempts, the need for special training for men intending to become city managers is being more widely recognized than ever. A few of the early graduates from the courses given at the University of Michigan and elsewhere actually are city managers. More of them are serving in subordinate capacities in city governments, while still more are serving as executive secretaries of civic organizations of one kind and another directly concerned with the local government field.

The training courses given at the National Institute of Public Administration and at Syracuse University, combined with brief apprenticeships served after graduation under the direction of city managers, has produced, all things considered, a remarkable group of city managers, directors of bureaux of municipal research, department chiefs serving under city managers, and so on.

The city managers themselves, however, are giving serious consideration to the problem of more adequate training, and have reached the conclusion that valuable as may be the introductory courses in public administration given in the universities, some standardized system of training on the job must be added which will be open to all city managers, no matter what their primary training. Tentative plans for short-course institutes for city managers in service are now being worked out and it is hoped that the first of such institutes may be held in 1932.

Next comes the question: How are the city managers chosen.

There is no easy general reply to that inquiry. It depends upon the local council and, it must be admitted, something upon chance. There is, however, a noticeable tendency to require actual municipal experience and, more and more, actual experience as a city manager. Some of the newly adopted charters require the council to select a man who actually has been a city manager, others require previous service as city manager or assistant manager, and one, at least, even goes so far as to require membership in the International City Managers' Association.

An observable tendency is for the city council in employing the

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first city manager to select an out-of-town man (so the phrase goes for the non-resident) but in selecting his successor to appoint a local resident. This is especially true in the smaller cities and towns. The result is that at the present time approximately one-half of the managers in the service were non-resident and the other half were resident at the time of appointment.

In making their choice councils naturally are influenced and partly controlled by the universal American idea of the utter independence of each municipality from all other governmental agencies. They do not ask any central authority for advice, and, indeed, there is no such authority to consult. Very frequently they are influenced by the particular local problem that is most urgently demanding solution—engineering, financial, or whatnot—to choose a man whose record indicates that he might be able to tackle that particular job. Not infrequently they are influenced by the salesmanship of the applicant, which sometimes is to the good and sometimes quite the contrary. A manual suggesting methods for choosing city managers has been published by a national committee and is sent to members of newly-chosen councils, but the extent to which it has been regarded is something that no one knows.

Unsatisfactory as are these haphazard methods of choosing city managers, it should be remembered that the choice is made by a small group of responsible elected legislators, and not, as in practically all other instances in America, so far as chief municipal administrators are concerned, by the electors at the polls from candidates submitted by partisan political organizations, nominations often dictated by corrupt party bosses. Even in those instances where there has been no boss dictation, and even where there has been no partisan struggle, the candidate himself will have made commitments in a popular campaign that he must, in honour bound, redeem for the benefit of his personal supporters even at the expense of the public service.

This difference in the method of choice is one of the reasons why city managers, in all but a few exceptionable cases, have been able to improve the municipal administration in the cities which they serve. They have no political commitments, and they have been chosen, presumably at least, because of their qualifications for the work they are to undertake. Even for the man not well qualified this sets up a standard of behaviour against which he must measure himself.

Then, as I have indicated—and this means much in America—there is a psychological power in the word “manager” which induces a change of attitude on the part of the citizens toward the city hall. They no longer assume in advance, although often

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erroneously, that they can get no hearing at the city hall unless they make the approach through purely political avenues. They now assume, even if erroneously in some few cases, that the manager will meet them on what they popularly term a “business basis.” This change of public attitude is perhaps one of the most important and significant effects of the city manager movement.

This psychological change arises, in part, from the circumstances in which the popular campaign for the change in the form of government has been conducted. The proponents of the new scheme point to the manifest evils of the time-worn purely political municipal regime. They say that what we need is a business administration of municipal affairs conducted on business and not on political lines. They point out that America’s greatest failure (never failing to quote Lord Bryce) is municipal government. They also point out that America’s most conspicuous success is in business administration; that business is carried on by corporations which are made up of stockholders who choose a group of their number to serve as directors and who leave to the directors the choice of a general manager, who in turn selects his head of departments, &c., &c. Here, they say, let us order our municipal affairs in the same way. The voters are the stockholders. Let them elect a board of directors, the council. The council will select a chairman of the board, a mayor, who will be the ceremonial and political head of the city, but will be entirely free of administrative work. The council will employ a general manager, and he will execute the policies determined by the board of directors.

Upon this analogy is based the appeal that has been so successful in inducing so many American cities to make this radical change in the form of government, and out of the same analogy has proceeded a change in popular attitudes that has made the radical change in form of local government also a revolutionary change in the actual substance of local government.

I can say that, almost without exception, every city and town in America that has changed to the council-manager form of government has benefited by greater efficiency, more strict economy in expenditures, and by the extirpation of graft as the motivation of the municipal machine. I may add that I introduced the qualification in that last sentence only for safety’s sake, as I do not know of the exception, if there be one. Even in those cities—and there are a very few of them—where the council was captured by the old political machines and the manager was appointed from the ranks of the old-school politicians, the very form of government, substituting as it does concentrated for diffused responsibility, has made for improvement.

Yet I could not close this article without some reference to the

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weaknesses and evils of the council-manager scheme. The chief difficulty encountered in many cities is the failure of councils to assume full responsibility in matters of policy, forcing the manager to take positions in public which necessarily embroil him in popular disputes. Sometimes this happens because the council is made up so exclusively of inarticulate business men unaccustomed to public life that they compel the manager to become their spokesman. Sometimes this happens because the council is divided between the new and old orders, and the manager is compelled by a sense of decency to let the public see with which group he stands. In a few instances it has happened because the manager thought of himself as the popular leader. But in most cases the managers have kept themselves well on the administrative side of the fence, and not a few have resigned when their councils, or the public, would have attempted to force them to take positions on political questions. This is a refreshing note in American local government where for years it was the universal rule, and in most cities it is still the rule, that continued tenure of public employment depends primarily upon active political service, and but secondarily upon service rendered to the public.

Another weakness is that too much public attention has been centered upon the city manager and too little upon the council. It is for this reason that the proponents of the new scheme always refers to it as the "council-manager form of government," nearly always to have the people repeat after them "city-manager form of government."

In the long run it is the council that is responsible for the quality of the local government. If that council be freed from administrative detail by obtaining the services of a competent manager, so much the better. If that council has the advice of an expert city manager, so much the better. But a bad council will eventually drive a good manager out of his position, and a bad council eventually will mean bad government.

There is a ray of hope with respect to this situation in the observable tendency of better men and women to offer for councilmanic positions in manager cities than will consent to serve on municipal legislative bodies under other forms of government. In manager cities this tendency is so marked that it actually is coming to be considered an honour to be a member of the city council, whilst in hundreds of other cities among large groups of people such service is counted an actual dishonour.

Long as is this article, I find that I have not said anything about the administrative organization of a local government under the council-manager scheme. I cannot; except to repeat that in the

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United States no two cities have precisely the same pattern or function and activity. In no two states is the apportionment of function as among state, county, township, school district, and municipality the same. Within a particular state there may be scores of entirely different systems of municipal organization.

Among council-manager cities the difference in scope is very great. Even in Cincinnati, where the new form of government has had perhaps its greatest success, the health and recreational services, as well as the schools, are outside the power of the council and manager. Only in a few cities in the south is the fiscal control of the school system under the manager, and everywhere the personnel and curriculum of the schools are administered by independent boards. One city may have no public utilities while another may own and operate water, gas, and electricity. No American city as yet has a municipal housing scheme. In the matter of relief of the poor no two cities in all the United States have the same scheme of action. I might go on so through the list. But I have said enough to indicate that it is impossible to generalize about the administrative scheme of local government in America. Perhaps this makes it all the more remarkable that the rationalizing influence of a structural scheme such as the council-manager form has swept so rapidly over the country and has achieved such a relatively high degree of success.

I believe that the council-manager form of government is the best thing that has yet transpired for the improvement of local government in the United States. I hope that improvements in it will be produced by experience. I believe that it will be gradually extended until, in some form, it will become the prevailing pattern of local government in the United States. Through this, I believe, there will come as a contribution of the profession of city managership, an integration and a unity of local government in this country which cannot come from central governmental authority because of constitutional inhibitions. Furthermore, I believe that the profession of city managership will contribute to the science and the art of public administration generally an improved technique that will enable the public administrator everywhere to deal more effectively with the problems that confront him, and to do so with greater freedom from procedural entanglements.

I do not say—I desire most emphatically to point out my utter failure to say—that I think the city manager form of government would be a good thing for British cities. In the first place, I am not sufficiently informed as to the present status of local government administration in Great Britain to enable me to hazard an opinion. In the next place, as I have tried to point out, the council-manager movement has been the product of a long historical and traditional

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development peculiar to the United States; and it by no means follows that it is transferable to another country.

There is another reason for my failure to say anything on this point. You in England so often do things without saying them, while we in America so often say things without doing them. Who knows that your town clerk will not develop gradually and without blare of trumpet or flaunting of banner into essentially a city manager? Who knows, indeed, that in some instances he has not already done so?

And so I conclude, borrowing a phrase from those memorable historians, the authors of "1066 and All That," that for the United States, and I speak of no other country, the city manager is a good thing.

Some Aspects of American Administrative Law

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AMERICAN administrative law, like English, is rather paradoxical: it is elusive and yet extremely practical; it is clearly public law and yet not officially recognized as such; its right to independent existence is now established beyond a doubt, but it has never received the confirmation of the constituted authority.¹ Perhaps it is partly this air of mystery, tinged by its undoubted practicality, that continually makes administrative law a more interesting and a more necessary field for the student, the researcher, and the man of affairs.²

The ambit of administrative law is a large one. In the United States at least it deals with the separation of powers, the appointment and removal of officers, the delegation of legislative and judicial powers to officials, administrative adjudications and their finality, the power to investigate, summary action, and the abatement of nuisances, actions against the community or against officials, the extraordinary remedies and the circumstances under which an appeal to a court will be granted. The subject-matter includes virtually everything in the field of public administration, such as civil service, health, schools, highways, public utilities, housing, insurance, and immigration. At this point government makes one of its closest approaches to economics.

The futility of attempting to cover much of so large a field in the compass of a brief paper is patent. I shall be satisfied to confine my attention to but a few points, ones which might have some interest for officials. What is the importance of administrative law to public administration? How is it related to social and economic experi-

¹ The title of this paper was suggested by an excellent article of K. B. Smellie's, "Some Aspects of English Administrative Law," this Journal, 5:276-290 (July, 1927).

² "Administrative law," he says, "is secreted in the interstices of private law."

³ Universities such as Harvard, Yale, Columbia, Pennsylvania, Johns Hopkins, Syracuse, Chicago, Minnesota, Michigan, Illinois, Stanford, and California at Los Angeles, all offer instruction in administrative law. The list is not exhaustive.

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mentation? Will it be able to protect the legitimate rights of the individual in the socialized state? Finally, what is its rôle in the growth of law? Not even these questions can be covered fully of course, and most of the reference will be to what is occurring in America.

Administrative Law and Public Administration.

The official and the judge are both engaged in the same process, they are attempting to execute the law. Yet, despite their generic association, the average American administrator protests that the judge is usually his rightful enemy. As one official put it recently in conversation, "The judges are always looking backward, while we face forward; the courts are invariably theoretical, but we must be practical; the judges know almost nothing about our problems, and yet they are forever interfering, dictating, and blocking useful developments." The reasons for this attitude are not difficult to discover, but the improvement of the relationship seems to be decidedly so. One reason for misunderstanding is that modern demands upon administration require alacrity, special knowledge, and a considerable degree of finality.¹ American courts are not particularly well equipped to fulfil the first two of these qualifications themselves, and when cases arise in which they are called upon to decide the jurisdiction of officials to do these things, misunderstandings frequently occur. The extent of reviewability or of *ultra vires* is great in the United States, because of the doctrines of due process of law (now the most frequent subject considered by the Supreme Court) and equal protection of the laws. When one considers that both of these doctrines have been developed out of what the judges consider "just and reasonable," it may easily be seen why the technical administrator usually is suspicious of, and frequently is in disagreement with, the gentlemen of the bench.²

The object of frankly recognizing the quarrel between administration and adjudication is not to keep open old wounds. Most decidedly, we should work toward greater understanding and cooperation. That is one reason administrative law is so important. In the first place, every administrative service worthy of the name should have as one of its objectives administration by and through law, *i.e.*, with definite standards and hence devoid of any arbitrary

¹ *e.g.*, quarantine, eminent domain, abatement of nuisances, fixing of rates, social insurance.

² The attempted distinction between fact, which the official is supposed to settle, and law, which the courts reserve the right to determine, adds to the difficulty. A concrete example is this: the officials decide that 6 per cent. is a fair return for a street railway. Upon review the courts decide upon 6½ per cent. Which is fact and what is law? John Dickinson, in his *Administrative Justice and the Supremacy of Law*, has a very interesting discussion of this subject.

Some Aspects of American Administrative Law

action. As Professor Robson states so revealingly,¹ the "judicial habit of mind" is one of the most difficult, but one of the most valuable, attainments of the official who is called upon to determine rights and duties. But administrative law is not simply the liaison between law and administration by means of which officials learn attitudes and habits of action. In America a considerable number of administrative tribunals, such as the Interstate Commerce Commission, the Federal Trade Commission, State Public Utility Commissions, and Boards of Tax Appeals are being shaped into a hierarchy of administrative courts, in which new rules, new standards, new procedures are developed. They have already cut away a large segment of the business that would have gone ordinarily to the judges in the days before administrative tribunals assumed such importance. This new process must profit, and it is on the whole from what is best in the judicial system—hierarchy, *stare decisis*, procedure, hearing, evidence, appeal, and publicity.² The best way to reconcile law and administration is for each to learn to appreciate the problems and the merits of the other field; their common meeting ground is administrative law.

Administrative Law and New Social Problems.

The importance of administrative law is in proportion to the extension of state activities. Recently a student remarked, with something of a note of trepidation in his voice, "Is not administrative law really socialistic?" Then he explained that the assumption of responsibility by the community for injuries sustained by citizens, when these acts are due to faults of the official or of the service,³ seemed to him complete socialism. At any rate, public liability is hardly the individualism of the common law.

Administrative law is, in large part, the servant of new social and economic legislation. In the first place, social legislation is based upon the assumption of community responsibility for individual welfare; and so is administrative law. Again, experience in every country indicates conclusively that the executive power increases as state activities multiply. Administrative law may be interpreted as an attempt on the part of the community to obtain the efficiency which results from joining administrative and judicial powers in the same hands, while at the same time greater tort and

¹ *Justice and Administrative Law*, Ch. V.

² The suggestions on this point by two British writers are a source of constant inspiration to American students of the administrative process. I refer to F. J. Port, *Administrative Law*, Ch. VIII, and W. A. Robson, *Justice and Administrative Law*, 313-327.

³ This description would be literally true of the *Droit Administratif*, but hardly of American administrative law. However, as I shall show below, the responsibility of the community and of the service is increasing in America.

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contract liability is assumed by the public as an offset to the greater restrictions necessarily surrounding citizens. Power and responsibility are the twin genii of modern-day government.

Furthermore, the socialized state requires a high degree of technical efficiency. This has required special administrative tribunals, and in the number of these the United States leads all the other countries. Special commerce and industrial courts, which we do not yet possess, may be considered a part of the same attempt to escape from the general jurisdiction of courts to the technological and social viewpoint of administrative judges. Just as most social legislation is at first experimental, so administrative law is necessarily plastic. It is one of those means by which government attempts to catch up with social and economic developments that have usually preceded it.

Since administrative law is involved in the continual adjustment between what is regarded as private and what is public, it is looked upon by some as subversive. According to a judge in the writer's acquaintance, the administrative tribunals often follow the doctrines of Moscow. At times these quasi-judicial bodies have even issued orders limiting the amount of oil the owner may dump upon a glutted market. Does not this deprive the individual of his inalienable right to enjoy his property in his own way, and hence violate the due process of law provisions of the Constitution?¹ In such cases the most common questions of administrative law are ones of jurisdiction (or "jurisdictional fact"), proper notice and hearing, the sufficiency of evidence, and the "reasonableness, arbitrariness, or justice" of the judgment reached by the commissioners. The administrative tribunal, like social justice, sometimes receives serious setbacks. On the whole, however, the American legal profession evidences rather sincere respect for administrative law and for the new agencies that are doing so much to create it.

The Protection of Citizen Rights.

One of the most serious problems confronting the American people is "the lawless enforcement of the law." Recently the Wickersham Commission on Law Enforcement has been studying this problem throughout the country. As a result, the headlines of metropolitan dailies have been revealing stories of third degree methods, of police brutality, of the illegal deportation of alleged aliens. The first report of the same commission, the one dealing with prohibition, referred to the high-handed and sometimes illegal

¹ In fairness it should be said that several courts sustain such powers. There is no uniformity, however. A very recent case illustrates the conservative view, viz., *MacMillan Oil Co. v. Railroad Comm. of Texas* (D.C., W.D. Texas) 6 U.S. Daily 1318, Aug. 8, 1931.

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tactics resorted to by these new recruits of public administration, the Prohibition Army. Since the war America has attempted to cope with bootlegging, racketeering, and other evils by increasing the discretion of enforcement agencies, with the result that, as several able writers have shown recently, ours is a "vanishing Bill of Rights."

The ordinary courts have been unable to cope adequately with lawless enforcement even when they have tried. Now, as perhaps never before, there appears a need for administrative courts which will be presided over by specially trained administrative officials who have received a foundation in the law.

The most objectionable abuses of citizen rights are not ones which are so flagrant that court proceedings and publicity result. The greatest difficulty is the constant accumulation of small offences, which go generally unheeded by the public, and even by many of the higher officials. America needs a system of administrative courts for minor disciplinary cases. The way to improve the attitude and conduct of officials in their dealings with the public is to put the primary responsibility upon the service, not upon the ordinary courts. The United States has been more backward in this respect than most countries.¹

The creation of substantive and procedural law which will provide greater protection to the legitimate rights of the individual depends upon new statutory legislation, the creation of new tribunals for that purpose, or the revision of common law doctrines by the ordinary courts. Throughout the country the doctrine of sovereign immunity from suit has been constantly modified by permitting higher as well as lower officials to be sued.² Recently Congress introduced legislation which would have increased federal liability in tort considerably, but it failed to pass.³ The incorporation of departments in order to make them suable has not occurred in this country, except for trading services. Among the special agencies through which liability is guaranteed none is more effective than the Federal Court of Claims.⁴

The instances are not frequent in which the ordinary courts will go beyond the liability of officers and hold the service or the com-

¹ Cf. Herman Finer's analysis of "The Civil Service in the Modern State: Discipline and Rights," this Journal, 7:323-342 (Oct., 1929). Our police commissions possess disciplinary powers, but they are frequently political, not judicial, in their actions.

² The President may not be sued, but Cabinet members are subject to mandamus proceedings. Cf. *Kendall v. U.S.*, 12 Peters 524 (1838), and frequent later cases arising under statutory provisions. Among State cases, a good idea of liability is found in *Hatfield v. Graham*, 73 W. Va. 759, 81 S.E. 533 (1914); *McCord v. High*, 24 Iowa 336 (1868); and *Lowe v. Conroy*, 120 Wis. 151, 97 N.W. 942 (1904).

³ Edwin Borchard, "Tort liability of the State," Jour. Comp. Leg. and Int'l Law, 3d. Ser. Vol. 12, pt. 1 (Feb., 1930). O. R. McGuire, "Tort Claims against the United States," *Georgetown Law J.*, 19:133-147 (Jan., 1931).

⁴ H. N. Stull, *Digest of U.S. Court of Claims* (Chicago, 1929).

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munity liable. However, some jurisdictions are becoming more liberal. For example, the Florida courts have turned their backs on the rest of the jurisdictions and now hold municipalities liable for the negligent operation of a "governmental" service, the fire department.¹ Generally speaking, however, the historical maxim of absolute non-liability for "governmental" services and liability for only "business" functions is still the rule. The situation is far from satisfactory. The remedy lies in a separate system of administrative courts.

Administration and the Growth of Law.

Administrators are lawmakers. More law is made by officials, states Merkl,² than by the judicial department itself. Mr. Ramsay Muir, in "How Britain is Governed," shows the extent to which ordinances outnumber general statutes. Moreover, no law may be enforced without interpretation; this is law in the making. When the amount of discretion allowed the official is great, the extent of administrative law-making becomes impressive.

The old formal ideas of law will not suffice. Sovereignty, immutability, and the exclusiveness of the judicial function are not even half-truths. Law is made by custom, by precedents, by legislatures, by judges, by administrators, and by private agencies, as, for example, through conciliation and arbitration.

American law is being made, is being altered in large measure by administrative law. In this respect the analogy to early English equity is striking. Administrative law is "executive-made" law; it invokes conscience and relies less upon hard-and-fast rules; its informal procedure and its disapproval of extreme formality are constant challenges to ordinary American justice,³ just as equity was to common law. Whether American administrative law will suffer the fate of English equity and will be swallowed up after it has fulfilled the function of making common law grow remains to be seen.

¹ *City of Tallahassee v. Kauffman*, 100 So. 150 (1924). But contrast the customary rule, *Gregoire v. Lowell*, 148 N.E. 376 (1925). The leading case is *Aldrich v. Youngstown*, 160 Ohio St. 342 (1922).

² *Allgemeines Verwaltungsrecht* (Berlin, 1927).

³ W. H. Pillsbury, "Applicability of methods of trial and administration used in Workmen's Compensation proceedings to certain civil actions," 18 *California Law R.* 223 (Mar., 1930).

Local Government in Germany: Welfare and Public Health

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Acland Travelling Scholar, 1928

1. **Introduction.** 2. **The Legal Framework:** (a) "The Ordinance concerning the Duties of Public Assistance"; Financial Adjustment; Delegation of Functions; Procedure; Determination of Relief; Refunding of Relief. (b) "The Reich Law concerning the Welfare of Children and Young Persons." 3. **The Various Branches of Public Assistance:** (a) "Economic" Welfare; "General Assistance" (including care of blind and disabled persons); "Higher Assistance" (including Disabled ex-Servicemen, Small Pensioners, Social Pensioners and others); Unemployment Relief; "Productive Relief"; Labour Exchanges; Maternity Welfare (economic). (b) Legal Advice Bureaux. (c) Care of Children and Young Persons; Introduction; Functions of "Youth Welfare"; Boarding Out; Protective Supervision; Welfare Upbringing; Creches, Nursery Schools and "Sanctuaries"; Homes for Apprentices; Choice of Careers. (d) Public Health; Introduction; General Hospitals; "General Assistance" Medical Service; Tuberculosis; Inebriates; Cripples; Venereal Diseases and Rescue Work; Maternity and Child Welfare (Health); Welfare Centres for Infants and Small Children; Milk Kitchens; Care of School Children. (e) Public Hygiene; Drainage, Water Supply and Air; Food Research; Infectious Diseases and Bacteriological Research Institutes; Disinfection. 4. **Welfare and Public Health. Summary.**

Welfare and Public Health.

IT were impossible within the limits of a single article to deal adequately with all aspects of the welfare and public health services provided by the German local authorities. In the following survey, therefore, the measuring rods of economic theory and social science have been but scantily employed. Instead, the account is confined in the main to a description and analysis of the German welfare system. This is given in outline with just sufficient detail as seemed necessary to animate the skeleton frame. Upon the matter thus provided may the student throw the light of his informed judgment.

Already before the War of 1914-1918 the welfare services had received their characteristic classification, welfare being the generic term and poor relief (*Armenpflege*), the care of children and young

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persons (Jugendfürsorge), the care of the sick and the prevention of disease (Gesundheitspflege) the categories. These were, however, in comparison with post-war standards, narrow both in conception and in scope. In particular, poor relief and the care of children and young persons were viewed very much in the light of public charities and carried with them an irradicable social stigma. The relief services were still organized, according to German definition, upon an "individual" basis; that is to say, each case was dealt with separately on its own merits, the recipients not being classified into groups with each its particular method of treatment. There was further little attempt at central unification and control, but everything was left to regulation by local authorities and *ad hoc* boards. Into these existing categories new contents have been liberally poured, until parts of them, like the proverbial bottles on receipt of new wine, threaten to burst.

The distress of the War and post-war years has engendered far-reaching changes. These have been largely beyond the power of the local authorities to affect or control, in part because they have been imposed by central legislation, in part because they are the automatic result of the industrial depression. In the first place large bodies of people hitherto excluded were brought within the sphere of public welfare, such as disabled ex-servicemen and the dependents of men fallen in the War. The inflation also claimed its toll. Whole classes of people who would otherwise never have needed relief were added to the lists of recipients, these being the so-called Small Pensioners and persons formerly insured under the Social Insurance Acts. The inflation has had a further result in that it annihilated the funds of many voluntary welfare associations. Their work therefore has had to be taken over by the local authorities. The most serious factor, however, has been the constant—indeed during the past eighteen months the catastrophic—increase in the numbers of the "welfare unemployed"; that is to say, of able-bodied unemployed no longer entitled to insurance benefit.

Changing circumstances have been accompanied to a large extent by a change in ideas. The body of opinion which looks upon welfare as extending beyond mere poor relief and as being a public duty has grown. It was not simply an alteration in circumstances but an alteration in opinion which caused the extension of public welfare.

The results of all these factors were twofold: in the first place, the conversion of the welfare system from one dealing mainly with individuals into one which deals with groups of persons on general lines, although the individual element has not been entirely lost; in the second, the growth of legislation in all fields, as the Reich has become increasingly conscious of its duties and of the evils, from the economic

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and administrative standpoints, attendant upon lack of co-ordination. The last development has not met with the approval even of all the most devoted advocates of "public welfare," who view with disfavour what they consider to be an unnecessary systemization, especially as legal control by the Reich and Lands is by no means always accompanied by the assumption of financial responsibility on their part, even up to the point stipulated by the Financial Adjustment Law of 1925.

The legal reforms culminate in the Reich Law concerning the Welfare of Children and Young Persons of 9th July, 1922, and the Ordinance concerning the Duties of Public Assistance of 14th February, 1924. These as amended, together with the Land State Laws giving them effect and one or two laws dealing with particular subjects, form the legal framework within which the German system of Welfare and Public Assistance operates. The Public Health Laws have not been codified, although a very great degree of administrative co-ordination has been achieved between the public health and other welfare services.

The Legal Framework.

Prussia includes more than half of the total population of the German Reich. In the following survey therefore the Prussian laws giving effect to the Reich laws will be taken, they being, moreover, in most respects typical for the whole country.

In the Ordinance concerning the Duties of Public Assistance the Reich enumerates certain compulsory duties, leaving the Lands to add others if they wish. These duties are: The care of the poor, including the care of children and young persons in need of assistance; the care of disabled soldiers, war widows and orphans and the dependents of those fallen in the field (called in German terminology war survivors, which term it will be convenient hereafter to adopt); the care of people seriously injured and those of limited working capacity; and lastly, maternity welfare. All the duties here prescribed are concerned mainly with the so-called "economic relief" (Wirtschaftliche Fürsorge), comprising monetary relief, relief in kind, and the payment for necessary medical attention. The term will be amplified in the section dealing with the various forms of relief in detail.

According to Reich regulation there must be, apart from the central Reich and Land authorities, Public Assistance bodies of two grades, to be known as the Land and District Assistance Associations. The Lands are left to decide which bodies shall act in this capacity, though with the stipulation that as far as possible all relief functions shall be carried out from the same centres. Prussia prescribes the Provinces and the Town and Country Circles as the responsible wel-

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welfare authorities, in accordance with the recent tendency to centre functions in the Town and Country Circles at the expense of the non-circle-free communes (both urban and rural), a development which has its counterpart in England. The Prussian Law states, par. 1: "The duties of the Assistance Associations are to be carried out as self-government functions by the communal administrative organs as specified in the Communal Constitution Law. These organs are, for the Province, the Provincial or Land Committee; for the Country Circle, the Circle Committee, with the Landrat as chairman; for the Town, the Magistrat or Bürgermeister, with the Welfare Committees or deputations."

The Reich lays down detailed regulations as to which authorities are responsible for the care of persons needing economic relief, on the principle of the "habitual domicile." In this the Land Assistance Associations play little part, their duties being mainly of the kind that supplement economic relief. How duties are further to be apportioned between the two instances is decided by the Lands. They also regulate the division of expenditure, in particular with regard how far the Assistance Associations and the Communes or smaller Communal Associations are to contribute to the expenses incurred by the superior authorities and how far the Land Assistance Associations have to bear the cost of common institutions or to contribute to the costs borne by the lower authorities, with a view to forming an adjustment between the financially weak and strong.

Financial Adjustment.

Prussia stipulates that the Land Assistance Associations are obliged to give aid to those Assistance Associations in their districts which are not able efficiently to carry out the tasks imposed upon them. This help may be given in the form of grants or of free places in institutions or in other suitable ways. On the other hand, the Land Assistance Associations and the District Assistance Associations are allowed, according to the Communal Revenues Law, to pass on the expenditure which they incur to the lower authorities, in so far as this expenditure is not covered from their own revenues. Limitations to this power are, however, made in the case of the District Associations. Communes in country districts or smaller Communal Associations, such as the Landbürgermeistereien in the Rhineland and the Westphalian Aemter, are forced to bear 30 per cent. of the material expenditure (*i.e.*, excluding administration expenses) incurred by the Land Circles in the performance of their duties as District Assistance Associations. The passage relating to this is worth quoting in full, Preussische Ausführungsbestimmungen, pp. 9-12, as amended: "Under the Ordinance amending the Prussian Law giving effect to

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the Finance Adjustment Law and the Prussian Emergency Taxation Ordinance, likewise the law carrying out the Ordinance concerning the Duties of Public Assistance of 28th March, 1925, all non-circle-free Communes (kreisangehörige Gemeinden) will be charged . . . with 30 per cent. of the expenditure of the Land Circles on their obligatory public assistance functions, and indeed without distinction, regardless of whether the carrying out of the duties of public assistance has been delegated to them or not. On the one hand there disappears any increased financial burden as the result of the independence for which the Communes strive and which is often very desirable from the practical point of view. On the other hand, when the duties of public assistance are only partially delegated, in which case the Communes only co-operate to a limited extent in the performance of the same (*e.g.*, in the estimation of the applications for relief) they will yet have occasion to lay value upon efficient and economical administration of assistance. The District Assistance Association has accordingly in future no financial relief to expect from the delegation of duties, so that no longer financial but simply considerations of a welfare nature shall be the deciding factors in the judgment of qualifications necessary for an efficient performance of the delegated functions." In other words, on the principle of expenditure only where funds are raised Communes are not to be allowed to dispose of revenue in the raising of which they take no part, while Country Circles are not to be allowed to rid themselves of their responsibilities simply by shifting the performance of their duties on to other bodies. The whole arrangement is a check, with the greatest inducement for the Country Circles to carry out their functions themselves.

Delegation of Duties.

Functions should be divided according to the capacity of the various bodies to undertake them. Since all the functions of public assistance, or some part thereof, have hitherto been carried out perfectly well by the Communes, and particularly by the smaller Communal Associations, the duties of the District Associations can be delegated to the smaller bodies. The Circle Committee has power to decide upon delegation, which may be entire or partial. The Communes and smaller Communal Associations of more than 10,000 inhabitants have, on the other hand, the right to demand total delegation, unless this would produce lack of uniformity in the administration within the Circles and uneconomic dispersal of revenues. If delegation is refused on the above ground, the petitioning body can appeal to the Government District Committee, which ultimately decides. Functions delegated to Communes or Communal Associations of over 10,000 inhabitants are carried out as self-government

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functions, and the District Association has no right to interfere in particular cases. It can still, however, lay down general regulations, including the maximum scales of relief. Smaller bodies can only carry out functions on behalf of the District Assistance Associations, who can lay down full regulations and maintain administrative control as far as this is necessary. The law then adds a rider. In either case the transferred functions are only to be those connected with the immediate granting of relief. Functions can be delegated in other ways. The Land can hand over such as it thinks fit to insurance bodies or to voluntary associations providing similar services. Land and District Associations can likewise do so on their own initiative. In fact, great value is placed on the co-operation of public and private welfare bodies.

Procedure.

The Lands are left to regulate procedure, subject to the limitation that power of appeal against the refusal of relief must be granted. Further, the co-operation of the recipients or of their representatives must be secured when general regulations are being drawn up or scales of relief decided upon. Public Assistance Associations should not create institutions of their own when effective voluntary ones are already in existence, such institutions being entitled to aid from the public funds. Procedure is regulated in detail by the Reich and Lands, no freedom in this matter being left to the local authorities.

Determination of Relief.

General definitions of the conditions constituting a claim to relief and the nature of such relief are laid down by the Reich in the section of the law entitled "Principles of Public Assistance." Within the limits of these regulations the Lands are left to decide upon the nature and amount of relief, with the one condition that the scales of relief for disabled soldiers and persons placed in the same category must be at least 25 per cent. above the general scales. The Lands also decide the minimum income which entitles a woman to maternity benefit. A good deal of regulation is left to administrative action through the Reich Government, acting in conjunction with the Reichsrat and, in Prussia, the Minister for Public Welfare. The relief of abled-bodied persons can in suitable cases be given in the form of work. Persons unwilling to work, or such as are in other ways "morally responsible" for being in need of relief or for allowing their dependents to become so, may be offered the workhouse as the sole method of relief. Owing to the large numbers of those needing relief and the difficulty of determining moral responsibility, this method is little employed.

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Refunding of Relief.

Persons legally responsible for the maintenance of others in need of relief can be made to refund such relief or to contribute thereto. Recipients of relief who are in need simply because their means are not at the time convertible, and those who afterwards acquire a good income, may be made to refund the relief. Relief may not, however, be granted with the stipulation of repayment attached. The regulation of this matter is left to the Lands. Prussia omits to draw up any regulations whatsoever, considerable legal confusion and an undesirable amount of litigation being the result. The matter is certainly one which it is difficult to regulate upon a uniform legal basis.

Assistance Associations giving temporary relief can demand the removal of the recipient to the care of the Association ultimately responsible, with the repayment of the expenses involved, including the costs of removal, according to the rates existing in the place of temporary assistance.

The Reich Law concerning the Welfare of Children and Young Persons.

The Reich Law concerning the Welfare of Children and Young Persons draws up a framework of relief in very similar fashion. Local relief bodies shall be divided into two grades, the Land Youth Offices and the Youth Offices, the latter to be set up by Communes or Communal Associations.

Two sets of duties are prescribed, these being:—

1. The care of "Pflegekinder," or children boarded out.
2. The performance of certain functions of guardianship. The Youth Offices must act as guardians in certain cases and co-operate with the legal guardians in others.
3. Co-operation in the "Protective Supervision of Children and in the Welfare Upbringing."
4. Co-operation in the supervision of the work of children and young persons, according to further Land regulations.
5. Co-operation in the care of war orphans and the children of disabled ex-servicemen.
6. Co-operation in the aid of children and young persons in the police courts, in particular by the provision of homes, to prevent neglect and corruption.

These duties are all regulated in considerable detail by the Reich, the Lands being free to make further regulations. Prussia, however, leaves them to be carried out as self-government functions, except in the case of "welfare upbringing," which is considered a State function, to be performed by the Youth Offices under State control and on behalf of the State.

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A further set of duties is made compulsory. These are legally regulated neither by the Reich nor in general by the Lands but are left to be carried out by the Youth Offices entirely at their own discretion. They are:—

1. Advice in matters concerning children and young persons.
2. Pre-natal and after care, as far as this is not regulated under the Public Assistance Ordinance.
3. Welfare of infants.
4. Welfare of small children.
5. Welfare of children of school age, apart from actual education.
6. Welfare of young persons after leaving school.

All branches of Public Assistance have to include medical care. The health duties thus connected with them may be handed over in their entirety to the Public Health Offices, where such exist, as they generally do, as a separate part of Communal administration. No organization is provided for public health along the lines prescribed for the public assistance of children, young persons and adults in the laws quoted above.

The Various Branches of Public Assistance.

Welfare is divided in Germany into three main branches:—

- (a) "Economic."
- (b) The care of children and young persons (sometimes known as educative welfare, a term inapplicable in English since the German expression signifies not education but upbringing).
- (c) Public health and social hygiene.

All these functions are carried out in Prussia by the Provinces and Circles and in other Lands by the corresponding authorities, unless delegated by them to the Communes. They are generally organized in three departments or "offices": the Welfare, Youth, and Health Offices. The Welfare Office is responsible for the so-called economic or essentially monetary relief, even of minors, regardless of whether there is a separate Youth Office or not. It is specifically stated in the Reich Law concerning the Welfare of Children and Young Persons that the Youth Office may be simply a sub-committee of the Welfare Office, constituted according to the rules laid down by Reich and Land Laws. As the health functions of the Youth Office can be handed over to the Health Office, the Youth Office as a separate entity may entirely disappear. The division of functions between Youth and Welfare Offices is sometimes extremely arbitrary and not to be understood except in the light of historical development. The old Youth Offices, as they grew up before the regulation of Youth Welfare by law, were mostly concerned with the care of illegitimate and abnormal children. Exten-

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sion to general care came later, and these newer functions were often handed from the beginning to the Welfare Offices, as it was felt that a greater amount of co-ordination would thereby be achieved in the whole welfare system. It thus sometimes happens that the Youth Office is responsible for illegitimate and abnormal children while the Welfare Office has the care of all others.

The administrative development of Welfare and Public Assistance in Germany is not in the direction of further dispersal of functions among a number of largely independent bodies or departments but towards co-ordination of all the various functions in one or two. The Welfare Offices generally play a double rôle. They are responsible for all direct monetary relief, and must work in close co-operation with the other two departments where this is concerned. The monetary relief of children and young persons is, as has already been shown, a function not of the Youth Office but of the District Assistance Associations, whose organs the Welfare Offices are. The Welfare Offices often, however, have the further task of co-ordinating all branches of welfare, a task which has become the more necessary in face of the increased expenditure of post-war years and the extremely strained condition of the Communal financial system. It is desired to prevent the waste and double work which almost inevitably occur where functions are split up between too large a number of departments. The most up-to-date Welfare authorities have somewhat the following organization. The three departments are either co-ordinated into a single Welfare Office, with sub-sections for Economic Assistance, Youth Welfare and Public Health, or else a supervisory committee is formed having the three departments under its control. The medical services are segregated and handed over in their entirety to the Health Office, which must work in close conjunction with the other two departments. This is in itself sufficient to necessitate the co-ordination of the three offices, the predominance of the Welfare Office, or at least the formation of supervisory committee. The care of minors, apart from the granting of economic relief, is carried out by the Youth Office, that is to say, the distinction between abnormal and illegitimate children, mentioned above, is abolished. External administration is similarly co-ordinated. The aim of present reforms is to develop the system of "Family Welfare," having as its object the care of whole families carried out from the same centre and to a large extent by the same persons. The health duties under this system are entrusted to one body of persons, who are responsible for the care alike of the expectant mother, the infant and small child, school children, young persons, the sick, infirm and aged.

It is by means of the Welfare Visitors that Public Assistance

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endeavours to maintain its individual character. These are trained persons and may be paid officials, voluntary workers, or workers placed at the disposal of the public authorities by voluntary societies. In this way a certain degree of co-ordination between public and private welfare is attained. The Welfare Visitors are the mainstay of the "Family Welfare" system, under which they are responsible to all three offices for a certain area. They unite in their persons the various welfare functions where these are not of a particular or expert nature. They inform medical and relieving officers of the home conditions of their charges, they have to see that adult and youth welfare are carried out to the best advantage, and are personally responsible for transferring relief payments to the homes of the recipients, except in such cases as are certain and perpetual, when payment may be made by post. This system is animated not simply by the pure milk of human kindness but by the desire to maintain constant supervision.

Not all the work of investigation is carried out by these officials. To a certain extent the once famous Elberfelder system still prevails, whereby the general public is mobilised into the "Outer" Welfare service. Under this system voluntary workers are employed upon house-to-house visits. They are generally organized into groups, each of which has some one person responsible for receiving their reports and placing them before the competent authority. The practice, however, of appointing trained Welfare Visitors has increased, and the voluntary system, though not likely to disappear, is of less relative importance than before the War.

Economic Welfare.—I. General Assistance.

General Assistance is carried out by the Land and District Assistance Associations. Under the Prussian Law of 1924 (which merely confirms previous practice in this respect), the Land Assistance Associations are made responsible for the provision of institutional relief. They may, however, recover the costs, excluding general administrative expenses, from the District Associations. In the case of minors, institutional care must include education, on the ground that it is desirable, in order to prevent an excessive multiplication of authorities interested in the welfare of the same person, for that authority which provides institutional relief to provide the education and maintenance made compulsory for minors under the Reich Youth Welfare Law. This clause also applies to minors maintained in institutions on purely economic grounds. The Ordinance further makes the Land Assistance Associations the competent authorities for the maintenance of asylums, institutions for the deaf and dumb, blind and cripples, and for persons suffering from nervous diseases.

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All the remaining functions of general assistance are administered by the District Associations, employing the usual organs of local self-government. These are for the towns the Bürgermeister, the Magistrat, or more generally committees composed of the leading welfare officials, members of council, officials of the local welfare centres and co-opted members experienced in welfare work. In the Provinces and Country Circles the provincial and circle committees are competent.

As stated above, a special committee, representative of the recipient classes and/or in particular of organizations which aid them, must be consulted when general regulations and scales of relief are being determined.

Although the District Assistance Associations are free to decide on the amount and manner of relief, they have to do so within the limits set by the Reich Law. This provides that the aim of public assistance is to enable the recipient once more to gain his own living. His working capacity must be prevented as far as possible from deteriorating. The idea that the mere relief of destitution is sufficient has been abandoned. The expression "poor relief" is used only once in the very first paragraph of the Reich Public Assistance Ordinance, and thereafter deliberately avoided. In its place we find "general assistance" or "general welfare." Relief, it is stated, cannot be confined to cash payments, nor should destitution be allowed to occur before the Public Assistance Authorities intervene. According to the Reich Principles of Public Assistance, the relief given must be sufficient to cover the necessities of life, which include maintenance, in particular, abode, clothing, and medical attention, aid to restore working capacity, and, in the case of children, training in so far as this does not fall under the purview of the Youth Offices. Blind, deaf and dumb persons and cripples are further to be given vocational training.

The normal scales of relief varied, according to my experience, in 1929 generally between 40-65 Marks per month for each single person, 20-35 Marks per month for wife, 15-20 Marks per month for each child under 14 years of age in need of relief.¹ The actual relief given varies around the norm according to the circumstances of the case. It can hardly be maintained that these sums fulfil all the ambitious requirements of the Reich Principles. To them must be added, however, medical care, domestic aid when a married woman is ill, considerable relief in kind, grants towards rent, instruction courses, payment of fares and supply of kit for people starting work, and so on. A person not habitually in receipt of relief may

¹ The scales of relief have been lowered during the past two years.

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obtain aid for some special purpose, notably payment of medical expenses (see above).

Persons in need of relief are such as are not capable of providing these necessities of life for themselves and their dependents and who have no other means of maintenance. Every person must endeavour to use his own powers to gain a living. In the case of able-bodied unemployed, attendance at the Labour Exchanges is generally made a necessary condition for the granting of relief. Cases of unwillingness to work should be severely investigated; the subjects may be confined to institutions or refused relief altogether. Naturally there is a good deal of variation in practice, owing to the difficulty of finding a satisfactory definition for unwillingness to work. It is, however, specifically stated in the Reich Law that a single instance of refusal of work does not constitute a sufficient ground for the refusal of relief. Appeal against the manner, amount, or refusal of relief must be allowed, according to Reich Law. In Prussia, if a Commune or Communal Association of less than 10,000 inhabitants does not wish to allow the objections, the plaintiff can appeal to the District Assistance Association.¹ In all cases further appeal is allowed to the Government District Committee, which finally decides.

Relief may be given in the form of work, if that is possible. The City of Magdeburg, for instance, employs some of its relief recipients actually on relief work, while many women are given employment in the Municipal Sewing Rooms, where the clothes and other articles are made which are distributed as supplementary relief in kind. The work thus provided is, rightly, of a very subordinate nature. Whether a person can be offered work or not depends on age, health, and family circumstances. No married woman may be offered work or refused relief on the grounds that she does not attempt to earn her living if it thereby means that her home would suffer. Women, however, who can leave their children in crèches or nursery schools are encouraged to do so if they can get a part-time job.

Persons who are blind or seriously maimed have, according to Reich Law, to be supplied with some kind of work and, if possible, training that will make them independent. These duties, which were formerly carried out by special *ad hoc* boards, have been transferred to the Land and District Assistance Associations. The sub-committees responsible for this branch of welfare must co-opt as members representatives nominated by associations of such persons, together with representatives of the local employers' organizations.

It should be noted that the old idea of poverty being the result of some serious delinquency on the part of the impoverished persons has

¹ The Circle.

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been abandoned. An exception is made of persons judged to be morally responsible for their necessitous condition. They are to be given institutional relief. The others are to have, as far as possible, out-relief and to be provided with work. In face of the terrible facts of the past years, when the majority of people receiving Public Assistance have been able-bodied unemployed no longer entitled to insurance benefit, the old attitude could not be maintained, and, as has been stated before, the term "poor relief" has in most cases been dropped. In its place is a General Assistance going far beyond the bounds of the old poor relief, and if the organization is more efficient than the relief is sufficient the general impoverishment of the German nation and the large number of persons in need of relief must be borne in mind. Naturally the spirit and practice of poor relief vary greatly, despite any legal regulations, since they depend to a large extent on the outlook and views both of the Welfare Committees and of the Welfare officials themselves.

Higher Assistance.

In addition to persons receiving General Assistance there is another group in receipt of the so-called Higher Assistance. These must, according to Reich stipulation, receive relief generally at least 25 per cent. in excess of the General Assistance rates. Some instances have already been cited above. They are persons who have either rendered exceptional services to the community or who, despite previous provision made by themselves or by others on their behalf, have yet been reduced to a necessitous condition through circumstances entirely beyond their control. The catastrophic agencies referred to are chiefly the War and the inflation. The latter part of the distinction is indeed a somewhat arbitrary one, and could be made to apply to classes other than those specially favoured by the Law. The real reason for the distinction lies in the dislike felt to placing persons of the middle classes, who have lost their small means in the inflation, in the same category with recipients of General Assistance. All recipients of Higher Assistance are considered rather in the light of pensioners.

Social Assistance: Disabled Ex-Service Men and "War Survivors."

Of primary importance in this higher class is the assistance of disabled ex-service men and "war survivors." Although the way was prepared by long years of Communal work during the War, the Reich has assumed responsibility for this branch of Public Assistance, which is carried out by the local self-governing authorities on its behalf and in augmentation of the Reich Pensions Schemes. This method makes some adjustment to local and particular needs possible.

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The organization is laid down by the Reich in the Ordinance of 1st February, 1919, as amended by the Ordinance concerning the Duties of the Public Assistance. At the apex stands the Reich Committee. This is formed at the Reich Ministry of Labour, and issues general regulations. It is composed of (1) representatives of the main relief Centres for disabled ex-service men and war survivors in each Land; (2) eight representatives of such associations of disabled ex-service men and War survivors "whose influence extends to the whole of the Reich"; and (3) three persons experienced in social work. The Minister of Labour decides which Relief Boards and associations of disabled ex-service men, &c., are to be represented. The constitution of the committee and any alteration in its composition need his approval.

Actual assistance is administered by the Central and Local Assistance Centres. In paragraph 34 of the Reich Assistance Ordinance the duties of the old Central and Local Assistance Centres are handed over to the Land and District Assistance Associations, to be allotted according to the general principles regulating the division of functions between those bodies. Each of them must have, when general provisions and regulations are formulated, a special committee to assist them. This shall be composed of representatives of the local associations of disabled ex-service men and war survivors, of employers' associations and trade unions, and persons experienced in welfare work. Prussia stipulates that the number of representatives of disabled ex-service men and War survivors shall be at least two, and must be equal to the number of other members on the committee.

The aim of this branch of Higher Assistance, called Social Assistance, is beyond the provision of financial relief, to enable disabled ex-service men to become capable of earning their own living, to advise them professionally, and to train them for some employment; further, to give them notice of suitable work available, and to help them, by the provision of clothes, payment of initial travelling expenses, and so on, to undertake such employment. Medical care is, of course, included. When permanently disabled they are to be given general care and medical attention, maintenance for themselves, and, if necessary, for their dependants. The same regulations apply to the assistance of war survivors. The conditions for the granting of Social Assistance are much less stringent than those applying to General Assistance, a higher level of income being regarded as entitling to relief. This is in consonance with the fact that the Social Assistance is supplementary to the Reich Pension Schemes, while the recipients are to some extent persons who have rendered particular services to the community.

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Small Pensioners, Social Pensioners, and Others.

The assistance of the old people and people incapable of work who, but for the inflation, would never have needed relief, was for long left unregulated by law. Now they are placed under the Higher Assistance. When assistance is granted, consideration has to be taken of their former circumstances. Specially generous aid has to be given to old persons of over 65 years of age. In like fashion old people, and such as are incapable of work, who have been insured under the Manual and Clerical Workers' Insurance Acts, have to be granted Higher Assistance when their pensions, greatly reduced by the inflation, prove insufficient to maintain them. Old people and those incapable of work, who, despite the fact that they have led an "economical" existence, are still unable to support themselves, can also be placed in the same category as the small pensioners, even though they are uninsured. No legal definition of what constitutes an economical existence is provided, the matter being left entirely to the discretion of the local authorities.

The Higher Assistance is thus an emergency measure. It is, however, quite probable that the principle of the supplementing of pensions will be maintained even under better circumstances.

Unemployment Relief.

Until reformed by the Employment and Labour Exchanges Law of 15th February, 1927, unemployment relief was provided solely by the District Assistance Associations. By some it was organized in the form of insurance, by others it was administered purely as relief. Towards the expenditure of the local authorities the Reich contributed eight-ninths for the first 52 weeks of unemployment. Since 1st April, 1927, the Reich Insurance Scheme has been in operation—a reform which was long overdue. The financial position of the local authorities was thus apparently greatly improved, especially as after the cessation of insurance benefit the Reich contributed 75 per cent. towards a further non-contributory relief scheme, known as the "Crisis Relief" (administered centrally). The period of benefit under the Insurance Scheme was however reduced to 26 weeks (1928), the waiting period, except in the case of seasonal or "short-term" contributors, increased from 13 to 26 weeks. Under both schemes therefore the maximum period of benefit was 52 weeks as before, after which the unemployed were again dependent solely upon the District Assistance Association for relief. The relief to local finance was thus more apparent than real. Moreover, owing to the fact that the insurance benefit for the lower grades is often less than the minimum existence rates laid down by the District Assistance Associations, the latter are in such cases forced to make

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supplementary allowances. Certain ameliorations have since been granted under the Crisis Relief, which was extended in 1929 to cover a number of hitherto excluded occupations, and the Communal contribution reduced to one-fifth.

The so-called Welfare Unemployed comprise such persons as have no claim to insurance benefit because they have not yet qualified, were not in insurable occupations, or whose income was above the insurable limit; further, those whose claims to benefit are exhausted. Workers engaged on emergency undertakings carried out by the local authorities with grants from Reich and Land are not generally included in this category for statistical purposes. Those who are offered work by the local authorities as an alternative to relief, on the basis of the Ordinance concerning the Duties of Public Assistance, p. 19, are on the contrary included, together with the "Pflichtarbeiter," or persons performing compulsory labour over a short period as a test. In any case these workers form but a small proportion of the total Welfare unemployed (for the towns, 31st March, 1931, approximately 13½ per cent.).

It was estimated by the Städtetag in May of this year that the following sums had been expended by the local authorities on Welfare unemployment relief: 1927-8, 65 million Rm.; 1928-9, 125 million Rm.; 1929-30, 210 million Rm.; 1930-31, *circa* 500 million Rm. In his commentary to the Emergency Programme of the Städtetag, submitted in August to the German Government, the President, Dr. Mulert, puts the figures for Welfare unemployment relief and local contributions to the Crisis relief together at: 1928-9, 160 million Rm.; 1929-30, 270 million Rm.; 1930-1, 605 million Rm.; 1931-2, 1,040 million Rm. The last figure is naturally but an approximation. In view of the rapid increase in the numbers of the Welfare unemployed and the present financial crisis it is difficult to give any precise estimate of the probable ultimate expenditure for the current year. The increase is the more striking if it be borne in mind that assistance rates have been falling during and since 1930, at first slowly and then more rapidly.

At the beginning of the financial year 1930 the number of Welfare unemployed was computed to be 420,000. By the end of the year it had risen to close on a million, giving an average over the whole period of 680,000 (average rate of relief, including relief in kind, 750 Rm. per head). At the end of June, 1930, the figure had already reached 1.1 millions, of which 747,000 alone were accounted for by the Town Circles.

A change in the distribution of the unemployed between the three relief categories has taken place concurrently. Whereas in April, 1927, the recipients of Unemployment Insurance benefit represented

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61.2 per cent., in 1930 they represented 52.9 per cent. in 1931 (end of April) 43.3 per cent. of the total registered unemployed. The number of those on Crisis relief had increased during the same period from 12 to 20 per cent. of the whole. Complete statistics for the Welfare unemployed are available only since August, 1930, when they comprised 15.7 per cent. of the total unemployed. By 30th April, 1931, the figure had risen to 22.7 per cent. This process is continuing. Total unemployment figures dropped from the peak in February, when they reached 4,972,000, to 3,848,000 at the end of July. During the same period the numbers of insured unemployed decreased from 2,589,000 to 1,412,000, while those in receipt of Crisis Relief and Public Assistance rose until in July they stood at 1,027,000 and 1,148,000 respectively. Of every 100 persons in receipt of "economic assistance" on 31st March, 1931, it was estimated by the Städtetag that 45 were Welfare unemployed and 7 recipients of subsidiary relief. These alone, therefore, accounted for 52 per cent. of the persons in receipt of economic assistance.

The following table is given by the Städtetag (Union of Towns):—

	End of June. Recipients of Relief.	Per cent.	End of July. Recipients of Relief.	Per cent.
Unemployment Insurance ...	1,412,000	35.7	1,205,000	30.2
Crisis Relief	941,000	23.8	1,027,000	25.7
Public Assistance (recognized Welfare unemployed)	1,100,000	27.8	1,148,000	28.8
Further unemployed	601,000	19.7	608,000	15.8

The subject has been treated in some detail in order to make plain the nature of the crisis which is facing the German local authorities. Without the economies proposed in the Emergency Programme there would be an estimated deficit of 800 million Rm. on the expenditure of the local authorities, due in part to a falling off in revenues but also to the unprecedented increase in the numbers of the Welfare unemployed. Without this increase the local authorities claim that they would yet have been able to balance their budgets.

The Städtetag advocates the co-ordination of the two systems of Crisis and Welfare unemployment relief into one system, to be administered by the Public Assistance Associations, and towards the costs of which the Reich shall contribute 50 per cent., Lands and local authorities 25 per cent. respectively. It may be noticed in passing that this would be of doubtful advantage for the unemployed themselves since it is proposed to operate the whole system on the principles of Public Assistance, with its more stringent conditions for relief. Critics of this proposal point out the dangers inherent in the local expenditure of money centrally raised, while proposals to

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transfer the entire administration to the Reich are criticised on administrative grounds. There are dangers inherent in either system, but neither could be more calamitous than the arrangement which enables the Central authorities to shift their burdens on to the Public Assistance Associations. It is becoming increasingly evident that some form of compromise will have to be effected, even if it be nothing further than the extension of the period of Crisis relief and the inclusion under this scheme of all insured occupations, with or without the accordance to the local authorities of a certain control over the administration of the same. For two things are clear: Unemployment relief cannot under present conditions be confined to insurance, while with the localization of industry, and hence of unemployment, no body except a central one is able to stand the strain of unemployment relief. National assistance must therefore be devised. As this can, however, only be administered on a uniform basis, it is difficult to see how such central relief alone is to suffice. On the local authorities would still fall the task of giving supplementary assistance, according to individual circumstances, and of relieving those persons who cannot be brought under any uniform scheme.

Productive Relief.

The policy of the relief of unemployment by means of public works, called in Germany "Productive Relief," was early pursued in that country. It was, however, the local authorities, and not the Reich or Lands, who were the pioneers in this field. By undertaking enterprises and judiciously selecting the period at which they were carried out, they have endeavoured to relieve unemployment in their districts. These emergency undertakings aimed at increasing the production of food and raw materials, at supplying the basic needs of industry and at improving the channels of communication. They have been largely of a constructional nature. Recent developments have occasioned the almost complete reversal of this policy.

The Reich has contributed in the form of loans to local authorities, generally with the stipulation that the Lands should contribute a like amount. The loans have been as a rule equal to about six times the estimated saving in Public Assistance, at most some 80 per cent. of the costs of the undertaking.

Labour Exchanges.

The Public Labour Exchanges were started originally by the Communes, who ultimately won support for them, despite initial hostility, by handing over general control to commissions composed of an equal number of representatives of employers' and labour organizations, with an independent chairman appointed by the Com-

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munes. The need for inter-communal co-operation was soon recognized, and Labour Exchange Associations were formed as early as 1898. In 1922 the Reich incorporated the Communal Exchanges in a national system. Actual administration was left, however, to the Communes, and the system of self-government by industry maintained. The chief officer responsible for general control is a Communal official, but he is aided by at least three representatives severally of the local employers' and labour organizations. Two-thirds of the expenses are borne by these bodies, while the remaining third is contributed by the local authorities. Some higher authority, in Prussia the Province, is responsible for regional supervision and control. The Exchanges have, when necessary, to maintain departments for the professions and for clerical workers. They administer the Reich Insurance since its introduction in 1927.

Maternity Welfare.

Maternity Welfare, in so far as this is regulated by the Ordinance concerning the Duties of Public Assistance, forms the last branch of the essentially "economic" assistance. It aims at guaranteeing to uninsured mothers at least the same relief as is guaranteed to the families of insured persons under the Reich Insurance Ordinance. The passage in the Reich Insurance Ordinance regulating this matter runs as follows: "As weekly assistance the payments stipulated in Paragraph 195, Sections 1, 2, 3, are guaranteed; these comprise: Maternity benefit, 50 Reichspfennige (about 6d.) per day; and nursing benefit, 25 Reichspfennige per day. Paragraph 195A, Section 3, applies correspondingly." This runs "Female insured persons who were insured against illness, on the basis of the Reich Insurance or Friendly Societies Acts during the last two years before the birth of the child for at least 10 consecutive months, and in the year preceding birth at least 6 months, are entitled to the following assistance:—

1. At confinement, and in case of illness during pregnancy, nursing, and, if necessary, medical treatment.
2. A single payment of 10 Marks towards the further costs of confinement, and in case of illness during pregnancy. If a delivery does not take place 6 Marks are to be paid.
3. Maternity benefit to the amount of the sick pay entitled, but at least 50 Pf. per day for 4 weeks preceding confinement and 6 consecutive weeks immediately succeeding.
4. As long as they themselves nurse their children a nursing benefit to the amount of half the sick pay, yet at least 25 Pf. per day, till the end of the twelfth week after birth . . .

The payment of maternity benefit may be extended for another

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two weeks before birth if the doctor maintains that confinement will probably take place within six weeks, provided that the person concerned is not working for wages. If the doctor is mistaken the patient has the right to receive maternity benefit from the date given in the medical certificate until the time of confinement. If the person works for wage only half of the maternity benefit is paid."

Thus, besides the necessary medical treatment and nursing, the mother receives at least 10 Marks towards the further expenses of confinement, 3.50 maternity benefit, and 1.50 Marks nursing benefit per week, in all 66 Marks. This is a minimum payment. Many District Assistance Associations pay more, while assuming the whole costs of confinement. Some extend the period of nursing benefit to a year, while all supplement their aid by the provision of relief in kind—e.g., packets of food, clothing, bed linen, and milk. The payment of extra nursing benefit is generally made dependent upon regular attendance at the Welfare Centres.

The aim of the maternity benefit is to encourage poor mothers to cease working for some time before and after confinement, and of the nursing benefit to encourage them to nurse their own babies. Working mothers receive only half the weekly benefit during the time that they are at work after confinement. (*Note.*—The employment of women in factories is forbidden by law for eight months before and after confinement.)

Legal Advice Bureaux.

An admirable Welfare service is carried out in some German towns in the form of Legal Advice Bureaux. These are designed especially to help poor people who cannot afford to engage legal assistance and who yet, being without it, are completely at a loss when confronted with some charge in the courts. The Advice Bureaux are also supposed to further the cause of social peace by education in the law, diminishing by this means the number of legal conflicts. Both aims are the better attained the nearer the bureaux approach the legal aid bureaux. Hence a few of them also undertake solicitors' work.

Care of Children and Young Persons.

The care of children and young persons, in German terminology "Youth Welfare," which began chiefly as the care of illegitimate and destitute children, has been extended until it forms perhaps the most important branch of German welfare. This is especially the case at the present time, when the nation is endeavouring to efface the physically and morally degrading effects upon its children and young people of the War and post-war periods. Its many functions

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are for the most part centralized in the Youth Offices, working in close conjunction with the Welfare and Health Offices, the Youth Offices being often indeed simply special departments of the Welfare Offices.

The organization of Youth Welfare is determined largely by the Reich and Lands. The local authorities are left freedom simply in deciding how they will allot the various functions among the three Welfare departments.

At the head stands the Reich Youth Office. This is composed of the Reich Committee for Youth Welfare at the Ministry of the Interior, together with the Government of the Reich. On this committee the Land Youth Offices are represented. In addition the all-important Paragraph 9 of the Reich Youth Welfare Ordinance applies. This regulates the composition of Youth Offices and provides that leading officials of the Youth Welfare are to be included among the members, also men and women experienced in Welfare work, in particular representatives of voluntary associations and of the Youth Movement.

The duties of the Reich Office are mainly co-ordinative. It has to support all efforts on behalf of the care of young people, to focus all experience in the field of Youth Welfare, and to keep the Land Youth Offices informed and in other ways to provide for the application of the total body of experience gained in Youth Welfare.

In the second instance come the Land Youth Offices. The Lands are left free to decide what bodies shall act in this capacity. The Reich Law specifically states that large Lands can set up several Youth Offices but that small ones can co-operate in the formation of a single one. Districts from different Lands may even be associated for this purpose. This is an interesting attempt to disregard in at least one sphere of administration the ridiculous and uneconomic limits set by Land boundaries. The composition of the Land Youth Offices is regulated by the Lands, except that Paragraph 9 of the Reich Youth Welfare Ordinance must apply. Further, the Local Youth Offices must be represented thereon, together with representatives of the various Boards of Justice specially concerned with the care of children and young persons.

The duties of the Land Youth Offices are entrusted in Prussia to the Provinces. They may be handed over to the Land Welfare Offices or to other Welfare departments set up by the Provinces, subject to the condition that special committees are formed according to the regulations concerning the composition of Land Youth Offices. Their composition in general is the same as that of any other committee of a local body, except in so far as it is modified by the afore-

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mentioned provisions of the Reich and Prussian regulations, according to which the Government President has to be a member, while school and health experts and factory inspectors must be co-opted in at least an advisory capacity.

The duties of the Land Youth Offices are enumerated by the Reich. Prussia adds nothing further. They comprise the drawing up of common regulations for the whole district and the taking of suitable measures to ensure an economical and uniform discharge of the functions of Youth Welfare. The Land Youth Offices have to advise the Local Youth Offices with regard to their duties and, like the Reich Youth Office, circulate information. They have to erect common institutions for the whole district, bringing into co-ordination in particular all those dealing with the care and supervision of minors who are in dangerous circumstances. They have to co-operate in the carrying out of the "Welfare upbringing," and lastly, they must further voluntary Welfare work, encouraging the Local Youth Offices themselves to work in co-operation with voluntary associations.

The main duties of Youth Welfare are left to the Youth Offices. These have to be set up by Communes or Communal Associations. Prussia prescribes the Town and Country Circles as the responsible authorities. Country Communes and Communal Associations of more than 10,000 inhabitants may apply for permission to erect independent offices, according to the same procedure regulating their applications for carrying out the duties of District Assistance Associations.

According to Prussian amplification of the Reich Law, the governing body of each Youth Office must consist of (a) One to four members of the executive of the local Council, from among whom the chairman, who has the casting vote, must be selected. In the towns he is nominated by the Burgomaster; in the Country Circles the Landrat himself fills this office. These members must include leading Youth Welfare officials. So far as they are not appointed as regular members, the following officials must attend in an advisory capacity: The Circle Education Officer, the Health Officer, the Factory Inspector, and the Judge of the Court of Guardianship. If more than one such official exists in the district, the officials themselves select one of their number to serve on the governing body of the Youth Office. (b) At most five times this number, and at least ten men and women experienced in Youth Welfare work. Of these two-fifths must be selected from among voluntary associations on the nomination of the latter. The local authorities decide which associations are entitled to make nominations. The other three-fifths must include one Evangelical and one Catholic Priest, also one Rabbi, if

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there are churches in the district served by these dignitaries. These members are nominated by the churches themselves. Further, two teachers—one man and one woman—must be appointed. This provision, together with the corresponding one in the case of the Land Youth Offices, is dictated by the desirability of securing close co-operation between the Education and Welfare authorities. The remaining members are elected by the self-governing body itself from among its own members or from among the inhabitants of the district.

The Functions of Youth Welfare.

(1) The economic relief of children and young persons is regulated by the Reich Ordinance concerning the Duties of Public Assistance, and has already been dealt with. According to the regulations of this law, medical attention, as well as vocational training, must be guaranteed when necessary. Among the categories to whom special care is to be given are war orphans and the children of disabled ex-service men. Functions of a Public Health character may be transferred to the Health Office and will be dealt with in the section on Public Health. (2) The Youth Office has to act in the following legal capacities: (a) It is the legal guardian of illegitimate children and must co-operate with the Court of Guardianship in all matters concerning them. (b) It can be appointed guardian in other cases if no other suitable guardian is available. Such appointment follows upon the written permission of the Court of Guardianship. (c) It takes care of and acts as the guardian of orphans. (d) It has to co-operate with the Court of Guardianship in carrying out the "protective control" of children and young persons and in the "Welfare upbringing," terms which will be amplified later. (e) It further has to co-operate in the supervision of the work of children and young persons and in the care of children and young persons in the police courts. (3) Certain functions are of an essentially protective nature. These include the protective supervision and Welfare upbringing already mentioned, together with the care of children boarded out.

Boarding Out.

All children under fourteen years of age who are continually or regularly for a part of each day in the care of strangers, and all illegitimate children are under the direct supervision of the Youth Offices, children cared for temporarily or without payment excepted. In the latter case notice of the fact must be given to the nearest Youth Office, but further control does not ensue. Illegitimate children who live with their mother or with their mother and father, holding the father's name, and those who live with their grand-

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parents may also be free from supervision so long as the Youth Office thinks it expedient. It is illegal to take care of a child against payment without first obtaining the permission of the Youth Office. Any person receiving such permission must further notify the Youth Office of the reception and departure of the child, of any change of dwelling, and in the case of death.

If children are boarded out by other Reich or Land authorities the granting of permission rests with those boards and not with the Youth Offices, although this power may be delegated to the Local Youth Offices. Further, the Land Youth Offices can exempt from supervision institutions which receive children, unless they for some reason hold supervision to be necessary. They can at any time reimpose supervision.

The breaking of any of these regulations is punishable by severe fines or by imprisonment.

The actual supervision is carried out by Welfare Visitors, who are responsible for examining the homes in the first place and for subsequent care. They visit the homes from time to time to ascertain whether the children are receiving proper treatment, and may recommend their removal if they think that this is not the case. Many children are boarded out on the initiative of the Youth Office themselves, such children being chiefly orphans, illegitimate children, and children in bad circumstances. Children needing temporary care are generally put by the Youth Offices into their own Children's Homes. Into these institutions come most of the children who are tended by the Youth Welfare for any purpose, and from there, after a period of observation, they are sent to the most suitable places of reception. Some are boarded out among families if the reasons for their withdrawal from home are mainly economic; others are sent to convalescent homes and hospitals, or to Public Youth Homes, which are run on the lines of boarding schools; others again to the Institutions of the Welfare Upbringing, whilst some for whom no suitable place of reception can be found remain in the homes. Here they may receive instruction or they are sent out to attend the day schools in their district.

If the legal supporters of the children cannot afford to pay the cost of boarding out, application can be made to the Welfare Office, which after examination of the case must, according to the regulations of the Reich Ordinance concerning the Duties of Public Assistance, if necessary, bear the expenses involved.

Protective Supervision.

Children and young persons who are in danger of mental, moral, or physical corruption owing to the nature of their surroundings,

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may be placed under the so-called "protective supervision." The Youth Offices have no power to do this on their own account, but must co-operate with the Court of Guardianship, which possesses the necessary powers of compulsion. Application for the introduction of supervision has to be made to this court, and may be made by the parents of the children or young persons, by their legal representatives, or by the Youth Offices themselves. The latter can, however, carry out supervision on their own initiative, provided that the persons legally responsible for the upbringing of the children or young persons are agreed thereto. In this case notice has simply to be given to the Court of Guardianship. Supervision is carried out by the "Helper" appointed by the Court of Guardianship. A private person may serve in this capacity, a society formed for the aid of children and young persons, or the Youth Office itself. The supervision does not extend to the control of the property of the person protected, except in so far as wages are concerned. With this exception the "Helper" may be appointed for the control of all matters where this seems necessary. He has compulsory access to his ward. Protective supervision ceases automatically when the person protected comes of age or if it is superseded by the Welfare Upbringing.

Welfare Upbringing (Fürsorgeerziehung).

The "Welfare Upbringing" constitutes a further and more drastic step in the protection of minors who, whether through neglect or from more potent factors, are in danger of corruption owing to their surroundings. If these are so bad that they constitute a danger even under protective supervision, minors may be withdrawn entirely. The Court of Guardianship decides on this measure, either on its own initiative or on application, just as in the case of protective supervision. The Welfare Upbringing lasts for the whole period of minority, but may be ended at the discretion of the competent authorities, in which case the Court of Guardianship has to be informed. It can still be imposed after the age of 18 years if it is likely to be successful, but not after the age of 20 years. Notice of the decision to impose it must be given to the minor himself, together with the reasons, unless the subsequent problem of upbringing and education would thereby be rendered more difficult. Immediate appeal against the decision is possible. The minor is to be given the greatest possible freedom in the choice of his place of reception. If he is placed in a family it must be in one of his acquaintance, at least until the end of school age. In this case he differs little from any other child boarded out, except that he is under the supervision of a different body and is subject to more vigilant protection. If he is

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placed in an institution he is to be placed as far as possible in one with which he is acquainted. Should he have no acquaintance of either kind, he may not be placed in a family or institution without his consent or that of the person legally responsible for his upbringing. How much value this regulation has in practice it is difficult to say—probably not very much.

The Lands are empowered to nominate the Welfare Upbringing Boards, the Reich simply stipulating that the Land Youth Offices should, if possible, act in this capacity. Prussia has, however, chosen to appoint the Provincial Committees themselves. The Land Youth Offices have simply to co-operate by the provision of information, admission of children to convalescent homes, and so on. Welfare Upbringing is the one branch of Youth Welfare which is considered a State service. The State contributes two-thirds of the expenses, the rest of which are borne by the Provinces. The minor or such persons as are legally responsible for his upbringing may be made to pay for his maintenance where this is possible, according to tariffs settled by the Minister for Public Welfare.

"The Welfare Upbringing" runs the Reich Youth Welfare Law, "aims at preventing or removing corruption, and is carried out in fitting families or institutions under public supervision and at public cost." The aim is an admirable one and the terms of the law consistently kind, but many people are feeling to-day that all is not well with the Welfare Upbringing. The chief criticisms are directed against its institutions. Actually only minors who are already to some degree corrupted should be placed in institutions, but from motives of economy other and quite innocent children are placed in them, with no attempt at segregation. Some children who should not be subjected to the Welfare Upbringing at all are placed under it because of the desire of the lower authorities to relieve themselves of expense. The results may be imagined. Moreover, although some of the institutions are run on up-to-date lines, many of them are still carried out on hopelessly old-fashioned and repressive principles. They are under State supervision. The Minister of Public Welfare in Prussia has to ratify their rules. He and, in the first instance, the Higher President are actually responsible for supervision, in which the Land Youth Offices must co-operate. State inspectors, however, do not always see behind the scenes, and are sometimes over-anxious to catch their trains. Nevertheless, the Welfare Upbringing, in conception if not always in practice, is an admirable service.

Crèches, Nursery Schools, and "Sanctuaries."

Youth Welfare in the narrower sense is augmented by the provision of crèches, nursery schools, and "sanctuaries," under the

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control of the Youth Offices. The degree to which this service has been developed varies, as it is at present no delegated function of the State. Children up to the age of three can be sent to crèches, while others from three to six years of age can attend the nursery schools, after which they go to the ordinary elementary schools. The "sanctuaries" are places to which children of school age, whose parents are at work during the day or who for other reasons cannot do their lessons or receive attention at home, may go during the afternoon. There they receive lunch and possibly also tea, they do their school lessons and are amused until it is time to go home. Crèches, nursery schools, and sanctuaries are in the charge of trained persons, with State qualification. Children may be sent there by the parents on payment of a small fee or they may be sent by the Welfare Offices themselves. In any case the fees are very low.

Homes for Apprentices.

Many towns, through the medium of their Youth Offices, maintain special homes for apprentices.

Choice of Careers.

One other function of Youth Welfare remains to be mentioned. Advice as to the choice of careers is provided in Germany by special departments of the Labour Exchanges, who have the best possible knowledge of the openings in the different occupations. Children on leaving school may go to these centres for advice. Here they are subjected to psychological tests and to medical examination by the school doctors.

Youth Hostels.

The German Youth Hostels, of which so much has been heard in this country in recent years, receive considerable support from the Welfare and Youth Offices. Some are, indeed, maintained solely at their expense. The Provinces are the chief contributors, but many large towns have their own hostels, situated sometimes within, sometimes beyond the city boundaries.

Public Health.

Public Health, under which heading are included in Germany all those Welfare functions which are of a medical rather than an economic or legal nature, is carried out partly in fulfilment of Welfare laws and of special Health laws, partly on the independent initiative of the local authorities themselves. Most of the functions of Public Health were originally started voluntarily by the local authorities and have been later rendered compulsory as the recog-

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nition of their importance has grown. Such are maternity and child welfare and the care of school children, which are carried out in fulfilment of the Reich Youth Welfare Law and the medical care of all persons coming under the Ordinance concerning the Duties of Public Assistance. The care of cripples and of people suffering from tuberculosis is regulated under special laws. Public Health functions, such as the control of water supply and drainage, the prevention of air pollution, food control, and bacteriological research are regulated partly by law and partly by police decree. These functions are mainly carried out by the police. Valuable services are rendered voluntarily by the local authorities in the sphere of prostitution and venereal diseases and in the care of inebriates, while the erection of hospitals is also to some extent a voluntary activity. Most local authorities carry their Public Health activities beyond the limits prescribed by law. The functions of Public Health are organised generally by the local authorities in a special department called the Health Office. This is organized in close conjunction with the Welfare and Youth Offices and is under the direction of a Public Health expert, who may be either a doctor or an experienced official. His work is mainly administrative. Under him serve a number of doctors, who are responsible for the carrying out of Public Health duties, apart from actual house-to-house visits. The latter fall to the lot of the Welfare Visitors or specially trained Health Visitors and Sisters. It is maintained to be impossible to combine the "inner" and "outer" services, much as this would be desirable. Attempts are made in some instances to render the doctors as familiar as possible with their patients by dividing their duties regionally; that is to say, general practitioners and not specialists are appointed, except where specialist knowledge is absolutely necessary. In Health Offices so organised one doctor is responsible for the whole of the Public Health and Medical Welfare duties in his district. He sees the expectant mother, he watches over the infant and small child until school age. His care is extended through the school period. Moreover, if the parents come under the care of the Welfare Offices he probably comes into contact with them and knows their case, his work on the children being rendered much more easy and effective in consequence. This organization is in fact the inner counterpart of the outer "Family Assistance." In less progressive districts, and in others in so far as regional co-ordination is not possible, the public doctors have special branches in their charge.¹ In most cases doctors who wish to qualify for Welfare service have to have had a satisfactory training in social hygiene, although legal regulations

¹ The Kreisarzt (Circle doctor) must have been trained in social hygiene, but this particular official is appointed by the State for the performance of those functions which are carried out by the Circles in their capacity as local State authorities.

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to this effect are wanting. For this purpose Academies for Social Hygiene, recognized by the State, have been erected in Berlin, Charlottenburg, Breslau, and Düsseldorf.

The Health functions of the Welfare and Youth Offices are generally handed over in their entirety to the Health Office, except in so far as the general Welfare Assistance medical service is organized on a panel system, in which case the authorities pay approved private practitioners to attend their patients. Even so, certain duties are performed by the public doctors.

General Hospitals.

As already stated, the Ordinance concerning the Duties of Public Assistance makes the Land Assistance Associations responsible for the maintenance of convalescent homes and specialized institutions. This does not debar the lower authorities from erecting such institutions should they so desire, provided the Provincial authorities deem this advisable. In particular, the large towns maintain a number of specialized institutions. Such institutions are comparatively expensive to maintain, and owing, indeed, to their specialized nature are generally only economically to be administered when operating for a large or densely populated area.

The general hospitals lie outside this system. They are erected voluntarily by the local authorities and constitute neither a delegated nor a compulsory service. Although in the country districts they also are often maintained by the Provinces, the Town Circles and larger Communes have their own general hospitals, which are co-ordinated into the municipal, public health, and welfare services.

The Communal Association for Public Health, with the Hospital Advice Bureau as its central organ, keeps the administration of the public hospitals under constant review. The committees of experts appointed in 1925 and 1930 to examine the system from the point of view of administrative economy and service provided, drew up detailed costing schemes, by means of which it was possible to make a comparison of costs between the different institutions and on the basis of which the committees made their recommendations.

Treatment in the public hospitals is not given free, except at the charge of the Welfare Offices. The fees do not as a rule, however, at any rate for the patients of more moderate means, cover the whole costs of treatment and maintenance. There is thus no gap in the system and no class of citizens is excluded from treatment.

The voluntary hospitals, maintained not so much by general donation as by various religious associations and charitable organizations, are indebted to the local authorities for grants, and often receive "Welfare" patients. There is no body operating the public

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and private hospitals as a single system, although the formation of local associations for this purpose was recommended by the committee of experts in 1930.

The General Assistance Medical Service.

All recipients of General and Higher Public Assistance are entitled to medical care and to treatment during illness. Formerly as many as possible were taken to institutions for treatment; now, upon humanitarian grounds, as many as possible are treated at home, just as out-relief rather than in-relief is granted in all but exceptional cases.

Home nursing is carried out by sisters, some of them attached to voluntary associations, others to the Health Offices. Domestic assistants may also be sent to take care of the home and to see to the housework if a married woman is ill. However, owing both to the general extension of the medical services and to the fact that satisfactory treatment at home is in many cases impossible, treatment in institutions has greatly increased. Public Assistance patients are not treated in special hospitals but in the general hospitals at public expense. Chronic cases and incurables are retained in hospitals and homes, while mental patients, epileptics, idiots, deaf and dumb, blind and crippled persons, and those suffering from tuberculosis are treated in the appropriate institutions.

At one time there used to be special Poor Relief doctors, each in charge of a certain district. The old system has now been largely supplanted by that of "free choice," according to which recipients of relief may go for treatment to any one of a panel of doctors approved by the Welfare authorities. This system meets with the approval both of the doctors and of the patients, the former because it suits their interest, the latter because it removes the stigma attached to treatment by the "paupers' doctor." The old system is defended on the grounds that the authorities must in any case have confidential doctors to advise them, that it entails less administrative work, and that treatment under the new system is not likely to be more efficient.

The doctors have not only to treat the patients but to advise and inform the Welfare authorities on all matters connected with their health and ability to work, and, if necessary, to attend the meetings of the District Assistance Associations.

For a good example of the working of the new system the town of Frankfurt a. Main may be quoted. Here, if a person in receipt of relief from the town becomes ill, likewise any person whose income does not exceed the relief scale by more than 50 per cent., he or she may apply to the local branch of the Health Office for a free pass. This has to be taken to one of the doctors approved by the town, or,

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as the case may be, to a dentist similarly approved. In emergencies the doctor may give treatment without the pass, but it must be applied for within three days. Medicaments prescribed by the doctor on a Welfare Office form are obtained free from the chemist. Patients can also naturally be treated at any of the town Welfare Centres or clinics.

Applications for special treatment and more expensive medicaments must be made by the doctor or Welfare Centre. They are subject to the revision of the confidential doctor of the Welfare Office, who is, in Frankfurt a. Main, the district officer of the Health Office, the total medical service being co-ordinated under that office. Application for certificates stating the bearer to be incapable of work also have to be made through this doctor. The bearer of such a certificate may not be refused "economic" relief on the grounds that he is not seeking work. Hospital treatment can only be given if application is made to the district branch of the Welfare Office by the doctor already giving treatment. He can also apply for domestic care to be given. For the payment of nursing expenses application has likewise to be made to the District Office.

Tuberculosis.

In the forty years preceding the War 1914-18 the number of cases of tuberculosis in Germany diminished regularly owing to better treatment, improvements in housing conditions, increased participation in games and sport, and the medical aid granted under the Social Insurance Acts. During and after the War it increased with alarming bounds, reaching its maximum in 1918, when 22.9 persons to every 10,000 living died of tuberculosis, while twice that number were estimated to have contracted the disease. Since 1918 there has been a steady improvement, although according to Prussian estimates in 1925 one out of eleven deaths occurred through tuberculosis.

Despite the urgency of the question, the treatment of tuberculosis is left to regulation by the Lands. In Prussia, according to the law of 4th August, 1923, all cases of tuberculosis have to be reported to the nearest Welfare Centre, attendance at which is compulsory on the receipt of a written notice. The Welfare Centres were started about twenty years ago on the French and Belgian models. They were originally intended mainly for the working classes, but during and after the War their sphere has been extended to include all who are suffering from tuberculosis. In addition to the fresh cases reported by public and private doctors and those discovered by the Health and Welfare Visitors themselves, all people released from sanatoria or convalescent homes are kept under observation. The

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necessity of close co-operation between all public and private bodies and the Welfare Centres in this matter is fully recognized. Application may be made by private individuals to the Welfare Centres, though from lack of knowledge this naturally does not often occur.

The Welfare Centres are staffed by doctors, sisters, and health or welfare visitors. Consultations occur as a rule three or four times a week, but sisters are generally in attendance every day to give advice.

House visits are made by the sisters and health visitors, whose task it is to impress upon patients the necessity for treatment, to give tactful advice as to the best measures to be adopted and as to the best methods of carrying them out, to give instruction in personal and domestic hygiene, and to demonstrate the use of the disinfectants provided gratis by the Welfare Centres. The economic side of the situation is, as usual, under the care of the Welfare Visitor.

Originally advice and diagnosis, but not treatment, were given in the Welfare Centres. Co-operation with private practitioners, it was maintained, is facilitated if the doctors at the Welfare Centres do not intervene. The Welfare Centres have, however, to arrange for treatment, even if they do not give treatment themselves. As satisfactory treatment, apart from the Welfare Centres, is in many cases impossible, the rule of non-treatment is being increasingly disregarded, since the available number of places in appropriate institutions is not large enough, while treatment by a private doctor cannot as a rule be sufficient. Many Welfare Centres have therefore erected clinics, where less urgent cases can be treated. The benefits of artificial sunlight have also been brought within the reach of large bodies of the public through the erection of special clinics, sometimes in connection with one or other of the Welfare Centres, sometimes at hospitals, where on payment of a small charge people may receive treatment, even when suffering from nothing worse than general debility. Such treatment is granted free to persons obtaining passes from the Welfare Offices.

German sanatoria are partly in public and partly in private hands. In this field the Provinces naturally play a larger part than the smaller authorities. Most local authorities, however, even when they do not own a sanatorium, are part owners thereof or give grants to associations formed for the combating of tuberculosis. Some of them maintain, in addition to convalescent homes, sanatoria and special wards in the general hospitals for the reception of hopeless cases, "Forest Homes," which provide an opportunity for rest and recuperation. These are, as a rule, day homes, and were originally intended for light cases of tuberculosis, but others are now admitted. The Homes are quite simple, consisting generally of one or more large rooms filled with rest stools, open to the sun and air,

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and with an adjacent dining room. In fine weather the patients can lie out in the open.

Inebriates.

The care of inebriates, says one German writer in somewhat characteristic fashion, is not simply a matter of philanthropy but of hard finance, because of its effects upon other branches of Welfare. It is carried out from special Welfare Centres, both public and voluntary, many of the latter having been set up by women. The Welfare Centres are under the care of some person, whether a doctor or an official, well experienced in Welfare work. At the Centres consultations are held and advice given, while in addition house visits are made by the Welfare Visitors in order that separate families may be treated individually according to their special needs. Efforts are made, if this seems advisable, to remove the patient and his or her family from their surroundings. Wherever necessary legal steps are taken, such as the introduction of Protective Supervision or of Welfare Upbringing for the children, the placing of the patient under tutelage. Food may be controlled, or the patient removed as a last drastic measure to a sanatorium for inebriates. All inebriates in receipt of Public Assistance are given relief as far as possible, not in money, but in kind, and it is transferred to the dwellings by the Welfare Visitors. If it is found that children are not properly fed they receive meals at school, free or at the parents' expense, as the case may be. Patients discharged from sanatoria are still kept under the supervision of the Welfare Centres so long as this is deemed necessary to ensure non-reversal to old habits.

Care of Cripples.

The care of cripples was originally a voluntary service of the local authorities, but is now carried out partly in fulfilment of the Reich Welfare Laws, partly according to special regulations laid down by the different Lands. It aims at making crippled persons capable of work, laying special value upon early treatment, since it is estimated that 90 per cent. of young cripples can be cured sufficiently at least to enable them to work. According to the Prussian Law of the 6th May, 1920, the care of cripples must include educational and vocational instruction, particularly in those cases where institutional treatment is provided. The Land Assistance Associations are responsible for maintaining institutions for cripples, where advice, care and attention can be given, including instruction up to the age of 21. Other relief has to be carried out by the Town and Country Circles, who must set up Welfare Centres.

The example of Berlin may be taken as illustrating this branch

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of Welfare. There, in accordance with the Prussian Law, all cripples up to the age of 18, irrespective of whether they are on other grounds under the charge of the Welfare authorities, must be reported to the Welfare Centre of the district by the following persons: Doctors attending patients likely to be crippled or already deformed, midwives at or soon after the birth of a crippled child, teachers and attendants on sick persons. Each case is reported to the nearest branch of the Youth Office (in other towns the Health Office is generally the competent department), giving the name, age and address of the patient, and the nature of the complaint. He is then invited to attend the Welfare Centre. Nobody is forced to do so, although legal enforcement is possible, except in cases of obvious neglect or misuse. At the Welfare Centres advice is given, patients are examined, and, if necessary, treated, as most Welfare Centres have clinics attached. If a patient cannot be treated at the Centre he may, with the consent of his relatives, be sent to a home, children and young persons being sent to special homes where instruction is combined with treatment. Patients in need rather of general care than of specialized treatment are sent to convalescent homes, to the sea, and so on. The expenses of treatment may be borne by the town if the patient is himself unable to meet them, even though he is not already in receipt of some form of public assistance. Application is made in the usual manner to the Youth or Welfare Office.

Venereal Diseases and Rescue Work.

Prussian inquiries held in 1900 and in 1914 revealed the fact that sex diseases are one of the great dangers of town life, but war and demobilization and terrible housing conditions have since carried them to every corner of Germany. The year 1919 found 20 per cent. of the German population under treatment for venereal diseases.

Before the War the public authorities were content simply with the police measures against prostitutes. Nothing whatever was done to deal with men. A beginning was made during the War when soldiers were treated in an attempt to prevent the spreading of the diseases at home. All men released from service who during service had suffered from venereal diseases were placed under the care of the Lands Insurance Institutes, who set up advice centres, thus relieving the local authorities of the necessity of doing so. The latter therefore confined their efforts to the erection of special wards in hospitals for the treatment of skin and venereal diseases (these being treated together simply as a matter of convenience).

Of late years the police measures have been developed to form a kind of rescue work for prostitutes. By dint of hard fighting by women's societies the police have at length been induced to take

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women into their service for this purpose. These are not women police but Welfare Workers who deal with the prostitutes only after they have already been taken into custody and examined. The position is still anything but satisfactory, since the very aim of the rescue work should be to avoid contact with the police, with its degrading and hardening influence. Moreover, only the very fringe of the problem is touched, since it is merely convicted prostitutes who are dealt with. No one will come willingly to a Centre connected with the police. Hence the local authorities have been driven to adopting other measures. In many places the examination of prostitutes has been taken away from the police. They are now sent to special "Care and Protection Centres," which undertake both the initial medical examination and proof of the statements made as well as the subsequent Welfare measures. Fallen girls and unmarried mothers, other than those actually taken into custody by the police, are encouraged to come to the Protection Centres for aid and advice. Measures are taken for getting them to hospitals or to lying-in homes, for inducing the fathers to assume responsibility, for obtaining them work, and last, but not least, for attending to their general health. From these Centres they can be put into touch with the other public departments under whose care they and their children can come—e.g., the Welfare, Youth and Health Offices.

Venereal diseases in general have been treated by the erection of special Welfare Centres for advice and treatment up to the point that this is possible outside a hospital. The Centres have to combat great difficulties arising both from lack of knowledge and false shame. The special dangers of the diseases are not realized by most people. Between infection and the outbreak of the first symptoms a shorter or longer period elapses, but the illness is already infectious. It is further difficult to induce patients to continue treatment long enough to effect a complete cure. Such factors, however, have to be combated anywhere, and do not detract from the valuable nature of the efforts made by the German Welfare Centres.

Maternity and Child Welfare.

A comprehensive Welfare service must include care of the expectant mother, care at and after confinement, as well as the subsequent care of mother and child. Maternity and child welfare, conceived not merely as a medical but fundamentally also as a social service, started in Germany with the care of unmarried mothers and illegitimate children, with orphans and deserted babies. The care of mothers is indeed recognized as being still very imperfect, although considerable progress has already been made. Economic relief has already been dealt with. Many authorities assume the

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whole cost of confinement for necessitous mothers, beyond the 10 Marks minimum laid down by law.

Expectant mothers are invited to attend the Welfare Centres originally intended for infants. It was felt desirable to hold the consultations in these same Centres in order to encourage the mothers to bring the children there afterwards. There they receive medical, legal, and, where necessary, economic aid. They are advised with regard to the payment of insurance benefit, with regard to the responsibility of fathers in the case of unmarried mothers, and with regard to arrangements for reception in lying-in homes. A questionnaire of the economic circumstances of each mother is drawn up for the use of the Welfare Office. From about the seventh month before confinement at most Centres food and milk cards are given to necessitous mothers, which entitle them to regular packets of food and Grade A milk from the public kitchens. In some districts the food and milk is conveyed direct to the home by the Health or Welfare Visitor. This is in fulfilment of the Reich Welfare Laws, which consistently maintain that assistance cannot be confined to monetary relief. Other mothers not in attendance at the Centres can receive these cards on the application of their doctors, subject, of course, to the revision of the Welfare Office. According to the Reich Welfare Ordinance, mothers who are entitled to receive maternity and nursing benefits under that law must be given medical treatment in case of need. Some voluntary associations and public authorities send, besides nurses, housekeepers to relieve the mother of housework, and to superintend the home if she is ill.

The deficiencies of the service lie in its institutions, of which there are still far too few. It is particularly difficult for unmarried mothers to find lodgment. A few homes take in expectant mothers, whose social conditions are specially unfavourable, about six to eight weeks before confinement. Here they have to do some light housework in return for their maintenance. This is a particularly interesting experiment, the development of which is largely retarded owing to lack of funds. Lying-in homes maintained partly at private and partly at public expense are more numerous, although not yet sufficient. The mothers generally have to leave at the end of eight or ten days. It is absolutely impossible to keep them until there is no further danger.

Maternity Homes where mother and child can stay for six weeks (the legal period of protection) are very few. A few large public and small private institutions do, however, exist, although they are difficult to maintain on the score of expense. In these also the mothers do some light housework. Lying-in and Maternity Homes are as a rule not free, though the fees are reduced for necessitous

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persons, while in extreme cases the Welfare Office pays them. The same holds good for Infants' Nursing Homes and Hospitals.

Welfare Centres for Infants and Small Children.

Infants' Welfare Centres, first started in Berlin in 1905, carry on the work begun with pre-natal care. Here mothers and foster-mothers may receive free advice for their children; treatment, it must be noted, is not given. If treatment is necessary the mother is told to take the child to a doctor, and the usual application to the Welfare Office can be made in the case of poor mothers unable to pay the expenses of treatment. Certain relief in kind can be given, particularly milk for children not nursed by the mothers, while extra nursing benefit is sometimes allowed. Many authorities make the payment of ordinary nursing benefit conditional on attendance at the Welfare Centres. Others undertake to pay out the insurance benefit and thus get into contact with a large number of poorer mothers. The Welfare Visitor is always in attendance. It is her business to examine the economic circumstances of each case, to visit the homes, and to see that the advice given at the centres is carried out and the nursing benefit and relief in kind properly employed. The advantages of the Family Welfare system are here obvious since the Welfare Visitor already knows many of the mothers and double work is thus avoided.

At one time there was a large gap in the Welfare Service, which included infants and school children but left out small children between the ages of two and six. During the War the Welfare Centres extended their activities to include all children up to six years of age. Separate consultations are held, however, for infants and larger children. At present most of the activities connected with the care of children are entrusted to the Welfare Centres for execution. The following is a list of the functions carried out by the Welfare Centres in Berlin:—

1. The bringing of all new-born infants (reported from the Registry Office) within the sphere of the Welfare Services, so far as this is necessary.
2. Supervision of the orphans in the care of the town of Berlin up to the age of six through house visits and invitations to attend the consultations held at the Welfare Centres.
3. Supervision of illegitimate children under public guardianship up to the age of six.
4. Care of children boarded out, including continuous supervision of the homes and medical supervision of the children.
5. Distribution of nursing certificates on behalf of the Reich Maternity Insurance authorities.

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6. Performance of the necessary duties connected with Maternity Welfare.

7. Aid to nursing mothers through the granting of milk in suitable cases.

8. Care of expectant mothers from the social standpoint; as far as medical care is concerned each Welfare Centre works in close co-operation with a lying-in home and a hospital.

9. Supervision of the crèches and nursery schools in the district. Examination of the children newly received and of those continuously ill.

10. Provision of food on behalf of the Quaker Relief Organization. Distribution of groceries to the persons entitled.

11. Vaccination of children for the district (first time).

12. Treatment of syphilis.

13. (Only in the district Kreuzberg.) Courses for pupils of continuation schools in amplification of biology lessons and those concerning children.

14. (Only in Kreuzberg.) Family Welfare in close co-operation with the Welfare and Youth Offices.

15. Testing of milk.

16. Upkeep of a Milk Kitchen.

Thus care begins with the expectant mother and is carried on until the child is of school age, when he is handed on to the school doctor who under the District Divisional System is the same person who has already had him under observation.

Milk Kitchens.

Milk kitchens, originally set up as separate institutions to provide pure milk for infants, are now generally connected with a Welfare Centre, in co-operation with which their work becomes more valuable. They have also extended their activities to include the supply of pure milk to all the institutions of social welfare and public health.

School Children.

The School Medical Service, which is a compulsory duty of the local authorities, can be divided into two parts—school hygiene and school medical care. The inspection of school buildings is carried out by the school doctor, who sees that regulations are conformed to and suggests improvements. In fact, these suggestions very often exceed the requirements of the, in some cases, antiquated school regulations. Most modern German schools are provided with baths, not swimming baths, but large rooms containing a number of shower baths and a plunge bath. These are of particular value in elementary schools.

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The School Medical Service is carried out by school doctors, sisters, and welfare visitors. School doctors may be specially appointed by the Welfare authorities to carry out nothing but school work; they may be public doctors carrying out school work as part of their duties or they may be private practitioners engaged specially for this purpose. The system of school medical examinations is somewhat as follows: The child is examined at the beginning of the first school year, then at periodic intervals (generally every two years), and finally on leaving school, this time in co-operation with the Labour Exchange. Examinations take place as a rule in the presence of the parents. The doctor is aided in his work by specially trained sisters. He does not himself give treatment apart from first aid, the aim of the school inspection being simply to detect the unsound children, to arrange for treatment, and to protect the healthy ones, if necessary, by segregation of the unsound. If children are in need of treatment their parents are advised to take them to a doctor, while, if it is necessary to send them away for treatment, arrangements are made through the Youth or Health Office, as the case may be, with the homes and institutions in question. Cripples and tubercular children are sent to the appropriate Welfare Centres, while defective children are sent to special schools. If the parents are themselves unable to bear the expenses of treatment application is made to the Welfare Office. The Welfare Visitor of the district is always in attendance at examinations. It is her duty to maintain a record for the use of the various Welfare bodies who come into contact with the child and to advise the Welfare Office as to the assumption of expenses by that body. Her knowledge of the child's home conditions is a great aid to the doctor when deciding what form of treatment is the most suitable.

Children needing constant care are placed under special supervision. For this purpose the school doctor holds regular consultations once a fortnight or even more frequently, sometimes in the schools, sometimes at the ordinary Welfare Centres, the children being sent by the teachers or selected by the doctor at his periodical examinations.

Of open-air schools there are not many in German towns. There are, however, Forest Schools, where children in need of change and recuperation can be sent for a certain period. Children are also sent to holiday camps and country homes.

The school dental inspection is naturally separate. Most Welfare authorities have set up their own dental clinics since private treatment has generally proved too expensive.

One other measure of school welfare remains to be mentioned. Lunches and dinners are provided at reduced prices or free of charge.

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The food is generally prepared in the public kitchens, which may or may not be attached to the schools. It may be provided on the application of the teachers or ordered by the Welfare Health or Youth Offices in connection with other branches of Welfare.

Social Hygiene.

Social hygiene, according to German definition, includes all those measures of Public Health which do not deal mainly with individuals but aims at protecting and benefiting the entire community largely through measures of a preventive nature.

Under this heading come drainage, water supply, and air pollution, the importance of which was not recognized until comparatively recently; measures against the spreading of disease, research into the causes thereof and location of the infection centres, measures for improving the general health of the community, such as the provision of parks and open spaces, sports grounds, baths, sun-bathing establishments, &c., and, one is tempted to add, cheap travelling facilities. Some of these subjects will not be dealt with here as they can be more profitably treated in connection with other "communal" enterprises and services.

Drainage, Water Supply, and Air Pollution.

The control of drainage and water supply, as far as considerations of Public Health are concerned, is carried out in Germany not directly by the local authorities but by the police, the local authorities participating therein in those towns where the police are a local and not a state force. Police regulations are, however, confined to the enumeration and enforcement of minimum requirements, and the approval of constructional schemes. As the undertakers of large building enterprises, in which the public doctors stand as advisors to the public engineers, the Communes exert direct influence on public health, often maintaining standards which go beyond the minimum requirements demanded by the police. The sanitary inspection of houses is likewise a function of the police, as indeed is almost anything which entails the possible imposition of a fine. Instruction in personal hygiene is carried out by the sisters, nurses, and health visitors of the various medical and welfare services.

The control of air pollution is carried out by the sanitary police. According to Paragraph 16 of the Reich Business Ordinance it is forbidden to set up factories or plant which may become a serious public nuisance. Pollution of the air can be accounted a public nuisance. Likewise Paragraph 23, which is subject to amplification by the Lands, states that premises of certain kinds can be prohibited from certain districts, or at least only allowed with the most modern of

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scientific devices. Such regulations are further laid down by the Prussian Housing Law, Section 4, Paragraph 132, by the Saxon General Building Ordinance, &c. Communal town-planning schemes and most new local building ordinances issued by the police make use of these provisions to banish all factories to one part of the town. Far-sighted municipal authorities have purchased large tracts of building land, which they hold in readiness to lease to industrial undertakings on favourable terms. These so-called industrial districts usually lie in the north or north-east of the towns, so that the smoke from the factories is carried away altogether from the dwelling quarters by the prevalent S.W. winds. Further, in some towns special engineers are employed, under local police orders and bye-laws, to inspect and control heating.

Inspection of Foodstuffs.

Food Research Institutes were set up originally by the police with a view to examining foodstuffs and delicacies (*e.g.*, sweetmeats) and controlling the traffic therein sufficiently to prevent the selling of bad materials; for carrying out the regulations concerning the purveyance and use of poisons; for combating the use of quack medicines; for testing gas and drinking water; for testing the material supplied for public enterprises and institutions.

After the immense increase in food adulteration following upon the Franco-German War, the Reich Food Law of 1897 was passed, encouraging the establishment of further institutions by the local authorities themselves through the provision that fines, so long as they were due to the State, were to be handed over to those authorities who maintained Food Research Institutes. Most progress along these lines has been made by the smaller Lands and by Bavaria, Saxony, and Württemberg. Many authorities, instead of maintaining their own institutes, make agreements with State or private institutes. Owing to this dual system it often happens that in one and the same district there are two Food Research Institutes, one belonging to the police, the other to the Commune or Province. Generally a division of labour takes place, the municipal or State institutions concentrating more on the task of actual research, the police on the control of traffic in foodstuffs and the detection of offences.

Infectious Diseases and Bacteriological Research Institutes.

Under the Reich Law of the 30th July, 1900, concerning the combating of dangerous diseases, the Land authorities have power to compel the Communes to erect and maintain the institutions necessary for the combating of infectious diseases. They must further take measures to remove danger arising from impure drinking water, from

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tank water and waste matter. The regulations laid down by the Lands in amplification of the Reich Law do not vary very much. Prussia enumerates the necessary institutions and apparatus as being: observation and isolation wards, disinfection apparatus, means for attending the sick, mortuaries to which dead bodies may be removed within a certain period after death, and cemeteries. These are the minimum. The provinces are authorized under the Ordinance concerning the Duties of Public Assistance to deal with pests and plagues.

In the fight against infection the importance of locating the centre of infection is obvious. Hence provinces and towns have erected Bacteriological Research Institutes, generally with disinfection schools attached. Their duties are to ascertain the nature of disease and to locate the different cases and to inspect the town or provincial sanitary system. Some of them have developed into Institutes of Hygiene, and carry on research into air pollution and purification, ventilation and heating.

The diagnosis of cases follows upon the application of the public doctors, of private practitioners, or even of private individuals. In the first case it is made free of charge, in the two latter also free of charge for poor persons. The charges are in any case nominal.

Disinfection.

Disinfection Institutes are set up in all large towns and generally also in the provinces. Sometimes they are separate, sometimes attached to some public enterprise, such as the fire brigade, or to a hospital. According to legal regulations, measures for disinfection must be carried out both during and after illness, during illness by the attendants on sick persons themselves under the supervision of the doctor in charge or, if necessary, of the Disinfection Institute, after illness solely by the Disinfection Institute. The work is carried out by officials trained in the Disinfection Schools. After taking a ten days' course and satisfactorily passing the tests they obtain a certificate as State Disinfectors. They are Communal officials under the control of the Health Offices.

Welfare and Public Health: Summary.

The wide interpretation given to the term "Welfare" in Germany is significant. It is by no means synonymous with "Poor Relief" or even "Public Assistance," which designates only one of its many-sided activities. A number of services originally independent have grown together, as it were, to form the wider body of "Welfare." It is not a matter simply of administrative co-ordination but of the growth of an idea, a social conception which, though very difficult to express in words does nevertheless exist.

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The three main divisions into which Welfare is classified in Germany, namely, Economic, Youth and Health Welfare, correspond roughly to its organization into Welfare, Youth and Health Offices. It is highly legalized in nature, even the composition of the organs of the Assistance Associations being regulated by the Reich and Lands. Most freedom is left in the case of General Assistance. Absolutely detailed regulations are provided for the care of disabled ex-service men and the organization of the Labour Exchanges, since these are looked upon as delegated functions of the Reich. The general principle observed is that local government committees shall be formed, augmented for particular purposes by special committees, *e.g.*, the General Welfare Committee, or a sub-committee of the same administers the relief of ex-service men; augmented, however, when deciding on scales of relief, by representatives of Ex-Service Mens' Associations. On all committees, in fact, are to be co-opted members, and on occasions representatives of the recipients of relief, acting in the case of General Assistance in an advisory capacity only.

Although the various branches of Welfare are not co-ordinated by Reich Law, room is left for co-ordination by the Lands or local authorities. Prussia, for instance, centres all functions in the Provinces and Town and Country Circles, with the exception of the Labour Exchanges, which have been given a special autonomous organization. Even here the Provinces and Circles participate in the administration. It is, indeed, explicitly stated in the Reich Laws that the previous dispersal of functions between different local authorities and *ad hoc* boards must cease.

Public Assistance and Youth Welfare authorities thus fall into two grades. The work is divided between them according to a specific principle, this being that the higher authorities shall maintain institutions, the lower provide relief and undertake the work of personal investigation. The whole weight of Public Assistance is indeed concentrated in the Town and Country Circles, except in so far as functions are delegated by the latter to the smaller Communes. The most usual form of delegation is for the Communes to act as investigators on behalf of the Circles, it not having been thought necessary to create special boards for this purpose outside the general framework of local government. The system is abandoned in the case of Welfare Upbringing. Here the Provinces are responsible not only for the maintenance of institutions but for the whole expenses of relief. The disadvantages attendant on the dispersal of functions are here well exemplified, since it sometimes happens that the District Assistance Associations apply for the introduction of Welfare Upbringing when this is not strictly necessary, in order to avoid the costs of maintenance. In this way minors are brought into the institutions

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who instead of being reformed are corrupted by the company in which they find themselves.

No such clear organization exists in the case of Public Health. This has been brought into line with the other branches of Welfare to a certain extent by the provisions of the Youth Welfare Law and the Ordinance concerning the Duties of Public Assistance. These provisions refer, however, to medical matters and do not reduce the profusion of "Social Hygiene" and authorities.

Youth Welfare, the Labour Exchanges, and the relief of disabled ex-service men are organized on a federal basis, the Land Associations being empowered to draw up common regulations for their districts. General Assistance is not federally organized and the Land Assistance Associations can make no regulations binding upon the District Associations. They have merely the power to initiate discussions with a view to common agreement. General Assistance is indeed considered more of a local self-government function than the first group of services. In all cases legal provision is made for an adjustment between the financially weak and strong District Associations through the medium of the Land (Provincial) Associations.

The German Union of Towns directs a number of criticisms against the Welfare system, the gist of them being that it has been made a national one. Many of the criticisms indeed seem animated by a spirit of resistance to all central control, no matter of what kind. The regulations concerning the composition of committees are denounced as burdensome and superfluous. Local authorities have always co-opted representatives of Voluntary Welfare Associations to serve on their committees, and have consulted the recipients of relief. Why therefore make Reich regulations? If, however, this always has occurred there would appear to be little harm done if a regulation to that effect is included in the Reich Law. The Reich holds the principle to be of fundamental importance and has every right to enforce it nationally. The actual regulation of numbers on the committees is indeed an undue curtailment of local freedom and could better be left to local discretion. The criticisms of the financial position are justified. That with increasing financial stringency the local authorities have had continuously increasing burdens thrust upon them has already been shown.

Internal criticism has not been lacking. The Inter-Communal Committee for Public Health, meeting in Berlin in December, 1930, made the following recommendations. All Public Health functions, including those of Public Assistance, Hospitals and Medical Services, and those services hitherto carried out by the police, shall be co-ordinated. As a necessary condition they must be undertaken by one and the same authority. In other words, Public Health must be

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assimilated to the other Welfare services and the present dispersal of functions ended. Further, local committees should be formed for the purpose of Inter-Communal co-operation. It is not proposed that all services should be carried out from the same Centres but that they should be under the control of a single department. The abolition of specialized staff in the "outer" service would not necessarily be advisable.

The recent Emergency Programme of the Städtetag contains detailed proposals for economies in the Welfare services. Higher Assistance shall be abolished and greater use made of the work test in the granting of relief. Sliding scales for Economic Assistance shall be introduced and more stringent conditions prevail for the repayment of relief, these to be formulated by Reich decree. Subsidiary allowances on uninsurance benefit shall be discontinued, likewise special gifts such as Christmas allowances. The responsibility on the part of relatives for the maintenance of necessitous persons shall be extended so as to include definitely children and possibly relations by marriage. Institutional care of all kinds shall be reduced, the duration of hospital treatment shortened. Wherever possible work shall be handed over to the Voluntary Welfare Associations, between whom and the local authorities and other public bodies providing similar services (*e.g.*, social insurance authorities) committees for co-operation shall be formed. "Productive Relief" shall no longer be undertaken, while expenditure on "Social Hygiene" services must be cut down to a minimum.

These proposals, of very unequal value, are still under discussion by the Government of the Reich and the local authorities, and it is impossible to make any prediction as to their realization. They are accompanied by the now familiar demand for a radical reform in the system of unemployment relief. The Welfare services account for more than one-third of the onerous expenditure of the local authorities. Since it is now legally impossible for local taxation to be increased by any substantial amount, whether or no this were advisable, the growth of expenditure on Welfare entails the automatic stifling of other services. In the Town Circles as against 1929 estimated total expenditure for the current year had risen to 107.2 per cent., but excluding "Economic Assistance" it had fallen to 91.2 per cent. Expenditure on economic assistance on the other hand had risen to 182.3 per cent., and under its weight the well-worn fabric of German local government is in danger of collapse.

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LOCAL LEGISLATION, 1931

ONE of the features of the past Session was that it followed on a review by a Select Committee of the procedure on private Bills and was the first Session in which the alterations in procedure adopted on the recommendation of that Committee came into force.

There had been previous inquiries into the machinery for dealing with private Bills, the latest being in 1902. The present inquiry was the outcome of a resolution passed in the House of Commons in November, 1929. This asked for an inquiry "into the desirability of so amending the Standing Orders relating to Private Business as to facilitate and shorten the proceedings on legislation promoted by local authorities and to lessen the heavy costs now incurred."

The debate on the resolution showed considerable dissatisfaction with the heavy costs, and some members blamed the barristers and expert witnesses and some suggested that the local authorities' officials were competent to do the work, or more of it, themselves. But it was conclusively pointed out that these sources of expenditure were not the creation of the Standing Orders; and in drawing the terms of reference to the Select Committee the mention of the Standing Orders was omitted and the Committee directed merely to consider what alterations were desirable in the practice and procedure of the House with a view to facilitating proceedings on Private Bills and lessening the expense.

The Committee suggested a new time-table for the initial stages of private Bills, the object of which was to make more use of the early part of the Session and avoid congestion of business in the later months. They were not in favour of pushing forward the Committee stage because, as they pointed out, any attempt to hurry a Bill into Committee without allowing adequate time for negotiations would not save money but the reverse. They made useful proposals for altering the rules with regard to notices and certain other recommendations which would go to reduce expense. They did not make any drastic recommendations with regard to the major causes of expense; but these, as was pointed out in the debate which preceded the appointment of the Committee, are largely within the discretion of the persons promoting or opposing the Bills. It is,

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however, very desirable, especially in days of economy, that the general level of costs should be reduced, and that promoters and opponents should bend their minds to reducing their own costs. No one who looks with a fresh eye at some of the bills of costs which are incurred will be ready to admit that the scale of expenditure shown in them is inevitable. There is one possible source of economy which might have been worth investigating, viz., the use of written statements in reducing the volume of matter to be brought orally before the Parliamentary Committee. There are difficulties in this, and a system of pleadings can, as is well known, be over-elaborated, but something of the kind should be possible.

One recommendation of the Select Committee which has been adopted was that the Local Legislation Committee should be abolished. This was a committee for dealing with Bills of local authorities proposing powers of local government and police in advance of those contained in the general law, the object being to secure uniformity and continuity in the treatment of such Bills. The Select Committee, while appreciating the valuable work done by the Local Legislation Committee under a succession of able chairmen, felt that the cause of expedition and economy would be best served by discontinuing the appointment of this special Committee, and thought that it was possible to secure the needful continuity of policy otherwise. In the past Session the local authorities' Bills were included in two or three groups, with special reference to the personnel of the Committee, or were taken by the Unopposed Committee.

Passing to the Bills themselves—

The most important of the Bills which came before Private Bill Committees in the Session of 1931 was the London Passenger Transport Bill, but this is in a class apart, being a Government measure. The reason why it fell under Private Bill procedure was that it affected private rights. In everything except procedure it is not an example of Private Bill legislation.

Perhaps the most contentious Bill of the year was the Humber Bridge Bill. It occupied a Committee of the House of Commons for 32 days and a further contest was to be anticipated in the House of Lords. The further consideration of the Bill has, however, now been postponed.

The Bill that caused most general interest was probably the Surrey County Council Bill. Its main object was to preserve the amenities of the County in face of the rapid and uncontrolled development that was taking place, and to ensure as far as possible that development should take place on orderly and systematic lines.

The powers sought were wide and diverse, and included the regulation of camping grounds and movable dwellings, measures for the prevention of ribbon development, and the extension of the

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planning powers of the Local Authorities in Surrey so as to cover developed land and also land which is neither in course of development nor likely to be used for building purposes.

Another Bill presenting novel features was the Lindsey County Council (Sandhills) Bill, which was designed to secure control of a stretch of some 25 miles of sandhills running along the Lincolnshire Coast. These sandhills have been open to the public, but in recent years, with the growth of the motoring habit, there has been a tendency for the land to be enclosed and for bungalows and other buildings to be erected on the sandhills. The position is complicated by uncertainty as to the ownership of the land.

The Bill proposed to deal with the situation by enabling the County Council either to acquire the sandhills or to control their use without the necessity for purchase. Measures of an entirely novel character were proposed for dealing with the situation arising out of the uncertainty of ownership, including a special definition of owner and wide power to the County Council to determine titles.

The Bill was passed with some amendments by a Committee of the House of Commons but has not yet been before a Committee of the House of Lords.

The Romford Urban District Council Bill contained a new and important modification of the law relating to the incidence of the cost of sewers.

Under the existing law a Local Authority, while it is their duty to cause to be laid such sewers as may be necessary in order to drain their district, can recover from the frontagers the cost of the sewers only when they are laid in a private street.

The clauses in the Romford Bill allowed the Local Authority to recover the cost of a sewer laid in a highway repairable by the inhabitants at large, where the construction of the sewer increased the value of the adjoining premises. They also provided that when a sewer had been constructed by the Local Authority under ordinary land, and that land subsequently came to form part of a street, there should be a similar power of recovery from frontagers. Provision was made for appeals on the lines of the Private Street Works Act.

The origin of the clauses was the fact that a wide arterial road had been constructed through the district by the Ministry of Transport in agreement with the County Council. It had been made as a through communication and not with reference to the needs of the district, but it had the effect of rendering ripe for immediate building development a large area of land at no cost to the owners of that land.

Amendments were made allowing as grounds of appeal, in addition to those specified in the Private Street Works Act, objec-

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tions that the sewer did not increase the value of the adjoining premises or that the charge was excessive having regard to any benefit likely to be derived. A further amendment was made that no expenses apportioned against agricultural land should be recoverable until the land ceased to be agricultural.

With these amendments the clauses were allowed.

E. H. R.

RECENT LEGAL DECISIONS AFFECTING PUBLIC ADMINISTRATION

By F. A. ENEVER, M.A., LL.D.

SYNOPSIS:

Recovery of Road Charges; Noxious Factory Fumes; Dangerous Structures; Road-making Contracts.

I. *Recovery of Road Charges.*

THE decision of the Divisional Court in *Payne v. Cardiff Rural District Council* (172 *Law Times* 9; 95 *Justice of the Peace* 425) is one of considerable importance to local authorities in connection with their right to sell premises to recover the cost of street works carried out under the powers conferred by the Private Street Works Act, 1892.

Section 13 of that Act gives a charge to the like effect and extent as under Section 257 of the Public Health Act, 1875, for the amount due for private street works, and makes the mortgage provisions of the Conveyancing Act, 1881, apply to charges under the Act. These provisions of the Conveyancing Act, 1881, are now contained in Section 101 of the Law of Property Act, 1925, which provides that: "A mortgagee, when the mortgage is made by deed, shall by virtue of this Act have the following powers, to the like extent as if they had been in terms conferred by the mortgage deed, but not further, namely, (i) a power, when the mortgage money has become due, to sell . . ."

The exercise of that power of sale is regulated by Section 103 of the Act, which provides for notice requiring payment to be served on the mortgagor and default in payment of the mortgage money or of part thereof for three months thereafter as a preliminary to the exercise of the power of sale. No notice is required, however, if interest is more than two months in arrear.

The question which arose in the present case was whether those provisions operate when the mortgage money is payable by instalments, only some of which have accrued due.

The facts of the case were that in 1926 street works were carried out by the council under the Private Street Works Act, 1892, and in

1927 a final apportionment of the cost of the works was made under which the plaintiff's share was £48 2s. 6d., payable by seven yearly instalments. In May, 1930, a demand was made on the plaintiff for three instalments then due, with interest, plus the costs of an abortive objection which the plaintiff took before the justices. The costs were paid but not the instalments and interest, which in September, 1930, the council took proceedings to recover under Section 14 of the Private Street Works Act, 1892. The justices made an order for payment thereof, £29 6s. 5d., and costs, by £3 a month, the whole to become due in the case of default being made. The plaintiff defaulted and a distress warrant was issued, which was returned marked "no effects."

In December, 1930, the council gave notice of their intention to sell the plaintiff's premises, but offered to withdraw it on payment of the amount then due, namely, £40 2s. 11d. Thereupon the plaintiff tendered £29 6s. 5d., the amount of the justices' order for the three instalments and interest, but not the charges incurred in connection with the proposed sale. The plaintiff then began proceedings in the county court for an injunction to restrain the council from offering the plaintiff's premises for sale. The county court judge made an order accordingly and dismissed the council's counterclaim asking for a declaration that they were entitled to sell the premises.

The council appealed, and the Master of the Rolls (Lord Hanworth) in giving the judgment of the court allowing the appeal, after referring to the argument that, having regard to Section 101 of the Law of Property Act, 1925, a mortgagee had no power of sale in respect of part only of a mortgage debt that was due, stated that he found it impossible to attribute to the words in Section 101, quoted above, a negation of the power to sell when the whole mortgage money was not due. His Lordship added that it would be unfortunate if it were so, because the result would be to deprive a mortgagee of any remedy when instalments of the mortgage alone were due. When, as here, there was a provision for payment by instalments of the mortgage money, it became due at the dates fixed by the mortgage deed and the right to enforce payment arose as it became due. The right, therefore, of the council to proceed to a sale seemed to be established. There was nothing in Section 103 (i) of the Law of Property Act, 1925, to show that the power of sale was not to become exercisable until the whole of the mortgage debt became due. Indeed, the inference was rather in the opposite direction, as Section 103 (i) referred to the need for notice when default had been made "in payment of the mortgage money, or of part thereof."

His Lordship treated as *obiter dicta* the statement in the judg-

ment in *Tottenham Local Board v. Rowell*, 1880, 15 Ch.D., 378, 394, that "if the sum had been made payable by instalments in fifteen years, and the payments were in arrears for seven years, then if the charge were attempted to be put into force it could only at the end of those seven years be put into force for the seven years' instalments in arrear."

Judgment was given for the council, with costs.

It may be of interest to observe that by Section 15 of the Land Charges Act, 1925, all local land charges now require registration in the local Land Charges Register, and by Section 11, when registered, they take effect as if created by deed of charge by way of legal mortgage.

2. *Noxious Factory Fumes.*

The case of *Attorney General v. Rayon Manufacturing Company (1927), Ltd.* (*Times*, 30th July, 1931) is of interest as regards the powers of a local authority in dealing with public nuisances.

The Epsom Rural District Council, as the sanitary authority for the district, were the relators in the action, claiming an injunction to restrain the defendants, the owners and occupiers of an artificial silk factory at Ashted, their agents and workmen from discharging from the factory fumes, smoke, or smells, so as to cause a nuisance to the public.

In July, 1928, an order was made in the action whereby the injunction sought for was obtained. The order was suspended from time to time till the end of 1928 on the defendants giving certain undertakings to instal plant to abate the nuisance.

It was now alleged that the nuisance still existed, despite large sums having been expended by the defendants in attempting to abate it. The relators stated that from time to time they were receiving complaints that the nuisance was not abated, and in June, 1931, they gave notice of motion to enforce by sequestration the order made in July, 1928.

Mr. Justice Clauson stated that the court had the right to enforce the order, but the effect of the sequestration would be to hold up the whole of the property of the company and make it impotent to carry on business. The evidence of the plaintiff's witnesses forced His Lordship to the conclusion that they suffered grievous inconvenience which amounted to a public nuisance. Evidence was given for the defendant company by persons also living in the district who said they had not noticed the fumes, but negative evidence of that kind was of little weight against the positive evidence given by the plaintiff of the fumes. It was clear, His Lordship added, that the defendant company had not succeeded in altering the conditions which

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prevailed in 1928, so as not to cause a nuisance. The Attorney General, representing the public, was entitled to insist on the order asked for.

His Lordship directed the issue of a writ of sequestration, and on payment of the costs awarded to the plaintiff within ten days the writ would lie in the office until the 31st October. There was nothing to prevent the defendant company coming to the court and saying that they had purged their contempt.

As a sequestration order is a somewhat unusual procedure it may be of interest to give a few words of explanation. A writ of sequestration is available against a person who is in contempt for disobedience to an order of the court. The leave of the court must be obtained before such a writ can be issued against a corporation (Rules of Supreme Court, Order 42, Rule 31). The writ is addressed to not less than four commissioners, called sequestrators, who are officers of the court and are nominated by the persons issuing the writ. The sequestrators are directed to sequester, *i.e.*, to appropriate or set apart, the property of the contemnor, *i.e.*, the person in contempt. They are authorised to enter on and receive the rents and profits of the contemnor's lands and to take possession of his personal property until he obeys the order in default of obedience to which the writ of sequestration was granted. The sequestration does not give the person issuing the writ any charge over the property seized, but an order of the court may be made in a proper case creating such a charge. The sequestration affects the whole of the contemnor's property of every description, including land, chattels, money, and stocks, but not property of which the contemnor is merely a trustee. The sequestration will be ordered to be discharged when the contemnor has cleared his contempt.

3. *Dangerous Structures.*

A point of some local government interest, but limited in its scope to the jurisdiction of the London County Council, was decided in May last in the case of *London County Council v. Stilgoe and Another* (47 *Times Law Reports* 435; 95 *Justice of the Peace* 149). The case turned on the construction of Section 173 of the London Building Act, 1894, which provides:—

“Where it is by any provision of this Act declared that expenses are to be borne by or may be recovered from the owners of any premises (including under the term ‘owner’ the adjoining and building owners respectively) the following rules shall be observed with respect to the payment of those expenses:—

“(1) The owner immediately entitled in possession to the premises or the occupier thereof shall in the first instance pay the

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expenses, with this limitation that an occupier shall not be liable to pay any sum exceeding in amount the rent due or that will thereafter accrue due from him in respect of the premises during the period of his occupancy . . .”

The question raised was whether the London County Council were entitled to proceed against the owners in fee simple of a dangerous structure to recover expenses incurred by the council in the demolition of that structure without first attempting to recover those expenses from the occupier or the owner immediately entitled in possession.

The occupiers in the present case were the Metropolitan Vickers Electrical Company, Limited, the holders of a 21 years' lease carved out of a term of 99 years granted by the fee simple owners to certain other persons. All three parties were “owners” within the definition contained in Section 5 of the London Building Act, 1894.

The council had made a complaint to a metropolitan magistrate under the Act of 1894 and the London Building Act, 1894, Amendment Act, 1898, that the owner and occupier of a bridge over Sutton Street, a public highway, which bridge had been duly certified as a dangerous structure, had failed to comply with a notice requiring them forthwith to take down or otherwise secure the bridge. The bridge in question connected the Astoria Theatre with Metro House. The magistrate adjudged the complaint true and ordered that the owner of the bridge should be required to take down, repair, or otherwise secure it to the satisfaction of the district surveyor.

The order was not obeyed, so the council, in pursuance of the powers conferred by the Act of 1894, themselves demolished the bridge and claimed the expenses incurred in so doing equally from Messrs. Stilgoe and Funnell and Messrs. Rosedale and Rosedale, the respective owners in fee simple of Metro House and the Astoria Theatre. No proceedings were taken for recovery of the expenses from the occupiers of Metro House and the Astoria Theatre, namely, Metropolitan Vickers Electrical Company, Limited, and the Berkeley Syndicate, Limited, respectively.

On a further complaint being made to the magistrate that the owners of the structure had, on demand, neglected to pay the expenses, the magistrate held that by Section 173 (1) of the Act of 1894 the owner immediately entitled in possession to the premises or the occupier thereof ought in the first instance to have been summoned. He accordingly dismissed the complaint.

The council appealed. Lord Hewart, C.J., in giving judgment on behalf of himself and Humphreys, J., dismissing the appeal, after referring to the contention which found favour with the magis-

trate that Section 173 (1) of the Act of 1894 operated to postpone the rights of the Council against the freeholder until proceedings had been taken against the Metropolitan Vickers Electrical Company, Limited, and/or the holders of the original 99 years' lease, stated that, if the effect of Section 173 (1) in this case were that contended for, it seemed to follow that in every case where the occupier of a dangerous structure was, as might often happen, a weekly tenant, proceedings must in the first instance be taken against that person to recover the whole amount of the expenses, although the council might know that he was without means, and in any event his liability was restricted to the amount of rent due. It seemed reasonably clear that the scheme of Part IX of the Act, which comprised Sections 102-117, and formed a code of procedure with regard to dangerous and neglected structures, pointed to an owner as distinct from an occupier as the person who should pay the expenses.

Their Lordships held, however, that the case of *Mourilyan v. Labalmondière*, 1861, 3 *L.T.* 668; 25 *J.P.* 340, governed the present case. Sections 73 and 3 of the Metropolitan Building Act, 1855, under which that case arose, were substantially in the same terms as Sections 109 and 5 of the London Building Act, 1894. Section 173 of the latter Act replaced Section 97 of the earlier Act. The decision in that case was expressly affirmed in *Hunt v. Harris*, 1865, 34 *L.J. C.P.* 249.

The appeal was accordingly dismissed, and his Lordship indicated that if the council wished to contest the correctness of that decision they must do so elsewhere.

Mr. Justice Avory in a concurring judgment stated that the inconvenience resulting from this decision where the occupiers were weekly tenants was so obvious that he was at first inclined to the view that Section 173 of the 1894 Act was intended only to regulate the obligations *inter se* of the various owners, defined in Section 5, and the occupiers, but as Section 97 of the 1855 Act, corresponding with Section 173 of the Act of 1894, was referred to in *Mourilyan v. Labalmondière* (*supra*), the decision in which case was approved in *Hunt v. Harris* (*supra*), he did not think it possible to say that it was not binding in the present case.

4. Road-making Contracts.

Having regard to the large amount of road construction work with which local authorities now have to deal, the decision in the case of *Marsden Urban District Council v. Sharp and Another* (47 *Times Law Reports* 549) is worthy of particular attention. The question which arose in the case was as to the amount of damages payable under a road-making contract.

Contractors had been engaged by the council to make a road over Standedge Moor. The contract contained an arbitration clause and also a clause, material to the question raised, in the following terms:—

" 35. Should it at any time subsequent to the termination of the period of maintenance up to, but not exceeding, a period of five years from the date of the completion of the works be discovered that the terms of this specification have been violated by the execution of bad, insufficient, or inaccurate work the council shall be at liberty to make good such work and to recover the cost thereof from the contractor . . ."

The work was completed on the 15th January, 1925, and by December, 1929, the council discovered that certain portions of the road had become defective, owing, it was alleged, to the use of bad concrete, by reason of which the road was, within the period of five years, falling into disrepair. The council discovered further damage after the five-year period and claimed damages in respect of defects discovered both before and after the end of the period. The matter was referred to arbitration, and on the 14th January, 1930, *i.e.*, just before the end of the five-year period, the council delivered points of claim in the arbitration, alleging a violation of the specification by the use of concrete not in accordance with its terms. The arbitrator named two alternative sums as damages and, under Section 7 of the Arbitration Act, 1889, stated a case for the opinion of the court.

The council, having abandoned the contention at first put forward that no claim could be made until they had remedied the defects, the sole question for decision was whether they could claim for defects discovered after the five-year period. On this point it was contended on behalf of the council that, having discovered within the period that defective concrete had been used, this was a violation of the specification which gave rise to a right to all damages naturally resulting therefrom. Trial borings established that the concrete used was bad, and the council could not stop the traffic and take up the whole road to see, inch by inch, how much of it was defective. Discovery of the use of bad concrete, the council alleged, covered all the work under the contract.

Mr. Justice Rowlatt, in giving judgment, stated that he did not think the points of claim in the arbitration could extend the discovery on which the council's rights depended, and the question was what must be regarded, so to speak, as the unit of discovery. His Lordship held that on the construction of the clause the work which was to be made good was that the ill-execution of which constituted the violation discovered or, in other words, that the substance of the discovery was the particular bad work. He did not consider that it

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would be giving a fair and businesslike effect to the clause to say that the discovery of some bad patch opened up the question of all the concrete, possibly in places remote and detached from the original site of the discovery. He accordingly gave judgment for that figure in the award which was based on the damages in respect of defects discovered within the five years.

THE FUNCTION OF INTERNAL AUDIT IN A GOVERNMENT FINANCE DEPARTMENT

By THOMAS E. NAUGHTEN, A.S.A.A.

THE value of internal audit as a factor in efficient financial control has long been recognized by such institutions as banks, insurance companies, and municipal finance departments. Innate conservatism has tended to prevent its adoption on any considerable scale by Government finance departments. Even where an internal audit section has been brought into existence, its utility has sometimes been gravely impaired by a half-hearted support. It is the purpose of this article to assert that an internal audit section in a Government finance department, if properly organized and functioning with freedom, should be regarded not as the Cinderella of the sections but as the most important of them all.

It is not contended that every Government finance department should necessarily include an internal audit section. There are possibly some finance departments whose scope is so limited as to preclude the economical employment of such machinery. But, on the other hand, there are departments to-day whose financial operations cover such an extensive field as to warrant and, indeed, demand the maintenance of that aid to effective control which internal audit can supply.

Before discussing problems of organization it will be well to dispose at once of the objection to the system most likely to be advanced by the disciples of the policy of inertia. That objection, almost needless to say, will be made on the ground of economy. Now, under Section 1 (2) of the Exchequer and Audit Department Act, 1921, "the Comptroller and Auditor-General, after satisfying himself that the vouchers have been examined and certified as correct by the accounting department, may, in his discretion, and having regard to the character of the departmental examination, in any particular case admit the sums so certified without further evidence of payment in support of the charges to which they relate." In exercising this discretion the Comptroller and Auditor-General would, no doubt, be influenced by the standard of efficiency in the particular accounting department. He might also be expected to recognize that there can

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be no better guarantee for the maintenance of such efficiency than a well-organized and capably-staffed internal audit section. There is, indeed, reason to believe that in finance departments which include internal audit sections the Comptroller and Auditor-General imposes only a modified check on the part of his officers. It may, therefore, be assumed that the cost of internal audit would be set off to a large extent by the consequent less rigorous attention to detail by the staff of Exchequer and Audit Department. Even if it cost something on balance it would still be worth having. It will be within the observation of everybody that economy, like other good things in life, may be purchased at the sacrifice of things which are more important.

Since this article does not set out to deal with the subject of internal audit as such, but rather to provoke thought and, perhaps, discussion as to its merits in the special circumstances of Government finance departments, it is not proposed to enlarge on the advantages of internal audit in any general way, or, much less, to outline audit programmes. It will be enough to say that an internal audit section should act as "the eyes and ears" of the Accountant-General of the finance department to which it belongs. Apart from producing the moral effect which is a valuable characteristic of all audits, it should definitely serve as a specialized instrument of co-ordination. Familiar with the activities of every branch of the Department, it should act as a clearing-house of ideas. The method or safeguard which it finds adopted with advantage in one section, it will suggest in its report as worthy of adoption in another section working under similar conditions. Where overlapping occurs—as it almost inevitably occurs in any large and complicated Department—its existence is by nobody more likely to be noticed than by the officer of internal audit. In this way alone—apart from the minimising of the work of Exchequer and Audit Department—the cost of internal audit is likely to be exceeded by the resultant gain.

Independence is a factor which is vital to the successful functioning of any audit, and it is, therefore, important that the officers of Internal Audit should have the largest measure of independence secured to them that the circumstances of the case will permit. The principle of independent audit is recognised by the State in the fact that the Comptroller and Auditor-General is responsible only to Parliament, and can only be removed from office by a vote of both Houses. In the nature of things it is impossible, and indeed undesirable, to grant such an independent status to an internal audit section. But it is possible, and eminently desirable, to make the internal audit section directly responsible to the Accountant-General of the Department. Its reports should be made to the Accountant-General, or to his Deputy, or, alternatively, to some high officer of the Department who

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is not himself directly concerned with the internal administration of any accounting branch. Obviously a conflict of loyalties might arise in any case where the head of an accounting branch was also the supervisory head of Internal Audit.

An even more important factor in fostering the spirit of independence amongst the officers of Internal Audit would be the provision of some security of tenure. To an officer confronted with the duty of criticising adversely the accounts of another officer whose position in the service is, perhaps, much higher than that of the auditor, it is no comforting reflection that in a week's or a month's time he may be directly subordinate to the officer whose accounts have been so criticised. Even the Civil Service is not so civil as to render quite impossible the chance of the higher officer "getting his own back." Anyhow, the fear would, no doubt, be present in the mind of the Internal Auditor, and, unless possessed of exceptional moral courage, he might be influenced by it. To prevent this possibility, it is suggested that, subject to a satisfactory probation and continued efficiency, no officer should be transferred from Internal Audit except on promotion, or at his own request. Apart from the factor of independence, this would have the advantage of allowing the individual officer sufficient time to gain an expert knowledge of the whole of the work of the Department. It is admitted that there is a good deal to be said for the infusion of "new blood" on occasion, but it is thought that promotions involving removal from the section and voluntary transfers, would afford a sufficient inlet.

The officers of an internal audit section should be specially selected for the possession of the necessary qualities of accounting knowledge, broad outlook, tenacity of purpose, tact, and common sense. While the point is not insisted on, and is put forward with all deference to the susceptibilities of those who differ, it is suggested that in Finance Departments which embrace activities of a commercial or quasi-commercial character, special consideration should be given to officers who hold the qualifications of the recognised professional accountancy bodies, and particularly to those who have had extensive auditing experience. Whoever is selected should, quite definitely, have a flair for auditing. For that reason, amongst others, no officer should be appointed to an internal audit section against his will or inclination. Leading a horse to the water without making him drink can be paralleled by leading an executive officer to the internal audit section without making him think.

The status of the rank and file of an internal audit section should be such as to relieve the individual officer from the development of "inferiority complex" under that head. The numbers of the staff should, of course, be regulated by the area of the field of work. The

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essential thing is that the staff should be adequate to carry out an effective test audit. The period to be devoted to a particular audit should be left, within limits, to the discretion of the head of the audit section. An officer may come across something in the course of his audit which may point to the need for pursuing a certain line of investigation. In that case, the period of the audit should be prolonged, even at the cost of curtailing the period of another audit.

It should be emphasised that any feeling of antagonism which may be found on the part of accounting sections or branches towards Internal Audit should be regarded as a measure of the failure of either or both to appreciate their relative positions in the scheme of things. The Internal Auditor should be regarded as a friendly fellow who comes to a section, not as a captious critic, but as a sympathetic and helpful colleague. It is obviously better to have shortcomings, if any there be, discussed in the domestic atmosphere of the Department than in the fierce light which beats upon the Public Accounts Committee. It should be well understood by all parties that the business of the Internal Auditor is, not to make mountains out of mole-hills, but rather to prevent mole-hills from becoming mountains.

For the rest, it remains only to say that an internal audit section organized and staffed on these or some similar lines should be found to make a return, over and above its expenditure, of a cumulative dividend in efficiency and true economy.

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to spend, policies of retrenchment are not likely to be favoured," will evoke a ready response here; while others, such as "Until we cease paying political debts with administrative appointments we shall continue to be overburdened with unnecessary agencies and superfluous officials," and "As long as the filling of offices remains the sport of party politics and the rates of pay of public servants a means of buying votes, there can be no proper demarcation between politics and administration" would perhaps carry stronger appeal across the Atlantic.

The respects in which the New South Wales system differs materially from its British model, and the different meanings in the two systems of certain technical terms, such as "Supply" and "Accounting Officer," are made clear; and perhaps the most interesting question the book will raise in the minds of British readers is how far these material differences account for the leading position lately held by New South Wales in the march towards insolvency. The Sydney machine is naturally less elaborate than the London; and the Treasury, while it does work here relegated to the Paymaster-General, is stated to be "very poorly equipped" for critical control of departmental estimates and expenditure, and for handling questions of organization and staffing. In the former sphere the author looks enviously at the Washington "Bureau of the Budget," with its large expert staff under a Director who is the personal assistant of the President. In the latter sphere the Public Service Board (whose functions are divided here between the Civil Service Commission and the Treasury) lacks real power and has been largely side-stepped by the creation of new Boards and Commissions with their staffs and offices outside its purview. The Arbitration Court is also felt as a very disturbing influence in pay questions. The author would extend the functions of the Board to all departments without exception, and give it quasi-judicial status. "We must relinquish the fiction that a Minister becomes an administrator by the mere process of election. . . . If any controlling agency is to be successful its decisions on organization and staffing must be accepted just as are those of the judiciary in matters of law." He would also have the Treasury make use, in reviewing Estimates, of the knowledge of departmental business acquired by the inspectors of the Public Service Board, as well as by the Auditor-General and his officers located in the departments. This last suggestion might seem to the Comptroller and Auditor-General here to endanger his complete independence.

The Treasurer's "Advance Account," intended for meeting emergency expenditure on the lines of our Civil Contingencies Fund, has been used by successive Ministers to supersede Supplementary Estimates, the limit (£150,000) of the account and the emergency

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character of the expenditure properly chargeable to it being both disregarded in practice. A second method of avoiding supplementaries has also been extensively adopted, payments outside the Estimates being made without any Parliamentary authorization and charged as "Payments unauthorized, in suspense." In the following year they are included in Estimates as "paid in anticipation of the sanction of Parliament." The Auditor-General has in vain protested that these proceedings are unconstitutional and illegal.

Instead of being obliged to obtain Votes and Ways and Means for Defence Services and Civil Services before the opening of a new financial year, the Government has by statute three months during which it may carry on existing services in anticipation of the Appropriation Act for the new year. But it has become usual to defer the Budget to a much later date, getting new taxes voted before the Budget is opened, and carrying on by means of "Supply," which there means monthly votes on account. Similarly, instead of our invariable practice of passing an Appropriation Act before a dissolution, the life (three years) of a Parliament may be allowed to expire and a new Parliament assembled without either an Appropriation Act or "Supply" having been obtained. The new Government simply picks up the threads and carries on without reference to constitutional requirements, trusting to get an Act of Indemnity in the fullness of time. These and other laxities, the absence of any adequate criticism of expenditure from the point of view of merit and the scant notice taken of the reports of the Auditor-General and the Public Accounts Committee have, it seems, gone far to destroy even formal control of the Government and its expenditure at the Parliamentary level; while at the departmental level the "Accounting Officers" or (as we should call them) Accountant Officers, are not encouraged to concern themselves with the value received for expenditure contained in their accounts. "Many accounting officers exercise the same prudence in the management and spending of public funds as they do in their private affairs. But these swallows do not make a summer, and there are unnumbered discouragements and temptations which beset the accounting officer who attempts to guide his official life by the principle of economy." The author advocates a system of standing Parliamentary Committees for each major activity of Government, to deal with expenditure on municipal lines, the responsible officials attending their meetings.

The single "Consolidated Revenue Fund," into which all revenue was to be paid and from which all expenditure should be drawn, has long ago gone by the board, owing to the creation of numerous semi-independent departments administering "business" activities and possessing "funds" of their own. It is recognized that for such

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activities separate funds may be in the interest of good accountancy and also of good administration (*cf.* our Ordnance Factories Vote) as securing that the conservation of capital values, &c., for business purposes should not be sacrificed to immediate budgetary necessities. But a comprehensive aggregate statement for all departments is wanted, in addition to "annexe" accounts for the several activities. At present it requires a knowledge as "extensive and peculiar" as was Mr. Weller's of London, to enable the citizen to find out how his affairs stand as a whole. The cash accounts of all departments are focussed in the Treasurer's "General Banking Account," covering not only revenue and expenditure but such balances as those of the State Savings Bank, the Public Trustee, Supreme Court Accounts, State Railways, and Loan Funds. This has the advantage of enabling the Treasurer to avoid borrowing in the market by using funds in his own hands; but, taken in conjunction with certain points in Loan finance referred to below, it has led to serious evils. Instead of regulating the drafts on this General Account by something analogous to sound banking practice, it has been totally exhausted and even overdrawn by some millions, regardless of liabilities to Savings Bank depositors and others of whose funds the Treasurer was in fact trustee. That under these conditions, at a time when the Government's credit was too low to float a loan, there should have been a crisis in the affairs of the Savings Bank is not surprising.

As already indicated, a very full account is given of the State's methods of borrowing for more than half a century, and of the restraints at last imposed by the financial agreement of 1927 between the Commonwealth and its constituent States. Two points call for notice. It was the practice to take power in a Loan Act to borrow the whole sum authorized in the form of bills (up to five years) secured on the revenue, in anticipation of a loan, if the market conditions should be unfavourable when the Act had been passed; and expenditure could thus proceed at once. This was reasonable enough under certain conditions, but out of it was developed a systematic policy of beginning large works without any exploration of the terms on which a loan could be floated, trusting to the availability of funds on the General Banking Account, and in June, 1930, no less than thirteen and a half millions—described as "arrears of borrowing"—had been so overspent in anticipation of loans, which it was then impossible to float, in order to re-create in fact the Trust Fund and other balances existing on paper in the Treasurer's General Account.

The second point relates to Sinking Funds, which had been provided for on paper since 1889, and in 1905 were reconstituted in the form of a "General Sinking Fund," financed by annual contributions from revenue. The sums available in this fund were, however, made

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applicable to paying off Treasury bills as well as Loan stock, so that the so-called sinking fund might be called upon to defray the Budget deficiencies of previous years. In fact, during the twenty-four years of the fund's existence, while debt rose from 82 to 267 millions, the Commissioners were able to redeem only two and a half millions of stock. Under the 1927 agreement the Commonwealth has taken over State debts, the states indemnifying it against loss, and a National Debt Sinking Fund has been set up, financed by contributions from both Commonwealth and State revenues, calculated to extinguish existing debts within fifty-eight years.

One custom, unknown here, throws a strong light on the political atmosphere prevailing. "When a change of Ministry takes place, the retiring Treasurer has to safeguard himself against subsequent political charges that the accounts were not in the condition claimed by him when he left office." So he and his successor nominate each a professional accountant to check and certify the state of the accounts, making as part of the process a physical and complete examination of the securities of all kinds held by the Treasury.

When this book was completed, six months ago, it was already beyond dispute that Government finance in Australia required amendment, and the advocates of reform in New South Wales naturally looked up to Great Britain as a model of rectitude and stability in that field. It has now been revealed that even that strong tower was standing on a clay slope; not, indeed, that our forefathers who made London the financial centre of the world had builded badly, but that after all, in London as in Sydney, it is the man behind the gun that matters most. In the words of the May report, "the best-devised machinery of financial control will be of little avail if the will to control be absent."

C. H.

Arbitration Principles and the Industrial Court.

An Analysis of Decisions, 1919-1929. By MARY THERESA RANKIN, M.A., D.Phil. (P. S. King & Son Ltd.) 7s. 6d.

THIS is an interesting little book which should profitably be digested by students of wage theory and wage-fixing machinery. In an introductory chapter Miss Rankin describes the relation between the creation of the Industrial Court and the issue of the Whitley Reports, which also recommended the extension of Trade Boards and the institution of Industrial Councils and Interim Industrial Reconstruction Committees. In her judgment these Reports and the action of the Government on them, and in regard to the Fair Wages Clause,

laid down some industrial principles for determining wages, and it was the duty of the Court to build up a case law of interpretation of these principles. The principles might be summarised as "Subsistence," the "Fair" Wage, and "what the industry can bear."

The chief awards of the Court from 1919-1929 are then analysed in the light of these principles. Miss Rankin is surprised by the contradictions and inconsistencies revealed by her examination, and is led more than once to rebuke the Court. It is just in this that her method of approach has most value, and she would have been wiser to write her first chapter last. The Industrial Court is part of the industrial structure of the country. While it may have been set up because of the Whitley Reports, it was also the successor to the Committee on Production which settled wages over a large part of industry during the war. The Committee on Production had been a centralised arbitration tribunal instituted because a centralised treatment of wages was imperative in the situation of labour supply and demand produced by the war. The Committee and, at first, the Court, operated at a time of rising prices and rising wages, when some uniformity of treatment was demanded by labour opinion and was practicable owing to the state of the market. But as commercial conditions gradually were restored, economic differences in the prosperity of industries reasserted themselves, and much of the "inconsistency" that Miss Rankin finds in the awards of the Court was due to the necessity for unscrambling the well-battered eggs of the war-time level of wages. The Court was not there to enunciate principles, nor was it the custodian of any doctrines finally revealed to the Government of the day; recourse to it was voluntary, after the industry had tried and failed to agree upon the appropriate wages to be paid, and the Court's chief task was to keep the industry going without a stoppage of work, by fixing wages which would, on the whole, satisfy the employers and the workers. The Court had to consider the claims on their merits, against the background of the general conditions of industry. The experience of compulsory arbitration and the Higgins award in Australia, and of the working of the Lemieux Act in Canada has shown that industrial arbitration relies upon a pragmatic sanction. In their decisions the Industrial Court recognised this; in the exposition of the reasons that induced their decisions they may have been less happy, but it is possible to read too much profundity into these expositions. It is not a bad working rule in arbitration to give your decision but not your reasons.

Miss Rankin concludes her book with the words: "The development of a case law based on economic theories must be a somewhat discontinuous and contradictory process; and all the more so since, as J. S. Mill pointed out, no aspect of economic theory is so open

to change as that of the distribution of wealth." Here is the greater part of the explanation of the "inconsistencies" in the awards of the Court, and in the light of this sentence the analysis of the awards which the author has made takes on additional significance.

A. A.

Youth and Power

By C. R. FAY. (Longmans, Green & Co.) Pp. 292. 10s. 6d.

THE title of Mr. C. R. Fay's most recent contribution to economic studies gives no direct clue to its subject matter; it may even lead the incautious reader astray. For in these days if you couple "youth" with "power" you will be likely to conjure up a vision of Hitler, surrounded by his youthful legions, or of our own "New Party," battling its way back to an hotel after a stormy meeting. It is true that "power" in the Fascistic interpretation receives due recognition at Mr. Fay's hands. Chapter II contains a not unfriendly appreciation of Mussolini which may be compared (as example to pattern) with an appreciation of Machiavelli, written indeed when the author was still up at Cambridge but none the less well worth reprinting (pp. 270-287) as a sincere attempt to vindicate the political viewpoint of a thinker much neglected in those far-off pre-war days when political idealism was the fashion.

But the will to power of the human unit, whether simple or multiple, has a variety of offspring, and one of the objects of these "diversions" (as Mr. Fay modestly calls them) is to unearth and dissect different types of power found in modern economic life. A prolonged post-war residence in Canada (as professor of economic history) broken by annual visits to England afforded him the unique opportunity of studying the current problems of either country both at close quarters and at a distance. That he was able to press home this advantage to the full is due to the possession of three qualities—a capacity for clear thinking on independent lines; a gift for tracing identities amid the varied circumstances of time and place; and a power of clothing his thoughts in vigorous and arresting language. It is not too much to say that this combination of gifts has brought Mr. Fay to the forefront among adventurers on the high seas of economic discovery. If the present volume of essays does not enhance his reputation it will be surprising.

Some readers no doubt may find Mr. Fay's love for flying off at a tangent in the middle of a disquisition rather disconcerting; others may dislike his Victorian habit of moving from one phase of thought to another as if all experience were single and indivisible. To such readers the reply is:—There is a logic of the imagination as well as

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a logic of the intellect. If you cannot recognise and welcome the former when you come across it you can never hope to appreciate certain types of genius—Conrad's, for example, with whose mentality Mr. Fay has not a little in common.

No reader, however, will fail to be impressed by the author's analysis in Chapter V of Public Control (with special reference to electricity supply in Canada) and his extremely acute and practical discussion of the complex problems of emigration in Chapter VI. Both topics are handled with a freshness which is most invigorating.

The account given of "Hydro" (*i.e.*, the Hydro-Electric Power Commission of Ontario) is a model study of a great public utility; Mr. Fay indeed tells us so much about the economies which public ownership and operation has in the case of Hydro effected that he whets our appetite for more information regarding its purely administrative aspects. How, for example, has Hydro been able to steer clear of politics and "Treasury control" when two of the three Commissioners *must* be members of the Provincial Executive Council? This is one question to which many in this country would like an answer. Again, one would like to know more about the exact relations which the Commissioners maintain with the 250 odd provincial municipalities which take all their current from Hydro for purposes of distribution. In what sense can the Commission be described as a "trustee for the municipalities co-operating in the work." (This, by the way, is not a quotation from Mr. Fay, but from an American observer.) Some day let us hope Mr. Fay will give us a more detailed history and analysis of this great experiment. It should prove invaluable to students of the subject not only this side the Atlantic but on the other side of the Canadian frontier as well.

A. L. D.

Communal Enterprise and Social Services in Germany

By M. L. DHONAU. (Published by the Co-operative Union.) Pp. 62. Price 6d.

THIS clearly written and extremely interesting account of the way in which German municipalities function for economic and social purposes forms part of a research investigation undertaken in 1929 by Miss Dhonau into Municipal Government in Germany and Austria. Readers of PUBLIC ADMINISTRATION have already had an opportunity (in the issues for October, 1930, and each of the issues for 1931, including that in which this review appears) of acquainting themselves with other portions of Miss Dhonau's work. Those who are already familiar with the portions which have appeared in earlier

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issues of this journal will be well advised to get hold of a copy of the portion now under review. For this, together with the article which commences on page 423 of this journal, will enable them to clothe with flesh the skeleton which Miss Dhonau has already demonstrated. This sentence must not be taken to imply that the *structure* of municipal institutions is less important than their functions. The one without the other is largely unintelligible; and those readers will be fortunate who can refer back to Miss Dhonau's articles for explanations of terms which may otherwise prove puzzling.

Looking at Miss Dhonau's work as a whole (or such portions of it as have now appeared in print) one must, in all sincerity, praise her for the way in which she has tackled her task. One must equally congratulate the Acland Travelling Scholarship Trustees for their selection of Miss Dhonau as one of the two first holders of their Scholarship. Miss Dhonau does not merely write clearly; she gets to the bottom of each topic she is investigating. The result in this case has been a piece of work which not only throws fresh light (as far as English readers are concerned) on German local government, but opens out fascinating avenues of fresh discovery. One of them is the supply of gas in Germany (or rather its projected supply) wholesale from a central source. This subject (which appears to be one of acute controversy in Germany) is certain to become sooner or later of first-rate importance in this country too. Another is the rise in different parts of Germany of what Miss Dhonau calls "Communal Associations." These appear to be true *regional* local authorities with general powers of a federal type unlike anything which has yet emerged in Great Britain.

A. L. D.

Blackwell's Law of Public and Company Meetings

By A. W. NICHOLLS, M.A., of Gray's Inn, Barrister-at-Law, and P. J. SYKES, M.A., of Lincoln's Inn, Barrister-at-Law. (Butterworth & Co. (Publishers) Ltd.) 6s.

IN this age of many meetings individual members of the public are accustomed to the observance of certain well-established rules of procedure, and the average man or woman is usually content with the decision of the chairman on all such points when any question arises.

The publication of a new edition of Mr. Blackwell's Law of Public Meetings is perhaps opportune, giving as it does in Chapter I a short account of the legal position of promoters, speakers, and other participants in various assemblies.

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Subsequent chapters contain in a concise form the case law relating to the important Local Government bodies in England and Wales as affecting procedure, and although most of the readers of this journal are familiar with the more elaborated procedure set out in Standing Orders, a perusal of these chapters may be of interest, especially to the committee clerk.

The book is intended for the legal library, but the constitution and procedure of particular councils and statutory committees are discussed, and, in view of the recent increase of duties thrust upon those bodies, the information appears to afford a useful guide to the student of local government and new members of committees who aspire to the chair.

A complete list of the references to decided cases is given, and the provisions of the Local Government Act, 1929, have been noted.

Part II deals with company meetings, and the authors have endeavoured to deal concisely with the somewhat complicated and oft-revised procedure of the Companies Acts.

G. E. H.

The State Highway System of North Carolina

By CECIL KENNETH BROWN, Ph.D., Professor of Economics, Davidson College, &c. (The University of North Carolina.) 11s. 6d.

To an Englishman this history of the birth of the state highway system in North Carolina presents much interest owing to certain features of resemblance between that state and our own country. In area North Carolina and England are almost equal, each containing slightly over 50,000 square miles. North Carolina lies on the Atlantic seaboard, with a jagged, deeply-bitten coast line and broad estuaries; the surface of the state is pleasantly diversified like our English countryside, and slopes up from the broad coastal plain westwards to the Appalachian mountain range; the climate is genial and the soil fruitful. Fisheries and agriculture play an important part in the prosperity of the state, and of recent years North Carolina has assumed a leading position in the manufacture of cotton goods and tobacco products. Altogether one gains an impression of a landscape and economic conditions which would strike an Englishman as homelike and familiar, though it must be remembered that the population of North Carolina is barely one-twelfth that of England, while the largest town contains less than 90,000 inhabitants.

One thinks with envy of the wide field for social experiment and civic planning afforded by this prosperous, and as yet thinly populated, state, where the errors of older countries can be avoided and

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advantage taken of the most enlightened precedents laboriously created elsewhere.

A survey of North Carolina and of England ten years ago would have brought to light one very striking disparity: England was endowed with a close network of well-maintained metalled highways about 130,000 miles in length, while Carolina is described at that date as possessing "no significant mileage of automobile highways." This lack of roads is hardly a matter for surprise when one considers that the organization for highway building and maintenance in North Carolina had for several generations consisted of little more than the "labour tax" and the convict gang, operating under the nominal supervision in each district of an unpaid "overseer" appointed by the justices of the peace for the county. The "labour tax" was generally construed as imposing on all able-bodied citizens the obligation to give approximately six days' free service per annum on the roads. To supplement this grudging service an enterprising State Governor would now and again proclaim "Good Road Days" as public holidays and call upon the citizens collectively to shoulder their shovels and devote their energy and enthusiasm to a brief spasm of road improvement. The inefficiency of this machinery mattered comparatively little so long as the railways were recognized as the all-sufficient means of locomotion, but the opening of the automobile era called for the transformation not only of roads but of road administration. In promoting this movement of reform a leading part was taken by a pugnacious and importunate Good Roads Association, whose activities and conflicts are studiously recorded by the author. Thanks largely to their efforts, an Act was passed by the State Legislature in 1921 setting up an enlarged and properly equipped State Highway Commission, with power to raise loans for road building on the security of the yield of automobile licences and the gasoline tax. The nine commissioners, as well as the chairman, are appointed by the Governor, subject to the confirmation of the Senate. Instances quoted in the book under review show clearly how necessary it was for some organization to be created which could effectively check the local jealousies of the counties and insist on the construction of roads designed to facilitate communication over the whole area of the state without too exclusive regard to the interests of a peculiar county or township. To ensure the equality of distribution among the nine districts into which the state was divided it was prescribed that of the funds administered by the Commission one-third should be divided according to the relative areas of the districts, one-third according to the relative populations, and one-third according to the relative state highway mileage within the district.

Later on it was found necessary to establish an Equalization

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Fund, from which state grants could be made to necessitous areas or towards the cost of particularly expensive projects, such as bridges, &c. In a few exceptional instances the construction of toll bridges was encouraged.

As a result mainly of energetic highway administration during the past ten years or so, North Carolina now possesses 60,000 miles of public roads, of which nearly 8,000 are state roads, though it is well to bear in mind when considering these figures that of the 60,000 mile total a large proportion consists of "top-soil" or "sand-clay" surfaces of a rudimentary character, which will doubtless have to be superseded by more permanent forms of construction as the state develops.

For those interested in road administration the book forms an interesting contribution to the State *versus* County controversy, which is likely to remain a perennial source of discussion in North Carolina and elsewhere. It is, however, to be anticipated that as time progresses the state highway system will continue to expand at the expense of the county mileage, and one may also anticipate that with the increase of long-journey travel there will be a tendency for the Federal Government to intervene more and more actively in the construction and control of inter-state highways. It is perhaps worthy of note that in Europe also increasing attention is being devoted to the problem of the construction of motor roads connecting the capitals of the principal European countries.

C. H. B.

Guide to Industrial and Social Legislation, with special reference to the Local Government Service

By F. ROBERTS, M.C., F.C.I.S. 318 pp. (Gee & Co. Ltd.) 10s. 6d.

THE publication of the report of the May Committee has created a wide public interest in the growth of industrial and social legislation, especially as regards financial commitments, and Mr. Roberts' guide to such legislation is accordingly opportune for the general reader as it is useful for students of the subject.

The title given to the work is, however, a modest one. Industrial legislation comprises enactments relating to such matters as trade unions and trade disputes, employers' liability and workmen's compensation, factories and workshops, and registration of business names, to which may perhaps be added, by a wide definition of the term, patents and designs, trade and merchandise marks and copyright, while among social legislation may be classed enactments relating to National Health and Unemployment Insurance, pensions and education. All these are dealt with in Mr. Roberts' work, but

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other matters are also included which are not wholly legislation in the strict sense of the term, nor are they necessarily referable to industrial and social matters. These additional subjects comprise contracts, agency, trusts, torts, wills and administration of estates, and local government. The work is not intended to take the place of legal treatises, a short list of which is set out in an appendix.

The ground plan of a deed in the chapter on Contracts is in effect a conveyance, and it is customary now, having regard to Section 57 of the Law of Property Act, 1925, to start such a deed with the words "This Conveyance." The distinction between a corporation sole and a corporation aggregate might usefully have been added to the remarks on this subject. Some corporations have an "official," not a "common," seal.

In the chapter on Trustees and Trust Property reference is made to the provisions of the Trustee Act, 1925, as regards the appointment, duties and powers of trustees, trustee investments, the audit of trust accounts and the work of the Public Trustee.

Under the heading of Trade Unions and Trade Disputes particular attention is paid to the position of central and local government servants, and the sections on this matter in the Trade Disputes and Trade Unions Act, 1927, are set out *in extenso*. Having regard to the purport of those sections it may seem strange that Whitley Councils are dealt with in the chapter relating to Trade Disputes, but this is obviously for convenience only. The chapter concludes with a dissertation on co-partnership, based on the author's article in the July, 1929, number of *The Accountants' Journal*.

The statement under the title of "Wills and Winding Up of Estates" that the value of land and buildings should be determined by the Land Valuation Department requires amplification. The personal representative should obtain a valuation of these and annex it to his Inland Revenue affidavit. The value so given is checked, on behalf of the Inland Revenue, by the Land Valuation Department. As regards succession on intestacy it should be explained that if the intestate leaves a surviving spouse and children or their issue the latter take the residuary estate on the "statutory trusts," subject to the right of the surviving spouse to a life interest in a half of the residue. It might also be pointed out that the pre-1926 law applies to the real estate of a lunatic or defective living and of full age on the 1st January, 1926, who is unable by reason of his incapacity to make a will and dies intestate thereafter without having recovered his testamentary capacity (Administration of Estates Act, 1925, Section 51 (2)). For a detailed consideration of the new law of intestate succession, reference should be made to the Act itself.

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In a lengthy chapter on Local Government the author mentions the following "restrictions and disadvantages" of the present method of government control or supervision:—

1. Minor authorities (*e.g.*, the parish) are hampered by all kinds of irritating and arbitrary restrictions.
2. Considerable delay is often caused in obtaining sanction to proceed with local authorities' schemes—in the majority of cases public inquiries have to be held.
3. Schemes and regulations prepared by a central authority rarely meet the requirements of all districts. Local authorities consider that they are the best judges of local requirements.
4. Local authorities are often unable, on account of the cost of obtaining Government sanction, to put into operation schemes they consider beneficial to the district. Private Bill procedure, which is sometimes necessary, is expensive.

This may be regarded as a controversial subject, and as regards Item 4 consideration may be given to the effect of the Public Works Facilities Act, 1930, to which the author refers on another page.

An outline is given of the Local Government Act, 1929, and the Poor Law Act, 1930, while reference is made to a number of statutes passed in 1930 bearing on social and industrial legislation. Housing legislation seems to deserve greater consideration in a work of this nature than a bare statement of the preamble to the Housing Act, 1930. The latter part of the chapter on Local Government is devoted to conditions of service of Local Government officers.

The work concludes with an interesting and detailed exposition on educational legislation and administration and a glossary of commercial terms.

Having regard to its vast scope, the work is necessarily condensed, a relatively large amount of space being occupied by quotations from statutes. Nevertheless it affords a useful introductory work to the student and, used in conjunction with the books referred to in the bibliography, should prove a helpful guide for those for whom primarily it is written, namely, local government and bank officers, accountants, secretaries, and social workers and students working for professional and commercial diplomas. Specimen questions for the benefit of the latter are appended. N. V. R.

Government Regulation of Transport

The Interstate Commerce Commission: A Study in Administrative Law and Procedure. By I. L. SHARFMAN, Professor of Economics in the University of Michigan. Part I, 317 pp. (Published by the Commonwealth Fund, New York.) Price not shown.

WE regard the United States as the country in which private enterprise is less restricted than in any other industrially organized

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State, where labour disputes are settled with the aid of tear-bomb, machine gun and barbed wire, and where severe anti-trust laws seek to maintain free competition as the main condition of efficiency and economy. It is therefore of particular interest to us to consider the evolution of a great achievement in Government control in a country so founded on the tenets of individualism.

The Federal Union of the States of America is based on a definite enumeration of matters which are to be dealt with by the Federal Government, all other matters being left wholly within the power of the several states, unhampered by central control. It is the more remarkable, therefore, that the facts of transportation have forced upon Congress not only a wide measure of control of inter-state but also of intra-state transportation. The compulsion must have been strong which could produce such a result in the U.S.A.

The work before us, the first of four volumes devoted to the study of the Interstate Commerce Commission, has been made possible by the Commonwealth Fund and supervised by its Legal Research Committee. The work has been well done, the facts are fully and clearly stated, the trend of developments is throughout kept in mind, and the detail has not in any way been allowed to obscure the main problems and the large factors which have decided the course of the Commission. Mr. Sharfman is to be congratulated on a very able exposition.

The Interstate Commerce Commission is concerned chiefly with railroad regulation. Its jurisdiction covers pipe lines, telephone and telegraph companies, cable lines, and certain aspects of water transport, but this sprang from its railroad duties, and its history is part of the history of the railroad development of the United States.

The State and Federal attitude to railroads at first was that of assistance by vast land grants and enormous money subsidies, the end in view being speedy and extensive railroad construction. This attitude was favoured by individualist tradition, the great initial risks of the industry, the need for continental development, especially westward, and the desire by all means to strengthen national unity.

The reaction, which was first shown in State legislation, was due to the evils of highly speculative railroad building, irresponsible financial manipulation, destructive competition, discriminatory rates, and, in general terms, the uncontrolled exercise of monopoly power.

The Granger movement of the early 'seventies—the agriculturists' protest against the tyranny of the railroad corporations—led several states to enact maximum rate laws and to set up commissions to maintain just charges. Though bitterly opposed as a threat to the security of private property, this legislation, like the British Railway and

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Canal Act of 1873, established firmly the right of the states to regulate the railroad carriers.

The safeguard against abuses given by competition was threatened by the tendency of railroads to co-operate, and the growth of abuses drove the Federal Government into the field of public control, since the action of states was ineffective in respect of the rapidly developing interstate traffic. A decision of the courts, that the right to regulate commerce whose origin or destination lay beyond the boundaries of a given state was exclusively a federal function, even as to that part of the transportation entirely within the state and despite the absence of federal action, led directly to the assertion of national authority in 1887.

The Act to Regulate Commerce of 1887 created the Interstate Commerce Commission, and was the first of a long series of regulating Acts, culminating in the Transportation Act of 1920, which, under the influence of war experience, not only strengthened previous legislation as to control of rates, including a power to "recapture" excessive earnings due to the unequal working of fixed rates and power to deal with intrastate rates in certain conditions, encouraged combination, subject to approval by the Commission, enlarged the Commission's control of financial organization, the issue of securities, and the like, but, longest step of all, gave the Commission powers in respect of railway "service," which extended its functions to include managerial policies and operating details, with wide emergency powers and with power to prescribe extensions of the roads.

The route to this sweeping national control from the feeble rate-supervising powers of the 1887 Act was long and hard in face of the hostile attitude of the courts, the opposition of railroad interests, and the national dislike of interference by the state and still more of interference by the Federal Government. But under pressure of the facts the recognition of a public interest in the railroads, largely due to the efforts of the Commission itself, had led a strongly individualist country to give a national commission great powers of control over privately operated carriers. True managerial independence, as distinct from freedom in internal organization and administration, is largely a matter of the past in the industry, while the extent to which the Commission exercises legislative and quasi-judicial functions would make even Lord Hewart praise the moderation of English bureaucracy.

As on the economic side, so on the "health and safety" side the Commission has had to step into the place of the several states and take over the regulation of the industry. It has found, as is the British experience, that substantial progress was made only when it had its own inspectors to inquire and enforce, but with railways, as

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with mines, the U.S.A. has not yet made up its mind to secure inspectorates sufficiently high in standing to obtain the best results.

One of the most interesting parts of the volume is the account of the experiences of American railroads during the war, leading up to the Proclamation of 26th December, 1917, by which President Wilson took possession and control of all rail systems of transportation. The effect on the traffic jam which was holding up supplies of all kinds was immediate and probably no other course would have been effective.

This volume deals with the legislative basis of the Commission's authority, traced as a historical evolution and with continual reference to the character of the administrative enforcement of the Acts. It is to be followed by three others dealing respectively with the scope of the Commission's jurisdiction, the character of its activities, and its organization and procedure.

A piece of work well worth doing.

E. J. F.

Chicago Police Problems

By the Citizens' Police Committee. (University of Chicago Press.) \$3.

THIS volume was published in March of this year, a month or so before "Big Bill" Thompson ceased to be Mayor of Chicago, a position which, except for one short interval, he had held continuously since 1915. Its disclosures as to the deplorable state of the Chicago police may have contributed to his defeat at the election, seeing that in the first chapter emphasis is laid on the fact that the police problem of Chicago is settled at the ballot-box and that the general public largely determine what the police shall be like when they elect their Mayor. This is because the Mayor, and he alone, we are told, can dictate the kind and quality of police administration which the city shall receive, a state of affairs which is apparently true of American cities in general. There is abundant evidence in this book that under "Big Bill" Chicago enjoyed the lowest possible grade of police service, and that, as the grand jury of Cook County (of which Chicago is the capital) expressed it, the police department was "rotten to the core."

Chicago is the second largest city in the United States, with a population of about $3\frac{1}{2}$ millions and an area of about 200 square miles. Its ratio of police to population is considerably lower than that of London and also than that of New York and other large cities on the United States, although one would expect an exceptionally high ratio, as Chicago is the world's "crime capital." It has retained throughout its history much of its original Wild West

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character and the police are confronted with a traditional state of affairs as regards crime and criminals which is totally unlike anything that has ever existed in England. Murders in Chicago are about as common as burglaries in London. A large proportion are "gang murders," *i.e.*, murders committed in the course of the gang warfare against which the police seem entirely powerless. In no single case in the last seven years has anyone been brought to book for a gang murder. Why this should be so can be understood after reading this book, which sums up the position with the statement that "the distinguishing mark of the well-established three-cornered alliance between the police department, the corrupt politicians, and the criminal element, which exists in Chicago, is murder on a large scale."

It is only incidentally, however, that the book refers to this three-cornered alliance. It is in the main an analysis, and a very able one, of police organization and methods with detailed proposals for reforming them in Chicago. This task was entered upon under the auspices of a supervisory committee of professors and others on the staff of the North-Western University and Chicago University and an advisory committee of citizens of Chicago. The inquiry was carried out with the assistance of the Institute of Public Administration in New York, which lent its police expert, Mr. Bruce Smith, for the purpose, and the book is a monument to the labours of Mr. Smith and the staff of investigators under him. It originated in a request made in 1929 by the then Commissioner of Police to the Presidents of the two Universities, of the American Institute of Criminal Law and Criminology and the Chicago Crime Commission for an impartial and unprejudiced study of the problems which confronted the Chicago police department. "Big Bill" seems for the time being to have approved or at least raised no objection to this inquiry, but later the adoption of some of the recommendations set out in the book and possibly the announcement by the Commissioner that he intended to make Chicago "so quiet that it would be possible to hear a consumptive canary cough," were followed by the Commissioner's resignation and the reversal of the changes made.

An outstanding point of weakness in the police system, not only of Chicago but of the United States generally, is that the head of the police force is a political bird of passage whose tenure of office is dependent upon the good will of the party bosses. If he attempts to show any undue independence his days are numbered, and he is allowed little or no control over the police force that he is supposed to administer. In order to make any impression on the public he is driven to talk in headlines, and the utterance just quoted of the Chicago Commissioner can be paralleled by a New

Reviews

York Commissioner's statement when announcing his plans for dealing with possible labour disturbances on 1st May (with tear-gas squads, aeroplanes, &c.) that if anyone was to be Queen of the May it would be himself. Like the Chicago Commissioner, he shortly afterwards retired into private life.

The authors of this book recognise that it is impossible to expect any improvement in the existing state of affairs until the police force is freed from partisan and other influences foreign and inimical to police work. All semblance of discipline is destroyed by the influence and control of party politicians exercised not only on behalf of individuals in whom they are interested but through an institution which was designed and is popularly believed to be a kind of civic watch-dog and bulwark against such a state of affairs, namely, the Civil Service Commission.

Chicago's Civil Service Commission was set up nearly forty years ago in order apparently to introduce something in the nature of regularity and permanence into the municipal service. It is concerned not merely with examinations and appointments but also with promotions and all disciplinary cases involving dismissal, or, to use the American expression, "separation from the service." The Commission and not the head of the force is the real power in the management of police personnel; no member of the force can be promoted or dismissed without its approval. The Commission is entirely subservient to the party organization to which the Mayor belongs. When this book was being written a member of the Commission was under indictment for selling promotions in the police department, and the Chief Justice of the Criminal Court had stated that it was common knowledge that for many years there had been a fixed scale of prices for advancement in the police department, according to the rank and salary of the office sought. The Commissioner of Police may dismiss an inefficient policeman, but if he has friends among the party leaders the Civil Service Commission will reinstate him. Instances are given where the Commissioner has repeatedly discharged an unsatisfactory probationer and the Civil Service Commission has continually reinstated him until at last by length of service he acquired permanent status.

One illuminating fact brought out in the book is that, whereas in the Metropolitan Police District and in English police forces generally, about two-thirds of the total strength are employed in the street on beat, patrol, or point duty, in Chicago only one-ninth are so employed, and it is stated that, despite the fundamental importance of uniformed patrol in every police force, this branch of the service is almost everywhere in the United States a rapidly vanishing institution. Plain-clothes duty absorbs about 20 per cent. (as compared with less

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than 5 per cent. in the London Metropolitan Police), and large numbers are employed on motor patrols (whose work is very badly co-ordinated), office duties, &c.

However astonishing its revelations as to the state of the police in Chicago and other cities of the United States, this book is one more piece of evidence as to the expert grasp of police problems as a whole possessed by those who are active in the growing movement in the United States in favour of a better police system. The methods of the American police are likely always to differ from ours because of the fundamental difference in conditions and in the attitude of police to public and public to police. This difference is perhaps sufficiently conveyed in the following sentence which is a general description of the position and powers of an American policeman:—

“As a matter of constant routine he goes forth into the night, armed with a club and a revolver, and clothed with an extraordinary authority, which may, upon occasion, include informal exercise of the powers of the prosecutor, the judge, and even of public executioner.”

Nevertheless the book shows that much the same problems of police organization and administration arise in the United States as in this country, and a great deal can be learnt from the constructive proposals of this book. If under the new Mayor of Chicago, Mr. Anton Cermak, the police problems of Chicago are tackled in the spirit and in the way recommended by this book, Chicago's police system might well become second to none.

The International Institute of Agriculture

An Historical and Critical Analysis of its Organization, Activities and Policies of Administration. By ASHER HOBSON. xi + 356. (University of California Press.) \$3.50.

It was no secret among those interested in the internal politics of the International Institute of Agriculture at Rome that Mr. Asher Hobson, who was until recently the American delegate on the Permanent Committee of the Institute, was writing a book which would explain why the United States Government had virtually withdrawn its support from the Institute. It is true that, as he says in the Preface, he writes on his own responsibility and not as an official mouthpiece of his Government; but his testimony is all the more valuable on that account.

The story that he unfolds is indeed remarkable. The International Institute of Agriculture owes its origin to the dogged persistence of an eccentric Californian, David Lubin. Cold-shouldered in Washington,

London, Paris, and Berlin, he at last persuaded the King of Italy to listen to him. His object was to create an organization which would become the most potent instrument of the world's agriculturalists in improving their lot and protecting their interests. The Italian Government were interested in his scheme mainly as a means of acquiring diplomatic prestige, and from the outset Lubin's ambitious proposals were whittled down to a safe and humdrum programme and overlaid in a network of red tape.

The Institute was created as a purely official body controlled by delegates of sixty or more member states, and its principal achievement since its foundation has been the compilation and dissemination of official statistics of agricultural production supplied to it by governments—a task that could be discharged to-day by a sub-section of the Statistical Division of the League's Secretariat. In the interpretation of statistics, in the supply of up-to-date market intelligence, in original economic investigation, and as a clearing-house of information on scientific research the Institute has failed to make good and is of little or no account at any rate in the British Empire and the United States.

The author attributes the major share of the blame for these shortcomings to the Italian Government. In violation of the Treaty and of the resolutions of successive General Assemblies the effective control of the Institute and the appointment of its chief officers have been usurped by the Italian Foreign Office. The result has been to dissipate the energies of the Permanent Committee, the majority of whom are attachés of foreign governments in Rome, in unprofitable wrangles which have seriously detracted from the efficiency and smooth working of the Institute. The evidence of mismanagement and intrigue which Mr. Hobson discloses confirms a principle, which is firmly upheld by professional members of the Institute of Public Administration, viz., that the direction of technical services should be entrusted to expert technicians and not to administrators with little or no technical training or interest to fit them for the job, and least of all to ambitious placemen trained in diplomacy or politics.

It is something of an achievement to have made a readable and lively story out of a study of international administration. Many members of the Institute of Public Administration could no doubt do the same about their own jobs, were they free to do so. Mr. Hobson has the advantage that the minutes of the Permanent Committee are printed, and frequently his disclosures of the intrigues that took place behind the scenes form an amusing commentary upon the smooth words and diplomatic inanities enshrined in the *procès verbaux*. Another advantage is that he is free to say what he likes, and does so with a moderation and frankness that carry conviction.

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If it became the practice for the proceedings of Cabinets, Royal Commissions, Government Departments, and local authorities to be subjected to so critical an analysis as this by their former officials, the science of administration would be considerably enriched. For this book is not merely a topical document telling the world what is wrong with the Institute of Agriculture at Rome but a contribution of permanent value to the study of administration. As such it should find a prominent place among source-books for students and lecturers on the principles of public administration.

E. M. H. L.

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Reviews

*It is regretted that, owing to pressure on space, it
has been necessary to hold over Book Reviews
until the next issue.*

Impressions of the Joint Universities Conference on the Study and Teaching of Public Administration

By J. D. IMRIE, M.A.
City Chamberlain, Edinburgh

THE Conference was held at Buxton on the 13th and 14th February, 1932.

Those present included representatives of twelve British Universities, of the British Institute of Adult Education and of the Institute of Public Administration.

The field of Public Administration as a teaching subject, which was the first topic to be reviewed, brought forth a stimulating and interesting discussion. At the outset it was indicated that the Institute of Public Administration felt that there was a substantial case for teaching Public Administration as a subject in any school of economics and political philosophy. Proceeding from such a basis, and classifying the persons to be taught into two groups, those who desired to acquire a knowledge of Public Administration from a cultural point of view and those who had a vocational interest as potential or actual practitioners in Public Administration, the Conference discussed whether Public Administration contains within itself a sufficient body of thought and doctrine to warrant its being taught consciously and specifically in Schools of Economics and Political Philosophy. It was suggested that the study of Administration as a whole—not only Public Administration, but Business, Social, indeed, all Administration—might provide a broader cultural background and might be more welcome from the University standpoint. But it was also argued that in some Universities Public Administration had already taken its place in the curriculum. The object of its teaching was that of imparting to students through all the subjects in the

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curriculum a sense of awareness of the human and environmental problems, not with the object merely of intellectual pleasure, but to secure appropriate action. Awareness and vital readiness to find solutions to problems were the foundations of administration. History could play its part in tracing the administrator—each great experiment in the history of administration should be taken as a whole for analysis, and it was of importance to learn the principles of administration by a study of the actions and explanations of the greatest and most creative administrators among mankind—Richelieu, Colbert, Frederick the Great, Stein, Napoleon, Alexander Hamilton, Peel and others. A good deal could be learned by a study of the gradations of the business organism from the free-est in private enterprise, through the semi-state enterprises like the B.B.C. and the Central Electricity Board, to those enterprises where the state or the local authority both owned and managed the enterprises directly. The Conference seemed inclined to agree that on the whole there was a sufficient body of thought to warrant Public Administration finding its separate place in the University Curriculum. What was required was in effect a development of Political Philosophy in the living and real sense, not in that of the dead and unreal. The correct teaching of Public Administration would leave the doctrinaire in political philosophy behind in a realistic treatment of the human and environmental problem involved in the study of the organisation and structure of the modern state, its central and local services and its governmental institutions generally.

Public administration in the broad sense embraced such subjects as Economics, Economic History, Central and Local Government, Statistics, &c., but at least it would include (1) Economics (including public finance), (2) constitutional history and law, (3) political theory and (4) governmental institutions, central and local. These the Universities could and did teach to students. On the other hand, it was admitted on all sides that there was a body of subjects narrow in scope and bare in their technique—office practice, municipal accountancy, being illustrative of these—with which the Universities were not expected to deal.

The study of such a subject as Public Administration commanded the attention not only of the professional administrator, but of a wider public—and that whether the individual was ratepayer, taxpayer, member of a Local Council or of Parliament. The width of its appeal, it was thought, ought to commend itself to the Universities. These institutions formed the readiest vehicles for research into the whole system of administration and its relationships to central and local institutions. The teachers in the universities would find in the possession of their students, particularly those engaged in

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central and local government, a great deal of practical knowledge which would serve as laboratory material if properly used. But that question in its turn raised another, for it was recognised that without some extra-mural provision, by certain of the Universities at least, many of those engaged in Public Administration would, because of their inability to leave their work during the day, be unable to take advantage of University facilities. For these and for the "consumers" of Government services who are engaged in daily toil, some provision in teaching the subject might be made—in other words, the problems of government have an interest for all. At all events, there seemed to be no doubt about a supply of students being available for the Universities. The National Association of Local Government Officers, to deepen the interest of its members, contemplated the creation of study circles, and the awarding of scholarships to enable the men who had taken the best places in the technical examinations (Municipal and County Engineers; Institute of Municipal Treasurers, and so on) to go on to the Universities and take a Diploma Course in Public Administration. Though the view was expressed in this connection that the Universities ought not to be asked to set up degrees or diplomas to which any professional significance should be attached whether for appointment or promotion, it was also thought doubtful whether it would be possible to dissociate the possession of a university diploma from promotion in the public service more than it is to dissociate the possession of a good Honours degree from recognition in the teaching profession. The Institute of Public Administration had reached the point now at which it was thought a forward step might be made. It was already doing much in publishing from time to time the experiences of its members and the methods they followed in dealing with administrative problems. It was on the threshold of doing more, for active research circles had been formed to do work in certain directions. The Universities could play their part, too, and if the expressions of view by the various University speakers be reflective of the attitude of the governing bodies of the institutions from which they came, then the Conference served a useful purpose indeed, though it was always recognised that the University representatives spoke only as individuals.

Having reviewed the question in a broad way, the Conference devoted some time to discussing various aspects of the subject in greater detail. For example, in dealing with Teaching Methods, including relations between teaching and operating bodies, pleas were made for the recognition by large-scale municipalities and large government departments of the benefits to be derived from university training by the best men on the staffs. No great enthusiasm, how-

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ever, was shown for a system of instruction which involved a student spending part of his day at the University and part at his ordinary vocation, and it was generally admitted that there were difficulties. These, or some of them, it was suggested might be overcome by allowing capable members of staffs in central and local departments to have, say, one year's leave from the service for an intensive study of the broader subjects of the curriculum, to be followed by a completion of the course on a part-time basis. Again, the idea was expressed that teaching efficiency would gain if those University representatives who taught the subjects of the curriculum took some part in the work of government, say, as members of Local Authorities. The occasional introduction, too, of men actively engaged in government to give lectures in the University was advanced as another means to the end in view. The Universities could consider these suggestions and, on the other hand, the central and local departments would no doubt consider how best to make available to the Universities the results of systematised research into administrative problems which were from time to time available. Generally, it was contended that University training had always been vocational in the long run and that whether it had been for law, for medicine, for the church or for teaching. What was required to-day was the adaptation of University procedure to meet the needs of a new and rapidly-growing profession. The Universities had always adapted themselves to meet the ever-changing needs of civilisation, and there was nothing to warrant the view that they would not continue to do so. The problem involved the training of men intellectually, giving them a good general cultural background on the broadest basis. The training should have as its aims the development of flexibility and readiness of thought, the development of an ability to assign to a problem its true significance with reference either to a whole or to other parts of it, the quickening of judgment, the inducing of decision, and the cultivation of those qualities of discretion and tact which were all-desirable qualities in the good administrator. It was recognised that University training might by itself not make administrators, but no exception was taken to the view that such training would make good administrators better, always provided that with abundance of learning there was coupled a true understanding of principles and of causes. Much, of course, would depend on the accuracy of the judgment which was employed in selecting the men who were to undergo University training, but experience would gradually correct any adverse results in this connection. All that occurred at the Conference pointed to the conclusion that there was a case for exploring the whole question, especially with a view to ascertaining whether something should not be done to ensure some form of

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permanent co-operation between the Universities and public authorities and/or public officials. There was much ground to explore, however, as affecting the problem generally, and in order that the process of examination be begun, the following resolution was unanimously passed:—

“That this Conference of the Institute of Public Administration and representatives of University bodies being of the opinion that it is desirable to effect closer co-operation between University bodies and Public Authorities and recognising that the problem involves not only the question of specialised training, but also the recruitment of University graduates in general, resolve that a Committee be appointed to explore the matter and to take any appropriate consequent steps.”

In terms of the foregoing resolution, the following Committee was appointed:—

Dr. W. H. Moberly, D.S.O., M.A., Vice-Chancellor of Manchester University (*Chairman*).

Professor E. Barker, Litt.D., Professor, Political Science, Cambridge.

Sir H. N. Bunbury, K.C.B., Comptroller and Accountant-General, General Post Office.

Mr. I. G. Gibbon, C.B., C.B.E., D.Sc., Principal Assistant Secretary, Ministry of Health.

Sir W. E. Hart, O.B.E., formerly Town Clerk of Sheffield.

Mr. L. Hill, General Secretary, National Association of Local Government Officers.

Mr. J. D. Imrie, M.A., City Chamberlain, Edinburgh.

Professor J. H. Jones, M.A., Professor in Economics, Leeds.

Professor H. J. Laski, M.A., Professor in Politics and Public Administration, London.

Dr. A. E. Morgan, Principal, University College, Hull.

Mr. T. S. Simey, Lecturer in Public Administration, Liverpool.

Secretary:

Mr. A. C. Stewart, Editor of PUBLIC ADMINISTRATION.

The Story of London Transport

PART II

By SIR ROBERT DONALD, G.B.E., LL.D.

AT the time of writing it is doubtful whether the story of London Transport will reach a logical conclusion this year or whether it will continue its never-ending tortuous course without order or symmetry.

In my former article (October, 1931) I traced the earlier development of London transport up to the time when the new revolutionary phase of electrification was begun. It was at this stage that London attracted the attention of American traffic experts. I pointed out that "it was not surprising that leaders in this business should have been attracted to London. This vast aggregation of human beings—the greatest within a given area in the world—was suffering from the lack of efficient organisation in its transport facilities. Here was a unique opportunity for creating order out of chaos and reaping a reward for enterprise. The invaders discovered that it was a costly, tedious and slow business. These scientific transport experts brought courage, experience and vast resources to bear on the problem. They showed Londoners the way to the promised land but they failed to realise their ideals."

The chaotic and out-of-date facilities in London made it a tempting field for exploitation. Speed and comfort combined were unknown to Londoners in the 80's. The passengers suffered inconveniences to an extent unknown in any other large city, and the loss of time involved through the disjointed traffic facilities must have been stupendous. Moreover, many parts of the expanding community of Greater London were not served at all by tramway, bus, or railway, or served inadequately. Had they realised the difficulties which faced them, and the obstructions which they had to overcome, perhaps the adventurous Americans might have hesitated before attacking the mighty somnolent Metropolis. However, they came, they saw and they conquered, but at a very heavy expense. Mr. Clifton Robinson, who had had American experience, showed

NOTE.—For Part I see PUBLIC ADMINISTRATION, October 1931.

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considerable enterprise in developing tramways in West London, and was exceptionally successful in overcoming opposition by the local authorities. It was not, however, until Mr. C. T. Yerkes descended upon the Metropolis that any real attempt was made to modernise London's transport. Yerkes had been responsible for reorganising and developing transport in Philadelphia, New York and Chicago. Besides his capacity in business he was a man of considerable attainments and a generous patron of science.

When Mr. Yerkes came to London, the Metropolitan and District Railways, run by steam, were faced by the competition of the new electric tubes in the central area and by electric tramways in suburban districts. The District Railway, which had hardly ever paid a dividend in its history, could not raise capital for electrification. The Metropolitan Railway, which had to be modernised simultaneously, was not in the same parlous position. Yerkes, with the financial help of Messrs. Speyer Brothers, had the responsibility of electrifying the District Railway.

This, however, was only a beginning. Yerkes turned his attention then to the tubes, picked up the Bakerloo Railway—the construction of which had stopped owing to the Whitaker Wright financial troubles—acquired the right of constructing the Piccadilly and Hampstead tubes, and obtained a controlling interest in the London United Tramways. In April, 1902, he registered the Underground Electric Railways Company of London, with a capital of £5,000,000. He was Chairman. This was the beginning of the Combine. Mr. Yerkes died two years later, before he saw the tube railways under construction complete and the electric system at work. He was succeeded by Sir Edgar Speyer, who had been his financial partner. Speyer became Chairman of the Underground Company, acquired control of the Central London, of the City and South London tubes, and of the London General Omnibus Company. Speyer was fiercely attacked because of his German origin and had to retire from the country during the War, but it should not be forgotten that he rendered good service to London transport. He was ambitious; he was a man of imagination and courage. There was never really any proof that he had been disloyal to the country of his adoption. Perhaps he was indiscreet. He was succeeded by Sir George Gibb, who had been trained on the North Eastern Railway and was Managing Director of the Railway Companies in the combine. He brought with him to London in 1906, Mr. Frank Pick, who had been associated with the North Eastern. In 1907, Mr. Albert Stanley (Lord Ashfield as he now is) became General Manager when he was only turned thirty years of age and succeeded Lord George Hamilton as Chairman. He was born in Derbyshire but had

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been brought up in America and occupied the position of general manager of several important transport undertakings. He had had more practical experience in modernised transport services than anyone who had come to London. From the time that he took charge with Mr. Frank Pick London transport services were vastly improved and extended, and since the War have increased steadily in efficiency. Lord Ashfield took a statesman-like view of transport. His first consideration was for facilities. His purpose was to carry passengers in comfort the greatest possible distance at the lowest possible price. His experience in London since 1907 has long since convinced him that transport is essentially a public utility service which must be carried on for service and not primarily for profit beyond a return which will cover the price of money for the time being. He has also held the view consistently and persistently that only by unification of all the traffic services in London can this ideal be attained and the public enjoy the greatest benefit.

An approach to this policy was the creation of the "pool" or common fund, which operates so that profitable services paid for the unprofitable, and certain routes which are essential for public convenience may be maintained although run at a loss and new districts with pioneer services until they become self-supporting.

Mr. Pick, while beginning as publicity manager, in which capacity he introduced the artistic and æsthetic system of advertising which has been characteristic of the Underground, became development officer in 1909, and largely responsible for stimulating traffic on the electric railways. In 1912, after the absorption of the General Omnibus Company, he was appointed commercial manager and did much for the reorganisation and the development of the omnibus services and in standardising the operation of the tube railways. In 1927 Mr. Pick became managing director of the Company and Lord Ashfield's chief of staff and right-hand man.

The development of the Underground group has thus been largely due to four or five individuals who combined enterprise with a broad outlook. While consolidating the system of street transport the Underground was always harassed with independent competitors and adopted the policy of acquiring them until conditions were enforced for stabilising traffic and exercising more control. Competition, however, has remained on the part of independent motor-bus owners and by municipal tramways in London and in Greater London.

While Mr. Yerkes and his friends were modernising London rail transport the Die-Hards in Parliament continued to block tramways. They vetoed tramways along the Embankment. When the County Council Bill including powers to run tramways along the Embank-

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ment was introduced in 1904, Sir Frederick Banbury declared that this proposal, brought periodically before the House of Commons since 1894, had been consistently rejected, which, he thought, was good and sufficient reason why it should be rejected for ever. That was the fate of the Bills introduced in 1903, 1904 and 1905. Next year, 1906, after a General Election had changed the complexion of the House of Commons, the power to run tramways along the Embankment and over the bridges was granted. Mr. Burdett-Coutts, who had been one of the chief opponents of the Bill in previous years, withdrew his opposition because, he said, he had discovered that many of his poor constituents were in favour of the tramways. This should have been no new discovery, as the County Council had always been overwhelmingly in favour of the Bill and the poor people were just as much in need of cheap travel before 1906.

While private enterprise wrestled with the knotty problem of London transport with or without the help of Parliament—and making the notable constructive progress which I have indicated, the process of investigation by Committees and Commissions was pursued with tedious futility.

The Royal Commission on London Traffic, to which I have referred, in its two years' investigation accumulated a vast amount of well-digested evidence, statistical and other information, and ended its labours in 1905 by recommending a scheme conceived in defiance of all principles of local self-government. If there is one public service more than another which, after water supply, concerns all the people, it is transport. But the solution which the Royal Commission recommended ruled out the local authorities. A Traffic Board of three or five which it proposed to set up, and the cost of their administration which, it said "must be considered" was to be paid by the local authorities in Greater London, which had no say in their appointment or any control over them. While the Board was advisory it was to be statutory and was to function under an Act of Parliament, so that it could impose conditions on local authorities and influence legislation. In addition to failing to consult the local authorities the Commission recommended that they should be deprived of the veto over the use of their streets.

This encyclopædic investigation into the London traffic problem, which led to no positive results, exhausted the appetite for inquiry for eight years.

A Select Committee of the House of Commons took up the running in 1913. True to precedent this Committee turned down the recommendations of the previous investigation—the Royal Commission—on the unanswerable ground that the Traffic Board was an interference with the functions of local government and that a central

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traffic body only possessing advisory powers would be ineffective. The Committee expressed the opinion that what was required was "a new arrangement of the functions of Government departments, and for all matters of a municipal nature, the concentration of power and responsibility upon existing central authorities." The latter, they pointed out, "must eventually be the paymasters, they are in contact with the ratepayers and are in daily touch with changing conditions!"

The Committee expressed the opinion that "the duty of originating and accommodating traffic schemes and regulations" was a municipal one. In view of possible divergent interests they suggested that an appeal was required to a Government department conversant with all details and devoting its whole attention to the questions which might arise. For this purpose they recommended that a new traffic branch should be set up under the Board of Trade, to supersede the then existing London Traffic Branch of that department. The advisory and reconciling functions which they proposed should be entrusted to this new Government Sub-Department were very similar to those which the Royal Commission suggested should be granted to the Traffic Board. During the War the epidemic of Committees and Commissions had a rest and it was not until 1920 that an Advisory Committee was appointed, of which Mr. Kennedy Jones was Chairman. This Committee recommended a London Traffic Authority. The report said:—

"In other words, we do not ourselves visualise an authority with omnipotent power over all forms of London traffic attempting to combine control with operating functions, since thereby a monopoly would be created which might have serious results for the public, and which could only be instituted by summarily dispossessing local authorities of all their statutory duties and powers. Therefore, as was done by the Select Committee of the House of Commons in 1919 and by the Royal Commission in 1905, we set forth the need for the creation of a London Traffic Authority, and we regard it as a measure of extreme urgency."

This Advisory Committee, a statutory body, was to operate under the Minister of Transport and to have delegated to it the powers already possessed by him and such additional powers as are required. Financial responsibility was to be confined to the narrowest possible limits, and the powers of the local authorities were respected. There was to be the minimum of interference from the Advisory Committee.

The London County Council was encouraged by the report of this Committee to ask the Government to appoint a Royal Commission to deal in a comprehensive way with the whole problem of

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Greater London. This resulted in the appointment of the Royal Commission of 1922. Transport was only one of the subjects with which the Commission was concerned, but its recommendation on transport was the only one which has been acted upon.

An Advisory Committee constituted by representatives from the local authorities was set up and as a purely advisory body has done good work.

As a member of this Commission I differed from the all but negative recommendations of the majority on the ground that these recommendations did not meet the case presented to the Commission, nor were in accordance with the conclusions which we drew from the evidence submitted to us. The late Mr. Stephen Walsh associated himself with my minority report. I referred to it only to point out that while I thought I was looking ahead our recommendations in regard to transport are already out of date. We recommended one system of unified management for all surface traffic in Greater London. A commission representing local authorities and companies was to operate all tramways and omnibus services. It was to be a publicly owned utility service operated for service and not for profit: that is to say, the profit after the payment of interest, making provision for redemption of capital and all other charges was to be used for improving the service and cheapening travel. This scheme, proposed as a compromise in 1923 is, I say, already out of date, as nothing but complete unification of all the means of transport in Greater London—electric and tube railways, suburban services of main line railways, tramways and omnibus services—will solve the problem.

The case for unification is unanswerable. Schemes have hitherto failed to overcome all opposition until general agreement was reached under the London Transport Bill of 1931. It remains to be seen, as I said at the beginning of this article, whether the problem will be solved on these rational lines or whether the policy of drift and chaos is allowed to continue.

Agricultural Education and Research in the East of Scotland

By Professor E. SHEARER, M.A., B.Sc.

Principal, Edinburgh and East of Scotland College of Agriculture

*[Lecture Delivered to the Institute of Public Administration,
Edinburgh and South-East of Scotland Regional Group,
February, 1932]*

AMONG the objects of this Institute, I note the admirable one of an exchange of information on administrative and related questions, with a view to the increased efficiency of the Public Services and the creation of a well-informed public opinion concerning these Services. Well, I count it a sign of grace on your part that you should want to be informed on a subject apparently remote from the interests of most of you, yet perhaps not so remote after all. The last generation, indeed, has witnessed a departure from a widespread apathy on matters agricultural and a general appreciation of the fact enunciated comprehensively, if somewhat rhetorically, by Dr. Andrew Coventry, the first occupant of the Chair of Agriculture at Edinburgh University, in his inaugural lecture some 140 years ago, that agriculture is "a profession which not only most of all others administers to the necessities and conveniences of mankind and which is not more favourable to the health of the people than to the preservation and improvement of their best habits as moral agents or members of a civilised community, but which is the great nursery of citizens for other arts and professions and which, in one word, is to all Europe and to this Island in particular becoming every day, even too as manufactures, commerce and refinement extend, of more and more consequence."

An important result of this change of heart and one with which we are particularly concerned to-night has been a really notable development in agricultural education and agricultural research in the last half-century, and if some of those engaged in the agricultural industry are inclined to suggest that this has been stressed to the exclusion of other and more thorough-going measures for the encouragement of agriculture, it will be admitted that such development is at any rate one fundamental condition to a sound and progressive

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agriculture; and it is because it is desirable that what is being done in the matter of agricultural education and research should be as widely as possible known that I welcome the opportunity of speaking to you to-night on this topic.

I may say at the outset that, for purposes of agricultural education and research, Scotland is divided into three provinces—the South-West of Scotland centring on Glasgow, the North of Scotland centring on Aberdeen and the South-East of Scotland centring on Edinburgh—and that, as development has taken place on broadly similar lines in all three, what I shall say about the Edinburgh area will give a fair picture of what prevails in the other two. My method of approach will be the historical one, which perhaps will give as good a clue as any to the administrative aspects of the subject, which possibly are of primary interest to an audience such as this.

The second half of the 18th century was a period of remarkable agricultural development in Scotland. The ancient practices of in-field, out-field and runrig were displaced by a widespread and vigorous policy of land reclamation and land drainage. Cereal varieties were improved and efficient farm implements came into use. The introduction of green crops and of sown grasses and clovers, together with the attention paid to breeding, laid the foundations of an efficient and prosperous system of animal husbandry.

This movement was reflected in the formation of societies whose object was the general improvement of agriculture. The most important of these societies, and one which established itself on a basis that was destined to be lasting, was the Highland Society of Edinburgh, later to be known as the Highland and Agricultural Society of Scotland, founded in 1787. The methods adopted by this Society for the improvement of agriculture were the awards of premiums for essays on agricultural subjects, awards for improvements in land reclamation, in drainage, in agricultural implements and the like, and later the holding of Annual Agricultural Shows.

The first formal teaching of agriculture was a course of lectures on the "Application of Chemistry to Agriculture" given c. 1747 by Dr. Cullen, Professor of Chemistry in Edinburgh University. In 1788 Dr. Walker, Professor of Natural History in the University, gave, under the patronage of the Highland Society, a longer course of lectures in Agriculture. In 1790, the Chair of Agriculture in Edinburgh University was established as the result of an endowment by Sir William Pulteney, the income of the endowment being limited to £50 a year to induce the Professor "to exert himself and by no means to make the post a sinecure."

During the first half of the 19th century, there was a growing interest in agricultural education in Scotland and in 1856 the Highland and Agricultural Society obtained a supplementary charter to

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enable it to direct and promote the education of young agriculturists by drafting a curriculum of study, holding examinations thereon and awarding diplomas to successful candidates. This function, it may be remarked, the Society still exercises—since 1898 in conjunction with the Royal Agricultural Society of England.

From 1875, on the initiative of the Highland and Agricultural Society, the Science and Arts Department, South Kensington, which for some time had been encouraging, by the award of grants, the teaching of general and applied science in schools throughout the country, agreed to include a specific agricultural course in its syllabus, and special agricultural classes for teachers were instituted at Aberdeen, Edinburgh and Glasgow to provide the training for the new type of instruction.

For a full century from the foundation of the Chair in Agriculture at Edinburgh University there was no further specific provision for agricultural teaching in the University. It was open to agricultural students to take the ordinary classes in subjects such as Botany, Chemistry, Natural History and Economics, but there were no courses relating these sciences to the practice of agriculture.

Professor Wallace, who had been appointed to the Chair of Agriculture in 1885, set himself to remedy this defect with characteristic enthusiasm and energy. In 1890, largely through his efforts, the Steven lectureship in Agricultural Entomology was endowed at the University and in 1892, enlisting the aid of a number of extra-mural teachers, he formed with them the Edinburgh Incorporated School of Agriculture—under a Board of Directors—which offered a comprehensive course in Agricultural Science. In the same year, the University instituted the degree of Bachelor of Science in Agriculture, a pioneer measure which did much to raise the whole level of agricultural teaching.

The second Board of Agriculture (*i.e.*, the second English Board) which had been established in 1889, gave a powerful stimulus to the development of agricultural education. The Board's policy in this regard envisaged three types of student—(1) young persons destined to be absorbed in the practical business of farming, for whom instruction would be made available in the more advanced classes of the Day Schools, in Continuation Classes and in University or cognate courses; (2) adults already engaged in agriculture, who would be provided for by lecture courses delivered at local centres and by local demonstrations and experiment, and (3) those who intended to become teachers, these latter being divided into two categories—(a) those destined to teach in Elementary Schools whose training would follow in the main that provided in the ordinary Teachers' Training Colleges but which would also include a grounding in agricultural science, and (b) those destined to become agri-

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cultural lecturers, whether at an agricultural institution or in extension work in the counties, who would receive a broad training in agricultural science at a University or College.

The avowed object of the formation of the Incorporated School of Agriculture referred to above was to establish a body to whom Government grants could be made payable and it was so far successful in its purpose that the Board of Agriculture gave official recognition to Edinburgh as an agricultural teaching centre. A fundamental part of the policy of the Board, however, was to encourage the development of teaching centres which would serve wide areas and be responsible for the organisation and co-ordination of agricultural instruction of all grades within these areas and which would secure the co-operation of County Authorities, who since 1890 had funds at their disposal to promote technical education. The Incorporated School, while aiming at better provision for central teaching, did not go beyond that objective and the Board, while continuing to make grants to the University, suggested that the University Court should consult with the Highland and Agricultural Society regarding the consolidation of the agencies in Edinburgh engaged in the teaching of agriculture and kindred subjects and that the co-operation of Local Authorities be invited with a view to the establishment of a centre for systematic agricultural study, for the training of agricultural teachers and for the organisation of extension work. Acting on this suggestion, the University in 1893 created a Joint Administrative Board representative of the University Court and of the Highland and Agricultural Society, with powers to add to their members representatives of contributing Local Authorities. Edinburgh Town Council was the first to take advantage of the latter provision, agreeing to make the handsome annual contribution of £600, on condition of representation on the Joint Board and providing also that Evening Classes in agricultural subjects suitable to the needs of citizens would be available. County Council contributions, with accompanying representation, followed from Midlothian in 1895, Fife in 1898 and from West Lothian, East Lothian and Perth in 1900. The teaching organisation set up by the Joint Board came to be known as the Edinburgh School of Rural Economy and made provision as from 1895-96 for a two-years' curriculum for Day Class students and for an Evening Class programme embracing instruction in Agriculture and the allied sciences, in Horticulture and in Forestry. A beginning with agriculture extension work was made in 1894-95, a limited number of lectures on agricultural subjects being given in the County of Midlothian. In 1898 there was instituted a monthly course for farmers.

The arrangements just outlined, while representing a substantial

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advance in the provision for agricultural education, obviously fell short of the full development contemplated by the Board of Agriculture and later by the Scottish Education Department, to which in 1897 the administration of the grant-in-aid of agricultural education and research in Scotland passed. Provision of central courses was still unsatisfactory, while extension work was limited both in total amount and in the area dealt with.

In 1901, the Board of Management took advantage of the opportunity provided by the introduction of the Education Bill of 1900 to convene a conference to consider what steps should be taken to secure better provision for agricultural education and research in the Central and South-Eastern counties of Scotland. The conference, which included representatives from the University, the Town Council of Edinburgh, the Highland and Agricultural Society, the Edinburgh School of Rural Economy and the County Councils of Berwick, Midlothian, Fife, East Lothian, Kinross, West Lothian, Peebles, Perth, Roxburgh and Selkirk, agreed on a scheme for agricultural education and research, embracing a Central College in Edinburgh and Extension Teaching in the associated counties, the whole to be administered by a Board of Management with representation from Local Authorities within the area, the University, the Highland and Agricultural Society and the Heriot Trust. The counties of Clackmannan and Angus subsequently adhered to the scheme, to which immediate effect was given, and in July, 1901, the Board of Governors of the Edinburgh and East of Scotland College of Agriculture was constituted and the Edinburgh School of Rural Economy was merged in the new College of Agriculture. Since that date, the constitution of the Board of Governors has undergone two or three successive modifications, in part due to changes in the organisation of local administration, and at present is as follows:—

Edinburgh University Court	...	...	2	representatives.
Highland and Agricultural Society	...	...	1	"
Heriot Trust	...	...	1	"
Edinburgh Town Council	...	...	2	"
12 County Councils	...	...	14	"
Scottish Women's Rural Institutes	...	...	1	"
Scottish Farm Servants' Union	...	...	1	"
Nominated by Department of Agriculture for Scotland	...	...	4	"
Co-opted by Governing Body	...	...	4	"
			30	"

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It will be observed that a considerable variety of interests is represented on the Board. Recent admissions to representation are the Scottish Women's Rural Institutes and the Scottish Farm Servants' Union. The magnificent social and educational work done by the former has fully entitled them to a place on the Board, while, with landowners and farmers represented from the Highland Society, it is an advantage to the College to have the interests of workers on the land represented by their organisation. Quite recent also and involving a new principle is the admission to the Board of representatives nominated by the Department of Agriculture for Scotland, the Government Department charged with the general supervision of the College.

The rôle of the Highland and Agricultural Society, as representing the landowners and farmers, has been mentioned and its traditional interest in agricultural education gives it a further claim to representation.

The representation of the Heriot Trust is based rather on services rendered than on any active part at present taken by that body in agricultural education.

The high proportion of total membership allotted to Local Authorities is, of course, bound up with the fact that these are contributing bodies but also does correspond in some degree with the emphasis placed on extension work in the general College programme.

Considering the prominent part which the University played in bringing the College into existence and considering also its fundamental interest in College teaching and College policy, its representation on the Governing Body may be considered as extremely modest.

Proceeding now to a description of the activities of the College, one must first take into account its general relation to the University. The two are in essence distinct and independent institutions. The University exercises only such control over College administration as corresponds to its slight representation on the Governing Body. Nor have the two institutions entered into any formal agreement definitive of their respective functions and spheres of activity. These however, are determined to a large extent by the status and general policy of the institutions. Thus, teaching of Degree standard is primarily the function of the University, just as teaching of Diploma standard naturally falls to the College. In respect of both Degree and Diploma courses, however, there is a considerable interchange of teaching staff. Duplication of central teaching staff has been avoided in the largest measure possible. The College has been mainly responsible for the staffing of departments of Agricultural Science, for which no adequate provision existed in the University. Thus, Agricultural Chemistry, Agricultural Bacteriology, Agricultural

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Engineering and Veterinary Hygiene are College departments, at which University students attend for Degree instruction. Similarly, College Diploma students attend certain University classes. The College Experimental Farm, the property of and under the sole control of the College, provides facilities for the instruction of Degree students and for the conduct of research by University staff.

Such a relationship, dependent largely for successful working on mutual goodwill, would seem to offer considerable possibility of friction. That this has been altogether avoided says much for the commonsense of the two institutions. In recent years, one definite administrative link has been forged between the two. In 1926, on a vacancy occurring in the University Chair of Agriculture, the University Court and the College Governors, with the avowed object of achieving a more intimate relationship between University and College, entered into an agreement for the appointment of the College Principal as University Professor of Agriculture. As the Professor of Agriculture is Convener of the University Agriculture Board of Studies, this arrangement provides machinery for co-ordinating the teaching in the two institutions.

The degree in Agriculture at the University may be taken either on an Ordinary or on an Honours standard, the latter qualifying for specialist appointments as agricultural chemist, agricultural entomologist and the like. Graduates, for the most part, aim at professional careers on the staffs of Agricultural Services or Agricultural Institutions, and Edinburgh agricultural graduates are to be found occupying probably considerably more than their due share of important appointments, particularly in the Colonial Services.

The College is responsible for a substantial programme of central teaching, covering Degree and Diploma courses in Agriculture, courses in Horticulture, Dairying and Poultry-keeping, special six-weeks' courses for farmers, Evening Classes in a considerable range of subjects and mostly taken advantage of by Edinburgh citizens, and Saturday and Vacation Classes in Rural Science for school teachers. For this work, it maintains a staff of sixteen lecturers and assistants. The central staff also engage to a considerable extent in research work. With regard to the destiny of College students, many of them, after leaving College, take up practical farming and in the past large numbers have found their way to plantation appointments abroad.

Perhaps the most important function of the College, and that which we have seen operating as the principal motive for its creation, is its agricultural extension work. As whole-time extension staff, it engages ten county organisers and assistants, seven instructresses in dairying and poultry-keeping, five horticultural lecturers and two

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lecturers in bee-keeping. Agricultural extension education establishes direct contact with the farming community and thereby endeavours to incorporate into farming practice such modifications as progressive advances in science and in farm organisation suggest. The methods adopted are various. In the past, principal reliance perhaps has been placed on lectures, either systematic courses or single lectures, on particular subjects arranged at suitable centres, while field experiments and demonstrations have also been stressed. Another highly important extension activity, and one which tends to become increasingly so, is individual advisory work. While this is engaged in principally by local extension staff, central teaching staff have always co-operated when appeal to their expert knowledge was necessary, and since 1923, under a scheme instituted and financed by the Development Commission, a staff of whole-time Advisory Officers has been appointed to the College, whose function it is to conduct research into local problems and to give technical advice to farmers. At Edinburgh College, there are whole-time Advisory Officers in Agricultural Botany, Agricultural Bacteriology and Agricultural Economics, and part-time Advisory Officers in Agricultural Chemistry and Agricultural Entomology.

The success of College extension work will be conditioned in large measure by the nature of the education which is given to the country child. The Scottish Education Department for more than a quarter of a century has given encouragement to the principle that the studies of the more advanced pupils in country schools should be given definite reference to rural pursuits. The adoption of the principle may be expected to have two important effects—(1) It will reinforce the child's fundamental interest in things rural and quickened interest means easier acquisition of knowledge, and (2) it premises instruction in the elements of physical and biological science, thus providing a more or less adequate starting point for the technical education to be given later. Accordingly, the Agricultural College has regarded it as one of its most important tasks to endeavour to co-operate with Education Authorities in developing rural education on these lines. What is aimed at is not vocational instruction—premature at this stage—but a course in elementary science which, by selection of illustrative material and by reference to the pupil's general environment, shall be given a definite rural bias. It will be recalled that two of the principal items in the policy of the old Board of Agriculture more than forty years ago was the imparting of some such sort of instruction in country schools and the training of teachers in agricultural science to an extent that would qualify them to give this kind of instruction. It must be confessed that, in the interval, comparatively little progress has been made, though a few enthusiastic

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schoolmasters have shown what the adoption of a thorough-going scheme of instruction in rural science can effect. Fundamental conditions of success are the existence of (1) suitable school laboratory accommodation, (2) a suitable school garden, where the lessons of the class-room and laboratory can be revitalised by practical experiment or demonstration, and (3) teaching staff equipped with a training in the subjects essential to adequate utilisation of the rural environment as an educational instrument, and not often are all three conditions realised. School gardens have been established at many schools, usually as an adjunct to simple nature study courses, and the College horticultural staff render assistance not only in their original lay-out but in regular inspection and advice with regard to their management. Lack of suitable accommodation is a common deterrent to the institution of a rural science course, but *the* formidable difficulty is the dearth of interested and suitably trained teachers.

The College also does its utmost to foster Agricultural Continuation Classes—either Day or Evening—where vocational instruction finds its proper place.

We come now to the administrative relationships of the College. We have seen how the administration of the Government grants-in-aid of agricultural education and research passed from the Board of Agriculture to the Scottish Education Department. In 1903, the Scottish Education Department intimated that the College would be recognised as a Central Institution and that, as grants would vary with the approved expenditure, estimates of income and expenditure would have to be submitted to the Department each year. The Minute of the Department dealing with this recognition imposed conditions which, in fact, resulted in bringing all the College activities within the purview of the Department—schemes of work, both at the Centre and in the counties, qualifications of teaching staff, entrance qualifications of students, issue of Diplomas and Certificates, all financial affairs. Throughout the history of the College, finance has been, for the most part, a difficult, at times a thorny, question. We have seen how from the beginning Government grants were made conditional on adequate local support. The theory on which such policy is based is doubtless admirable. Local contributions, on the one hand, are likely to stimulate local interest, and, on the other, to make for economy in administration, since every increase in expenditure will involve corresponding increase in local burdens. Actually, while Local Authorities are generally very much alive to getting full value for their contributions, their interest in College work, if measured by the amount of their contributions, must at times have been slight. After all, control of an agricultural education programme and of expenditure on such by the machinery of

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representation on a central Governing Body is a very different thing from direct control, such as is exercised by an English Local Authority, which determines its own agricultural programme and appoints, pays and controls its own agricultural staff. In the former case, the Local Authority may be forgiven for imagining that real control lies with the supervising Government Department rather than with the Board of Governors. The College, in fact, tends to occupy the unfortunate position of being "nobody's child." The normal financial condition of the College has been one of stringency and there is no doubt that this must have been reflected in the quality of its work, which again has its effect on local contributions.

In the early years of the College, Government grants did not exceed one-half of the net approved expenditure, the other half requiring to be met by contributions from local sources. Later, the ratio of grants was modified to two-thirds from Government and one-third from local sources. In 1907, the Scottish Education Department, anxious to promote a fuller programme of College extension work, no longer insisted on a $33\frac{1}{3}$ per cent. contribution from local sources. By the passing of the Education (Scotland) Act, 1908, the Residue Grant—the source of local contributions to the College—was merged in the Education (Scotland) Fund and an arrangement was made whereby the amount of local contributions hitherto paid was earmarked as "local" money and paid as such direct to the College from the Government source:

In 1912, the supervision of the College passed from the Education Department to the newly constituted Board (now Department) of Agriculture for Scotland, and as the new Board had in its early years somewhat elastic financial resources, pressure was not exerted on Local Authorities to increase their contributions in correspondence with increasing College expenditure. In the years immediately following the brief post-war boom period, the Treasury began to insist on increased local contributions and in 1926 laid it down quite definitely that, in future, Government grants would be contingent on $33\frac{1}{3}$ per cent. of expenditure being met from local sources. As at that period local contributions, including the "local" money referred to above as being paid by Government, amounted to only 18 per cent. of the total net expenditure, a period of five years was ultimately allowed during which local contributions might be gradually raised to $33\frac{1}{3}$ per cent. This has created a difficult situation for the College, particularly in view of the present financial crisis. Some Authorities have paid their full quota, others have gone a long way towards doing so, while a few are making quite inadequate contributions, a procedure fair neither to the others nor to the Central Institution which they assisted to bring into being and which is striving to serve them under conditions of difficulty to which it should

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not be subject. Obviously, some more stable and more adequate system of finance is urgently required and the three Scottish Colleges of Agriculture have memorialised the Secretary of State for Scotland through the Department of Agriculture to that effect.

The tendency to lack of interest on the part of Local Authorities has been referred to. In the last few years, an attempt has been made to get over this by the establishment in each county area of a Local Joint Advisory Committee nominated in equal numbers by the Local Authority and by the College Governors. This Committee is charged with the duty of advising with regard to the organisation of agricultural education in the county in respect of (a) Advanced Division Courses, (b) Continuation Classes and (c) General Extension Work of the Agricultural Colleges. The Committee considers the programme of all classes, lectures and educational demonstrations to be undertaken by the members of the College staff and the centres to be arranged for class meetings, also schemes of experiments and demonstrations and the centres to be arranged for such. Another important duty usually assigned to the Committees by the Local Authorities is consideration of the College requests for contributions in respect of extension services.

It should be said that Local Advisory Committees are not a new feature in Extension Organisation. They came into existence as part of the Scottish Education Department's scheme for a more intensive programme of County Work in 1907, functioned for a number of years and eventually expired. As far as one can gather, they died from not being given enough to do. Since their revival within the last few years, the policy has been to allot them practically as large a share of responsibility in the control of Local Extension Work as they themselves will take—to make them feel that the work put in hand is really their programme, that the staff engaged is, in large measure, subject to their control. There is no doubt that they have been of real service to the College and there seems no reason why with further experience these Committees should not play a most important part in County Agricultural Work. This is much to be desired, for they would seem to be the ideal—almost the only—means of establishing intimate contact between College and Local Authorities.

I do not propose to give more than the barest outline of the scope and organisation of Agricultural Research in this part of Scotland, a subject large enough to require a lecture to itself. I have referred to the research carried on by central teaching staff at University and College. Agricultural education depends on research for its teaching material and if the teacher is himself a researcher, we have the best guarantee of his keeping abreast of his subject. I have referred also to the position of the special Advisory and Research Officers attached to the College staff, who are precluded from teaching

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and give their whole time to research on local problems and advisory work. It remains to mention the Research Institutes, separately organised establishments, each concentrating on research within some one department of science. Of these there are three in the East of Scotland, all in the Edinburgh neighbourhood—the Research Institute in Animal Genetics, the Scottish Station for Research in Plant Breeding and the Institute for Research in Animal Diseases, all established about 1920. The methods of government of these Institutes vary in each case and are bound up with the circumstances under which they came into existence. The Animal Genetics Institute is now a Department of the University, but the University Court has appointed an Advisory Committee, representative chiefly of the University and the College, by whom all matters connected with the administration of the Institute are considered in the first instance. The other two organisations consist essentially of societies of subscribers, who elect their own Directors, representatives of the Department of Agriculture for Scotland and certain other bodies being specially provided for.

Comparing the function of the Research Institute with that of a Research Department of the College, we may say that the latter is usually in a position to undertake research on short-range problems only—usually of a local nature—while much of the programme of the Research Institute, with its more highly specialised staff and greater resources, will be long-range work. With regard to finance, Government grants have usually amounted to pound for pound for original capital equipment, while for maintenance up to two-thirds may be paid from Government grants, provided one-third is met from local sources (whole or part of which may be the proceeds of an endowment fund).

It will have been gathered that, in respect both of agricultural education and of agricultural research, the organisation that has been arrived at has not followed any preconceived plan but has been largely the product of circumstance and opportunity. The provincial organisation of agricultural education, with attachment to University, with central direction and with central research and advisory services, has much to commend it. The weakness of the system lies in (a) loss of local interest in the absence of direct local control and (b) the indeterminate arrangement for financing the Central Institution. The Research Institutes also have been far more subject to financial worry than is conducive to best work. Well, that is doubtless part of the price we pay for our admirable democratic institutions. We hear much these days of the sins of bureaucracy. I am simple enough to believe that direct State control of agricultural education and research would make for better co-ordination, increased effectiveness and true economy.

Mixed Undertakings

By Sir WILLIAM HART

[*Paper read at the Joint Meeting of the Institute of Public Administration and the National Society of Town Clerks, October, 1931*]

A PERSONAL explanation may, I hope, be allowed me in introducing a subject with such an unfamiliar title as "Mixed Undertakings."

A Congress was held in Belgium in 1930 in connection with the International Union of Towns, and one of the subjects selected for discussion had reference to cases in which local authorities are jointly interested in commercial undertakings with trading interests.

I was asked to write one of two papers to be contributed on behalf of this country to the Congress on the subject of Mixed Undertakings. Another English paper was submitted by Mr. Harold Batson, of the London School of Economics.

The papers submitted to the Conference in Belgium from representatives of many nations have been published, together with a masterly summary of them by Dr. Delius, a German representative, and a report of the speeches delivered at the Congress, which enable me to take up again the question of mixed undertakings with the advantage of fuller information and a wider outlook than I possessed when I wrote my former paper.

The equivalent of the expression "Mixed Undertakings" is, I believe, well known and understood on the Continent, where, I am told, great interest is taken in its actual working and possible developments. The expression may, for the purpose of the moment, be stated to mean and include a joint undertaking carried on for mutual benefit and profit by a local authority and some private interest, such as a company carrying on business for profit. In the Conference at Antwerp it is defined as "every economic enterprise of private law in which public and private organisations participate in common in the capital and exercise administrative control."

At the outset I should like to say that the possibility of adopting and exploiting new and unfamiliar forms of communal or commercial enterprise ought to be fully explored. As civilisation becomes more complex the forms of industrial expansion need to be more and more

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varied. Hitherto co-operation in industrial pursuits between local authorities and private undertakings in this country has been in the nature of exception and due largely to local difficulties. Now that local authorities both own and control trading departments and their commercial interests are akin to those of private undertakers, it should be of advantage to consider how, if at all, and under what conditions, joint ownership and control of undertakings of common interest should be encouraged. In this country, for reasons which may readily be understood, such mixed undertakings are chiefly associated with ship canals, docks and harbours.

It is the purpose of this paper, incorporating parts of my former paper and utilising the report of the Congress,

- (1) to give instances of mixed undertakings operated in this country,
- (2) to submit information as to mixed undertakings in France and Germany,
- (3) to consider the advantages and disadvantages of such undertakings,
- (4) to consider the possibilities or prospects of their extension in this country,
- (5) to consider the requisites to justify local authorities engaging in such undertakings, and
- (6) to consider the administration of such undertakings.

(I) *Instances of Operation in this Country*

It may be claimed that a concession is the first step towards a mixed undertaking. The most familiar illustration of concession in this country was afforded by the leasing of rights to run tramways in the public streets under the powers of the Tramways Act, 1870, an Act which debarred local authorities from themselves running tramways. After the passing of the Act tramways were operated by private companies in many towns under the terms of leases granted by local authorities. The period of lease was usually 21 years, the lessees paying rent on an agreed basis and being responsible for keeping in repair the track and the intervening space between the lines and 18 inches on either side.

It was not long before differences arose between the local authorities and the tramway companies on such questions as the nature and extent of road repairs that were required, frequency of traffic, and fares, wages and hours and conditions of labour. In some cases costly arbitration proceedings or litigation followed. As the term of the lease was approaching its end, differences as to repair of roads became more acute. When the leases terminated there was litigation as to the basis on which the tramway company should be compen-

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sated for their rails, stock, plant and equipment taken over by the local authority, who had then obtained statutory powers to own and operate tramway services, and it was decided by the Courts that the companies were entitled to be paid the value at the time of taking over of the physical assets of the company without any allowance for goodwill or other compensation. In like manner licensees authorised by the Government to carry on telephone services for stipulated periods were bought out (the Corporation of Hull being the existing exception) on tramway terms.

Generally it was considered by the local authorities that concessions to private undertakers of public utility services did not provide satisfactory means of carrying on such services, and the strong tendency for the local authority to carry on all local utility services, which developed during the last decade of last century and has increased during the present century, has practically stopped any extension of the system of operating public utility services by means of concessions to private undertakers.

Coming then to cases of mixed undertakings, it may be stated that while the harbours attached to our principal ports in many cases belong to and are controlled entirely by the local authority, there are a few exceptions, and in these instances mixed undertakings exist, of which the Port of Southampton is an interesting illustration.

Southampton Harbour Board

So long ago as the year 1803 an Act of Parliament was passed for improving the Port of the Town of Southampton. This Act recited that the Mayor, Bailiffs and Burgesses of Southampton had by virtue of several Charters received certain duties on the exportation and importation of goods and merchandise out of and into the Port of Southampton from the owner, exporter or importer of such goods and merchandise, which said rights and privileges they were to relinquish and give up upon a compensation being made for the loss they would sustain by the abolishing of the same. It will be seen, then, that at that time the Corporation of Southampton were desirous of transferring the ownership of and responsibility for their harbour and docks, upon terms, to a separate body.

The Act accordingly provided for the appointment of Commissioners who were authorised to construct a dock, piers and other works and to repair existing works, and for that purpose to receive certain duties and payments, subject to the payment in the first place of one-fifth of the total sums so received to the Mayor and Common Council as compensation for loss and diminution of the fees formerly received by them. This payment of one-fifth of the annual dues continues to the present time, although various alterations of the

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statutory provisions have from time to time been made. For instance, in the year 1863, an Act of Parliament was passed, which re-constituted Commissioners, who were to consist of the members for the time being of the Borough Council of Southampton, together with a Recorder and ten specific persons who were together to be styled "the Southampton Harbour and Pier Board." The first specific members were to be the Harbour Commissioners at the time of the commencement of the Act, and vacancies in their number were to be filled by the remaining specific members.

This Act re-enacted the provision that from the revenue received in respect of harbour dues, one-fifth was to continue to be payable to the Corporation.

In 1903, owing to the necessity of additional works being carried out, a further Act of Parliament was obtained, under which powers of dredging the harbour were conferred on the Harbour Board, and the London and South Western Railway were authorised to contribute a sum not exceeding £12,500 towards the cost of dredging and improving the channel of the Solent.

It was at that time contemplated that the payment of one-fifth part of the duties and other monies received by the Board and then payable to the Corporation under the provisions of the Act of 1863 might be commuted or suspended, and by the Act the Board and the Corporation were authorised to enter into agreements to that effect. Apparently no such agreements were effected.

At a subsequent date it was felt desirable to reconstitute the Harbour Board, and in the year 1911 a Commission of three persons was appointed by Act of Parliament who recommended that the then existing Board should be dissolved and a new Board consisting of 25 members appointed. By the Southampton Harbour Act, 1913, the Board was dissolved and a new Corporate Body by the name of "the Southampton Harbour Board" was constituted, consisting of 26 members, of whom 7 were to be appointed by the Southampton Borough Council out of its own members. To this Board all the then existing statutory powers of its predecessors were transferred. While the Corporation, as already stated, still receive one-fifth of the dues collected by the Harbour Board, the work of the Board is in all other respects conducted independently of the Corporation.

It will be noted that the policy established by the Act of 1803 has continued to be followed to the present time. The various statutory amendments have been in effect limited to financial and administrative considerations.

Manchester Ship Canal

In the year 1882 a plan was formulated for the construction of

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a Ship Canal from the River Mersey to Manchester—a distance of 35 miles. In due course the canal was completed and became a successful commercial undertaking, but only after many difficulties and vicissitudes, and after enlisting the financial assistance of the progressive and wealthy City of Manchester. It was in the year 1885 that the Manchester Ship Canal Company was incorporated by Act of Parliament for the purpose of acquiring certain canal undertakings and incorporating them in a new canal to be constructed from the River Mersey to Manchester of such size as to be navigable by ocean steamers and ships of large burden.

The Act of Parliament authorised the Company to raise a share capital of £8,000,000, and a loan capital of £2,000,000, and this capital has been substantially increased in amount by further monies raised under the authority of subsequent Acts of Parliament.

In 1891 the Company, who had expended over £10,000,000, found that that sum was insufficient to enable them to complete their works and undertaking and they were unable to raise the additional capital required for that purpose. In these unpleasant circumstances they appealed to the Corporation of the City of Manchester, who agreed to come to their aid, provided that a thorough investigation and examination of the works of the Company should show that such aid was expedient.

The investigation and examination conducted on behalf of the City satisfied them with regard to the desirability of completing the Scheme, and Parliamentary powers were obtained to enable the Company to raise additional loan capital and to enable the City to lend to the Company sums not exceeding in the whole £3,000,000, to enable the Company to complete and equip the canal and works.

These powers were extended in 1893, so as to enable the City to borrow and lend to the Company further sums not exceeding in the whole £2,000,000.

Under the powers of Acts of 1891 and 1893 the City raised the sum of £5,000,000 and lent it to the Company.

In order to ensure to the City an adequate measure of control of the undertaking of the Canal Company the Act of 1891 authorised the City to nominate 5 persons, being members of the City Council, to act as Directors of the Company until the completion and opening for traffic of the canal.

In 1893, the number of Directors of the Ship Canal Company was increased to 21, of whom 10 were to be elected by the Company and 11 to be appointed by the City.

The Act of 1893 also provided that the Chairman of the Directors of the Canal Company should be elected annually by the shareholders, the Deputy Chairman to be elected by the Directors

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appointed by the City, and that so long as any principal monies were owing to the City the Directors of the Company should appoint a Committee of their body consisting of 9 members, of whom 5 should be appointed from among the Directors elected by the Company, and the remaining 4 from among the Directors appointed by the City.

This Committee was empowered to regulate and fix the tolls, rates and charges payable for the use of the canal and any docks, railways and works connected therewith.

The decisions of the Committee were to be binding upon the Company unless varied by a majority of not less than two-thirds of the whole of the Directors of the Company.

The Ship Canal Company found it necessary, in connection with the raising of further capital, and in order to deal with the question of interest on the City's loan, to promote other Bills in Parliament, and these Bills have made provision with regard to financial relations which are now operative between the Ship Canal Company and the City of Manchester.

A large portion of the original capital of the Canal Company was provided by many persons living or having business interests in Manchester and the delay in completing the canal and bringing it into use entailed considerable sacrifice to many of the original shareholders.

In order that the construction of the canal might be completed the ratepayers of Manchester, for a period of twenty years, contributed by means of a special Ship Canal Rate, over £1,500,000, to pay interest on loans advanced by the City to the Company. This special Ship Canal Rate ceased to be levied on the ratepayers of Manchester in the year 1916.

Since the year 1915, the Company has been able to pay a dividend.

In 1904, the position as to Directors was reviewed and by an Act of that year, it was provided that the number of Directors, fixed by an earlier Act at 21, might be varied from time to time, but so that the number should never exceed 21 and the number of Directors appointed by the City should always exceed by one, the number elected by the shareholders.

The Chairman is to be elected to represent the shareholders and the Deputy Chairman to represent the City, and the right of the City to appoint Directors is to be perpetual.

The Directors appointed by the City were to be members of the City Council, and the Committee of 9 Directors to fix rates and charges were also to be continued in perpetuity, and to consist of 5 Directors appointed on behalf of the shareholders and 4 on behalf of the City.

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The total holding of the City in the Ship Canal Company is now over £6,730,000.

Joint Electricity Authorities

A development leading to the co-ordination of services took place in relation to the electricity industry when the Electricity (Supply) Act, 1919, was passed. Electricity was being generated by a considerable number of bodies, some of them being municipal corporations, others commercial companies. Many of these undertakings were of small size and unable to provide electricity cheaply. The demands of industry called for generation of electricity on a much larger scale than had up to that time been possible. The Act therefore provided for the delimitation of large areas for the purpose of generation of electricity, and enabled various electricity authorities, including municipal corporations and commercial electricity undertakers, to form a body known as a Joint Electricity Authority, which should be responsible for the generation of electricity over the whole extent of those respective areas. To the limited extent to which this power has been operated, it has enabled the resources of a large district to be pooled and used in common for the benefit of all the parties concerned.

Later legislation (in 1926) has created a body known as "the Central Electricity Board" who are responsible for the control of generation of electricity throughout the country. This legislation does not extend the principle of mixed undertakings.

Motor Omnibus Services

During the last few years the enormous extension of road traffic, both for passengers and goods, has caused a serious shrinkage of traffic on the great railway systems of the country by reason of its diversion to the roads.

The position was one that caused anxious consideration to those responsible for the management of the railways. A breakdown of the railways, in which so much capital was invested, would have been disastrous not only to the railway shareholders, but also to the country.

In these circumstances the railway companies turned their minds to the possibility of following and recapturing the traffic which had lost.

To enable them to achieve this end they needed further statutory powers, for which they applied to Parliament in the Session of 1928.

Their case was submitted to a Joint Committee of both Houses of Parliament, and was heard at considerable length.

The application was opposed by various interests. For the purpose of this paper reference need only be made to the interests of local authorities and large omnibus undertakings.

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Generally, opposition was not directed against the granting of the powers sought for, but to secure the opponents from unfair competition.

In the result the railway companies were granted powers to run motor vehicles for the conveyance of passengers and goods in any district to which access is afforded by the systems of the railway companies. In effect this power extends to every populated area in the country.

The local authorities were granted partial protection in respect of existing tramway and motor omnibus services in their respective areas.

In these circumstances an interesting position arose. The rapidly increasing use of road vehicles had been taken advantage of to a large extent by local authorities operating tramway and omnibus services and by companies owning large omnibus undertakings, who had covered large areas by their operations. There were also smaller undertakers who provided purely local services with small fleets of omnibuses. It would not be unfair to many of these small concerns to say that they were being operated largely with a view to being bought out sooner or later by a larger undertaking.

The imminent entry of the railway companies, with their powerful organisations and assisted by their railway services, into competition with the already congested road services, presented a serious problem to local authority undertakers and to the large omnibus companies. If unlimited competition were to be introduced the result would have been disastrous to one or all of the competitors. The capacity of the public to absorb available road traffic facilities is limited. A road war between the three powerful interests would involve at first the placing on the roads of considerably more vehicles than were needed and a tariff reduction beyond anything the combatants could permanently afford.

Each group had its own advantages and difficulties in the face of this prospect of keen competition.

The possibility and advantage of a working arrangement between the various interests was not overlooked, and already some of the local authorities have entered into an agreement for that purpose with the railway companies.

The first local authority to enter into such an agreement was the municipality of Sheffield, which came to terms with two railway companies having large interests in the district of which Sheffield forms the centre.

For the purpose of the agreement the services which had been supplied by the municipality of Sheffield were divided into three categories, namely:—

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- A. Routes both commenced and finished within the City Boundary. These it was agreed were to remain the property of the municipality.
- B. Routes extending beyond the City Boundaries for comparatively short distances and generally not capable of being used in connection with through routes to other important services. In the case of these routes it was agreed that the railway companies should purchase such portion of the capital assets employed by the municipality in the operation of the routes as would give the railway companies a financial interest in each route equal to that of the municipality. The capital assets were thus to be divided into equal shares and the mileage and receipts were to be dealt with in a similar manner.
- C. Routes extending for some considerable distance from Sheffield, in some cases over twenty miles, and suitable for working in connection with long-distance services. These were sold outright to the railway companies and the municipality ceased to be interested in or to operate them.

It will thus be seen that B routes only were to be operated under the joint services arrangement, but it will not be overlooked that the municipality were secured against competition in respect of A routes from the railway companies and that the railway companies were safeguarded against competition on the part of the municipality as regards C routes.

The B services are operated by the Tramways and Motor Omnibus Department of the municipality under the control and direction of a Joint Committee of an equal number of representatives of the municipality and the railway companies respectively. The joint Committee appoints a Chairman annually selected alternately from each respective interest.

It is claimed that under the Agreement the travelling public are being given efficient and adequate travelling facilities at fares entirely reasonable, because:—(1) the railway companies are liable under their Acts of Parliament to the control of a statutory tribunal in case they should fix unreasonable fares, and (2) the municipality are liable to pressure from their citizens if they should act unreasonably in regard to fares.

I am not able to say to what extent similar arrangements between municipalities and railway companies have been made and are being operated in this country. The position is of course now affected by the provisions of the Road Traffic Act, 1930.

The above illustrations show that parliamentary powers must be acquired before a local authority can undertake jointly with a commercial organisation the working of a mixed undertaking. They also

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show that in some cases the joint control has arisen by reason of the local authority not wishing to continue full responsibility for the undertaking; in other cases that the non-municipal control has been unable to carry on effectively without financial assistance from the local authority; in a third class that distributive services over a large area can be made more efficient by co-operative action; and in a fourth case that the incentive to joint operation may arise from a desire to avoid competition.

(II) *Mixed Undertakings in France and Germany*

As regards foreign countries I propose to deal with France and Germany only, though there are interesting developments in other Continental countries. The following particulars are taken from the printed proceedings of the Antwerp Conference. I use our English expressions, such as "local authority" instead of the actual name, as being more useful for the purposes of this paper.

France

In France the mixed undertaking was practically unknown before the War.

It would appear that before the War concessions had been granted in certain cases, but it was felt that the concessionaire had all the advantages and all the profits, and that this system should cease, and the community should participate in the expenses and the profits of the enterprise. It was considered desirable therefore, after the War, that local authorities should be empowered to subscribe to the capital of companies and to take part in the management.

Laws were passed from 1919 to 1922 applying the principle of mixed undertakings to certain public utilities such as water and electricity. A law of 1919, for example, forbids anyone to dispose of the energy of lakes, ponds or flowing water without a concession or authorisation by the State.

This law also applies to local authorities, who may advance money, acquire shares, ordinary or preference, in water undertakings, and in such cases are given the right of representation on the directorate. Their acts are subject to the approval of the appropriate State department.

The position under this law is stated to be that—

- (1) Public authorities can, without restriction, hold a financial interest in water undertakings, and their representation on the administration is proportionate to the extent of their financial interest in the undertaking.

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(2) This representation is the same in all degrees of control and the public authority can be represented on the directorate.

(3) It is the authority which administers, its representatives being entirely under its control.

Generally it may be said of French law that—

The authority may only participate in the exploitation of an industrial or commercial service which is of public interest.

It may not hold more than 40 per cent. of the capital.

The objects of the company may not be varied without the approval of the superior authority.

The authority may be represented on the directorate by persons qualified for being members of the authority. The extent of representation varies.

A civil responsibility for the acts of its representatives rests on the authority.

I do not find that this procedure has been largely adopted.

Germany

Germany is interesting, first, because mixed undertakings are more fully developed there than elsewhere, and also because the attitude of the State and of private capitalists towards them has varied from time to time and cannot be said to have even yet reached finality, so that it is alleged, by the Germans themselves, that, although they have developed mixed undertakings more than any other country no general conclusions can be drawn from the experience of Germany.

We are told that in Germany by the end of last century various distributive enterprises (gas, water and electricity) and transport (railways and tramways) were administered by the State or the community. About 93 per cent. of water services, 64½ per cent. of gas and 41 per cent. of electricity were in the hands of the authorities.

At the beginning of this century the movement in England hostile to State Socialism, and particularly the late Lord Avebury's books, had a great influence in Germany, and the authorities were invited to collaborate with private enterprise, because distribution, especially as regards electricity, had outreached communal bounds.

The classical example of this kind of development was the *Rheinisch Westfälisches Elektrizitätswerk* which was first established at Essen, and since 1905 has been one of the most important electrical enterprises in Germany. It became a mixed undertaking by the participation of a large number of authorities and owners of private capital, and then by extension of the area served.

This system is considered superior to the former system of contracts of concession, particularly when local boundaries are passed.

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The German Parliament favoured the mixed undertaking, and expressed the view that in every case the authority should maintain the direction of the communal enterprise. In 1914, 75 German towns participated in 91 mixed undertakings.

Mixed undertakings received a new impulse from conditions created by the circumstances of the War and the following years. The authorities had to undertake new classes of responsibility (e.g., the provision of food and clothing, furniture, &c.). This affected private businesses, which were compelled to seek association with public services. Thus there was created a large number of economic mixed undertakings—State and communal. Although this development during the War period was caused by abnormal circumstances it is claimed that it shows the efficiency of mixed enterprises during such exceptional circumstances. In 1920 there were 159 towns with 377 communal mixed enterprises.

The overturn of the State in Germany affected the position. The idea then favoured was to transfer private to public enterprises. The period of inflation favoured anew the mixed undertaking. The enormous loss of capital led to a preference for investment of private capital in public enterprises.

From these experiences it has been asserted that the public attitude to mixed undertaking depends on economic factors and the political situation of the country.

Scarcely had Germany escaped from the period of inflation in 1924, when new features were manifested. The idea of municipal socialisation then prevailed. A majority control was to belong to the authority in order to preserve the communal character of the institution. Since then there has been a certain measure of reaction in Germany, and in later years new forms of communal enterprise have been discovered, notably control separated from general administration, so that the entire capital of a public company, organised on lines of purely ordinary law, is in the hands of the public.

Still more recently there has been a certain advance in private enterprise by reason of the financial difficulties of German authorities. This is operated less in the formation of mixed undertakings than in the substitution of purely private enterprises for mixed undertakings or municipal concerns.

(III) The Advantages and Disadvantages of Mixed Undertakings

Mr. Batson, whose paper should be read in full, is of service to us on this point. His conclusion is adverse to mixed undertakings. He approaches the question by taking first the arguments for and against public operation and controlled private operation. He

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submits three groups of arguments in favour of public operation. These are in respect of simplicity, cheapness, and comprehensiveness. Under simplicity he instances the view that the authority had higher ideals than private enterprise, that the terms of a lease or franchise to controlled private operation are difficult to settle as between too great rigidity and too great flexibility, and that the control by the authority of public streets and its powers of expropriation all tend to simplify public operation, as against private operation.

As regards cheapness, Mr. Batson refers to the power of local authorities to borrow money on more advantageous terms than private undertakers, and as regards comprehensiveness, he instances the case of waterworks where works have to be constructed in anticipation of future needs so that to some extent and for a period, capital is unremunerative, the view being that private enterprise would be chary of incurring such an outlay. He also instances tramway services operated on unremunerative terms to enable the less well-to-do classes to remove to the suburbs.

In classifying the disadvantages of public operation Mr. Batson mentions first bureaucracy, with its lack of centralisation for responsibility, the necessity of passing questions from one person to another and perhaps discussion by various committees, before the requisite authority for their solution can be obtained. Further, the atmosphere of public administration is not favourable to experiment.

His second objection is that of budgetary finance. The finances of public administration are usually aimed to show, not so much the economic position of the regulated concern as the financial position of the regulating authority, as expressed in its budget.

A third objection is that of political influence with unfair pressure and changes of policy, as parties lose or gain power, and a fourth objection is unsuitability—the control of economic undertakings being in the hands of persons primarily selected for other purposes. Such unsuitability is illustrated by statements that (1) the greatest political efficiency does not make for the greatest efficiency in the conduct of an economic concern, and (2) local government boundaries are not suited as areas for growing industries.

In view of these difficulties, Mr. Batson considers the alternative of controlled private operation.

For this he claims advantages corresponding to the disadvantages of public operation, namely, efficiency, autonomous finance and freedom from political influence and suitability.

The disadvantages of controlled private operation are grouped under (1) complexity and (2) incompleteness. Under complexity, the regulation of prices to be charged is responsible for many difficulties. The positive fixing of prices directly by legislation or

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indirectly through a court, commission or tribunal (*e.g.*, in the case of English railways) has not been successful. Revisal of prices from time to time by a commission has not proved satisfactory. Delays in obtaining decisions have sometimes been so late, that the undertaking in the meantime has been brought to the verge of ruin.

Sometimes authorities have contented themselves with a prohibition of unfair charges, leaving it to some judicial body to determine what charges are unfair. This principle was adopted in America with no great success. The limitation of profits, tried in England, shielded bad management and penalised good management.

The sliding scale system was introduced to regulate prices and profits of many English gas undertakings. This method merely tones down, but does not remove, the disadvantage.

Incompleteness is due to the difficulty of providing in advance for future developments.

Mr. Batson proceeds to say that by reason of the array of arguments against both systems it is difficult to decide which to adopt. In the years immediately preceding the War the mixed economic undertaking was introduced. It was the combination of interested governmental authority with the interested private party to form a company to the capital of which each contributed and in the management of which each had a share.

From the view of pure theory he cannot find strong reasons for the mixed undertaking.

1. Either public or private interest must have the casting vote. Something may be said for the mixed undertaking not being so bureaucratic as the public undertaking.

2. The mixed undertaking has the advantage of overstepping local government boundaries.

I may put my own views as to the advantages and disadvantages of a mixed undertaking in the following way:—

It is an advantage when a mixed undertaking removes wasteful competition which otherwise would arise if rival undertakings were in existence in the same area. In such cases the association of the State or local authority should safeguard the public against exploitation and the staff and servants against anti-social conditions of service.

It is of advantage in cases where, by reason of there being existing distributive undertakings operating or capable of being operated over a large area, more effective control can be exercised and economies effected by means of unification, it not being practicable or desirable that either interest should expropriate or dominate the other.

It is of advantage, from the point of view of finance in cases in which (1) the raising of large capital sums can be avoided by means

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of the amalgamation effected, and (2) either of the interests concerned, private or public, finds it practically impossible to raise fresh capital and the other interest can provide the requisite capital on reasonable terms.

It is a disadvantage where it merely aggregates two or more undertakings which would equally well or more fittingly be operated separately, or where one interest could administer the joint undertaking more effectively by buying out the other interest.

It would be interesting to consider whether a mixed undertaking would be likely to avoid the disadvantages and secure the advantages which Mr. Batson enumerates with respect to undertakings operated by a public authority. There is little of actual experience to guide us. But would not a mixed undertaking upon which a local authority has substantial representation enjoy to a large extent such advantages as those he describes as simplicity and cheapness and also by reason of association with private enterprise, suffer much less from bureaucracy and political influence?

(IV) *The Extension of Mixed Undertakings in this Country*

The cases of mixed undertakings which have been established in this country seem to have arisen from some measure of necessity and not from mere goodwill. I have tried to imagine classes of public undertakings which could be worked as mixed undertakings, and will give as an illustration the Municipal Bank. One of the objections to powers being given to municipalities to establish banks is that there are various savings banks in the country which adequately fulfil or can be made to fulfil all needful requirements for enabling the savings of the people to be collected and held and applied for their benefit. The experience of the Birmingham Municipal Bank has shown that a municipal bank is capable of assisting the ratepayer in various ways. It not only receives his small savings and assists him, if he wishes, to buy his house, but it enables him to pay his dues to the Corporation—the general rate and accounts for gas, water and electricity and charges for private street works, &c. It assists his municipal pride to know that his savings are going to help to finance the City and it tends to extend his interest in local public affairs. Assuming that objections legal and otherwise could be overcome, what advantage would there be in any amalgamation of the municipal bank with the savings bank? It would of course eliminate competition, but, apart from that consideration, would the united bank be stronger for its unification? It would, from my point of view, be desirable that the local authority should have at least 50 per cent. of the control, and I cannot conceive that anything less than ultimate

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control by the local authority would be satisfactory. I am omitting consideration of the method of control from London of the Savings Banks which would not apply to municipal banks.

The likeliest sphere for mixed undertakings in this country is where the public service extends over an area wider than the local government boundary, and I have given illustrations of this in the electricity and transport services. There are services which are capable of adaptation in this way. There are possibilities of extensions of gas supply over wide areas, as we are evidently on the eve of developments in that industry. Water is either supplied by the public authority or a combination of authorities, as in the case of the Derwent Valley Water Board, or by a water company, and the possibility of a mixed undertaking with respect to water would not appear to be immediately practicable. Water undertakings owned by companies are much more likely to be taken over by local authorities. All the same the question of water supply offers possibilities for the utilisation of mixed undertakings. It is certain that the past policy whereby local authorities sought out and appropriated water catchment areas for the sole use and advantage of their own inhabitants will not be allowed generally in future. Schemes for new sources of water supply will almost certainly be of a regional character and will in many cases be designed to secure the provision of further supplies in areas already partially supplied by local authorities and/or private companies, and such schemes will probably be operated by (a) a joint board specially constituted by Act of Parliament, or (b) a joint committee constituted under powers similar to those contained in some of the Public Health Acts, or (c) by a single large authority, which will be placed under conditions as to the terms of supply to its neighbours in the area, or (d) by a composite body having the characteristics of a mixed undertaking. This last method would be serviceable if both classes of undertakers were operating in the district.

There is a possibility of the invasion by local authorities of other forms of commercial enterprise than those referred to. Some corporations already possess trading powers, such as those for the supply of milk. Trading in coal has appeared in some municipal projects as a power to be sought for. If times of less financial stringency were to arrive it is possible that still further classes of trading undertakings might come under consideration as being desirable to be carried on by the municipalities. The idea embodied in the Labour Party's Bill to enable local authorities to embark upon such undertakings as a limited liability company can establish has not, so far as I know, been abandoned by that party, though when the Bill was last before the public it had lost much of its generality, and

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had been subjected to considerable limitations. If this Bill should be passed into law with but modest limitations a series of new possibilities would arise, and the opportunity for establishing mixed undertakings would be greatly enlarged.

The extension of municipal activities has its times of expansion and contraction, and to-day we are certainly passing through a time when development on new or extended lines is not practicable. I would therefore suggest that the immediate future offers no prospect for the establishment of new mixed undertakings, but I would add that in more prosperous times it may well be that a development of the principle of mixed undertakings is not improbable.

(V) *The Requisites to justify Local Authorities engaging in Mixed Undertakings*

I would specify these requisites as follows:—

(1) The undertaking should serve a public as distinct from a private purpose, that is, gain should not be the only object, but the benefit of the community as a whole should be the most important consideration.

(2) The circumstances should be such that the undertaking cannot be more efficiently or more economically operated by either of the contracting parties acting singly.

(3) The financial interest of the local authority should be substantial, so that the public should have a large share in the profits of the undertaking.

(4) The representation of the local authority on the directorate should be adequate to secure a large share in the control of the undertaking. As a general rule it should be at least 50 per cent. of the governing body.

(VI) *The Administration of Mixed Undertakings*

The mixed undertaking needs to have legal form and expression which in this country is usually conferred by Act of Parliament. It is singular, but in accordance with our national outlook, that even the most considerable local authority requires statutory authority to enable it to take part in a joint economic undertaking. If the mixed undertaking is to become a frequent as well as a practical system, it is manifest that this requirement for the obtaining of statutory powers will need to be relaxed. An extension of the joint committee procedure, to which I have already alluded, could easily be made adaptable to the regularisation of mixed undertakings. Similarly, the constitution of a limited liability company with power for a local authority to hold shares therein and take part in the control of its activities would, if authorised by law, enable a mixed

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undertaking to be established without unreasonable cost. In either of these cases Parliament would no doubt, at any rate at first, stipulate that the consent of some central department should be obtained before the scheme could be legalised. Some such arrangement should be possible, for it is highly unsatisfactory that there should need to be an appeal in every case for express statutory powers with all its attendant cost and delay.

Assuming that the mixed undertaking is constituted into a legal entity, in what way should its powers and duties be exercised? I have already indicated the view that the local authority should own a substantial share of the capital of the undertaking and at least a corresponding representation on the directorate. The private interest is chiefly concerned in the acquisition of profit for shareholders. The local authority, while not disregarding that aspect of the situation, has wider duties. The public interest as affected by the undertaking, its relation to other public services, and the fair treatment of officers and workpeople are questions of special concern to the local authority, and its representation on the managing body must be at least adequate to secure due attention to these requirements.

The mixed undertaking also offers opportunity for giving representation on the directorate to consumers and workpeople. This procedure is adopted in the formation of joint electricity authorities and has much to commend it. So far as the interest of the local authority extends, and having regard to the fact that it is operating an undertaking in the nature of a public service, both these interests can usefully be placed in a position to represent their views directly to the directorate. It is not necessary to give full voting powers to the representatives of consumers and workpeople, more particularly where expenditure is concerned, but in considering questions of policy the views of consumers should always be helpful, and a recognition of the real interest the workpeople take in the administration of the undertaking will, while it has its difficulties, tend materially to assist the management in understanding the workpeople's points of view and in securing their loyal support.

It is stated that in France, and possibly also in other Continental countries, the representatives of the authority on the directorate of a mixed undertaking are merely delegates and are removable at any time by the authority. They can only act in relation to the conduct of the undertaking in accordance with the instructions they receive from the authority. I cannot conceive such a system being workable in this country nor is there anything more calculated to cause the management of the undertaking to become unworkable. In this country the representatives of a local authority on a joint board or

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joint committee or on a statutory body authorised to own and control a mixed undertaking, are not hampered by the necessity of having to refer to the authority they represent for instructions as to how they shall vote or act in their representative capacity.

We are told that in Germany supervision is sometimes exercised by an inspectorate. Here again the system does not appear to be suited to our English ideas, but there would seem to be no ground for objection to a system of audit on behalf of the local authority. I take it that we should generally agree that the directorate should as far as possible be in a position to exercise full and unfettered control of the organisation.

Suppose, however, that on a question of policy or some other matter of importance there should be a difference of opinion in the directorate, the private interest wishing to take one course and the public interest another. How should such a difficulty be solved? No doubt provision to meet this emergency will be embodied in the charter or other form of constitution under which the mixed undertaking is established. Recourse to the Courts would probably be dilatory and unsatisfactory. Provision might be made that in any case of difference where financial expenditure to a considerable extent or the necessity of raising new capital might be concerned no action shall be taken in the absence of agreement on the part of both interests, but this would probably fail to cover all possible causes of difference, and it might unduly hamper the progress of the undertaking. On the whole it would seem that the public interest, represented by the local authority, should prevail and that the authority should not have less than 51 per cent. of the voting power on the directorate. As an alternative a standing arbitrator might be appointed to whom all questions of difference might be referred.

My information does not disclose that in practice difficulties of this nature actually arise.

In this paper I have not dealt with a proposal for the constitution of a public company which shall be entirely owned and controlled by a local authority. Shortly stated, my view is that such a proposal would not be acceptable in this country.

In speaking of alternative methods, I should like to have referred to the methods employed in establishing the Port of London Authority and the British Broadcasting Corporation. These methods do not come within the scope of this paper. I hope someone will take up that aspect of public administration and submit a paper upon it.

State Activity before Adam Smith

By HERMAN FINER, D.Sc., Econ. Lond.

IT is a widespread delusion that State activity and public administration are recent innovations. The truth, however, is that *laissez faire* was a local and temporary expedient, and a marked exception to the long and continuous history of State control. Half-an-hour's quiet consideration of this fact serves to show how wide and intensive was the work of the State and its officials before the *Wealth of Nations* concided with, and partly caused, the more striking attempt at "administrative nihilism." It shows also that the success of official action depends upon the variously and delicately motivated preparedness of society to obey, and that, however favourable all other conditions to the success of State activity, of cardinal importance is the existence of a sufficiently numerous and capable body of officials.

Adam Smith's *Wealth of Nations* was the first systematic English treatise inimical to State activity, and until his time it seemed the right and proper policy for the State, through Parliaments or Kings and their servants, widely to regulate human activities. At least the grand protests were few, or drowned, and where they arose with an emphasis sufficient to cause a relaxation of the State's control it was in the sphere of religion, though not of morals.

Before the Middle Ages, Princes and Kings sought to regulate hunting and pasture rights, and the emergent State in the manorial system and its variants arranged and enforced the rotation of crops. Safety from foreign foes and peace within the country were consciously planned; military organization was established; courts of justice set up. Roads and bridges were built and local bodies of people legally compelled to maintain definite stretches thereof, under penalty. Boundaries were demarcated and stones set up as a sign.¹ All this was rudimentary in conception and execution by modern standards; but the intentions are evident: to safeguard life, to establish an order in economic processes upon which people could reckon, and which would avoid bloody and wasteful conflict, to create means of communication, to set up that first and essential element of property,

¹ Cunningham, *The Growth of English Industry and Commerce*, Vols. I and II, Part I, *passim*.

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social security. As industry and trade developed the central authority attempted to go further: inquisitions were made into the agricultural and other wealth of the country; the mintage of money was regulated by law; aliens, especially traders, received privileges and were made to pay towards the maintenance of the State; a tentative interference with foreign trade began. The prices of bread, ale, and cloth were regulated; and with prices, wages. The influence of the Church was tremendous, indirectly through its teachings and the prevalent state of belief, and directly because the earliest counsellors and secretaries of Kings were high dignitaries of the Church. The religious teachings of "just price,"² the "common estimation" of what a thing is worth in normal circumstances, had their practical manifestation in early industrial and commercial regulation and in the regulation of the guilds. And this development took place in England, and the countries that made up modern France and Germany.³ How indeed could all this be otherwise in a nascent and religious society?

During and after the first sketching out of nation-wide regulation, and it is premature to speak of any real *national* administration, the towns took up the tale with energy, concentration and detail. It was here, in the municipality, that State control had its forerunner. The municipality was the sole licenser of traders at a time when none without such licence might trade, and strangers (that is people from outside the town) were subjected to minute restrictions; it petitioned the Crown against liberty of trade for aliens, and regulated the time, the place, the buildings, the stalls and commodities of markets. The scales, to prevent fraud, were public. All crafts and craftsmen were bound under its regulations and supervised by its officials in accordance with the complex relationship which bound the craft-guilds to the municipal bodies. It was the court of justice for trade disputes and violations of the common rules.⁴ Whereas the central authority simply commanded, and relied for the execution of its command upon an officialdom as yet entirely insufficient in numbers and competence to secure obedience, the towns were in danger of having too many and too competent (or at least too interfering officials), for there were many complaints. The quantities, qualities, prices and measures of

² Cf. St. Thomas Aquinas, *Summa Theologica*, 2a, 2e, q. 77a, 1-4, and see the discussion by W. J. Ashley, *English Economic History and Theory*, Vol. I, Chapter III; R. H. Tawney, *Religion and the Rise of Capitalism*, Notes on Chapter I.

³ P. Boissonade, *Life and Work in Medieval Europe*, translated by E. Power, London, 1927, Book II, Chapter III; Cunningham, *op. cit.*, Vol. I, *passim*. Upon the civic authorities rested, "the great substance of poletyk provision, wise and discreet guydinge and surveying of all officers and others dependenge, concernynge the comune wele of the hole body of this worshipfull Toune and precincte of the same",—cited W. J. Ashley, *op. cit.*, Vol. II, p. 8.

⁴ Lipson, *An Introduction to the Economic History of England*. Cf. *Tudor Economic Documents*, London, 1924. Edited by R. H. Tawney and E. Power. Vol. I. Section II, *Towns and Crafts*, Numbers 8, 12, 17, 19, 20.

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the staple articles of diet and clothing were regulated, and the regulations maintained by an elaborate system of inspection. The middlemen of whom modern economic controversy is so full, had their precursors, the "forestallers" and "regrators," but everything possible was done to expel them from their place between consumer and producer. Much charity to the poor, the sick and the orphaned was done by the town (as well as the Church) in this time before the State had begun to make widespread provision for them;⁵ so also as regards education.

For about one and a-half centuries from about 1400 to 1550 this system prevailed, by the test of its own principles, not inefficiently. It had the necessary conditions in its favour. Since the municipality at its largest was not populated by more than ten or twelve thousand, its character and possibilities could be known without difficulties insurmountable for those times: it was a unit calculable and supervisable and manageable with the contemporary accounting methods, the man- and horse-power, and crude means of communication. Next, its vital and constituent parts were energetic self-governing organisations; they were willing that certain regulations should be made and executed, and their nominees formed part of the governing body which established rules and appointed officials. Town government as a whole, and the guilds, acted within an almost closed and exclusive community. The town was the unit of loyalty: its external rivals emphasised the oneness of its own members. It had not to fear that its arrangements would be disturbed and shattered by such outside considerations as other towns and the central authority: it could plan in peace and plan ahead, and this gave it economic benefits which, naturally, were arguments for maintaining exclusiveness. A special independence and consciousness of solidarity existed, partly a spontaneous growth of fellow-feeling and partly, too, the result of the teachings of the Church. This feeling of solidarity, whatever its main cause, whether the consciousness of kind in economic and social benefits, or the Church's doctrines,⁶ as taught by a tremendous officialdom which played a part in popular life far outreaching anything we know to-day, was fundamental to the operation of municipal activities. It caused men to do and to suffer, to minister and accept ministrations. The dominion of heavenly sanctions and the threats of hell ruled rights and duties; and council, company, official, craftsman, trader and consumer submitted to a common rule. Submitted, not always; nor everyone; but there was a consensus the world has

⁵ E. M. Leonard, *The Early History of English Poor Relief*, Cambridge, 1900, Chapter III; S. and B. Webb, *English Local Government: English Poor Law History*, London, 1927, Part I; F. R. Salter, *Some Early Tracts on Poor Relief*, London, 1926.

⁶ E. Troeltsch, *Die Soziallehren der Christlichen Kirchen (Archiv für Sozialwissenschaft und Sozialpolitik, Vols. XVI-XVIII)*.

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not again known since the fall of religious conformity, the opening of the trading opportunities of the 16th century, and the development of national passions.

To those who erroneously believe that the modern state alone has essayed the task of positive action in a wide sphere, the town life of the 14th to the middle of the 16th century may be indicated as an emphatically contradictory episode. And as soon as the wider territory now known as the nation, but then as the "realm," "common-weal" or "kingdom," attained to a state of settled organisation in England, France and Prussia, and as soon as the rulers were well established on their thrones and became conscious of the possibilities of dominion, what had been done in the narrow area of the town was attempted for the nation.

In France, even in the 15th century, the intervals of peace were occupied by the Kings on their unsteady thrones to guide and control industry and trade. It cannot be surprising that Kings of the 15th, 16th, and 17th century should have thought themselves to be the terrestrial Providence. They fought for their power against the Pope himself, and won it. The first reaction of a King to the gospel of divine right is surely that he believes himself in a paternal relationship to his people. Indeed, the whole struggle between Kings and Popes, and then Kings and People, was conducted in theological terms in which God's mercy and kindness, glory and power were postulated of the princes.⁷ These Kings were *Gloriose*, *Serenitas*, *Clementia*, Very Christian, Defenders of the Faith, *Dei Gratia*.⁸ This elemental potentiality of State activity was turned into reality by the desire for action, administration, and power whenever the King happened to be an energetic or ambitious man, or a youthful or malleable one, who could be influenced by spirited counsellors. So that until the 19th century the history of State activity is very much a history of fitful and discontinuous efforts; good and bad plans succeeded each other by hazard, and efficient and inefficient organisation depended upon nature's accidents. It was not until the Parliamentary age had provided a method whereby the continuity of the projects of average men was sovereign, and when quasi-independent officialdom had been

⁷ J. N. Figgis, *Studies in Political Thought from Gerson to Grotius and Carlyle, A History of Mediæval Political Theory in the West*.

⁸ In later years when the theory of divine right was fully developed, in the maturity of its influence, Bossuet portrayed its features: God had established Kings as his ministers and through them reigned on earth, and for God they acted for the good. (J. B. Bossuet, *Politique tirée des propres paroles de l'Écriture sainte*, Livre-III, art. 2.) The power of God makes itself felt instantaneously from one extremity of the earth to the other, and thus, too, does the power of the King act all over the Kingdom. The royal authority holds the whole Kingdom in condition (or order) *en état*, as God holds the world in order. From the prince all orders flow: they cause magistrates and captains, citizens and soldiers, provinces and armies by sea and by land to act in concert: the prince is the image of God, who, seated on his throne in the highest heavens, *makes all nature function*.

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created, that State activity could proceed smoothly without desolating shocks and kaleidoscopic vicissitudes. But this lay in the future.

In the 15th century the royal power in France entered into the control of economic life with gusto,⁹ and a similar process was occurring in England. Rulers began to treat the country as a national area, not only as a war-making unit, but for collective control and regulation of economic and social affairs, whose domestic interests were harmonious, but whose international interests compelled an attitude of rivalry with other countries. In the late 15th century restrictions were put upon aliens, measures were taken to encourage English shipping, and arrangements were made to prevent the loss of money and bullion by exportation. It is interesting to notice that this policy was advised by the great merchants of London, as the French policy was advised by great French merchants and bourgeois, like Jacques Cœur and Cousinot, and towards the beginning of the 16th century, by more systematic councils of administrators and men of affairs.¹⁰ Vagrancy and mendicancy were brutally suppressed,¹¹ or, at least, the legislation relating to the poor was savagely repressive. In the 15th century the aid of the English State to shipbuilding went beyond the mere passage of Navigation Acts for Kings personally encouraged the building of large ships of design copied from the best foreign models.¹² Privileges were granted to those great purveyors of English fortune, the Merchant Companies. Ever and anon there was attention to the coinage, and there began that belief in the importance of gold and silver to the welfare, and even safety, of the country, which led in the 16th and 17th centuries to an obstinate belief in the doctrines known collectively as Mercantilism.

The sense of solidarity, we may even say the sense of State, which had enabled the municipality to frame and execute its regulations, became in the 16th and 17th centuries a national consciousness. The generation and strengthening of the national spirit in the struggles between Pope and State, the disintegration of the old settled order by the Renaissance spirit, the awakening of enterprise and acquisi-

⁹ The motives were mixed: The Crown wanted money and men: it therefore sought to encourage economic activity, expecting riches and population to follow: riches gave revenue and population, soldiers. Supervision would enable the luxury trades to be stamped out. If work were provided there would be social order, for vagrancy and mendicancy would disappear. When Louis XI, Francis I and Henri II were concerned with the silk manufactures of Lyons and Toulouse (1467-1554), they proclaimed their motive to be, "the very great good which could come therefrom to the public thing," in that men, women and children of all conditions who were without employment would be able to find therein a means of livelihood. (P. Boissonade, *Le Socialisme d'état*, 1453-1661, p. 9, Paris, 1927.) Measures of this kind—the regulation of prices, quality, manufactures, wages and such things—as numerous statutes declared, were designed to abolish "changes and alterations and daily disputes" (*ibid.*, p. 10).

¹⁰ Cunningham, *op. cit.*, Vol. II, p. 310.

¹¹ S. and B. Webb, *English Local Government: English Poor Law History*, Part I, Chapter VI.

¹² Cf. Cunningham, *op. cit.*, Vol. I, p. 413.

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tiveness by the discovery of lands and wealth in the Far East and Far West of the world, gave the power of attracting and directing human energies to the only unit big enough to enter into a struggle for possession, the nation with its area and population extended as far as possible. Even now, in an age of machine-guns, the world reckons in man-power; how much more so when the only mobile energy available was contained in the sinews of men and horses. The state of mind was one in which the desire for national power mingled with the sheer incomprehensibility of individual freedom, which might or might not, have regard to the needful power of the State. In England the rise of the desire for power is marked clearly by the reign of Henry VII; of him Bacon has said that, "he bowed the ancient policy of this realm from consideration of plenty to consideration of power."¹³

It was recognised that this caused private loss, that perhaps aggregate wealth was diminished; but what wealth there was was of the kind which ministered to national aggression and defence.¹⁴

It did not strike rulers or people that there was an alternative to national control of their lives and fortunes, that people could be let loose in the community. Indeed, in the directions in which that had been claimed and attempted in religious matters, in private jurisdictions, in provincial self-government, in the mobility of vagrants, what had been the result? Disaster on disaster, chaos upon chaos, violence, injustice, the destruction of order and property, the loss of national power, and civil and foreign Wars. Not till two centuries later, when

¹³ *History of Henry VII*, Works VI, p. 95 (London Edition, 1870); Cunningham says, "The keen national feeling which was thus evoked, and the desire to strengthen the power of England against all her rivals, affected the commercial and industrial legislation in every particular; on every hand private tastes and personal convenience had to give way to the patriotic duty of strengthening the nation. It was thus that men were required by law to eat fish all through Lent and twice a week throughout the year; they might not like fish, but by buying it they helped to encourage fishermen and thus indirectly to keep up a school for seamanship. Time-honoured sentiment had preferred that the dead should be wrapped in linen, but public policy demanded that this sentiment should be set aside and that woollen should be used. And as in these matters so in everything else; current opinion demanded that private interest should be set aside, at once, in favour of an apparent public gain." *op. cit.*, Vol. I, pp. 479, 480.

¹⁴ A petition of 1532 utters an everyday complaint: harbours important to the public weal and the safety of its navy had been ruined by the works of certain persons, "more regarding their own private lucre than the commonwealth and suertie of this Realme"; *Tudor Economic Documents*, edited by R. H. Tawney and E. Power, Vol. I, Section VII, 1. Considerations delivered to the Parliament, 1559: "14 Staple. That the Staple be removed from Middleburg, where it is now newly erected, into England . . . and kept in places appointed by the statute 27, Edward III, ch. 1, which will be for the reparations and maintenance of the havens and ports of the realm, without the Queen's charge, which now that Calais is gone is chiefly to be looked to, and also for the increase of custom. To have it out of the realm is for the profit of the Staplers and of the Prince where they keep their staple. . ."; *ibid.*, Vol. I, Section III, 6 . . . "That notwithstanding, many and sundry covetous and unsatiable persons, seeking their onely lucers and gaynes, hathe and dayly dothe carye and convey innumerable quantitie as well of Corne, Chese, Butter and other Victuall, as of Wood, out of this Realme into the parties beyonde the Seas; . . . For Remedie whereof, It may please your Highness that it may be enacted. . ."

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human passions, scientific discoveries, and the rise of rationalism, had sapped this primordial and complacent certitude, could the world fall, as the German political theorists of the turn of the 18th century said, into a state of "atomisation." The political atom of the 16th to the end of the 18th century was not the individual person, but the nation or the State.¹⁵

When in 1660 Jean-Baptiste Colbert became, at the age of 40, the right hand of Louis XIV, after years of apprenticeship in high office with Le Tellier and Mazarin, he found no blank sheet upon which to write the industrial and commercial politics which in later years were dignified by the name "Colbertism." He did not begin Colbertism, for both in his own country and others, State regulation of economic life was already a century old. Industries of military importance like the manufacture of artillery, gunpowder, ships, even the postal service, had been taken under the direct ægis of the State; and the minting of money was made a State monopoly; trades with a great æsthetic appeal, like silver or gold work, watch-making, fine textiles, glass, were strictly controlled by the State through the corporations, and for these, and the staple manufactures of textiles and iron work, the State had made arrangements which were intended as encouragements; privileges, financial assistance, orders, gifts, pensions for artists and inventors, protection against foreign competition, regulation of salaries, the attraction of foreign artisans, and the restrictions of emigration of skilled natives. That the State ought to do this had been elevated to a dogma rarely challenged; men like Henry IV, Sully, Richelieu, Mazarin, and Fouquet took these things for granted, and when they were not disturbed by the necessity of making war, applied themselves to making a social reality of the dogma. They wished, as the first-named said, "to embellish and enrich" the country. Richelieu said that "sovereigns were not really powerful excepting in proportion to the abundance of wealth" which came of manufactures and commerce.¹⁶ The great

¹⁵ The State was everywhere active: in encouraging and discouraging industries, by prohibitions and bounties, privileges and monopolies; by sumptuary legislation calculated to cause the consumption of commodities whose increase was directly or indirectly productive of defensive or aggressive power; by legislation saying what might be worn by the various orders of society; by religious persecution or toleration; what should be manufactured, what grown, what eaten and the manner of dwelling-place were dictated by considerations of National power. Little by little the State slipped into the 17th century, the zenith of Colbertism in France and of mercantilism in England, and a little later was followed by the cameralism of the Germanic States. The fundamental emotions of the people were stirred and played upon by the rulers (we mean the Kings and their various advisers, usually a little knot of men of finance and of affairs, for the people were little more than pawns in the game) who themselves were under their sway: national aggrandisement, religious piety, the desire for internal order and obedience, charity, and the desire for personal glory, power and wealth mingled with these public and divine considerations.

¹⁶ Boissonade, *Le Socialisme d'Etat* (1453-1661), Paris 1927, p. 158.

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economists of the day Barthelemy de Laffemas,¹⁷ and Antoine de Montchretien¹⁸ systematised their desires and needs and the international condition of the time. In them the Mercantilist doctrine already attained maturity and vigour.

Colbert, however, applied a financial and economic brain of the finest quality, and administrative ability of a peerless order, to the systematisation of the work of his precursors; he also gave it more extended application. This was not all. He made the system work by putting the proper pressure upon his colleagues and subordinates—and most were subordinates, even Louis XIV, his Sovereign—in Paris and throughout the Provinces. His administrative ability and methods are described in the chapters on French administration in the present writer's forthcoming work;¹⁹ and it would be passing beyond the proper limits of this study to recount the measures Colbert prevailed upon the State to undertake, for they are easily accessible.²⁰ But we may indicate his essential ideas.

France was to become strong in terms of international relations and of potential armed force. In war it was to have all the means of offence and defence in its own territory, and so, also, the necessary means of sustenance. Accordingly, the State must enumerate and evaluate the industries and the products of agriculture, and determine which were to be encouraged, which discouraged. By this means, and by means of a carefully arranged protectionist policy, the wealth of the country would increase, the measure of which was the taxable capacity of the country and the treasure retained in France and the King's Treasury.²¹ The public welfare as interpreted by the government was paramount. French goods might be dearer and of a quality inferior to those available for import, they could not be allowed in if they affected French skill to provide its own naval equipment.²²

¹⁷ "Sources des abus et monopoles glissés sur le peuple de France." "Trésors et richesses pour mettre l'état en splendeur" (1598). "Discours d'une liberté générale et vüe heureuse pour le peuple" (1601).

¹⁸ "Traicte de l'Economie Politique" (1601).

¹⁹ *The Theory and Practice of Modern Government*.

²⁰ Clement, *Histoire de Colbert*, 2 vols., Paris, 1892, is the classic work; *Lettres, Correspondance, &c., de Colbert*; Depping, *Correspondance Administrative sous le regne de Louis XIV*, Paris, 1850-55, and G. Martin, *La Grande Industrie sous le regne de Louis XIV*, Paris, 1899.

²¹ It is significant, though the significance can be over-emphasized in an age when the Departments of State were not yet so well differentiated and autonomously organised as they are now, that the Controller-General of France, that is the supreme financial officer, was then, even until the Revolution, the master of all departments and most importantly the supreme master of the Intendants in the Provinces (see Viollet: *Le Roi et ses Ministres*; De Marcé, *Contrôle des Finances*, Vol. I); de Luçay, *Les Secretaires d'Etat*. Fiscal needs and considerations dictated the course of trade and industry. The Controller—the fact is sufficiently clear from Colbert's correspondence and from recent studies of French eighteenth-century administration—hung over the administrative apparatus of France like a mighty and ravenous spider, weaving schemes to its own profit, compelling the world to pay toll, upon which it nourished itself.

²² Clement, *op. cit.*, Vol. I, p. 280

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What matter that under the protectionist regime this point of view, when universalised, involved the depression of agriculture and the suffering of the rural population? And contemporary opinion seemed not greatly hostile.²³ When all the States pursued the same methods, why not France? Venice even assassinated skilled workers who obdurately pursued their craft in foreign countries; Colbert stopped short of that, but he imprisoned and took the family of the culprit as hostages. But under Colbert's own rule no privilege or encouragement was granted where a corresponding benefit to the public was not forthcoming, and freedom was not to be trammelled unless fresh skill could be obtained thereby, nor would a monopoly be granted unless it showed profitable use.²⁴ Spurious regulation came only after Colbert.²⁵

The difficulties under which the system laboured were immense. The administrative difficulties are treated in a special chapter. Nothing save Colbert's indefatigable ardour and resolution could have sustained that mighty enterprise, and nothing save that did. Yet even so, Colbert suffered many disappointments. Too often the regulations were broken, or when kept, did not bring prosperity. The workers, it was said, are lazy, and spend their time tippling (how often does this theme recur in English 17th and 18th century history!);²⁶ then Colbert forbade the sale of eatables or drinkables except during the dinner hour on work days. People who received subventions spent them for their own satisfaction; Colbert spurred on the inspectors-general and the intendants to examine the state of manufactures and the causes of their decline, but without wholesale imprisonment his admonitions could do little good. How difficult, too, to set the head of Colbert upon the shoulders of manufacturers so that these might be able always to cope with the change of circumstances, and not at once to run to the State for help.²⁷ And when

²³ Cf. Clement, Vol. I, p. 282, f.n.:—"If we cannot avoid letting foreigners have our money, it ought not to be for anything but what comes from outside the kingdom, like spices, which have to be sought in far-off lands or to be obtained from the Dutch. As for the rest we might do without them and see to it that luxury does not tempt us to act so prejudicially to the State." (From a volume attributed to Courtilz de Sandras, published in 1694, entitled *Testament politique de messire Jean Baptiste Colbert*.)

²⁴ Clement, *op. cit.*, p. 315.

²⁵ G. Martin, *La Grande Industrie en France sous le Regne de Louis XV*, Paris, 1900, pp. 23-30.

²⁶ Marshall, *The English Poor in the Eighteenth Century*, London, 1926, pp. 34, 249.

²⁷ Cf. Letter, 2nd October, 1671, to the Intendant of Montpellier (Clement, *op. cit.*, Vol. I, p. 318): "It is impossible to avoid vicissitudes in these establishments from time to time, and if those who manage them have no enterprise to find other raw materials when some are lacking, there is no authority and assistance that can supply this lack . . . and you should observe that merchants never apply themselves to surmount, by their own industry, difficulties they encounter in commerce, as long as they hope to find easier ways by the royal authority; that is why they have recourse to you to get some advantage at any rate, by making believe the entire failure of their manufacture."

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insufficient help was given, these manufacturers took the next easy course to maintain their profits; they sent inferior goods abroad, that is, they contrived a present and personal benefit at the cost of the loss of reputation which ultimately must have ruinous effect upon them and upon the State. Then Colbert must worry his local officials into "applying themselves energetically to discover the means to rectify this manufacture, in order that no cloth shall be sent to Echelles which is not of good quality,"²⁸ for the bad quality had disparaged French cloth, while that of other nations had acquired an enhanced reputation. Nor could the statesman avoid extending the power and privilege of the craft corporations; for if it were deemed necessary to control individual activities by reference to a settled public standard then the machinery must be devised, and before the advent of a regular professional civil service systematically organised industrial and commercial corporations were essential. Moreover, they paid fees. The corporations grew strong, proud and conceited, and the public welfare became strongly confused with their own profits.²⁹ The many official examiners of the quality, dimensions and price of their cloth could not prevail against their independence of spirit and subtle ways. The consumer had no free choice between the products of a multitude of free competitors, and his judgment of quality was almost useless, for he had no alternative. The State was, therefore, obliged to become teacher of industrial processes and issue instructions, for example, about dyeing (1671), and the technical instructions were preceded by a grandiose eulogium of colour. Imprisonment, fines, confiscations, destruction of inferior goods—in short, brute force were the ultimate sanctions of Colbert's regulations. Some intendants were unwilling to punish masters and workmen when these did no worse than make goods which the public was eager to buy.³⁰ Colbert came down heavily upon such trepidation: "I have always found manufacturers obdurate in their errors and abuses. But, when one employs authority to obtain the execution of the new regulations, they see their manufactures sensibly increase . . ."³¹ His Majesty's name is invoked. For the question is clear: what ought to constitute the power of the State, the aggregate profits of free action by the citizens, or the product of a State plan to which individuals must adapt themselves, or failing that, be forcibly adapted? Colbert vents his heart about this stiff-necked generation to an intendant of Languedoc: "all merchants desire a complete liberty in all that concerns

²⁸ *Ibid.*, Vol. I, p. 319.

²⁹ Martin Saint Léon, *Histoire des Corporations de Metiers*, 3rd Edition, Paris, 1922, Book IV, Chapter III, Books V and VI; Levasseur, *Histoire des Classes Ouvrières et de l'Industrie en France, 1789-1870*, 2nd Edition, Paris, 1903, Vol. I, Chapter I, pp. 19-27; P. Boissonade, *op. cit.*, Chapter IX.

³⁰ Babeau, *La Ville sous l'ancien Régime*, Paris, 1880, Book V, Chapter III.

³¹ Clement, *op. cit.*, Vol. I, p. 327.

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their trade, particularly in regard to manufactured goods, of which they are always wanting to change and retrench the lengths, widths, and qualities, out of consideration for a small profit which they will make and which tends to the entire ruin of manufactures, the most important point about which is, in a State as flourishing and as great as ours, to make them always equal in quality, width and length." "Be careful," he says to another, "that you are severe with these merchants, who never care for the general good so long as they can get a pretty private profit."³²

We need not continue this description. The intention, method, conditions and consequences of Colbertism are clear. In default of a perfect coincidence between the desires of the governed and the statesmen, the latter must generate the desires. If they cannot generate the desires, they must at least compel the behaviour appropriate to their own wishes. To this they need a system, and the co-operation of men and women; their own servants who will search, detect, discover, denounce and apply sanctions. The sanctions must raise neither much popular revolt nor official disobedience. And into the issue must be thrown considerations of national glory, professional honour, earthly and celestial rewards, and the name ineffable—either God, His Majesty, le Roi Soleil, the Republic A later chapter shows how Colbertism as a system of administration slipped in the 18th century into its sixth age, lean and slippered, whistling in its sound, how it was smitten with sterility for lack of great practitioners like the master, and servants as responsive as his. Towards the end of the 18th century oblivion threatened it under the Physiocrats' concerted attacks.

Mercantilism.

In the reign of Elizabeth the State put on the pressure of its regulating authority to an intense degree. The Statute of Artificers sought to regulate conditions of apprenticeship, choice of employment and pay, and the Justices of the Peace were made local administrators.³³ At the end of the reign the poor relief system which had previously been without form was given a permanent administrative locus in the parish and the sources of relief were made an obligatory tax. The Privy Council was continuously devising ways and means to maintain an enterprising and well-ordered social and economic system, and a man like William Cecil, Lord Burleigh, of keen and wide intellect, and supreme administrative ability, who holding office under Elizabeth for 26 years after distinguished service in the two previous reigns, was able to give the nationalist system of economics

³² 1682, Cf. *ibid.*, Vol. I, p. 328.

³³ Cf. Beard, *Office of the Justice of the Peace in England*.

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an impulse and continuity hitherto lacking. In his career and his policy and methods we see almost the Colbertian phenomenon, preceding its personal inventor.³⁴ The spontaneous behaviour of the people was turned into channels which would produce a great Navy; forestry, and, in its interest, the linen and hemp industries were regulated (and Ireland incidentally sacrificed);³⁵ fisheries were encouraged so that more and better sailors might be bred;³⁶ the corn trade was regulated to foster maritime trade.³⁷ For the public good (not in the sense of power, now) the internal trade in corn was regulated, and tillage and cattle-breeding encouraged. And away beyond the seas Colonies were being acquired, as France, Holland, and Spain were acquiring them, though the methods and ends differed among the colonising countries.³⁸ In the 17th century the system reached its theoretical apogee, while its practice continued into the 19th.³⁹

It subordinated trade to this essential idea, that the national welfare, as an entity over and above the aggregate welfare of its individuals, was of paramount importance. It made for a condition in which the State was enormously active in forbidding some things and encouraging others, an activity which led to the trade wars of the 17th and 18th centuries. It is easy to make too much of the Mercantilist theories as a stage in the development of economic thought, and such works as Schmoller's famous essay upon the Mercantile System,⁴⁰ tend to enhance unduly the importance of this phase. But even to him the Mercantile system is a branch of administrative activity rather than a body of economic doctrine, and from the point of view of the political scientist the importance attached thereto by Schmoller and also by Max Weber is justified.⁴¹ For the Mercantile System was a tremendous complex of State activity the establishment of which was dependent upon a special and significant stage in national consciousness; its effectiveness was dependent upon the quality and

³⁴ Colbert was not born till some twenty years later and did not begin his real work until over half a century after Burleigh died.

³⁵ *Tudor Economic Documents*, Vol. I, Section IV, No. 9: Vol. II, Section II, No. 6, par. 19: Vol. II, Section VI, No. 7.

³⁶ *Ibid.*, Vol. II, Section II, Numbers 6, 8, 10.

³⁷ *Ibid.*, Vol. II, Section II, No. 6, para. 17; see also Cunningham, *op. cit.*, Vol. II, Part I, Section IV, *The Regulation of the Corn Trade*.

³⁸ Beer, *The Origins of the British Colonial System, 1518-1660*, New York, 1908; Robinson, *The Development of the British Empire*, Cambridge, Mass., 1922; Hardy, *Histoire de la Colonisation Française*, Paris, 1928; W. C. Abbott, *The Expansion of Europe*, 2 Vols., London, 1919.

³⁹ The great merchants who guided the affairs of the rich and powerful companies privileged to trade at home and abroad naturally had influence with the government in a day when the peculiar economic theory known as mercantilism prevailed. The Government desired international strength: the merchants agreed that they alone could give it, and to prove that they could they became vocal in pamphlets on the processes and importance of England's foreign trade. Cf. Mun, *England's Treasure by Foreign Trade*, 1630, published 1664.

⁴⁰ G. Schmoller, *Umriss und Untersuchungen zur Verfassungs-Verwaltungs- und Wirtschafts-geschichte besonders des Preussischen Staates im 17 und 18 Jahrhundert*, Leipzig, 1898, I, "Das Merkantilsystem in seiner historischen Bedeutung."

⁴¹ M. Weber, *General Economic History*, translated by F. H. Knight, London, Chapter XXIX, c.

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strength of that consciousness. And when the latter was weakened by the moral tenets and intellectual perception of the late 18th century, the manufacturing developments at the end of that century, and the influence of Adam Smith's work, the whole system was seen as a huge, obsolete, hateful, and ineffective arrangement to be abolished as soon as possible. For the standpoint had changed, and although Adam Smith inclined his head in homage towards a doctrine which in earlier times had had a potent influence, "that defence is of more importance than opulence." the rest of his large work was written as though he believed that opulence was more important than defence. But the prevailing opinion now was that individual freedom to find the highest good known and attainable was better than either as a fundamental rule of life in the State.

*Cameralism.*⁴²

That general scheme of values in which the interest and the activity of the State were so extolled, and exalted in France by the merchants, notables, and the Colbertian servants of absolute Kings in England, and by currency experts, merchants and Ministers in a royal-parliamentary system, was in the Germanic States made the foundation of political life by the Princes, the Estates, and the civil servants active in the primitive public Departments, known as Chambers of Finance. The form of administration through the chambers gave rise to a definite branch of knowledge, taught at the Universities in the 18th century, called *Cameralia*, and the body of knowledge elaborated by rulers of the State, to govern in accordance with certain elementary doctrines regarding the power of the prince and the extent of his dominion over the people, was called *Cameralism*. These elementary doctrines were not the same in the 18th century as they were in the 16th or 17th; a continuous development goes on, and whereas the technique of government in the earlier centuries was subservient to a vague notion of power and defence of the country, or the glory of the prince, the 18th century saw a close approach to the well-being of the people. However, it is sufficient to say here that Cameralism began with the definition of the purpose of the State by a little knot of rulers, and then proceeded to deduce rules of administration for practice upon the subjects. It constructed, mainly from experience, since the Cameralists were professors become civil servants or civil servants become professors, the institutions, devices and activities needed by the State to make its purposes declared and undeclared effective in terms of human behaviour. The

⁴² G. Marchet, *Studien über die Entwicklung der Verwaltungslehre in Deutschland, von der zweiten Hälfte des 17 bis zum Ende des 18 Jahrhunderts* 1885; W. Roscher, *Geschichte der National Oekonomie in Deutschland*, München, 1874; K. Wolzendorff, *Der Polizeigedanke des Modernen Staats*, Breslau, 1918; A. W. Small, *The Cameralists*, Chicago and London, 1909.

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purpose of the State as a unity was prior, in their eyes, to the individual purposes of those who dwelt within the State. 16th century Cameralists like Obrecht were actuated very much by the postulate that the prince's treasury was the supreme consideration in determining State activity,⁴³ in the middle of the 17th century Seckendorff swung between the idea that the end of government was "to maintain the sovereign power and dignity" of the rulers, and to benefit the people,⁴⁴ a century later the emphasis is even more upon the people's welfare for Zincke says, "the more a prince, by observance of this duty (the application of means for the common good) is able to promote his own and his country's welfare and more satisfied condition the greater will he be. For herein is to be found the true ground of the external greatness of a prince"⁴⁵ and on the threshold of the French Revolution it took all the ingenuity of the latest Cameralists, Justi and Sonnenfels, to avoid destroying the very platform of their profession, absolute monarchy and State control: for, could one be certain that the happiness of the people, postulated by Justi, and the "separate best of the individual," or the "general best of the community" postulated by Sonnenfels, could not be attained better by less State activity and more spontaneous enterprise by individuals and freely combining groups?

However, the rulers of the 17th and 18th century Germanic States were not troubled by scruples of this kind, nor were their henchmen in the Departments and the Universities, or their subjects, disturbed by such doubts as to form any serious challenge to the system. Those years were years of extending territories and dominion, and defence of what was won and arrangements to recover what had been lost, the suppression of ancient local privileges, of passage from a local to a wider, ultimately, to a State economy. A widely circulating currency had to be made, galling local tolls destroyed, revenue acquired, religious disputation pacified, industry encouraged and commerce re-established after the desolation of years of religious war; and foreign countries like Holland, France and England, not to speak of the great Italian trading cities, already provided a glorious model. If the Prince were dissolute and brutal he needed a large revenue, and the Cameralists schemed and acted to make the land rich in taxable resources; if the Princes lived for the aggrandisement of their State and took an actual part in administration as in Prussia, where, indeed, they were the practical heads of the Civil Service and the Army, then these took the initiative and put pressure upon the Cameralists.

⁴³ A. W. Small, *op. cit.*, p. 46.

⁴⁴ *Ibid.*, p. 85 ff.

⁴⁵ *Ibid.*, p. 251. But notice how in the subsequent sentence the fiscal motif re-enters: "The greater he becomes, however, the more must he have ready means, and consequently the more must he endeavour to procure, to guard, and to apply the same."

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The result was that little by little the people were overlaid with a vast web of stern rules, and almost every action was subject to detailed regimentation.⁴⁶ The Prussian State of the late 17th and 18th century became the arch-type of *Polizeistaat* or police-State, the meaning of which is not that the State was policed in the narrow sense of the word, but that it was administered in the sense used by German administrators and thinkers to denote government—*Polizei* or (earlier) *Policey*.⁴⁷ Its product was an expert Civil Service recruited by examination in administrative and economic science and practical exercises, and special schools as at the University of Halle to teach the candidates.

Its quintessence was State regulation over as wide a field of life as the rulers believed themselves justified in controlling; and in the nature of the Germanic States of the 18th century, in the nature of the political thought the economic needs and the metaphysical background, this implied State activity on a very wide scale.

Eighteenth Century Benevolence.

Then arrived the age of enlightened and benevolent despotism,⁴⁸ despotism for the good of the State and the individual, and the Fredericks and the Frederick Williams of Prussia were its leading exponents. But the Cameralists supplied two things lacking elsewhere: (1) a logical and detailed programme for the application of the essential doctrines; they maintained a tradition, developed further an already long series of treaties, and taught the old and the new to generations of students at the Universities, and (2) they also insisted, as never elsewhere, upon the needs for administrative organisation and a Civil Service with qualities consciously and deliberately chosen and adapted to the work. The result was that the Prussian people had the satisfaction of knowing that their State was well and honestly administered, more so than elsewhere, for the virtue was relative; but they were obliged to suffer restrictions which became so galling

⁴⁶ This is treated with great acumen by Wolzendorff, *op. cit.*

⁴⁷ This meant according to the Cameralist Justi (Small, *op. cit.*, p. 440) who spent a good deal of time upon its definition, "The science governing the various occupations according to the purpose of the state." The same writer said further, (1) Two uses of the term *Policey* are common to-day; first and most generally, "all measures in the internal affairs of the country through which the general fortune of the state may be more permanently founded and increased, the energies of the state better used, and in general the happiness of the community promoted. . . . In the narrower sense we understand by *Policey* everything which is requisite for the good ordering of civic life, and especially the maintenance of good discipline and order among the subjects, and promotion of all measures for the comfort of life and the growth of the wealth-producing class.

⁴⁸ K. Wolzendorff, *op. cit.*; P. Ardascheff, *Les Intendants de Province sous Louis XVI*, Paris, 1909, pp. 195, 213, f.n., p. 213: "L'amour de la patrie, l'amour du bien public, dit un contemporain, est une phrase qui se trouve dans la bouche de tout le monde"; p. 213 f.n. (41) "Le mot de bien faisance est moderne et il n'y a pas un demi-siècle qu'on entendait, en parlant de la charité, qu'un acte de dévotion est le produit d'un sentiment religieux."

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that poets and dramatists cried out against them in works which achieved the widest popularity. The doctrine of the Police State or Benevolent Despotism is also the commonly accepted code of France and England in the same century; but in England the doctrine of State activity was not extended and carried out as in France and Prussia, because while these countries had a professional civil service spread over the country and actuated by the central authority, England carried out her policy of State interference mainly with reference to foreign trade and the acquisition and development of colonies, while her domestic administration was, in its higher branches, given up to the mercies of the ignorant, slothful and corrupt, and unpaid officers and J.P.'s of towns, counties and parishes, and the foppish wastrels and their underlings in Westminster and Whitehall.

The Foundations of Success, and its Price.

We are interested to hear the answer to two questions arising out of the systems of State activity we have described. First, what were their spiritual foundations, and second, what practical effect did they have? The first question is easy to answer, that is, it is easy to enumerate the influences; but it is difficult to ascribe to each its proper weight. The State was new, it had but recently emerged out of the agonies of combat, and even in the 18th century that process of violent aggrandisement was not yet ended. In such a condition men's fears of authority, and their patriotic hopes in it, form a reservoir of energy from which sacrifices can be drawn, even if those sacrifices are not strictly related to the aims and ends of conquest and defence. The things which would not be brooked in the ordinary State of peace and peaceful mind, restrictions under which the temper would grow impatient in the normal course of industry and life, are pushed through by the body of psychic forces to which we give the collective name patriotism, and the burden becomes a joy since it is felt that fulfilment is achieved. All this is bound up to some extent with the person of the King who is said to be the Victorious, the Wise, the Peace-maker, or the Saint, Magnificent, Great, Just, or "of Blessed Memory," the Philosopher, and who certainly lives in an atmosphere, and amidst a ceremonial, in which all virtues are magnified, while vices are sedulously hidden from the populace of their own day to enrich the reading of a later generation.

In the centuries of which we have been speaking the State entered a field in which the extent of its territory and population was a singularly important condition of success in the things men wanted; international mercantile and colonial success, and the regulation of domestic conditions to ensure this. The offensive and defensive con-

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sciousness, the winged sense of national aspiration, the thrilling knowledge that there were conquerable lands beyond the seas of which men had not dreamed but a few years before, impelled men to obedience and loyalty. And, then, in the infancy of any organisation, things are done and suffered which maturity alone will condemn and amend. What was the alternative to State activity? The very things which men feared and hated—localism and regulation by over-mighty individuals.⁵⁰ The choice among alternatives can only come when there are alternatives, and at the origin of things there are, by hypothesis, none; only time can bring them. Since possibilities other than State activity had not yet acquired the power of theories well thought-out and widespread, there was little possibility of comparison, and without this possibility criticism is lamed and halting. The State enjoyed the benefits of this almost complete consensus of opinion. This itself was only part of a much wider state of mind, that of the Ages of Faith. The Church was still the paramount educator of youth, the English State indeed gave the Church of England the monopoly of it.⁵¹ "Man," in Kant's words, "had not yet made his exit from the state of his self-made minority." Traditions and authority still ruled the mass of men and women: to question Church and State was a rarity indulged in only by a handful of philosophers (who took good care to keep within certain bounds), and irresponsible hole-in-the-corner people tolerated as Sacred Lunatics.

Perhaps we have not yet sufficiently emphasised two other conditions which produced State activity. One was the fiscal needs of the government; the other the pressure of commercial and industrial people who pursued their own interests, consciously or unconsciously, under cover of claims that the nation would benefit. The first condition is quite patent in French policy and in German cameralism; the royal treasury and its deficits were the measure of State interference. I doubt, however, whether in these countries the rulers let themselves be swayed by the interests of their mercantile classes. There, State activity was, indeed, the activity ordained by those who were the legal governors of the State; and the secret or open influence of others was strictly subordinated to public policy, especially as this so often coincided with the fiscal needs arising out of the wars and ostentatious court life (in France, not in Prussia) of the 17th and 18th centuries. In England, the second condition—the pressure of the mercantile classes—played a greater part in moulding State activity than it did in other countries.⁵²

⁵⁰ Cf. Wolzendorff, *op. cit.*

⁵¹ Cf. Beard, *The Rise of American Civilisation*, 2 Vols., New York, 1928; J. Fiske, *The Beginnings of New England*, London, 1889; Farrington, *Main Currents in American Thought*, New York, 1927, Vol. I, 1620-1800, *The Colonial Mind*; C. Aubertin, *L'esprit public au XVIIIe siècle*, Paris, 1873.

⁵² R. H. Gretton, *The English Middle Class*, London, 1917, Chapters V, VI.

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The merchants, besides being powerful because they were rich, had the ear of the governing councils, directly or indirectly, because they had representation in Parliament. London played a greater part in the life of England than Paris in France, or the various capitals of the Germanic States in the surrounding areas. The City was not confined to the Court, the Theatre or Literature, or Scientific Academies, but went further and deeper into the national life owing to its commercial pre-eminence. Merchants buzzed about Westminster and the Palace, and they, and the great families, so far from being subordinate to the Crown, had in 1688 subordinated the Crown to themselves. And they could get their way and mould State activity because they had seized the State from the Crown, and had not yet themselves become subject to the whole people.

Even as these conditions secured for the State that general obedience which is its very life, others were arising which eventually penetrated Leviathan and dispersed its ancient elements, and of these we shall speak later.

Another question has yet to be answered. Were the regulations effective: how much success did they have? What hindered that success? No answer can be given until the question is made more precise. When we ask, did they achieve their object? there is the broader object and the narrower. The broader object was said to be national strength obtained through national wealth. But this aim is constituted of a tremendous number of ingredients—the balance of trade, the increase of population, the manufacture of certain articles in sufficient quantities to ensure adequate defence in war, and so on. No exact inquiry has ever been made into the effect of the mercantile regulations upon these things. We know, generally, that all countries prospered in those times, but the causes of prosperity—the growth of knowledge and the increased international division of labour—were so powerful that this was possible even if the regulations were economically unsound. It is certain that all countries lost much in aggregate welfare in order that they might be well-off in some particular aspects, in the possession of certain manufactures, of colonies, and, in the case of France and England, of large and well-equipped navies. This is certain: that we cannot find any widespread challenge to the policy. Whether these things could have been obtained with less expenditure and dissatisfaction is another question, and one that has not been answered by economic historians in the kind of detail which alone would be of any use to us. It was only with a tremendous struggle that anything was done at all. Generally, there was no spontaneous obedience to the demands of the State, and the State was compelled to explain itself and reprove its citizens or officials in

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preambles to the statutes, and thus seek obedience.⁵³ Statute after statute complained that the previous ones had not been properly kept: statute after statute added detail to the rules in the expectation of securing obedience or, at least, understanding thereby. Officials were indispensable, and in all countries Customs officials became the watchdogs of import and export regulations. It is a matter of common knowledge that they were perhaps the best hated officials of all.⁵⁴ But the inspectors of industries of various kinds were not less mocked and deceived wherever possible. In France and Prussia, State activity at home was taken seriously⁵⁵ and carried out by professional administrators; in Prussia by expert and specially trained men. In England, amateurism prevailed in the local justices and in the government of the towns, and the poor law in the 18th century is an eloquent testimony to the insufficiency of amateurism at that time and in the circumstances, and an illustration of the fact that the success of the activity of the State, like that of any individual, depends upon the ability of those who perform it. English policy was successful through unscrupulous sacrifice of Ireland, the winning of several wars which brought rich colonies, and the marvellous maritime situation of the country. To this success the Navigation Acts contributed, and these were executed in proportion as people realised that national and individual prosperity depended upon them—a matter upon which it was easy to convince an Englishman of the time, for it could not be gainsaid that Great Britain was an island, and this is a concrete major premise easily seized by even the most stupid. But this immediate success was bought by methods which had not taken into account an ultimate possible loss—the loss of the American Colonies and all that came of that in war, commercial embargoes and destruction of shipping. The State can often win its way, as a private individual can, if it is ready to make the future pay for the present, and both may stumble into such a course by accident without the deliberate intention of setting present gains and losses against those of the future. If Colbert, Cromwell, Greville, Frederick the Great, the Kings of France and their adversaries could have foreseen all the consequences of their policy, they might have pursued other ends; but such knowledge is possible only when experience

⁵³ This is observable in the English Statute book, and though the preambles were originally remnants of the petitions by Parliament to the Crown for the grant of redress, they continued into a later age when they were made to subserve a different purpose. In France in the 18th century ordinances and laws, central and local, were given preambles deliberately designed to teach and persuade the public.

⁵⁴ The full exposition is given in the work, *Theory and Practice of Modern Government*, already referred to.

⁵⁵ Schmoller, *op. cit.*, VIII, *Die preussischen Seidenindustrie im 18 Jahrhundert und ihre Begründung durch Friedrich den Grossen.*

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and science are at hand to teach: and even these have their limitations, not to mention those of the minds of men who are to apply the knowledge. We cannot exactly measure those limitations, but we know that they exist: and in proportion to their magnitude the activity of the State is seemingly successful until the day a reasoned balance is struck.

The activity of the French State was fairly successful; but at what cost? At the cost of its officials, who were recruited in an infamously wasteful fashion; at the cost of such oppression of the peasantry, whose agriculture was deemed inferior to the glory of manufactures, commerce and colonies, that its only issue could be violent revolution and not palliatives like those offered in the two decades before 1789. At the cost of such crude repression, fines, imprisonments, litigation, as to develop a mistrust and hatred of public administration hardly eradicable from the Frenchman, it seems, even now, however much he may agree with State activity as a theory. At the cost (according to some authorities) of relaxing all trust in self-government.⁵⁶ But these are great prices: though there is no way of computing them in francs. Further, we have to consider that several generations of French men, women and children were obliged to live under a restrictive régime which, as far as we can tell, diminished the total aggregate welfare possible in a spontaneously developing individualism. Had the total resources of the country been less above the minimum subsistence level than they actually were, we are entitled to ask: would the classes who had to pay for the soaring welfare of commerce have been able to stand the cost without an earlier revolt? We may ask, too, would not manufactures and commerce, if left to themselves, have better satisfied the originators of restrictive schemes if those could have observed the long-run outcome? But we cannot answer these questions with exactitude.

From Obedience to Challenge.

When men had experienced these things for a couple of centuries doubts of their wisdom began to arise. The general tendency of thought became rational and individualistic; where, before, it had been traditional and social, it now became, to use a term which has passed into quite general currency, utilitarian. The Absolute, whereby men judge of temporal things, changed its nature: until the middle of the 18th century it had been for the mass of people an end inseparably connected with that social entity called the State; now the Absolute became charged with individual values.⁵⁷

⁵⁶ De Tocqueville, *L'Ancien Régime et la Revolution*, Paris, 1856; Buckle, *History of Civilisation in England*, New Edition, London, 1878.

⁵⁷ Bonar, *Philosophy and Political Economy*, 3rd Edition, 1922.

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The Enlightenment rose and spread: people ceased to believe, as before, in miracles: books abounded on the Order of Nature, wits like Voltaire laughed royal and religious nonsense out of men's hearts, philosophers like Christian Wolff (whose work began with a picture of the Rising Sun spreading its enlightening rays upon a world dwelling in obscurity) systematized the results of this mental revolt. Rousseau conceived of society as originally and rightly atomized (if society is a possible notion when it is so composed), and that men—the atoms—entered into the modern State for their sins, which increased in proportion as they remained in it. But what was most important in this teaching was the emphasis it placed upon the individual man as the sovereign creator of the State. And Kant himself crowned all by his worship of man's rational nature, and, catching fire from Rousseau, dedicated his talents to the gospel of Progress achievable in the State through man's dynamic and individual reason. In England, Locke had been at once a creator of doctrines which came to be included in men's everyday mental equipment and subservient to the doctrines which this equipment created. His was the ruling doctrine, that the State was posterior to the welfare of the individual, and its sovereign power legitimately limited by the will of its individual members. And Hume's sceptical mind paved the way for social teachings even more shattering to the pretensions of the State than Locke's. In brief, however much all these thinkers differed among themselves, they collectively encouraged certain definite attitudes of mind, the principal features of which were, first, a belief that more freedom for the individual and less State activity would be socially fruitful, and, second, that man, guided by individual reason and untrammelled by authority, would, by the unfolding of his nature, attain to a state of perfection. This second part of the general belief we know as the doctrine of Progress. These beliefs have suffered strange vicissitudes since their formulation, but they still nominally rule the society and the statecraft of to-day.⁵⁸ We have to ask what influence they had upon the development of State activity. At different stages and in different places they had different effects, though their first general effect was to encourage practical and theoretical movements subversive of despotic government, and their more lasting influence to add to State activity and the development of public administration and the Civil Service. One thing is clear: that even as the doctrines of Luther tended to disintegrate the hierarchy of the Church, and to make each individual person his own priest, so the new doctrines

⁵⁸ Bury, *The Idea of Progress*, London, 1921, with which compare C. Bell, *Civilisation: An Essay*, London, 1928; O. Spengler, *Der Untergang des Abendlands*, 1922; *The Decline of the West*, 2 Vols., translated by C. F. Atkinson, London, 1928.

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of the State tended to disintegrate its hierarchy, actual and potential, of officials, and to make each individual person his own civil servant. But not for long: in less than a half a century from the date of publication of the *Wealth of Nations*, factory and poor law inspectors were established in England, the most individualised of all existing States.

American Office Management

By MYRA CURTIS

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*[Paper read before the Institute of Public Administration,
February, 1932]*

PERHAPS I should begin by removing any idea suggested by the title of my paper that I am attempting to expound a science peculiar to the United States and unknown in this country. There is no technique of office management invented by Americans, or if there is I did not discover it during a three months' inspection last spring of the best modern offices in New York, Detroit, Chicago and other cities. I confess that before I sailed I had thought there might be such a thing. The wonderful people known as "efficiency engineers" who in American novels and magazines walk into an office, draw a number of diagrams for "routing" the work, cut down the legs of the typists' tables and tear down all partitions that obstruct anyone's view of anyone else, leaving behind them after a few weeks' work a scene of marvellous modernity and efficiency would, I thought, be very interesting to meet in the flesh. It was unlikely, but it was at least possible, that they would be able to hand over to me a code of laws, the application of which to my own domain would bring to light whole areas of imperfection which had hitherto escaped my notice.

I must say at once that nothing of that kind happened. So far from instructing me how to improve my office the efficiency engineers whom I met showed a tendency to be impressed by what they heard about it which was unexpected, though of course gratifying. They seemed to regard their own work as that of pioneers in a trackless forest, and except for a few firms (the same firms were mentioned by everybody) did not consider that America had anything to show that they would be prepared to recommend as a model. It is quite possible that we have as many commercial firms in the forefront of progress in this country, and our public offices are in many respects ahead of those in the United States. The standard reached in the best offices of a country where money, at all events, has not been spared may nevertheless be a matter of some interest to members of this Institute. And there is perhaps one side of the subject on

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which the Americans have got ahead of us—they do regard it as a subject. They have taken the idea of “scientific management” from the factory into the office, and by introducing a standard terminology have done something to systematise thought about it. There are certain principles of office management which every manager of a large office finds out as he goes along; they are in fact the A B C of his job. That it is essential, for example, to have some kind of statistical records for measuring output, but that it is easy, if such records are over-elaborate, to spend more time on compiling them than can be saved by studying them; that routine processes should be standardised as far as possible, and special cases treated separately from the main flow of the work; that as few people as possible should handle a case which needs some mental effort for its comprehension; that a necessary preliminary to altering a process is to study it in detail with all its reactions on other processes; these considerations have probably been at the back of the minds of establishment officers for long enough, and it is natural to smile when one finds them appearing as mouthfilling formulæ in a textbook. Elaborate enunciations of principle are rather to the American taste, and one often finds the discussion of a subject like staff management opening with some such sentence as this: “Personnel administration is the direction and co-ordination of the human relation of any organisation with a view to getting a maximum necessary production with a minimum of effort and friction, and with proper regard for the genuine wellbeing of the worker.” Sometimes I confess I was reminded of a girl I know who was taking a superior kind of domestic science course at a University in this country and when asked what she was doing to-day replied that she had been studying the principles underlying a rice pudding. All the same, it is very much easier to discuss specific problems if each party to the discussion accepts, and knows that the other accepts, certain standards, and calls phenomena by certain names. Just as we all find it easier to discuss our neighbours’ characters since modern psychology taught us to use expressions like inhibition and inferiority complex, so two office managers in the new style, armed with phrases like “job analysis,” “bonus incentive,” “mechanisation,” and the like, make more rapid mental contact than if they had no clue to each other’s degree of aspiration and enlightenment. Each party can take it for granted that the other has read all about the principles in the text-books, and if differing at all is differing only in the application.

In the really advanced American offices there is always someone who has read the text-books, if he has not actually taken a University course in their contents, and there is a decided tendency to entrust him with a good deal of responsibility for putting the ideas

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in them into execution. Probably he is a very young earnest person—but youth is no handicap in American offices; on the contrary. The problem that continually torments one is—what has happened to those who lived to be fifty? I have seen the American attitude defined as being that the young man has time to learn from his mistakes, whereas the older man would have neither the time nor the adaptability. The idea that the older man might not make so many mistakes is apparently too optimistic to be considered. However that may be, in quite a large proportion of the modern offices I found one or more of these young specialists, male or female, installed in a special Systems or Methods Branch, invested with a considerable degree of authority over the executive heads of the operating branches as regards the use of mechanical devices and other time-saving methods. The Federal Government itself has in Washington a “Bureau of Efficiency” which was recommended for our imitation by the Tomlin Commission on the Civil Service. It is an expanded version of the Investigation Branch at the British Treasury, but covers a wider field and has considerably more power to enforce its recommendations. Americans never admit that they have anything to learn from their Civil Service, and this attitude of mind has possibly more sound foundation than the similar attitude has here; so we may perhaps assume that the idea was taken over from the commercial concerns. The most powerful of these Methods Branches, I should say, is that of the American Telegraph and Telephone Company, the parent of telephone companies all over the country, which has really studied with great effect the problems of seating, lighting and manipulating which arise on the various mechanical or semi-mechanical jobs in their offices. The results of this research are conveyed to the daughter companies by way of suggestion, not command, but appear to be attended to, with the consequence that one sees in towns as far apart as New York, Detroit and Chicago, teams of machine operators sitting at the same billing machines in the same formation using the same fingers for picking up the bills and the same holder for the various documents from which they copy. Even the sorters sort the telephone tickets with the same movement, a rhythmical motion with both hands in which one hand takes up a ticket while the other lays one down, the whole process going at the rate of 4,000 an hour for sortation by each digit. I have been able to introduce this method of handling on some of the sortation at the Savings Bank, and can thoroughly recommend it for any process of sorting into a small number of easily memorable heaps, where the sorter can learn not to follow with her eyes the document she is laying down. It does not look more rapid than the ordinary method of flicking up with the right hand the corners of

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the documents held in the left hand, but since it eliminates all useless movements it actually is more rapid. The advantage of having a special staff to study these questions is that it can be enabled to enforce opinions which the individual supervisor, however convinced of their correctness, might lack the confidence to impose on a reluctant personnel. The best way of handling a manipulative job is unfortunately not very often the way which the average worker has discovered on his own account, though as I shall point out later, there are ways of inducing him to discover it.

The Methods staffs are in constant consultation with the salesmen of the office machine companies, who perhaps do as much genuine constructive thinking as anyone about office problems. To sell their machines these men have to be prepared if necessary to remodel an office to receive them, and to adapt its procedure in detail to their economical use. Some of the most helpful conversations I had were with representatives of a big calculating machine company. It was pleasant to find that American salesmanship, which one had always thought of as the art of persuading people that they preferred tinned fish to fresh, really had a sphere in which it worked by forcing standards up.

To pass to the actual offices. I visited about fifty in all, mainly banks, insurance companies and public utility companies, and including most of those recognised as up to the best modern standards of method and equipment. The Government offices which I visited, though very interesting to me, hardly pretended to be in the forefront of this field. Both the banking and the insurance business had apparently done well in the boom period—they seem to be the kind of business that does equally well in booms and slumps—and one's first impression was that all the profits had been put into the buildings and furniture. The marvels of American building are too well known to need description, and I will waste no time on the mosaic and marble of the banking halls, the mahogany and thick velvet pile of the presidents' rooms, and the gold and walnut of the elevators. The office proper was my chief concern, though I paused in each of the banking halls to say with honest conviction that this was the most magnificent building I had ever seen. In the working rooms the marble gave place to polished linoleum or rubber tiling, and the furniture was uniformly of steel. There seemed to be no dust, and this I attributed largely to the floor coverings, though there is no doubt that the American air is cleaner than the kind we enjoy in London. A very pleasing effect is produced by these large rooms, with their polished green floors and long rows of shining green desks. Unfortunately the polished floor surface does not seem to be attainable without a certain amount of slipperiness, though the rubber tiling

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is a great improvement from this point of view on linoleum. American office managers admit that their floors are slippery, but say cheerfully that the staff get used to it. The process of adaptation may, however, be long and painful. We badly need a floor treatment which would combine the advantages of cleanliness, non-slipperiness, and cheapness, but I did not come across it in the United States.

In the long green rooms the executives, or controlling staff, sit among the rest, separated off at best by a mahogany rail. American opinion is very adverse to the private office, both because it is considered an extravagant use of space and because it sins against the principle of personal accessibility which is deep-rooted in the national character. The President of an important bank who was a world-renowned financier and had represented his country at international conferences would be found in the main hall with the rest, his callers congesting the neighbourhood of his desk.

Notwithstanding this particular economy of space, the general attitude towards space requirements is remarkably generous. As is well known, a great part of the productive energy of America in the years just before the slump flowed into the creation of fixed capital in the form of expensive buildings, and some of the staffs at the time of my visit had either shrunk within their boundaries or not yet expanded to the expected extent. There was therefore ample room for the arrangement of furniture to the best advantage. They were all very "furniture conscious," as they would say, and impressed upon the visitor that they were far past the stage at which a plain straight-backed chair and a flat table were sufficient for the clerk. Numerous types of "correct posture" adjustable chairs are in use for clerical staff as well as for machine operators, and a light non-adjustable aluminium chair with a back shaped to give support to the spine of the sitter is very popular. Tables may be of any degree of elaboration, from those with reversible tops which turn into sorting trays to those which conceal a typewriter in their inward parts.

The question of artificial lighting assumes great importance because of the scarcity of daylight. In the Wall Street quarter of New York, where buildings of thirty-five stories jostle each other in narrow streets, it would hardly be possible to admit enough daylight, below, say, the twentieth floor, for everyone to work by; and American architecture does not appear to aim primarily at admitting the maximum possible. I even see a suggestion in a recent number of a New York newspaper that windows in the first fifteen floors of future offices will be eliminated, with resulting savings in cleaning and heating expenses which will offset the cost of lighting. This means that the office worker is resigned to working by artificial light as the

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normal arrangement; no attempt is made to use fully even such daylight as there is, and it is not unusual to see blinds permanently drawn over half the window space. I have heard Americans say that they actually prefer artificial lighting as being more "steady"; on this one could only acknowledge a difference of taste and leave it at that. The artificial light is at all events adequate. A very high power is used—as much as fifteen to twenty foot candles on the working surface—and bowls and fittings conform to the very high standard of decorating which is usual in both domestic and commercial interiors, and which so impresses the visitor till the sameness of it grows a little wearisome. General semi-indirect lighting was the most common type, but I saw one office wonderfully lighted with entirely indirect lighting. The bulbs, of a very high power, were enclosed in metal bowls, and the light was reflected back from the ceiling. The result was a warm glow, as all-pervasive in its effect as daylight. The right standard of lighting for office work is a very difficult thing to arrive at. Our predecessors, who worked by naked gas flames, and their predecessors, who copied laboriously the minutes of ministers by candlelight, would have thought our present illumination dazzling. Yet it does always not satisfy the people who do close work by it, and in some of our offices it would seem to American clerks quite inadequate. The same is of course true of the heating of rooms, the temperature of their offices being so high that the provision of bubbling springs of iced drinking water in every room seems indispensable even to the visitor. From the point of view of physical comfort, as well as economy, I must admit that I prefer our plan of lower temperatures and no iced water. One of the problems of the office manager in America is to prevent his staff running too often to drink at the water cooler.

Some form of noise deadening is practically universal. All the new office rooms of commercial firms have their ceilings lined with a perforated tiling backed by sound-absorbent material. The need for this arises, of course, from the use of office machinery, but theory is all in favour of it even for the purpose of deadening ordinary office noises. I am bound to say that the actual evidence so far available as to the favourable effect claimed for sound deadening on health, output and accuracy, is rather meagre. One firm, the *Ætna Life Insurance Company*, of Hartford, Connecticut, have, however, conducted experiments which left them satisfied that the advantages were substantial. They seemed to be particularly proud of having reduced to bearable intensity the voice of an executive who had long been a trial to his fellows.

The question of noise reduction has already been faced in the large English banks, and in Departments like my own, where a good deal

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of office machinery is used. Some of the machine manufacturers say frankly that they see no hope—I might almost say that they have no intention—of silencing their machines. Their reply to inquiries on the subject is "Why don't you silence your rooms?" And silence our rooms we accordingly do, at all events where clerical staff have to work alongside of particularly noisy machines. The Americans go further, and use the sound-deadening treatment, which I may remark is very costly, merely as an amenity of office life, foreshadowing perhaps what that will be in this country when we are as rich as we should like to be. The effect is certainly marvellous. I saw a typing room at Newark, New Jersey, in which five hundred typists were working on ordinary, not noiseless, typewriters, and the noise was a mere murmur.

This is only one example of a lavish provision for the comfort of the worker which is one of the most striking features of the modern American commercial office. It is not the result of pressure from below, as trade union organisation is extremely feeble. These employers seem to have adopted wholeheartedly the doctrine that comfortable conditions for the staff are good business. Luxurious clubrooms are provided for lunch and rest periods; beautifully equipped medical departments are a matter of course; one large company employed a "house mother" whose functions seemed to cover the treatment of every kind of distress, emotional as well as physical; and all of them had "cafeterias," where admirable food was served at cost price or sometimes free of charge. I am not sure that the most striking spectacle I saw in the States was not the kitchen of the Ford office at Detroit, where the stainless metal fittings shone as though they had never known a splash of cooking grease, and the vegetable cupboard was like a housekeeper's dream.

These welfare benefits add to wage rates which are very high according to English standards. The normal rate for a stenographer or a machine operator in New York, for example, was between £4 and £5 a week, and bonus was often earnable in addition. I speak of conditions now a year old.

It is interesting to observe a marked tendency in these advanced offices towards standardisation of salary payments and other staffing arrangements on what we regard as civil service lines. Most of them in recruiting their employees apply some rudimentary form of examination, including simple arithmetic and handwriting tests and what are called intelligence tests. There are research organisations which specialise on drawing up suitable tests for every type of employment and issuing them to employers. Some of those I found in use struck me as excellent measures of specifically clerical ability—quite as effective for their purpose as the old-fashioned "tots" were in assess-

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ing arithmetical skill. For example, the candidate will be given a schedule showing against a list of names the age, race, occupation, state as regards marriage, etc., etc., and will be told to make in a minute or two a list of all those whose age is 40 or over, unless they are married or coloured. Then there is the "antonym" question, a great favourite. The examinee has to write down, in three minutes, the opposites in meaning of 50 given words. The Ætna Insurance Company provides would-be clerical employees with a sheet of 184 questions of the type: "Air and gasoline are mixed in the accelerator or carburetter or gear case or differential—say which," or "Say whether the following is true or false: 'Usually judge can we actions man by his a,'" the rearrangement of the words being put in to make it more difficult. At the head of the questions is the comforting remark that the candidate will probably not be able to finish them *all* in fifteen minutes, but should do as many as he can. It will be remembered that the use of questions of this kind by our own Civil Service Commission in one of the special post-war examinations for the clerical class provoked an uproar of criticism. Possibly their sphere is rather in the rapid weeding out of unsuitable candidates from a number who cannot be examined at length than as a part of a more formal examination. I am, however, prepared to say, after personal experiment, that anyone who could answer all the Ætna questions in fifteen minutes would be well worth employing in any office.

Once appointed the clerk or typist is paid on a definite scale with minima and maxima. These scales are worked out by the personnel or methods staff with the aid of the "job analysis," and are often very elaborate. One large insurance company has 29 grades of employee, 10 points in each scale, and three rates at each point, according to whether the employee is rated fair, good, or excellent. The grading is determined by the degree of intelligence and technical skill required in each job, and the kind of supervision received or exercised. The "ratings" are arrived at on forms resembling the promotion forms in use in our Civil Service, except that they tend to be more searching, and are franker about such things as personal appearance and manners. There are one or two unfamiliar virtues—"Selling Ability," for example, which has nothing to do with marketing the firm's goods, but is defined as "The ability to convincingly impress others with the soundness of one's reasoning." "Co-operation" is a favourite virtue, and one which has, perhaps, been rather overlooked in our appraisements. The latest development of the rating sheet is, I understand, the inclusion of space for "behaviourgrams," by which is meant "significant instances of behaviour or narratives of fact which illustrate the trait rated." This seems to add a new terror to reporting, both for the reporter and the reportee.

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The motive assigned for the standardisation of salary scales was that it protected the employer from having to pay more than a definite maximum for work of a given quality, and that it obviated the discontent produced by widely different rates of pay for the same class of work. Apparently before the system was introduced American offices were a kind of lucky bag out of which a man might get almost any salary, whatever his job, if he had been in the office long enough and had a sufficiently accommodating chief. In combination with the rating system, the salary classification has, of course, also the effect of stimulating and improving output. This latter aim, the maintenance of the maximum output which the staff can give without undue fatigue, is the main object of the office manager, and I looked with some interest to see how Americans approached it. After long years of connection with establishment work, I have arrived at a rough classification of the various possible means of obtaining maximum output, on which, no doubt, many of my hearers can improve. First of all there is the method—which makes all the others unnecessary—of obtaining the fullest co-operation and enthusiasm from the staff. Human nature being what it is, we cannot rely on this entirely in normal times. Then there is the old-fashioned method—now somewhat discredited—of close and strict supervision, aided by exact records of the way in which each employee's time is spent. There is competition, which we use very little in the public service, but which has a good deal to recommend it all the same. There is the method operating by the rationing of time—the knowledge on the part of the staff that the documents on which the work is done must be somewhere else at the end of a given period; and the allied plan of giving out the work with an *ad hoc* time limit assigned to it by the supervisor, a plan which has the disadvantage that the maximum time is apt to become the minimum. There is the method of staff rationing—close control by a central authority which assigns staff not so much on past performance or on the requisition of the operating heads as on a standard of its own arrived at by a study of the job and its possibilities, and leaves the local management to use the staff to the best advantage and to find that their rates are going up in the process. Finally there is the method of monetary incentive, and you will not be surprised to hear that this is the one which finds most favour in the United States. Of the other methods I found no very striking examples. Supervision in American offices is of the informal and affectionate type, and it is hard to believe that it is very effective. Certainly we are ahead in our methods of disciplinary control. The extraordinary mixture of nationalities and temperaments in a roomful of office workers in an American city must, of course, make any technique of control very uncertain in its effect. A supervisor of a machine opera-

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ting section in one office pointed out to me his star operator, an Italian girl, and said with pride that if she made a mistake she cried all the next day. I thought it was fortunate that she only appeared to make one once a fortnight.

The competitive method and control by statistics are both in use, but mainly in connection with the monetary incentive. The rationing of time is carried out in a very interesting way by the big mail order houses in Chicago, where each order and constituent part of an order is marked by addressograph plate with the time at which the order should be assembled in a particular packing basket, and this stamp governs its movements through every department of the office. One of the two great firms in this business had the work done on a bonus system, the other, relied entirely on time table; and the results in rates per hour were much the same. The method is carried to its extreme in the case of the girls who weigh the parcels; they stand at weighing positions at the foot of a long slope down which the parcels roll towards them, and to the horrified bystander it seems as though, if they ceased for one moment to weigh and stamp them at the rate of 550 an hour, they would inevitably be buried alive. As, however, they betrayed no consciousness of such a possibility, it must be assumed that the parcels were actually approaching at the pace which had been found to suit them.

To come to the bonus incentives. Various types are in use. In one great insurance company a department or section is taken as the unit and the cost in one particular year as the basis. Savings on that cost are shared equally between the company and the employees in the unit, including the manager or supervisor. It was claimed that this method had allowed of a huge increase in work without any expansion in the staff, and that it had a very salutary effect in influencing supervisors against asking for help, as all help was charged to them at a fixed rate. On the other hand it has the disadvantage that the fast workers have to share the profits of their work with the slow workers, and that all are liable to be driven too hard by the supervisors. I was told that it was not altogether popular with the staff, for the latter reason. The management seemed convinced, however, that it had saved them a great deal of money, while adding 15 per cent. to the earnings of the workers.

Other plans are on an individual basis, both as regards the job and the worker, and these are said to deal with the supervision difficulty by removing the necessity for supervision. A job is studied by the methods staff and a standard average is set up for it. Then the employee is paid extra if performance exceeds the standard or in some cases a fixed percentage of the standard. At the Ætna Company all output which was above 70 per cent. of the standard earned

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bonus which was based on the employee's salary—*i.e.*, an employee whose output was 76 per cent. of the standard earned an extra 6 per cent. on her salary. At a famous Philadelphia publishing house different standards were fixed for the different salary points, and bonuses were paid only if the standards were exceeded. An increase of salary was allowed if 110 per cent. of the output of the next higher grade was maintained for seventeen weeks. The standards are naturally set higher than the average normally obtained without bonus—otherwise the management would gain very little by the plan.

There are two very interesting points about the bonus system. One is the very remarkable effects on output it produces in the case of manipulative work. This is in accordance with my own observation, which has suggested to me that for accurate mental operations the natural rate, arrived at under good supervision which ensures that the worker gives his full attention to his work, is the maximum rate for long-continued labour—in other words that the rates for clerical work proper are not very elastic. A large increase in the bulk of the work or the pressure of special circumstances seems to make but little difference to the hourly output. Individuals vary a good deal, but over a large staff the general average is steady. On manipulative work, on the other hand, sorting, envelope filling, machine operating, etc., there is often a very high reserve of capacity without any conscious withholding of effort. This reserve cannot be brought into action by supervision alone. It sometimes appears under stress of an emergency. But under the influence of a bonus it materialises at once and remains in being. The rates attained are often so high as to astonish the workers themselves. Typists who have been typing certain records at 12 an hour find that they can do 28; envelope fillers find that they can stuff an envelope with three separate enclosures at the rate of 900 an hour; and so on. The other point about the bonus is that it acts as a kind of motion study. The faster workers are naturally imitated by their colleagues and the most economical movements become universal. More may be accomplished in a short time by this means than the efficiency engineer, with his cinema films of the right and wrong ways of holding the envelope or manipulating the keyboard, could accomplish alone in a year's work. Not that I wish to belittle the efforts of these researchers. Undoubtedly they can save the worker much fatigue and useless effort, and the idea they now faintly adumbrate of discovering movements which can give an æsthetic pleasure to the worker seems to me highly attractive. My point is that the incentive simplifies both the finding of what is known as the one best way and its general adoption. It does the engineer's laboratory research for him. I must not forget to mention one rather valuable fact that these

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systems bring to light. Mistakes are charged for in calculating the bonus, and in all the records I inspected it appeared that the fastest workers were also the most accurate. This fact is worth remembering by the office manager when he is told that he is speeding up work of this kind beyond the limits compatible with accuracy. The most advanced American theory holds that working slowly is a pernicious habit, and that once the operator has learned to work rapidly he or she does much more with much less strain. It may be mentioned, too, that even where there was no bonus system a quite considerable impetus was given to output by the weekly exhibition of individual results upon a notice board.

The application of the bonus system to American offices is naturally facilitated by the advanced stage of mechanisation which they have reached. Machine operations are very readily measurable—an item counter on the machine will make the necessary records for most of them. Even typing work is now usually measured by means of a stroke counter fixed to the back of the typewriter.

There is nothing very new or startling to tell about office machinery in the United States. It is on the lines along which such rapid progress is now being made in this country—the only difference is that much that is still new here is taken for granted there. This is, no doubt, partly due to the fact that the office machinery firms mainly manufacture in America and have exploited the home market first, but it is also attributable to a certain adventurousness in the American temper, which leads them to adopt a device while it is still unproved, and to scrap it as soon as something a shade better appears on the market. There is a tendency to do nothing by hand or head which a machine will do for you. A desk calculator stands on nearly every table and is used for adding even when the sum could be done as quickly in the head. Many clerical desks are equipped with side tables on which stands a typewriter which the clerk turns to when she wants to write. Americans will soon lose the use of the pen. They never write notes; they telephone; and to write anything with their own hands which they might dictate would seem unforgivable waste of time. Shorthand writing, by the way, is going out in favour of the dictaphone or ediphone. I seldom saw a stenographer taking dictation direct, but everywhere I saw baskets of wax cylinders, each bearing the record of a human voice. People do not seem to mind, once they are used to it, talking into their respective dictaphones in a room full of others doing the same thing.

The functions of the various types of machine in the economy of a large office are almost as well established as those of our typing pools. The main mechanical sections everywhere are the accounting machines, the punched card installations for statistical purposes, the

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addressing machines and the photographic apparatus. Ledger posting by hand already seems a fantastic piece of antiquarianism. The banks, retail stores, public utility companies, stock holding companies, and other large concerns all use one or the other of the various types of bookkeeping machines which, when the old balance in the account is picked up and the transaction is entered, throws out automatically the new balance. For savings accounts the banks are beginning to use a machine which does this in the passbook and the ledger at the same operation, slowing down the counter work a little, but eliminating the possibility of discrepancies. The punched card system is invading the bookkeeping field, but as yet only for "general" accounts which are summaries of a large number of individual accounts, for example premium income and surrender value accounts of insurance companies. Individual records are often kept in manuscript on cards which provide space for punching the corresponding holes, and the machines sort and list the cards to produce the totals for entry in the general account. Direct posting to individual accounts by means of the punched card system has not yet been perfected, and its uses are, as I said before, still mainly statistical. Some of the calculating machines on the market can now be connected electrically with an automatic puncher so that cards are punched with statistical data actually while the bookkeeping entries are made.

The punched card system has lately made its appearance in another field which is at present very successfully occupied by the calculating machine, that is the preparation of telephone, gas and electric light bills for the public utility companies. The system on which most of these now work seemed to me very simple and economical. No permanent ledger is kept for the customer's account. Using a calculating machine with a repeat print device, an operator prints the amount of the customer's consumption and the charge against him on four parts of a perforated bill, the first part of which is the demand for payment, the second the stub, as it is called, which the customer is asked to return with the money, the third the bookkeeping stub, and the fourth for reference in the branch of the office which deals with queries and complaints. The machine of course totals each bill, if there is more than one entry, and accumulates totals for purposes of proof. After the despatch of the customers' portions of the bills the bookkeeping stubs are filed in sequence, and removed as the amounts come to hand. In the case of a partial payment a posting would be made on the stub. By the time the next month's bills are due for preparation nothing is left in the series except the accounts wholly or partly outstanding, and these are posted to the new bill. I did not actually see the operation of the

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punched card billing system, but I gathered that it worked on a basis of a punched card for each meter reading, subsequently interpreted by the machine on the bill. The actual preparation of bills by this method is much more rapid than by calculating machine, but the card punching is additional.

It is hardly necessary to say that the names and addresses of the customers were entered in advance on the bill stubs by addressing machine. In one office they were being printed, addressed and guillotined in one operation, so that a strip of blank paper went in and perforated bills complete with names and addresses came out. An addressing machine equipment is an important part of every office which deals with a large number of clients, and considerable ingenuity is used to bring every job which requires the periodical repetition of long lists of names or other particulars somehow within its range. In one large insurance office no less than seven different lists or sets of documents, each requiring particulars a little different from the others, were being prepared from the same set of embossed plates, which of course carried the least common denominator of all the particulars, those not required for any particular operation being blocked out in the way which is no doubt familiar to you. The mail order houses at Chicago had an unusual application of the addressing machine equipment. The name and address of the customer were cut by typewriting stenciller into the actual card on which his purchases were recorded, and these cards were used for the preparation (by hand or simple treadle machine) of parcel labels in connection with a particular purchase, besides being available for use with the large machines for bulk addressing of envelopes when the firm wished to circularise its clients.

The chief piece of photographic apparatus is the photostat, a combination of camera and developing machine which is fairly well known here. It is used for various purposes in American offices and on a lavish scale. Some of the Savings Banks prepare by this means complete duplicates of their signature files. A trust company prepares the statements due at the end of the year by photographing its ledger sheets. A selective statement is obtained from a number of forms by so arranging them in overlapping sequence that only the last line of each, on which the desired information appears, is exposed to the camera. The insurance companies photograph their applications, keeping the original and sending the photograph to the policy holder. One big company does its reference work by photostat. A policy history card is maintained for every insured person, and whenever any Branch of the office wants information from the history card it sends for a photograph. I was told in that office that about 9,000 photographs a day were taken, the process

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for each photograph taking about $7\frac{1}{2}$ minutes from first to last. Opinions differed in the various companies as to whether ordinary clerical reference was not cheaper, but this method must certainly be very satisfying to the person desiring information. Another photographic development is the Recordak, a machine for the rapid photographing of a series of cheques or other documents on a continuous film. Banks use it to record cheques sent to another bank for collection. Beside the operator listing the cheques on an adding machine stands what looks like a large box with a slit in the top. As she lists the amounts she drops the cheque into the box and touches a trip. The cheque is then carried down on a moving belt past the lens of the camera. The resulting photographs are about the size of postage stamps, and the films can be stored away in a very small space. If any question is raised about a cheque in the series, the film is projected on a screen, and the person dealing with the question has a reproduction of the actual document before him.

Of other machines there were many—those I most wanted to bring back were perhaps a document counter and an envelope filler—and every office had its eager inventor about to produce a machine which would combine the functions of all the calculating, punching and addressing devices already in use. I will not inflict more detailed description on you, however, but will pass on to a branch of office management which happened to interest me particularly at the time of my visit—that of intercommunication. On the whole what I saw in this connection was a little disappointing. In New York, owing to the conformation of the buildings, there is not much scope for anything moving otherwise than vertically, but I did not even see there any attempt at what we have installed with some success in the Savings Bank Department—a continuously moving elevator which carries work in containers of uniform size and shape and is made to deliver automatically on the desired floor by the manipulation of levers on the ground floor. Pneumatic tubes are in common use in American offices for the conveyance of light correspondence, and a good deal of correspondence is avoided altogether by using for short messages the telautograph, a device by which words written at the transmitting station on a sensitised plate are reproduced in facsimile on a paper roll at the receiving station. For moving bulk work about, however, New York relies on a messenger system.* In Chicago things had moved a good deal farther, and there were several offices in which the work was “Fordized,” as people call it—that is, was carried by moving bands from the clerks performing one process to those performing the next. In one big bank two rows of cheque listers and endorsers sat facing each other at their machines, and between them along the table ran a band, discharging on to another

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band which ran along the wall the whole length of the room. As each bundle of cheques was dealt with, the machinist threw it on the band and saw it no more. All the bundles found their way to the end of the room, and thence by chute to the proving section on the floor below. The bands were so unobtrusive that one could be in the room for several minutes before realising that part of the tables was in motion.

The mail order houses connected all stages of their clerical work with bands. Starting with the section that opened the letters, they carried the work to the cash registers, then to the order-reading clerks, then to the typists who prepared subordinate tickets for multiple orders, then to the card index where the customers' records were kept and the parcel labels were prepared, an ingenious system of upright slats on the bands enabling them to be sorted as they entered the room to the path leading to the right index position, then to the addressing machine section where the tickets were numbered according to their due time and destination in the packing room, thence by pneumatic tube to the pricing section and on to the merchandise room to which they were appropriate, and finally, with the merchandise, by chute to the billing and packing room. The whole of their journey was mechanical, though human intervention was necessary at the pneumatic tube stage and to sort the orders between the upright slats. It might be supposed that in rooms striped with moving bands the movements of the pedestrian would be difficult; but with a few bridges here and there and very careful laying out of the rooms the bands were neither inconvenient nor unsightly, and they are certainly most efficient means of preventing anyone, even for one brief moment, being out of a job.

In conclusion you will perhaps be glad to hear that if the description I have given of the Chicago offices sounds a little like the horrible visions of playwrights and novelists in which the soul of man is destroyed by his own inventions, the reality did not give that impression at all. Humanity, as Dr. Johnson's friend might have said, keeps breaking in; and except for the parcel weighers, whose job I admit did chill my blood a little, the general effect was still of man working machines and not of machines working man. It is not this aspect of mechanisation which frightens Americans themselves, but the effect of it upon employment. One man after another said to me, "Here we are putting in machines everywhere because they are quicker than clerical workers; then we make motion studies to find out how to make the machines work faster still; then we give the staff a bonus which makes them work yet faster. We all do it because the others do it. But how can we be surprised that we have unemployment?" This was before the slump had gone so far as to make

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such explanations of unemployment obviously insufficient; but there is, of course, a good deal of truth in it. With every unit of human effort producing more, there must be less work to do unless production is increased. Clerical work is increasing in proportion to directly productive work, but the various labour-saving devices are at the same time modifying it in the opposite direction. It was clear to me, even in my short period of observation, that in this as in so many other respects American opinion was profoundly influenced by the views of Henry Ford, and was moving strongly in the direction of the short hours and high wages solution. The five-hour day for office workers is already in force in some places and will, it is prophesied, outlast the slump and continue into the next boom. On the fastest machine operation I saw, girls were working from 8 to 2.30 with an hour for lunch for five days a week and were earning a weekly wage of between £5 and £6. In these matters the problems of public administration are very different from those of commercial firms; but however remote the practical application, it is I think, impossible for anyone who watches the irresistible march of the machine in office life to avoid feeling a lively interest in these developments.

Printing Industries for State Use established within State Prisons in the U.S.A.

By F. R. COWELL, B.A., B.Sc. (Econ.)

I.—THE INDUSTRIAL PROBLEM IN THE PRISONS OF THE U.S.A.

OVER 150,000 people are locked up in the penal institutions of the United States, some 18,000 of which are within federal institutions, the remainder being under the charge of the 48 different states. The control of this army of convicts has created a number of serious problems still awaiting solution, and has been characterized by some spectacular and deplorable incidents in several parts of the country. Because the number of convicts is not only large but steadily increasing (it was reported in 1929 that the population of the federal prisons had increased at an average rate of 10 per cent. a year during the previous ten years¹), the problem of overcrowding and the problem of employment stand out with special prominence and demand urgent attention. Overcrowding has an obvious remedy, but the situation is far different when it comes to finding the prisoners work. The vicious and cruel effects of idleness on convict psychology are now matters of such general recognition that it is no longer necessary to advance long arguments to relate the problem of prison labour to the generally accepted moral aim of imprisonment, namely, reformation and rehabilitation of character.

Practical efforts to achieve this aim within the United States have led to some very striking developments. In many states the prisoners are hardly distinguishable from factory hands. They are employed either by outside contractors or by the State itself (the "Public Accounts" system) in large workshops at regular hours. They are taught trades in which they soon become proficient, and they are often paid wages. It is hardly necessary to say that these developments have been prompted as much by the weight of the financial burden of supporting a few thousand men as by the work-

¹ Report on Federal Penal and Reformatory Institutions. House Report No. 2303. 70th Congress, Second Session. 31st January, 1929.

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ings of an humanitarian conscience. The most striking example is provided by the State Prison of Minnesota. It is a self-supporting industrial unit. For fifteen years it has not received a dollar from the state towards the support of the 1,300 prisoners within its walls. They manufacture agricultural machinery, mowers, binders, rakes, trucks, and binder twine for use in harvesting. Travelling salesmen are employed to market these products in Minnesota and in the neighbouring agricultural states, and sales reach two and three million dollars annually. The prisoners producing these articles work eight hours a day under good prison conditions. They are paid from 25 cents to \$1.30 (1s. to 5s. 5d.) a day. Of these earnings 25 per cent. are retained by the prisoner; the remainder goes to the prisoner's family or is retained for him, if he is a single man. The state makes up the family allowance to provide for their needs so as to keep the home together. As much as \$60 (£12) a month has been paid to a family in this way.

This is a remarkable scheme. It does not seem to have had the effect of making convict life sufficiently attractive to crowd the Minnesota gaols. The proportion of the prison population to the population of the state is indeed lower in Minnesota than in most states. Few other states have been so successful in handling the problem, although many have gone a long way on the road and have established other industries which have been sufficiently successful to cause a powerful agitation for their suppression. The following table, which relates to the year 1923 (the latest for which figures are available) shows the value of the products of prison industries and the extent to which they compete with private enterprise:—

Products	Total value manufactured by free labour, United States census, 1923	Value products made by prison labour			Percentage prison made to free labour	
		Total	State use	Entering Markets	Total prison made	Entering Markets
	\$	\$	\$	\$	Per cent.	Per cent.
Twine and rope ...	86,309,404	5,588,372	3,336	5,585,036	6.47	6.47
Hosiery ...	378,732,878	1,194,727	131,208	1,063,519	0.32	0.28
Other knit goods ..	469,443,856	384,270	374,594	9,676	0.08	0.002
Shirts ...	241,331,226	12,379,721	45,088	12,334,633	5.13	5.11
Other clothing ...	3,555,197,270	9,127,802	1,111,908	8,015,894	0.25	0.22
Jute goods ...	25,421,683	350,930	214	350,716	1.37	1.31
Linen goods ..	11,390,254	857,912	791,025	66,887	7.53	0.58
Furniture ...	776,494,839	2,913,793	461,216	2,452,577	0.37	0.31
Brick and tile	312,813,459	604,502	351,759	252,743	0.19	0.08
Agricultural implem'ts	151,286,248	236,765	1,146	235,619	0.15	0.15
Lumber ...	1,494,462,031	731,212	70,745	660,467	0.05	0.04
Wood pulp ..	65,497,098	60,000	0	60,000	0.09	0.09
Coke ...	973,552,330	42,125	0	42,125	0.004	0.004
Cotton manufact'ing	2,010,141,147	1,284,244	695,566	588,678	0.06	0.03
Shoes ...	1,131,817,764	5,717,821	756,351	4,961,470	0.5	0.44

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Recent legislation to deprive prison-made goods of their market in those states which forbid the sale of their own prison products within their borders will, it is feared, greatly curtail the productivity of many a prison shop, and as a consequence will give rise to financial problems and employment problems which the industries have so far kept in abeyance. In these circumstances increasing attention will inevitably be paid to the utilisation of convict labour in the production of things which the State Government requires in the course of its daily work. Production for "state use," as it is called, is, of course, well known among schemes for prison employment. It has already had a notable development in several states where it has been carried to greater lengths than it seems yet to have been taken in England. In particular this is true in the field of public printing.

In 1923 at least 18 states were procuring some of the printed matter required in the routine of their Government business from their prisons and reformatories. They employed over 500 inmates, who produced work valued at over \$300,000.

Since these figures were compiled considerable changes have occurred. Some states have enlarged their plants and others have taken it up. Broadly speaking, the work is undertaken in the eastern and northern states and not in the south or west.

II.—ORGANIZATION AND MANAGEMENT.

Conditions within the different states naturally vary considerably. Some indication of the methods generally adopted can perhaps be gathered from the following notes and brief descriptions of some representative shops.

Massachusetts. State Prison, Charlestown (Boston).

About one-fifth of the printing required by the Commonwealth of Massachusetts is produced at the State Prison in Boston. It is situated within a mile or so of the State House, and the print shop is housed in an old building not specially suitable for the work. The equipment is as good as the cramped space will allow. It consists of one linotype, two Kelly presses, and one or two other small presses. Between thirty and forty are employed in the shop. The plant is operated for 5½ hours a day between 8 a.m. and 5 p.m. under the control of a qualified civilian instructor, assisted by a civilian foreman and a prison warder, acting as a disciplinarian, who sits on a kind of throne and has the task of preserving order and seeing that the work progresses. The absence of such a warder in other state prisons suggests that his presence here is of doubtful utility, even if it is not positively disadvantageous.

Prisoners are allowed to choose their trade as far as practicable,

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and when they have once done so are trained to master as many of the operations in the shop as possible. They are offered some inducement to become efficient in the shape of a money wage varying in amount according to their efficiency rating, which is determined quarterly, on the basis of their daily record of production and general conduct.

The product of the shop consists almost entirely of job-work forms, "blanks," and small pamphlets. By law the administrative offices are required to give the prison as much work as it can accomplish. Massachusetts has a central department¹ controlling its printing requisitions, and the work is therefore easily allocated either to the prison or to a contractor. This department supplies the bulk of the paper required, and to it the prison renders its bills. In charging for the work done some attempt is made to present a commercial bill, in which depreciation on the original investment (at 10 per cent.), rent, light, heat and power, salaries, and general industrial expenses are charged. The hourly charges actually made, however, are not the real charges incurred, but are arbitrarily assessed on the assumption that the work is performed by competent journeymen printers. This is not the case, of course, since the prison workers are not only paid a mere fraction of a free worker's wages, but are a good deal slower. By arbitrarily assessing the labour cost, therefore, at the average wage which would be paid to a competent journeyman, the prison's actual charges are made to seem not very far different from those of outside commercial firms. The Printing Department reserves its right to dispute charges made by the prison and the financial side of the matter is somewhat elastic. That a considerable profit is achieved is obvious since the labour, however slow and inefficient, is forthcoming at little more than its cost of maintenance. In 1929 a profit of 43 per cent. (\$14,206 on net sales of \$32,967) was realised. The wages paid to each inmate averaged \$50 (£10) in the year ending 30th November, 1929, an amount which a skilled printer in Boston would probably earn in a week. The profit is credited to the prison and part of it can be used, subject to the consent of the administrative authorities, for further equipment.

Massachusetts has extended this principle to an asylum for the treatment of mental diseases. The Gardner State Colony has operated a printing plant since 1924, employing about fourteen patients to produce all the forms used by the fifteen institutions under the Department of Mental Diseases of the state as well as their small annual reports.

Virginia State Prison, Richmond, Va.

About twenty men are employed. They are not allowed to choose

¹ The Administration and Finance Department.

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the trade but are assigned by the prison authorities. Any printers among the new arrivals would, of course, be taken. These have been fairly numerous in recent years, as the following table shows:—

Printers committed to the Virginia State Prison.

Period.	Number.
1st Oct., 1923-30th June, 1925	7
1st July, 1925-30th June, 1926	5
1st July, 1926-30th June, 1927	1
1st July, 1927-30th June, 1928	1
1st July, 1928-30th June, 1929	1

The shop does not rely on skilled recruits but maintains a school in which English and printing are taught two hours each week and at which a visitor is brought in to address the men once a month. A civilian instructor is in charge of the shop and the school.

Longer hours are worked than at the Boston Prison; from 7.30 a.m. to 4 p.m., with only 30 minutes for lunch. No special disciplinary steps are taken to maintain order or to hasten production. The shop is run, as far as possible, on the "honour" system, which in itself is part of an education to fit the prisoner for his return to civil life. The instructor, for instance, leaves the men at work in the shop while he goes to the State House in the city to collect work without any fear of untoward occurrences. The privilege of working in the shop is prized, for the alternative of contract labour, road building, employment on the state farm or enforced idleness all day long are known to be much less pleasant.

The equipment consists of a linotype, some Kelly presses, a Miller press, and a cylinder press. Paper is supplied by the Division of Purchase and Printing of the Department of Finance controlling the public printing of the state. Virginia, like all the Eastern states, obtains its printing by contract. The prison annually bids for the job-work contract, and always gets it, since its costs are so low. The *per capita* daily cost of maintaining a prisoner (calculated very simply by dividing the average number of prisoners each year into the entire operating costs of the prison: maintenance of buildings, grounds and equipment, cost of power, heating, education, administration, hospital and medical treatment, provisions and clothing) is low, not more than 75 cents (3s.) a day in recent years. Virginia pays its convicts 10 cents (5d.) for every day's work they do. Half this amount is given them to spend, the other half being placed in a trust fund for their benefit, which they draw on release. Regular employees in the print shop are put on its pay-roll and draw 25 cents (1s.) a day in addition. All this amount is given to the employees at the end of each month to spend if they choose.

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Operating expenses are calculated for the three main industrial shops in the prison: woodworking, clothing, and printing. The total expenses for these three shops for electricity, water, insurance, telephone, and so forth are divided into three parts, and a third is loaded on each shop. Depreciation and pay-roll charges are included and the prison therefore knows within a reasonably close approximation the actual cost of the work.

That cost is, as might be expected, considerably lower than outside commercial establishments could show.

North Carolina.

The plant in the State Prison at Raleigh consists of one linotype, a cylinder press, and two or three small Kelly presses. It executes job-work for a few departments and, like the other prison shops described, it prints the prison magazine. Only about half a dozen men are employed. The equipment is inadequate; there is, for instance, no folding machine, so that all folding has to be done by hand. In an emergency recruits are obtained for the work from the several hundred prisoners who lack other employment.

No supervisor is employed. The shop was started by a printer convict who seems to have been able to induce the prison authorities to begin it. With the small legacy of workers trained by this man the shop has continued in operation. The workers seem keen on the craft, and do not object to working early and late, as they frequently have to do, in order to acquire the necessary skill and to deliver the work required.

Pennsylvania.

Both at the Industrial Reformatory at Huntingdon and at the Eastern State Penitentiary at Philadelphia printing is produced for official requirements. The Penitentiary has the largest shop, employing about 43 men on the average. The equipment is such that would be found in an ordinary well-equipped print shop; it includes one large and one small cylinder press, one Miehle vertical press, two small job presses, two linotype machines, one monotype machine, and a ruling machine. Its replacement value is estimated at \$85,000 (£17,000). The annual value of the work done is stated as \$30,884. The work is supervised by civilian instructors and the men are paid wages averaging 50 cents a day.

Connecticut.

The State Reformatory for Boys at Cheshire employs thirty boys in its print shop, under the supervision of six civilian instructors. They are not paid wages, although they do not work solely for the state. About 10 per cent. of the output is sold to others than official

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bodies (a national association devoted to prison welfare work formerly used to have the proceedings at its annual convention printed there). The charges are made on a commercial basis and amount to approximately \$40,000 yearly. The value of the plant, which is a complete book and job equipment, including bindery, is stated to be nearly \$45,000.

New Jersey.

New Jersey is the outstanding state in the development of the State Use system. By law all printing required by the State must be obtained either from the print shop of the State Penitentiary or the State Reformatory, unless permission is given to obtain it elsewhere. Printing for the Legislature (involving about \$125,000 yearly) is not done at the prison and it is unlikely that it will ever be, if only on account of the speed at which it must be produced, often at night. Of the remainder of the State printing, valued at some \$150,000, about 60 per cent. is produced under the "State Use" system. A force of 85 men, under seven instructors, is engaged on the work, which is sold only to tax moneys within the state. The men are paid wages up to a maximum of 25 cents a day (the legally authorised maximum is 50 cents a day).

When the State's prison industries fell under the review of investigating committees, as they did in 1925 and 1929, they did not escape without some severe strictures. The print shop seems to have been less subject to obnoxious comment than others, although even here there was said to be a lack of efficiency demanding for its remedy the employment of skilled supervisors, a good cost-accounting system which would show the real share of inmate labour in production costs, a greater standardization of production, and a greater volume in order to keep the machinery at work. It was remarked that "strenuous efforts have been made to show a large paper profit," inferring that the figure of 34 per cent. actually shown was exaggerated.

The reforms demanded have not yet (November, 1930) been introduced. The method of charging ("based on comparison of outside prices with the maximum of 15 per cent. profit allowed") is inadequate, and has led to the state being penalised by using the prison products as it has bound itself by law to do. "In many cases," the last investigating committee said, "the prices charged by the prison print shop are in excess of prices quoted by private concerns." This may not mean that prison prices represented prison real costs; indeed, it is unlikely that it would, and as the profit arising is a credit to state funds the situation is not so bad as it might be. Nevertheless, it is clearly unfortunate that the absence

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of adequate statistical data makes it impossible to evaluate the financial position of the undertaking.

III.—RESULTS.

(i) *Character of the Work.*

Any fears that may be felt on the score of poor workmanship in the prisons will be fairly easily dispelled by an examination of some specimens of it. If not always of the first class, it compares quite favourably with the average product of the local commercial plants with which it is in competition. The supervisors can be trusted to see to that. Here and there complaints are heard that the quality of the work is poor and that spoilage of stock is greater in the prisons than elsewhere. This is hardly to be wondered at, but on the whole the work seems satisfactorily performed. In one instance a prison has succeeded in establishing a standard of craftsmanship which may well be the envy of any print shop. This is the Federal Prison on McNeil Island, in Puget Sound, whose print shop produces the *Island Lantern*, a "house organ" which has carried the first prize in a national competition for fine printing. This example should serve to emphasise the need for constant attention to the excellencies of the printing craft as soon as a mere technical competence has been secured.

On the whole the prison print shops have vindicated their claim to be able to turn out a satisfactory product. This is not a very startling result when the character of the printing done is borne in mind. Probably the bulk of the work done in prisons is job-work; the production of small forms and circulars, which are often required in large numbers. The composition of these forms, although it may often be rather complicated, involving a lot of "mean" work taking up a good deal of the time of even a skilled man, is, nevertheless, one well within the powers of a prisoner of moderate skill who can be given all the time he needs on the job. Presswork on an automatic machine is not likely to show more, if as much, difference as composition does between convict and free labour.

Results will naturally vary from place to place and from year to year, but, speaking broadly, prison labour, like apprentice labour, can be trusted with certain grades of work, often accounting for a large part of the official printing bill, without fear that the product will be noticeably inferior to the product of ordinary contract labour.

(ii) *Financial Saving.*

Printing is an industry which is carried on in as many various units having as many different costs as, for instance, the bakery trade. While it is therefore very difficult to make any general state-

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ments on the subject, it is safe to say that on the scale which it is likely to be conducted in prisons a saving in labour costs is likely to make a very substantial difference to the total bill. The one saving that prison industry is able to make is, of course, precisely on this heading, and there does not seem to be any doubt that, given reasonably efficient management, this saving will be sufficient to enable the customers of prison printing plants to obtain their requirements very much cheaper than they could get them elsewhere.

That this is more than a plausible supposition has been convincingly demonstrated in many states in very many industries. So formidable, indeed, has the competition from prison industry become in recent years in the trades such as aprons, overalls, binder twine, stoves, brooms, and hollow ware, where its products are marketed in competition with those of private enterprise, that a powerful agitation has arisen to curb it.

If the work is intelligently planned and assigned in regular blocks to a prison, together with equipment sufficient, but not more than sufficient, to turn it out, there should not only be little fear of a financial loss but an almost certain hope of financial gain. Whatever financial saving does accrue will, of course, be at the expense of those previously undertaking the work. The amount involved is not likely to be large, but even if it were it is difficult to formulate a principle which would forbid the state to make the saving. The financial aspect of the matter must also be considered in conjunction with the other effects referred to herein as well as in the light of the relative social costs of maintaining a section of society in industry or in idleness. On all points it is believed the State Use system will be vindicated.

The additional suggestion may be made here that a fruitful field for prison labour should be found in works which it does not pay to execute at present owing to their excessive labour cost. Sub-marginal wage groups, in other words, should find scope in fields where productivity by normal methods is judged to be below the normally "fruitful" or economic margin. In this way there would be no competition with free labour. The publication of material held up by lack of funds might be expedited if it could be given to a competent prison workshop.

(iii) *Reformatory and Educational Influence.*

In the minds of all concerned with the problems of penology this is naturally the uppermost consideration. Printing is an industry which may be highly regarded from this standpoint. It affords regular work, it is less monotonous than many factory industries, it affords a wide scope for the development of skill, for the exercise of

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aesthetic judgments, however rudimentary, and it can contribute to general education. Moreover, the prisoner working to a schedule can become conscious that he is making some contribution to the needs of organised society, even if his work is to produce the forms required for the arrest and trial of persons guilty of breaches of the law. The more varied the work the greater this influence can be, especially if it is suitably developed by the supervisor. Printing should therefore be able to exercise an influence on the character of the convicts engaged in it, which is at least as hopeful of good results as alternative prison industries, such as the manufacture of standardized baskets, bags, belts, or hammocks.

From the standpoint of the prisoner's later career when he is released, printing is (in the United States, at least) equally attractive. It is an industry whose products are in increasing demand and it offers as good an opportunity to gain a livelihood as any. It stands out in this respect in striking contrast to other industries which are very general in American prisons, such as the production of aprons, overalls, and binder twine, which are nearly all undertaken by women in the commercial world. Even if these occupations were suitable during the term of a prisoner's sentence they are clearly valueless when his sentence expires. The same is true of basket-work and broom-making, which are industries largely in the hands of blind labour.

It must be emphasized here, however, that the convict-trained printer is at a disadvantage in obtaining employment in so far as he is without the normal apprentice training of the average trade union member. The existence of a number of important "open shops" in the printing industry of the United States makes this difficulty less serious than it would be in Europe, where trade unionism and the apprentice system is much stronger.

IV.—PUBLIC ATTITUDES.

(i) *Penologists.*

The experience of those states which have embarked upon it has convinced those engaged in prison administration by a practical demonstration of these benefits. The Department of Welfare of the Commonwealth of Pennsylvania reports that "We consider the print shop as one of our most valuable industries, from a trade training standpoint." Connecticut states that the work in its reformatory has been "successful here and has proved very suitable employment." Similar favourable judgments are forthcoming from states such as New Jersey, Massachusetts, and Virginia. In Virginia, no exception to other states, the prison is able to report some very creditable successes in the men it has trained; it is said indeed that there has only

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been one failure among the released men trained as printers in six years.

Social workers making a special study of prison problems are unanimous in advocating that state printing should be undertaken as a prison industry wherever possible. Such was the view expressed in the offices of the Russell Sage Foundation, the National Committee on Prisons and Prison Labour, and of the Secretary of the National Society of Penal Information in New York, where prison print shops are supported as a valuable aid in the reformation and training of prison inmates. Most people concerned with the problem of prison administration may naturally be expected to support almost any industry which would give employment to prisoners, for the need for suitable employment is a problem beside which all the other problems of penology pale into insignificance. It is quite clear, however, that those who advocate printing as a prison industry are not merely clutching at any straw to rescue convicts from the curse of idleness but are profoundly convinced of the value of the contribution it can make to the central task of rehabilitation and training for after-life.

(ii) *Trade Unions.*

In some states among the reasons given for there being no printing industry within the prison is the fear of opposition from trade unions. Opposition of this sort is occasionally found in the states where the industry has been established. In Virginia, for instance, the printers of Richmond are reported to object whenever additional equipment is proposed for the state prison. In the State of New York the typographical unions secured an amendment to the state laws restricting the amount of public printing done by prisoners in Sing-Sing and elsewhere to that required for the use of the institution itself.

On the whole, however, a broader view is taken of the subject, and it is equally possible to find labour unions not only making no efforts to prevent the work being done but taking an active share in making it more efficient. Such is true, for instance, in Pennsylvania, Connecticut, and New Jersey.

The American Federation of Labour has taken an equally enlightened view of the problem and has placed on record in a most emphatic manner its willingness to "aid and co-operate in introducing and developing systems of real, creative, beneficial, and healthy employment for the inmates of any institution."¹ This view was expressed before the present slump and it yet remains to be

¹ Hearings before the Committee on Labour, House of Representatives, on the Cooper Bill (H.R. 7729), 70th Congress, First Session. Washington: Government Printing Office.

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seen whether it will persist in the presence of chronic industrial unemployment.

(iii) *Employers' Associations.*

What has been said above of the labour associations applies equally to associations of employers. The United Typothetae of America, the leading association of master printers, takes a broad-minded view of the problem and does not oppose state printing in prisons. Accordingly it is possible to find members of its local branches co-operating with prison officials and trade unions to give the aid in increasing the efficiency of the prison shops already mentioned. It is still possible, of course, to meet violent opponents of this or any form of prison industry duplicating private industry, even when its products are not sold to anyone but the state. The general movement of opinion, however, is definitely making these views of less account. They are unlikely to die, for they obviously have their springs deep within human nature. The classical illustration of this human motive, provided two thousand years ago by certain silversmiths of Ephesus, has too many later parallels. It is increasingly difficult, however, to find such outspoken manifestations in this tradition as that provided by some Knights of Labour in 1887 who replied to an official invitation for their aid in solving the convict labour problem by advocating the whipping post, pillory, and stocks.²

V.—CONCLUSION.

Prison printing for state use, strongly advocated by prison officials and students of penology, accepted without serious opposition by administrative departments, trade unions, and associations of master printers, has now been adopted on varying scales by one-third of the American states. It has been justified both by the benefits conferred upon prisoners and upon the state treasuries. While it has obvious limits of expansion within any one state, and can hardly hope ever to become a major industry, it is clearly capable of making a minor, but not unimportant, contribution to the problem of convict labour.

Because it is classed as a skilled occupation it should be especially valuable in the prison treatment of the convicts whose re-establishment in society does not appear an altogether hopeless task. There is therefore a likelihood that the industry will see a considerable expansion within the United States in the next few years.

² Annual Report of the Bureau of Labour of the State of North Carolina, 1887. Raleigh, North Carolina.

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In Europe, where many prisons already contain printing works in which convicts are employed, there is less hope of their extension since it is difficult for men so trained to secure employment later, at any rate in the better paid branches of the craft (as compositors or printers, for instance). Clearly the task of finding work for the released prisoners is a cardinal matter, and unless the co-operation of the unions is obtained, as it has been generally in the United States, there can be no grounds for advocating a more general adoption of printing as a prison industry in Europe.

From the standpoint of administrative control, it is interesting to note that it has been proposed by a Federal Bureau of the United States Government that branches of the government printing office should be established within each federal prison to develop and supervise the printing undertaken there. The advantages of a direct liaison with the department responsible for public printing are obvious, and such as to justify the connection if only a sufficient volume of work can be undertaken at each prison. This should not be difficult to arrange, and adequate equipment could be economically provided as soon as the scale of work had been decided.

Notes

RECENT LEGAL DECISIONS AFFECTING PUBLIC ADMINISTRATION

By F. A. ENEVER, M.A., LL.D.

SYNOPSIS:

Electricity lines—compulsory acquisition of wayleaves; Pension Appeals; The Crown and the Rent Restriction Acts; Industrial Assurance Companies; Improvement Schemes; Municipal Corporation's printing and stationery works; Compensation for dismissal—electricity scheme; Workmen's compensation; Road Making Contracts.

Electricity Lines: Compulsory Acquisition of Wayleaves.

IN West Midlands Joint Electricity Authority *v.* Pitt and others; Minister of Transport *v.* Same (173 *Law Times*, 40; *Times*, 22nd December, 1931) a matter of great public importance was decided affecting the powers and duties of the Minister of Transport and the rights of owners and occupiers of land to obtain pecuniary compensation for compulsory acquisition of wayleaves across their lands under s. 22 (1) of the Electricity (Supply) Act, 1919. These were consolidated actions against a number of defendants whereby the plaintiff Authority and the Minister of Transport (as successor to the Board of Trade under s. 39 (1) of the Electric Supply Act, 1926) sought declarations (a) that the Minister, in consenting under s. 22 (1) of the 1919 Act to the plaintiff Authority placing electric lines across land was entitled to give such consent subject to a term stipulation or condition as to the payment to be made by the Authority for the wayleave; (b) that the consents already given by the Minister to the placing of lines across the defendants' lands were valid and binding on the defendants; and (c) that an official arbitrator under the Acquisition of Land (Assessment of Compensation) Act, 1919, had no jurisdiction to assess compensation to be paid for the wayleaves.

The defendants claimed to be entitled to lump sums and applied to the Reference Committee under the Acquisition of Land (Assessment of Compensation) Act, 1919, who referred to an official arbitrator the assessment of the compensation. The defendants further

contended that the Minister, having given his consent under s. 22 (1) of the Electricity (Supply) Act, 1919, was *functus officio* and that it was not within his province to assess compensation. They counter-claimed declarations that they were entitled to claim compensation either under the Lands Clauses Act, 1845, or the Electric Lighting Act, 1882, as amended by the Acquisition of Land (Assessment of Compensation) Act, 1919.

The defendants based their claim under s. 17 of the Act of 1882 and on the "canon of construction" by Lord Atkinson in *Central Control Board (Liquor Traffic) v. Cannon Brewery Co.* [1919] A. C. 744, 752, that an intention to take away or interfere with the property or rights of a subject without giving him a legal right to compensation for the loss thereby sustained was not to be imputed to the Legislature unless such intention was expressed in clear and unequivocal language.

S. 22 (1) of the Electricity (Supply) Act, 1919, does not in express terms say anything about compensation but it was argued on behalf of the plaintiffs that the words "term, conditions and stipulations" included pecuniary as well as other terms, also that s. 11 of the Electricity Supply Act, 1922, indicated that the Legislature must have supposed that the word "terms" in s. 22 (1) of the 1919 Act included pecuniary terms.

Mr. Justice Macnaghten, in giving judgment for the defendants, stated that it was remarkable that the Legislature, if it was intended that the Minister should settle the pecuniary compensation payable to the landowner, should have refrained from saying so in express terms and, referring to s. 3 of the Telegraph Act, 1878, where the corresponding words were "subject to such pecuniary or other terms, conditions and stipulations as they may think just," remarked that if the phraseology of s. 22 was really borrowed from that section the omission of the words "pecuniary or other" would seem to be significant. If these words were to be read as included it was to be noted that the Minister was under no obligation to attach any terms, conditions or stipulations at all. The Act said that he might give his consent unconditionally. It was one thing to give a right to compensation enforceable at law and another thing to give a right to compensation at the discretion of the Minister.

He came to the conclusion that, on the true construction of s. 22 (1), the assessment of compensation was not within the province of the Minister. It was for the Minister to consider whether the proposal to place an electric line across any land should be sanctioned, and if he were of opinion that it should be sanctioned, then to consider what terms (other than pecuniary terms) ought to be attached to his consent.

Since the point whether the arbitrator could only award a lump sum was not argued, he refrained from expressing any concluded opinion on it, but there seemed to him good ground for thinking that it was within the power of the arbitrator to award an annual rent for the wayleave, if he thought fit to do so, and that in many cases it would be fairer both to the authority and the landowner to do so. If the authority sought, and the Minister sanctioned, a perpetual wayleave, a lump sum would be appropriate. But if the authority only sought a wayleave terminable at the option of the authority, or of the landowner, or of the Minister, it was difficult to see how the arbitrator could award a lump sum without injustice.

He declared that the claims of the several defendants in respect of wayleaves across their lands acquired by the plaintiff Authority under s. 22 (1) of the Electricity (Supply) Act, 1919, ought to be determined by arbitration pursuant to the provisions of the Electric Lighting Act, 1882, and the Acquisition of Land (Assessment of Compensation) Act, 1919.

Pension Appeals.

Rex v. Whytt and others, ex parte Minister of Pensions (*Times*, 22nd December, 1931) decided that the Minister of Pensions had properly complied with Regulations made under the War Pensions Act, 1921, requiring advertisement of notice of the right to appeal against final War Pension awards and that the Pensions Appeal Tribunal under the War Pensions Act, 1919, was wrong in holding that publication in one London daily newspaper did not comply with the requirements of publication in "the principal daily or weekly newspapers circulating in London."

The War Pensions Act, 1921, provided for the making of final awards and for appeals to be made within one year from the date of the awards, except that where final awards had been made before that Act was passed the appeal could be made within one year from a date to be fixed by the Minister of Pensions by regulations made under s. 4.(3) of the Act. The Regulations were made on the 7th February, 1923, and were published in the *British Legion*, in one London daily newspaper, and in several provincial daily newspapers, but in no weekly newspaper. Regulation 3 provided that:—"Notice of the right to appeal shall be published in three successive issues of the *British Legion* and in six successive issues of the principal daily or weekly newspapers circulating in London and the provinces and suitable notices shall be displayed in the local offices of the Ministry." In June, 1931, the Appeal Tribunal rejected the objection of the Ministry of Pensions that the appeal then under review was out of time, as they were of opinion that the Regulation relating to advertise-

ment of the right to appeal had not been complied with. This decision, as stated above, was over-ruled.

The Crown and the Rent Restriction Acts.

Since the decision in *Clark v. Downes* (9 PUBLIC ADMINISTRATION, 360) an interesting point has been decided as to the position where, after the Crown has assigned the reversion of a tenancy of property which but for the prerogative exemption of the Crown would be subject to the Rent Restriction Acts, the assignee has created a new tenancy. It was held that when the new tenancy was granted the property ceased to be subject to the prerogative exemption of the Crown and became subject to the provisions of the Acts (*Wirral Estates Ltd. v. Shaw*, 73 *Law Journal*, 136). The decision has been affirmed by the Court of Appeal (*Times*, 9th March, 1932).

Industrial Assurance Companies.

In *Hearts of Oak Assurance Co. Ltd. v. Attorney-General* (*Times*, 16th March, 1932) the House of Lords allowed, by a majority, an appeal by the plaintiff Company from a majority decision of the Court of Appeal, which affirmed a decision of Mr. Justice Luxmore, in an action in which the Company claimed against the Attorney-General declarations that an Inspector appointed by the Industrial Assurance Commissioners under s. 17 (1) of the Industrial Assurance Act, 1923, to examine and inquire into the affairs of an industrial assurance company is not entitled to hold the examination in public, nor to make public the information gained by him.

Section 17 (1) of the Industrial Assurance Act, 1923, provided:—

If, in the case of any collecting society or industrial assurance company, in the opinion of the Commissioner there is any reasonable cause to believe that an offence against this Act, or against the Friendly Societies Act, 1896, or the Assurance Companies Act, 1909, has been, or is likely to be, committed, the Commissioner or any inspector appointed by him for the purpose shall have power to examine into and report on the affairs of the society or company, and for that purpose may exercise in respect of the society or company all or any of the powers given by section 76, subsection 5, of the Friendly Societies Act, 1896, to an inspector appointed under that section.

Section 76 (5) of the Friendly Societies Act, 1896, provided:—

An inspector appointed under this section may require the production of all or any of the books and documents of the society, and may examine on oath its officers, members, agents, and servants in relation to its business, and may administer such oath accordingly.

Lord Thankerton, in the course of his judgment, referred to the above sections and stated that there was no express provision either in the Act of 1923 or in the Act of 1896 whether examination was to be in public or in private, or as to any discretionary power in the matter. The solution of the question would rest mainly on a consideration of the nature and purpose of the examination.

The object of the examination was merely to recover information as to the Company's affairs; it was in no sense a judicial proceeding for the purpose of trial of an offence; it was enough to point out that there were no parties before the Inspector, who alone conducted the inquiry, and that the power to examine on oath was confined to the officers, members, agents and servants of the Company.

He added that, except in so far as the statutory provisions otherwise directed, it seemed that the affairs either of a collecting society or of an industrial assurance company were their own domestic matter, and that therefore, in the absence of any statutory provision providing otherwise, the examination under s. 17 of the Act of 1923, ought not to be conducted in public. Such examination was very different from the familiar form of public inquiry by a departmental official, where parties interested were entitled to attend and be heard. The nearest analogy to the present case was to be found in s. 135 of the Companies Act, 1929, and under the corresponding provisions of the Companies Act, 1862, it had been held that an investigation was not a judicial proceeding (*Grosvenor v. West End Railway Terminus Hotel Co.* (76 *L.T.R.*, 337).

The House held that the contentions of the appellants were right and, on that footing, the following form of declaration, agreed by Counsel for both parties was made, which was stated to safeguard sufficiently the public interest:—

“Declare that an inspector appointed by the Industrial Assurance Commission under section 17 (1) of the Industrial Assurance Act, 1923, for the purpose of examining and reporting on the affairs of the plaintiffs is not entitled to conduct the inspection in public, but this shall not prevent him from admitting from time to time any persons the presence of whom is reasonably necessary to enable him properly to carry out his duty under the statute.

“Declare that an inspector so appointed for the said purpose is not entitled to make public the information gained by him in the course of such examination or of the exercise of the powers conferred upon him by the said subsection and by section 76 (5) of the Friendly Societies Act, 1896, or otherwise to make use of such information save for the purposes of carrying out his examination and of preparing his report on the affairs of the plaintiffs and for purposes ancillary thereto.”

Improvement Schemes.

In *Vauxhall Estates Ltd. v. Liverpool Corporation* (172 *Law Times*, 447) the point for determination was as to the basis of the payment of compensation for land acquired for an improvement scheme under the Housing Act, 1925.

The claimants contended that s. 46 (1) of the Act, by providing for the assessment of compensation on a materially different basis, was inconsistent with s. 2 of the Acquisition of Land (Assessment of Compensation) Act, 1919, and that s. 46 of the Act of 1925 was of no effect inasmuch as s. 7 (1) of the Act of 1919 enacted that "The provisions of the Act or Order by which the land is authorised to be acquired, or of any Act incorporated therewith, shall, in relation to the matters dealt with in this Act, have effect subject to this Act, and so far as inconsistent with this Act those provisions shall cease to have or shall not have effect."

The matter came before a Divisional Court on a special case stated by an official arbitrator appointed under the Act of 1919, who awarded alternative sums assessed respectively on the basis of s. 2 (1) of the Act of 1919 and of s. 46 of the Act of 1925, the latter basis being as a site cleared of buildings and available for development.

It was held that s. 7 (1) of the Act of 1919 does not apply to future enactments, and that at any rate the provisions of s. 46 of the Act of 1925 were so inconsistent with those of the prior Act of 1919 that the two could not stand together. According to the maxim *leges posteriores priores contrarias abrogant* there was *pro tanto* an implied repeal of the prior Act of 1919. The compensation ought, therefore, to be assessed under s. 46 of the Act of 1925.

Municipal Corporation's Printing and Stationery Works.

In *Attorney-General v. Smethwick Corporation* (73 *Law Journal*, 30; 76 *Solicitors' Journal*, 29) an action was brought by the Attorney-General at the relation of a printer of Smethwick for an injunction to restrain the Smethwick Corporation from using the general rate fund for purchasing printing and bookbinding machines and establishing a printing, bookbinding and stationery works, and for a declaration that the expenditure on these subjects was *ultra vires* the Municipal Corporations Act, 1882.

In giving judgment dismissing the action, Mr. Justice Eve stated that the argument in support of the plaintiff's case was (1) that the proposed expenditure was not authorised under s. 140 of the Act and (2) that, even if part of the expenditure could be brought within the Act, the remainder could not, because the periodic characteristic of rates raised an implication that they were intended to be used for the discharge of periodic expenses only, and not for capital purposes.

His Lordship pointed out that by s. 140 of the Act the general rate fund was applicable to and charged with the payments specified in the fifth Schedule of the Act. The general rate fund, though mainly contributed to by the general rate and other payments of a recurrent nature, was not wholly made up of those sources, and ss. 106 and 143 and some of the purposes enumerated in the Fifth Schedule were inconsistent with it being devoted solely to purposes of a recurrent and periodic character. Looking at the relevant parts of the Act he was unable to accept the view that the fund was so stamped with the characteristic of periodicity as to prevent its application to purposes not having that characteristic. If the expenditure contemplated was otherwise within Part 2 of Schedule V, the fact that it involved capital expenditure out of the fund did not make it illegal. The conclusion that the proposed expenditure would not involve an improper use of the general rate fund appeared to dispose of the relator's case, but, if necessary to determine it, he held that the expenses incurred in printing, bookbinding and stationery were necessarily incurred in carrying the Act into effect.

The decision has been affirmed by the Court of Appeal (173 *Law Times*, 96).

Compensation for Dismissal: Electricity Scheme.

In *Betts & others v. Leicester Corporation* (76 *Solicitors' Journal*, 129) a number of workmen, who were formerly employed in two power stations belonging to the defendant Corporation and had lost their employment on the closing of those stations owing to the concentration of supply from a new power station under an electricity scheme, claimed compensation for loss of employment under s. 16 of the Electricity (Supply) Act, 1919, as amended by s. 21 of the Electricity (Supply) Act, 1922. In order to fall within those provisions the loss of employment must have been suffered within five years from the date when a scheme for the improvement of the supply of electricity in any district had come into operation.

Mr. Justice Mackinnon, upholding the award of the referee under the Act of 1919 that the plaintiffs could not recover any compensation under the Act, held that the dismissal of the plaintiffs took place more than five years after the Corporation's scheme under which the closing took place came into operation, the vital date of which was June, 1924, when the scheme made under ss. 5 and 7 of the Act was approved by Parliament.

Workmen's Compensation.

The question whether an accident, which befell a workman employed by a local authority, arose in the course of his employment was determined in *Sparey v. Bath Rural District Council* (72 *Law*

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Journal, 364; 75 *Solicitors' Journal*, 813) where the circumstances were that the workman was employed in tar spraying a part of a narrow road and in sweeping a further part ready for tarring. At the close of the day the workman mounted his bicycle and, while riding away along the swept part of the road, was seriously injured by a horse which a separate contractor used for moving the tar-spraying apparatus. The County Court Judge held that the accident did not arise in the course of the employment, which decision the Court of Appeal upheld on the ground that this was a finding of fact. The House of Lords affirmed the previous decisions, but held that the question whether, on the ascertained facts, the accident arose in the course of the employment was a question of law depending on the construction of the statute, and that in this case the workman, from the time when he stopped work, was in the same position as any other member of the public.

Road-Making Contracts.

The decision in *Marsden Urban District Council v. Sharp & another* (9 *PUBLIC ADMINISTRATION*, 476) has been affirmed by the Court of Appeal (48 *Times Law Reports*, 23).

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THE SOCIETY OF INCORPORATED ACCOUNTANTS AND AUDITORS

A.D. 1885

EXAMINATIONS

NOTICE is hereby given that the next examination of Candidates resident in England and Wales will be held in London, Manchester, Cardiff and Leeds on the following dates:—

PRELIMINARY EXAMINATION	..	October 31st and November 1st, 1932
INTERMEDIATE EXAMINATION	..	November 2nd and 3rd, 1932
FINAL EXAMINATION	..	November 1st, 2nd and 3rd, 1932

Candidates desirous of presenting themselves must give notice to the undersigned on or before September 27th, 1932

By order of the Council

Incorporated Accountants' Hall,
Victoria Embankment,
London, W.C.2.

A. A. GARRETT
Secretary

3443

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The Journal of the Institute of Public Administration
Palace Chambers, Bridge Street, S.W.1

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Contributions should be addressed to THE EDITOR, PUBLIC ADMINISTRATION,
Palace Chambers, Bridge Street, Westminster, S.W.1.

Books for Review should be addressed to THE EDITOR.
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Summer Conference, 1932

THE Summer Conference of the Institute of Public Administration will be held in Trinity College, Cambridge, on 24th to 27th June, 1932. The Chair will be taken on the Friday by Sir Austen Chamberlain, K.G., M.P.

The following papers will be discussed:—

Friday, 24th June.

DEPARTMENTALISM AND EFFICIENCY (2 sessions).

10.30 a.m. Sir Josiah Stamp, G.B.E., D.Sc., LL.D., F.B.A.

2.30 p.m.

See pages 220 to 231.

Saturday, 25th June.

THE PRACTICAL LIMITS OF TAXABLE CAPACITY.

10.30 a.m. Sir Basil Blackett, K.C.B., K.C.S.I.

See pages 232 to 241.

Monday, 27th June.

THE PRACTICAL LIMITS OF RATEABLE CAPACITY.

10.30 a.m. Mr. Frank Hunt, C. V.O., F.S.I. (Valuer, L.C.C.).

CO-ORDINATION OF ECONOMIC POLICY IN GOVERNMENT DEPARTMENTS.

2.30 p.m. Mr. Colin G. Clark (formerly Assistant, Economic Advisory Council).

See pages 242 to 260.

Note.—The Sessions of the Conference are private and will not, therefore, be open to the Press.

Departmentalism and Efficiency¹

By Sir JOSIAH STAMP, G.B.E., LL.D., D.Sc., F.B.A.

[Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, June, 1932]

1. It is common ground that general services, where uniformity of standard and specialised knowledge are desirable, can well be given by independent departments which, while contracting to order, only do so on standards of their own and with rights of independent judgment and criticism. For example, we now have the supply of property, offices, furniture, &c., by the Office of Works, stationery, printing, paper by the Stationery Office; personnel by the Civil Service Commission. The present question is whether the same idea

¹Originally written and submitted as supplementary evidence to the Royal Commission on the Civil Service (1929) under the following title:—"Memorandum upon Methods of Adding to the Efficiency of Organisations which are Departmentalised by Functions," and referred to in paras. 594-7 of their Report, as follows:—

594. One witness suggested to us that provision should be made for a small section of highly trained staff whose duties should comprise independent criticism and co-ordination of the machinery of Government. [Question 22,457.] In the view of this witness the problems of management had become so specialised that they required to be studied by officers specially selected and trained for the purpose. This suggestion was based upon a scheme in operation in the United States of America where a small section of public servants is engaged upon these duties under the immediate control of the President.

595. We think that provision should be made for the continuous overhaul of the machinery of Government by a small specially trained staff recruited from the Service generally, and we recommend that steps should be taken with this end in view. We recommend that this staff should be borne on the Treasury Vote; that the necessary surveys should be carried out jointly by members of this specially trained staff and of the Department for the time being under review; and that reports should be submitted both to the Treasury and to the Head of that Department.

596. The Treasury is already regarded as a clearing house for questions concerning improved organisation, labour-saving devices and the like. This recommendation is, therefore, only a further development of the functions already in part performed by that Department. We attach importance, however, to these surveys forming part of a systematic and periodic overhaul of the whole of the machinery of Government, whether or not proposals involving increased expenditure in the Department concerned have been submitted to the Treasury.

597. In recommending the creation of this machinery we aim at promoting efficiency and economy by securing that problems of departmental organisation are studied by minds specially trained in dealing with them. We consider that officers should normally be seconded for these duties for a period of a few years only.

We do not intend by this recommendation to suggest any arrangement which would detract from or diminish the authority or responsibility of Heads of Departments in the management or direction of their Departments.

is not capable of considerable extension without further elaborating permanent departmental organisations. The desirability and possibility of extension arises because office and operating functions that were formerly regarded as everybody's business and "something that every gentleman ought to know by the light of nature" are emerging as worthy of separate scientific study and specialisation. Not many years ago, except in one or two departments of the State, statistical and economic intelligence were regarded as the province of any of the staff, quite interchangeable, and generally given to the weaker end, or fool of the family. Nowadays it is recognised that a high degree of natural aptitude, specialisation and outside co-ordination are the truest economy.

2. Whenever I have enlisted the services of the National Institute of Industrial Psychology for *ad hoc* investigations, they invariably include in their reports a great deal of matter of this hitherto general character, and make comments on an aspect which is obvious enough when it is once pointed out, so that people exclaim that any decent works manager ought to have seen to it himself long ago. These questions include the position and height of desks, benches, lathes, &c., particularly the position, colour and intensity of lighting, the movement and position of objects, papers, waste, &c., and many other semi-physical, semi-psychological surroundings or adjuncts.

The Managers of Departments or areas rarely like these reports at first; they seem to feel in them some reflection that they themselves ought to have seen these things, or say that they involve the expenditure of money and anyone could have made propositions of this kind; but without the pseudo-scientific backing of such a society no such expenditure would have been welcomed by the management. Somewhat similar remarks apply to vocational guidance both before and after entry of workers. Experience of *ad hoc* investigations of this kind lead one to consider the wisdom of having a systematic and standardised control going through all departments in place of expecting each works management or department to acquire this specialised technique for itself. The supreme management, therefore, must increasingly override the natural desire of the head of a department to manage its own affairs in such particulars as these, and put in, by committee or official, a special inspection or agency of criticism and change. External judgment by figures is generally by itself powerless to show whether all is perfect or not.

3. My experience in connection with a large industrial combine was that the continual transfer of small matters, considered only of general interest, to an overriding technical or special service department, with powers of inspection, control and initiation, was at first accompanied by considerable friction. The head of each department

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or locality felt that he was being robbed of his own autonomy—he became a mere producer to order, and not a general manager—but as the good effects of these transfers, made with due regard to the human factor, and to the susceptibility of position, were seen, this feeling died down. The amount of generalised experience open to the “invading” authority was so much greater than the head of the department himself had time to obtain, that he saw the wisdom of suffering the incursion and even of welcoming it, and he began to confine his opposition merely to the supply of his own local and special conditions which might modify the application of a general principle, rather than fight either the principle, or the introducer of it.

4. A further experience of a very striking and successful kind has come to me in the field of “forms”—the psychology of those who fill them up and those who use them; their make-up physically, and the objective representation of real functions behind them. I have come to the conclusion that no highly diversified institution of considerable antiquity can move faster than its forms allow it; that accumulations from the past clog its progress and that overhaul from within has rarely the qualities of objectivity and of “looking at familiar things as though they were strange.” Where a single function of Government or trade activity affects a large number of departments, there is from first to last a long chain of forms entailed by a “case” and this chain, owing to its complexity, and the way it dives in and out of the different departments concerned, is nobody’s business to look at as a single action. The forms involved are rarely in fact put in a line and related to each other and criticised with an outside view. Departments naturally consider that they ought to be masters in their own house and know far better than anyone outside can tell them by their long experience what forms are necessary and how they should be worked. They will suffer experts to *buy* them as a common function of all departments, but criticism of them is another matter, particularly on the creation of new forms. By the introduction of a specialist over a large number of departments I succeeded in two years in halving the stationery bill, a very large number of forms vanished completely from existence—the mere fact that an investigation was in prospect sufficed to produce an automatic and silent reduction; the different types of paper that were required had much closer regard to the total physical usage in each case and length of storage. The highest economies were secured from reducing the classes of paper, the sizes of the cuts and the general scrutiny of long series covering a number of different departments begins to yield its results in cutting out functions altogether. Such an agency cannot easily achieve success if it is not personally responsible to the head of the whole concern. Heads of depart-

Departmentalism and Efficiency

ments are assured that no functions are to be interfered with in work for which they are held responsible, without their consent, but they are put on their defence when criticised. They have no power to come to decisions in favour of their own view unless in the first place they can convince the critic or inquirer.

5. The great objection to all such methods is the old theory that “if a man is chosen to be the head of a department, he must either be trusted, or not, and if he is not, he ought to go.” This doctrine, with all deference, is sheer nonsense. Trusted he must be, upon all the main activities of, and operations for, his department, but he cannot be regarded as an expert in the hundred and one matters that are now emerging for special experience, experiment or judgment. Nor should he pass a layman’s judgment upon experts’ reports dealing with the special aspects of actions and subsidiary organisation of his subordinates, for this judgment will vary with the different heads of departments, and a lack of uniform stringency results. The head of a department is so busy with his major functions that reports of what is actually happening in detail at the circumference are generally drawn by the relatively subordinate, and frequently are unconsciously directed to justifying the *status quo*, because they might reflect on past management and decision by seniors, and a “man never knows where the whirligig will put him in relation to those criticised.” Criticism must be made by someone outside the department, who is not subject either to fear or favour, with the knowledge that the judge in the case of difference of opinion will be beyond the department itself.

6. Another example of an over-riding criticism or supervision that has been highly profitable in its results is an independent back checking or audit of the results of new ventures and expenditure, made direct to the head of the concern by people with high technical qualifications, independent of the department.

Departments have been responsible for putting forward proposals for capital expenditure, the justification for which has been certain economies or increased earnings. When these proposals have been finally given effect to it is of prime importance to determine accurately whether they have been justified by events. Should the department be relied upon to make its own reports, bury its own mistakes and do its own criticism?

The results of independent audit with technical criticisms have been very profitable. In the majority of cases they have justified the care and accuracy of the original prognostications. But in a minority of cases they have thrown up a number of side-lights in the course of criticism and explanation of differences which have been of immense value in future enterprise and which had not been

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observed by the people actually working the machine. In one or two instances they have unearthed and brought bad work to book. to book.

7. The methods of *job analysis* and *time studies* have two characteristics. There are certain general principles and comparative methods which extend beyond the confines of any departments. There are certain particular applications which can only be understood departmentally. A combination of the outside guidance and co-ordination and criticism with the inside specialised knowledge is essential to produce good results.

8. For all these reasons, and to avoid the multiplication of permanent standardised departments with rights of entry and too great a subdivision of labour, a "flying arm" of co-ordination and criticism attached to the office of the supreme control, with rights of entry to the departments and criticism and examination at any point, is likely to have important psychological and critical value. If the head of a department is assured that no changes can be made without full rights of representation and reference, the question of his dignity and autonomy are met.

9. What is the application of all this theory and experience to the problem of Government? I have made some study of what has been achieved in the United States by the method of Budgetary Control, originally initiated by the present U.S. Ambassador to this country. The general principles underlying that control are as follows, in the words of General Dawes himself:—"Everything which is said herein, including that as to the executive power invoked and methods followed, refers essentially only to a device for the more correct routine business functioning of a corporation or of a government—a device which is entirely impartial and non-political, affecting in no way the general policies of either the corporation or the government but designed only to assure that the money appropriated for carrying out these policies be spent in the most economical and effective manner.

"Faults in routine business systems of private enterprises are generally soon corrected or resulting financial difficulties force those enterprises out of existence. Faults in routine business systems of government often remain uncorrected indefinitely, as governments depend upon taxation for their essential revenues and not primarily upon efficient operation from a business standpoint.

"Countries, whatever may be their government or the political party in power, suffer equally at times from disadvantages which are inherent in faulty administration. Routine business under any governmental or private business system generally speaking will be as good as the system makes possible.

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"Proper business organisation must insure not an intermittent and outside, but a continuing, internal executive control, concerned always and only with proper routine functioning and unconcerned with general policy save economy and efficiency. Outside control may occasionally stimulate efforts for economy and efficiency in routine functioning, but its effects are only temporary.

"In general, governmental routine business machines work poorly or well according as their internal adjustments resemble those which experience has demonstrated as essential to good routine functioning in private business organisations." He tells the story of the original inspection—"To cope with my immediate situation and the pressing demands for economy in governmental expenditures, I had at my disposal as Director of the Budget what in effect was the British Treasury control system, for the new budget act authorised the formation of an organisation which was simply an embodiment of it. My powers under it resembled many of those now exercised by your Chancellor of the Exchequer, but unlike him, who is responsible to a Cabinet, the act made me responsible to one man, the President, just as in the formation and operation of my Army organisations in France I had been responsible to the Commander-in-Chief.

"My intensive study of the British Treasury Control system at this critical time, as a potential agency to be used in effecting immediate government economy, was made under strained conditions and involved the careful weighing of grave alternatives. Because of my Army experience, I recognised immediately and instinctively the defects of the British Treasury control and co-operating audit system as an exclusive agency to secure economical routine business functioning. Accordingly, while organising and operating my office practically in accordance with the British Treasury control system, I used in my methods and work, in addition to the powers created by the budget act, other powers derived from the President to correct certain demonstrated defects of the British system. Your Chancellor of the Exchequer, under an appropriate grant of power from the Cabinet, would be in a position to do the same. I will discuss further on the defects, the method of correcting them, and the economic principles involved, and concern myself in the first instance with the immediate course of action I followed and its results, made possible only through the exercise of these additional powers, not conferred by the budget law but by executive delegation.

"Let me again refer to the situation which I confronted on 23rd June, 1921, the day I assumed office. On 30th June—a week later—all the governmental departments and independent establishments of the United States were to start spending the money which Congress had appropriated to carry them through the fiscal year then

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commencing. In this emergency neither the President nor the public nor I could be satisfied with anything but an immediate reduction in operating expenses below existing authorised governmental appropriations. Sir Edward Hilton Young in his book 'The System of National Finance,' in discussing your Treasury control system, says:—

'It is at the time when they (the estimates) are being discussed and formulated in detail in the departments that economies can be made in his (the taxpayer's) interest; when they are being passed in Parliament in blocks and undiscussed it is too late. Once the estimates have been published by the departments which draw them up the taxpayer's fate is sealed.'

"It is evident, since our appropriations at this time not only had been published as estimates but established in law, that unless I could devise a system differing in its methods and results from the British Treasury control system, not only the taxpayer's fate would be sealed but my own as well. In emergency nothing but immediate action avails. At my request the President called a meeting, held six days later (29th June) of the business organisation of the United States Government, consisting of the President, the Cabinet Heads of Departments, and from 1,200 to 1,500 bureau chiefs and others representing all sections of the routine business operating staff. This meeting, besides visualising for the first time in our history the business organisation of the United States Government, gave the President and myself, as his agent, opportunity to appeal for co-operation in the effort to reduce government expense to the *esprit de corps* and loyalty of a great and powerful organisation, whose officers and rank and file up to that time had functioned with but little sense of their individual responsibility to the Government as a whole as compared with that they felt to their own particular department of it. As explaining the nature and the practical result of the meeting, I quote two extracts from my speech on that occasion.

'The President says—and his word goes because he is head of this governmental business corporation for which we are all working, that none of us are now allowed to assume that our congressional appropriations already made—I am talking now as a bureau chief—none of us are allowed to assume that the amount of those appropriations for the year commencing this 1st July, or any other year, necessarily constitutes the minimum of expenditures during that year.'

In closing my speech, quoting from the stenographic report, I said:—

'Fellow Bureau Chiefs, are you willing, after hearing what I have said, that I should now represent you in addressing myself directly to the President of the United States with an assurance

Departmentalism and Efficiency

of your co-operation in his request for a reduction of governmental expenditures? If you so agree, if you are willing, will you indicate it by standing? (The entire audience arose.) The President of the United States arose, followed by applause. The Cabinet and other Officers on the platform also arose.

'I wish to say to you, Sir, that the men before you realise the cares and perplexities of your great position. They realise that at this time the business of our country is prostrated, that men are out of employment, that want and desperation stalk abroad, and that you ask us to do our part in helping you to lift the burden of taxation from the backs of the people by a reduction in the cost of Government. We all promise you, Sir, to do our best—to do our best.

'To which the President of the United States responded:

'"I thank you all for your presence and your commitment to this great enterprise."'

"At the time of this first meeting, 29th June, of the routine business system of the United States, presided over by the President, the heads and bureau chiefs of the forty-three departments, and independent establishments of the Government there represented had been authorised through appropriations already made by Congress to spend for the fiscal year 1922, upon which they would enter two days later, the sum of \$1,834,865,762.01. As a result of this appeal to them as a united organisation after less than three weeks of consideration and revision of what they had formerly regarded as their necessities, they had promised to save \$112,512,628.32 out of their appropriations, which amount at my suggestion they set up on their respective departmental books as a savings reserve for the year. This amount of savings under appropriations was increased steadily all through the fiscal year under a new system of internal executive control, made up without additional expense from the existing body of governmental employees, which we almost immediately established. I have at hand the figures of savings under appropriations as they existed in March, 1922, representing the results of the effort for only the first eight months of the fiscal year 1922. At this particular time this savings reserve under appropriations had increased from \$112,512,628.32 to the sum of \$143,171,816.63. In other words, of the amount appropriated for them to spend in 1922, as a result of the new system they saved 7-8/10ths per cent. in the first eight months of its operation. This amount of appropriations saved, however, large as it was, only represented the smaller portion of the total reduction in the cost of the routine business operations of Government for that year, which chiefly resulted from the inauguration of the new system of executive control. We afterwards estimated

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and itemized in an official report to Congress, covering 170 ordinary book pages, the final savings for the year as amounting to \$250,134,835.03.

"Many of the improvements in methods of business functioning resulting from the inauguration and operation of the new system of executive control during that first year, which were very productive in large savings in later years, are described in the itemized report for the first year opposite comparatively small sums in the column of savings realised. On the other hand, under the better methods of a proper business system there were effected certain savings that first year, as for instance in the operations of the United States Shipping Board, which for exceptional reasons were much greater than in any succeeding years under the same improved business system. Again, the greater the preceding inefficiency, the more impressive always will be the beneficial effects of the institution of proper business functioning."

10. A more detailed application of the American Budgetary Control System to the Departments it is not for me to give, but I am acquainted with their general methods and find them in principle singularly parallel to those that I have referred to as having a valuable application in business.

11. It is not for me to say how far the British Treasury Control System is in itself perfect and renders such methods of extra-departmental criticism unnecessary or superfluous. Nor do I care to enter into a constitutional discussion of the extent to which any such methods are impossible in the British Civil Service owing to the doctrine of Ministerial responsibility. I apprehend that if these methods keep clear of policy and deal only with functioning and co-ordination, they need not be repugnant to that doctrine. Nor should I care to say whether the independent arm of criticism should be responsible to the Head of the Treasury or to the Prime Minister. Very much would turn upon the *scope* of their rights of inspection and criticism. But I am perfectly clear from my past inside knowledge of Government Departments that there are still objects of expenditure which are regarded as being a part of the scope of general management, but which could with profit be made the object of specialised criticism of an *ad hoc* character. The very fact that the Head of a Department, or its immediate subordinates, have lived all their lives in that Department and in discharge of those functions, conscious of the etceteras, but never focussing upon them, is in itself a *prima facie* reason for wondering whether objective criticism would not be of considerable assistance to the Heads of Departments.

12. It may be of interest to state the duties of co-ordinators under the American system.

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"To establish contact with and confer with every branch of the Executive Government within the area, to impress upon them the need and policy of co-ordination, and to instruct them in the use of the co-ordinating machinery. It is not the function of the co-ordinator to assume any duties for the performance of which other officials are now responsible, but it is incumbent upon him to point out where savings may be made by co-ordination, co-operation, or combination, and to insist that the several officials concerned take positive steps to effect the desired result or show conclusively that it is impracticable.

"It is intended that the rule of reason should apply to these instructions, that the duties laid down are to be performed so far as facilities permit, and that primary attention be given to the larger activities; others to follow in order of importance. Reports to the Chief Co-ordinator are only to be made where remedy appears desirable and cannot be arranged between the co-ordinator and the branches concerned. Reports to the Chief Co-ordinator with respect to deficiencies in any branch must include the co-ordinator's recommendation as to remedy and a statement that the matter has been considered by the branches concerned (giving names of the officials) and no satisfactory action taken by them or by their superiors. Each report to the Chief Co-ordinator should in general relate to one subject only. All official correspondence with the office of the Chief Co-ordinator should be addressed to the Chief Co-ordinator and not to any individual officer attached to the office.

"Co-ordinators are authorised to confer directly with the immediate heads of activities being inspected without the necessity of adhering strictly to the rules of procedure of the branch concerned. It will be the duty of the official concerned to advise his seniors in the premises. Co-ordinators will realise that a great deal depends upon their tact in these matters and deference should be paid to the rules and customs of the various departments so far as they do not interfere with the prompt and direct conduct of business. Controversy is obviously inimical to co-ordination and must be avoided except as a last resort. Every effort will be made to establish direct personal contact with other national officials and, in so far as is practicable, to transact matters of non-routine business by personal interview."

Ambassador Dawes goes on to enumerate various subsidiary illustrations of his principle:—

"Purchasing—(1) To inspect all Government purchasing offices, to see that sound practice and Government policies are carried out and that methods are enforced to insure the substitution of new or used material on hand in the same or other departments before purchase is made (this will often require tracing back by the purchasing office to the office certifying the requirements; (2) to suggest substitutions to the branches concerned and to report action in their

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respect to the Chief Co-ordinator unless convinced by the branches concerned that such substitution is impracticable. (3) To direct the postponement of purchases when no emergency exists and when it appears that the desired material may be obtained from another branch of the Government, making special report in such cases to the Chief Co-ordinator; (4) to report improper or inefficient methods to the Chief Co-ordinator; (5) to recommend combining of functions whenever it may appear practicable.

"Stock on hand.—(1) to inspect accumulations of material on hand; (2) to ascertain if it has been inventoried, if inventories were accurate when taken, if they have been kept up to date, if a stock record is kept, if they have been reported to an office whose duty it is to declare all or part of it surplus, if such declarations have been made, if the descriptions on inventories are sufficient for identification for sales purposes, if sales or transfers to other departments have been made, if physical deliveries are being made, if proper facilities exist for the same, if the stocks are properly cared for to prevent deterioration or loss, if new stock is being issued when serviceable used material is available; (3) to report any stocks found which have not been inventoried and reported, and any which, although reported and not declared excess, are, in the opinion of the co-ordinator, in excess of local requirements and available for transfer or sale.

"Reserves. To ascertain if any items of such reserves consist of articles which will deteriorate rapidly or become obsolete if not made use of within a reasonable time or for which spare parts will no longer be obtainable; if any articles are being maintained in the reserve, suitable substitutes for which are in daily commercial use for general consumption, and which could, in the event of an emergency, be obtained without delay or without crippling industry or interfering with the normal life of the community from which drawn.

"Property in use.—(1) To inspect real and personal property in use or installed for use, including grounds, buildings, machinery, equipment, furniture, &c.; (2) to ascertain if it is continuous or in part use, if it has been reported as available for transfer or sale, if it is required to be retained by law or departmental order, if it is being properly used or preserved; (3) to recommend any discontinuance or disposition.

"Operations (1) to inspect Government activities and operations; manufacturing, repairing, agricultural, transportation, educational, or otherwise; (2) to report duplication, waste, or inefficient use of material, equipment, or personnel.

"Transfers.—(1) To inspect activities in connection with the transfers of material between different branches of the Government; (2) to verify the actual necessity for the material on part of the receiving branch; (3) to ascertain that the physical transfers of material are

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economically made; (4) to report any deficiencies in the above respects to the Chief Co-ordinator; (5) to determine the price at which transfers shall be made in case of disagreement between the branches concerned, which price shall be current market price, with proper differentials for carrying charges (not Government storage) and with reasonable depreciation for used or deteriorated material.

"Sales.—(1) To inspect activities in connection with the sale of surplus material; (2) to see that sound practice and Government policies are followed; (3) that the expenses of the sale are reasonable; (4) that improper charges are not made against proceeds; (5) to report any deficiencies in the above respect; (6) to postpone any sale when it appears that it is not to the financial interests of the general Government for it to continue, making immediate report in such cases to the Chief Co-ordinator.

"Adjacent areas.—To keep in touch by correspondence with the co-ordinators of adjacent areas with a view to effecting economies by interchanging material between areas when such transaction would be to the financial interest of the general Government.

"Record.—To maintain a brief record of the movements, duties performed, and results obtained by himself and staff, forwarding copy of same to the Chief Co-ordinator on the last day of each month. This report will be historical only and is not to contain recommendations or requests requiring action. Such should be made the subject of separate correspondence."

13. I put my summary of this question no higher than this: Departmental division by main function must pay regard chiefly to the excellent and fit discharge of that function, which is *distinct* from the main function of operating or thinking in every other department. But associated with it are (1) methods, principles, adjuncts and minor functions which are *similar or general* through many departments and (2) matters for co-ordinated research. In these, excellence in main functions connotes no necessary special fitness or experience. These questions are too general, casual or occasional for permanent additional departmental interference. There is scope for the evolution of a new type of useful interference and assistance, which may differ according to the Governmental or business setting. It is an exterior audit, not of figures, but of efficiency.

It is not unreasonable to suggest that the evolution of business and governmental functions is throwing up matters for specialised treatment in such a way that the old single principle of departmental autonomy plus permanent specialised service departments, is no longer adequate for all purposes, and *that a new type of auxiliary control, criticism and ad hoc special service as an addition to that principle, is now justified*, not in any way as a criticism of the past, but as required to meet the developing needs of the future.

The Practical Limits of Taxable Capacity

By SIR BASIL BLACKETT, K.C.B., K.C.S.I.

[Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, June, 1932]

TAXABLE Capacity is a very difficult concept. It is not made easier by the fact that a parallel discussion is being undertaken on "the practical limits of rateable capacity," which seems to imply that a number of fundamental questions are to be begged.

In a State so organised that the Government controlled and carried on the whole business activities of the citizens, the first call on the State's incomings would be to provide a minimum standard of existence for every individual in the State, sufficient to enable him or her to carry out with reasonable efficiency the daily task allotted by the State. On the assumption that the Government was not content to see standards and efficiency progressively decline, a further part of its incomings would be needed to provide for depreciation and obsolescence. If gradual improvement was included in the objectives of the Government, a further contribution from its income would be devoted to providing new capital for new development. Or perhaps it might better be said that the aim of the Government would be, after providing for subsistence, depreciation, and obsolescence, to have as large a margin as possible of income over that part of its expenditure which it had to incur upon the necessary overhead charges of Government such as administration, police, defence.

In a sense as the whole income of the nation accrues to the Government it might be argued either that there was no taxation or that income and taxable capacity were identical. A better idea of the true position would however be given by saying that both the theoretical and the practical taxable capacity was the margin between the minimum sums required for subsistence, depreciation, and obsolescence and the value of the services rendered by the citizens individually in production and distribution of goods.

If we start from the opposite end and imagine a community of free men and women, strongly individualist in outlook, newly

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arrived in an uninhabited but fertile island, the Government which they would set up would be entrusted at the outset with only those tasks which by common consent must be performed collectively on behalf of the community, such as the maintenance of law and order, the provision of means of communication, public sanitation and public health administration, if any, defence, and the provision of an executive and legislative authority. The charge for these services would have to be met out of the surplus production of goods and services by the individual settlers after providing for their own subsistence (including, again, depreciation and obsolescence provision). Any further surplus would be retained by the settlers to improve their own estates and increase their own standard of living.

In this case the practical limits of taxable capacity would be the amounts, probably very small and probably always insufficient for good government, which the majority of the settlers could from time to time induce themselves and the social conscience of the community as a whole to agree to spend collectively and to spare individually.

The Institute of Public Administration has shown by the title chosen for this paper that its interest is not so much in the theoretical economics of the question of taxation as in its practical aspects. The two theoretical cases given above serve, however, to bring out certain important points regarding the practical limits of taxable capacity, and certain important assumptions which have to be made in order to make reasonable discussion possible.

It has to be assumed that—

- (a) It is contrary to public policy to levy taxation which reduces the capital assets of the nation; that is, that revenue from taxation must come out of the accruing income of the citizens.
- (b) Taxation will be levied solely for the purpose of serving the collective purposes of the State, and not for the private purposes of a ruler or a class (the maintenance of the ruler in a sufficiently dignified style is of course a collective purpose).

Granted these assumptions, the practical limits of taxable capacity at any given time in any given State depend almost entirely on the historical evolution of the State and on its political philosophy and on the purposes on which the proceeds of taxation are spent.

One limiting factor is common to both the cases taken above, and may be regarded as of general application, viz., the amount required for subsistence, depreciation, and obsolescence must be left with the individual citizens, and cannot be taken in taxation.

It follows further that the value of the services rendered by the citizens individually in production and distribution of goods must provide a margin over the cost of subsistence, depreciation, and obsolescence sufficient to cover the minimum overhead charges of govern-

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ment. Unless this exists, the nation will perforce be living on its capital. In other words, the minimum required for subsistence, &c., includes the subsistence of the personnel and the maintenance of the equipment employed in carrying on the minimum government services.

One further generalisation is involved in the above, viz., that tax revenue comes out of the value of the services rendered by the citizens individually; that is, out of industry, and from no other source.

It is true that a country may have natural resources of a special kind, *e.g.*, coal, oil, gold, forests; but it is only when exploited by the industry of its citizens that these become of value and provide an opportunity for the tax-gatherer.

It is true also that a nation, or some of the individuals composing it, may have income from abroad arising out of past investment or from historical accidents. This income is, of course, a potential subject of taxation, but it may properly be regarded as the fruit of past industry and so coming within the above generalisation.

We can now proceed from the general to the particular, and consider what is presumably the main subject for discussion, viz., the practical limits of taxable capacity in present-day Great Britain.

Taxation is raised in Great Britain to-day for the following main purposes:—

- (1) The ordinary overhead charges of government, such as general administration, law and order, defence.
- (2) Economic and social regulation, *e.g.*, maintenance of standards of quality and quantity, weights and measures, factory inspection, &c.
- (3) Constructive social services, such as health, education, museums, parks, scientific and industrial research.
- (4) Preventive social services, *e.g.*, provision for destitution, old age and widows' pensions, unemployment insurance (so far as paid for out of taxation).

(The dividing line between (3) and (4) is not well marked and may even shift from time to time.)

- (5) Public works, either (a) in connection with heads (1) to (4) or (b) works of economic development, such as roads.
- (6) Debt services.

It is convenient to exclude from a study of taxation questions government expenditure on the provision of services to the public, *e.g.*, postal, telegraphic, and telephonic services, which are paid for by the customer according to his use of those services. It has to be noted, however, that the letter post is at present used as a convenient means of taxation over and above the charge for use; a procedure

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which sins against the well-grounded maxim that a tax on communications is a bad tax.

The Road Fund, fed by taxation of motorists, is also most conveniently treated not under the head of taxation, except in so far as, like the Post Office, it is taken advantage of by the State to raise a surplus for general expenditure purposes, but as a method of providing a public utility service at the charge of the customers of that service. It is, however, doubtful whether the surplus in question is a real one or whether motorists do not get the service too cheap.

Of the six heads of expenditure given above, (1), (2), and (6), together with such public works as belong to them, may be regarded as all belonging to the normal overhead charges of a civilised government in modern conditions. Expenditure under head (4) may be said, under the British system, to be broadly in relief of rates. Expenditure under heads (3) and (5) (b) represents to a large extent an alliance between the rating and taxing authorities to carry out collectively on behalf of the community beneficial services which would otherwise be provided for, if at all, by individuals out of their own surplus of income over expenditure on mere subsistence.

The relation of Debt Services to taxation requires special treatment.

Payments for interest and amortisation of external debt involve the abstraction from industry of a portion of its earnings for the purpose of remittance out of the country. Industry has, in fact, to work a certain number of days a year for the benefit of a foreign creditor in satisfaction of a loan or mortgage. Such a charge is, psychologically, very burdensome, especially if it is not balanced by some corresponding income, such as receipts from a railway built out of the proceeds of the loan which gives rise to the charge. In practice the limits of taxable capacity for the purpose of meeting such an external charge are very narrow ones in a world in which the nationalistic spirit is strong. If the attitude of the Middle West towards New York is characteristic of the average view taken by a debtor about his creditor, some idea of the difficulty of taxing the nationals of one country to pay creditors in another can easily be realised.

The question of foreign liabilities is further complicated by its inter-action with problems of export trade, balance of payments, tariffs, &c., and at the present moment, above all, by the effects of the catastrophic fall in prices.

If a definite conclusion with relation to a problem of immediate political importance is permissible here, it may be said that any British Government would probably find that the practical limits of the taxable capacity of this country for the purpose of paying interest

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and principal on the War Debt due to the U.S.A. are such as to render further payment of any significant amount quite impossible.

It is relevant to observe that, apart from payments to the U.S.A. nearly a decade ago and the service of some comparatively minor market loans raised abroad for war purposes, the British taxpayer has not on balance been called upon to meet out of taxation any charge for external debt, such sums as have been paid to the U.S.A. having been collected from reparation either directly or through the intermediary channel of the European Allies.

Charges for the service of an internal debt are totally different in character and effect. There is much misunderstanding on this subject. The nation is often said to be groaning under an intolerable burden of national debt. This is an inaccurate and, to some extent, an untrue statement.

Taxation for the purpose of meeting internal debt charges is nothing more than a process of redistributing the national income, and does not in itself diminish the national income. The expenses of collecting the taxes and of administering the service of the debt are, it is true, an uneconomic charge, in that the people engaged in collecting the taxes and in managing the debt are withdrawn from productive activities which would presumably have increased the national income. Otherwise the charges for debt involve in themselves no burden on the nation as a whole.

Sinking fund payments may indeed be a useful method of assisting to build up capital for productive purposes. In fact, paradoxical though it sounds, a moderate national debt of the order of magnitude of the debt of the United Kingdom in 1913, in relation to the then national income, may be positively advantageous to a nation.

In the course of generations there have grown up various habits and customs and methods of financial organisation which depend on the availability of a considerable volume of government stocks, and the nation would have been seriously incommoded if some millionaire patriot had suddenly decided to extinguish the national debt.

The real burden of our present internal debt arises from the facts that (a) the charges for its services overstrain the administrative machinery of tax collection, and (b) the redistribution of the national income involved in providing for debt charges so large in relation to our present national income has seriously evil economic and social effects.

Here again the catastrophic fall in prices has immensely aggravated the difficulties and evil effects. If prices could have been kept stable at about the level of 1928 for example, the problem of meet-

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ing the charges of the internal debt would not have been excessively alarming. One of the vices of violently fluctuating prices is that the same nominal total debt figure has a totally different commodity value as prices alter. Falling prices mean that an increasing share of the produce of industry has to be taken by taxation from industry and handed over to the holders of Government securities. With reasonably stable prices and progressively growing national prosperity, the same nominal debt charge while having a stable commodity value can be met out of the proceeds of a continually falling level of taxation; that is, by the abstraction of a progressively diminishing proportion of the proceeds of industrial activity.

Here again a definite conclusion upon a problem of immediate political importance may be hazarded. Even after allowance is made for the considerable reduction in interest charges which may be expected from Conversion operations, it is certain that, unless the level of prices can be very substantially raised, the practical limits of taxable capacity in Great Britain will not permit of payment of the internal debt charges in full for much longer, and it will become necessary (probably in conjunction with some all-round scaling down of wages and money obligations) to scale down the interest and principal of the national debt by legislative means.

This conclusion depends, however, on consideration of social justice and economic necessities which go far beyond the sphere of taxation problems, and it is time to return to the latter. So far as taxable capacity alone is concerned, it is probably not true to say that, if trade were less depressed and could look forward to returning prosperity, the level of taxation could not be maintained for some time to come at a figure high enough to provide for the annual charges of the existing internal debt. It is the difficulty of adjusting our economic structure to the overwhelming effects of the fall in prices which threatens us with the necessity of reconsidering our attitude towards sanctity of money contracts generally.

Returning to forms of government expenditure other than Debt Services, we may find it convenient to consider first taxation that is in one form or other in relief of or supplementary to local rates. The limits of rateable capacity are being separately discussed. It will be enough to say here that the historical English rating system is lacking in flexibility, and for this reason has to be assisted out of the proceeds of taxation to an extent which is often undesirable. There are always dangers in separating the responsibility for levying taxation from the responsibility for incurring expenditure. A more flexible system of local taxation which permitted local taxation of local incomes, and still more one which was able to rely, as in many cases in Germany, on revenue from property belonging to

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the local community, would probably have prevented subventions from the taxpayer in aid of the ratepayer from playing so prominent a part in local finance. Apart from the insufficiencies of the rating system, the justification for grants from the taxpayer has been the desire to spread more equitably than is possible within the restricted limits of small local areas charges for services which might be regarded as having a national as well as a local value (*e.g.*, education, roads), or the demand of the nation as a whole for standards to which local opinion was likely in some cases not to conform for fear of the expense (*e.g.*, health, sanitation, police), or in some cases, it is to be feared, impatience of local variations and an urge towards centralised control.

The biggest difficulty about expenditure on Social Services generally, whether merely preventive or still more where it is meant to be constructive, is that of securing full value for money spent. The organised State of the twentieth century will probably require more, rather than less, collective action to do for the individual what in the complexities of the modern economic machine he cannot successfully do for himself. It is, however, open to question whether this can be achieved by an extension of recent efforts to impose new duties on the ordinary administrative machinery of government departments and local authorities and to pay for them out of centrally-collected taxes. It would appear to be desirable to examine whether the conscious planning ahead and the organised co-operation needed to meet new needs cannot be secured by means of considerable devolution of powers self-government—almost, it might be said, Dominion status—to public utility corporations and industrial and agricultural councils enjoying statutory powers, including powers of imposing levies (*c.f.*, the Indian cesses on jute, tea, cotton, &c., for research and other purposes connected with the industries in question) and making charges for services rendered. Industry might then do for itself some of the things which at present are either not done or are financed by the clumsy method of taxation.

In relation to expenditure on what may be termed the ordinary overhead charges of government, even if liberally interpreted, the limits of taxable capacity are seldom strained, unless in the matter of Defence. There is a continual struggle between the unwillingness of the taxpayer and the demand for more efficient (and more costly) administration, but there is normally a large margin of taxable capacity in an emergency. It is surprising how methods and standards of government adapt themselves to the available resources of a country. Nothing is more remarkable in India than the cheapness with which a very efficient machine of government is carried on, in spite of the poverty of the average Indian ryot. The one

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exception is the cost of the Defence Forces, which, while strikingly inexpensive in relation to the gigantic needs of protecting the North-West Frontier, are never sufficient to satisfy the reasonable demands of those who are specially charged with responsibility for protecting India from the dangers of invasion. There are social and political obstacles in India to the full utilisation of her economic capacity to bear taxation; but, even so, the practical limits of taxable capacity in a community, or rather a host of communities, where average standards of living are very low, must, for a long time to come, render excessively difficult the task of combining reasonable provision out of taxation for slowly raising these standards with the task of insuring adequately at her own charges the inviolability of her land frontiers.

To return to Britain, the two classes of expenditure which raise acutely the question of the practical limits of taxable capacity are the Debt Service and the Social Services.

Between them the demands which they make on the machinery of taxation have undoubtedly overstrained both the economic and industrial system and the administrative capacity of the taxing authorities. If we could be certain that we were getting full value for our expenditure on the Social Services, that is, if we were really by collective action securing greater economic benefits for the community as a whole than could be secured by leaving the individual to perform the same services for himself or to leave them undone, the national dividend would be increased, not diminished, by such expenditure. The only question remaining would be whether the machinery of taxation itself could be organised in such a way as to raise the requisite revenue without causing economic or social damage which more than outweighed the benefits secured by the expenditure.

The question raised by the Debt Charges is partly the same. Can taxation raise the requisite revenue for expenditure which amounts to nothing more than a redistribution of the national dividend without causing undue economic or social damage? The Debt Charges, however, raise the further question whether the redistribution of incomes involved has not itself become socially and economically injurious.

The second question has already been answered in the affirmative, subject to the proviso that, if the level of prices were substantially raised and a period of trade recovery were in prospect, the Debt Charges might just become supportable.

The first question raises problems both of administration and of economics. Direct taxation on the scale at present levied is without question doing serious injury to the structure of our economic

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life. What has proved, for the time being, to be administratively practicable has become economically injurious. It is partly on administrative grounds, but still more because the high direct taxation was doing visible economic damage that this country has recently reverted to the weapon of indirect taxation. High direct taxation itself reinforced the arguments for a protective tariff.

It is fairly clear that in this country the practical limits of taxable capacity have been over-passed in the matter of direct taxation, and that it would be to the economic advantage of the nation to reduce expenditure on services which are in themselves beneficial rather than try to retain direct taxation at the present level. Both the death duties and the taxes on income, particularly the income tax on the undivided profits of industrial concerns, are to some extent trenching on the nation's capital. (The fact that death duties are a levy on the capital of individuals is not in itself an argument for not imposing them. The damage is done if and when death duties or any other tax cannot be paid out of the accruing income of the nation as a whole without trenching on the nation's capital, by *e.g.* leaving an insufficient margin for depreciation and obsolescence.)

Protective duties cannot be relied on to bring in revenue except within modest limits, and the dangers of relying too heavily on revenue from Customs duties are well illustrated by the Indian Budget.

The taxing authority's duty to distribute the burden equitably is also difficult to fulfil if indirect taxation is heavy.

The British Budget for 1931-2 closed with a surplus, and, on paper at any rate, the Budget for 1932-3 is balanced. There are few other national budgets in the world which are really balanced.

The reason for this universal phenomenon of unbalanced budgets is, broadly speaking, the catastrophic fall in prices, which itself may be said to be the outcome of the breakdown of the system of automatic (and often brutal) economic adjustments on which nineteenth century *laissez-faire* relied. With our control over the economic machinery of civilisation thus impaired or lost, it is not surprising that the practical limits of taxable capacity are being everywhere exceeded. The attempt to maintain standards of living for everyone, above those which the economic activities of the nation justified, by means of government expenditure out of taxation is in part responsible for the breakdown, but only in part. Some reconstruction of our economic machinery, more far-reaching than a mere slowing down of government expenditure or a mere elaboration of the machine of taxation, together with some lightening of the burden of debt in relation to prices and the national income, will be essential to complete recovery.

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I have endeavoured in this paper not so much to make a scientific study of the concept of taxable capacity as to let my thoughts range, a little discursively, over the whole field of taxation and government expenditure and their relation to present distresses. I am conscious that the result may be a different kind of paper than was expected of me when I was entrusted with its preparation. I can only hope that it will serve to set in motion a sufficient number of trains of thought on the subject of taxable capacity to provoke an animated discussion at the Conference.

The Practical Limits of Rateable Capacity

By FRANK HUNT, C.V.O., F.S.I.

[Paper to be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, June, 1932]

Introduction

MOST people, particularly from the happenings of the past year, have to some extent been familiarised with the question of taxes and taxable capacity. It is doubtful, however, whether there is the same understanding of the question of rates and rateable capacity, and the relative position of taxes and rates in the sphere of national economy.

The title of the paper appears to propound an abstract problem, but I shall perhaps best deal with it on the concrete case presented by our circumstances at the present time. Local government, like other matters, has been much affected by the war and the upheaval in values and conditions which the war has produced. It is a question of interest and importance to consider where we now stand in regard to local government expenditure.

It is hardly necessary to say that the great extension of local government has been one of the features of the development of this country in the last 70 or 80 years. Until modern times there was little in the nature of local government in this country, and even the sphere of the National Government was very limited. As pointed out in the report of the Committee on Ministers' Powers recently issued—

“ Before the middle of the nineteenth century the main functions of government in England were those of defence and police. The State Departments were few in number, and the management of the life of the people was not regarded as a function of government.”

In recent times this has been entirely changed, as pointed out in the report (June, 1931) of the Committee on Finance and Industry in the following paragraph:—

“ The most distinctive indication of the change of outlook of the government of this country in recent years has been its growing preoccupation, irrespective of party, with the management of

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the life of the people. A study of the Statute Book will show how profoundly the conception of the function of government has altered.”

This has necessarily resulted in a great extension of the sphere of local government.

Amount and Growth of Rates.

The following table from the latest issue of the Ministry of Health return “ Rates and Rateable Values, England and Wales,” shows the amount of rates and rateable value and other figures indicating the burden of rates in each year since 1913-14:—

Rates collected in England and Wales during the period 1913-14 to 1931-32.

Year ending 31st March	Total receipts of local authorities from rates	Value upon which rates were leviable	Average amount of Rates collected		Percentage increase since 31st March, 1914, in average amount of the rates in the pound
			Amount in the pound	Amount per head of estimated population (a)	
1	2	3	4	5	6
	£	£	s. d.	£ s. d.	%
1914	71,276,000	211,563,000	6 8½	1 18 11	—
1915	73,734,000	214,258,000	6 10½	1 19 11	2
1916	75,851,000	216,350,000	7 0½	2 0 8	5
1917	72,885,000	217,122,000	6 8½	1 18 10	—
1918	75,377,000	218,633,000	6 10½	2 0 1	2
1919	84,700,000	219,650,000	7 8½	2 5 2	15
1920	105,590,000	220,714,000	9 6½	2 16 4	42
1921	151,865,000	223,656,000	13 7	4 0 11	102
1922	170,872,000	234,021,000	14 7½	4 10 2	116
1923	157,274,000	239,141,000	13 1½	4 2 5	95
1924	143,275,000	236,465,000	12 1½	3 14 7	80
1925	141,977,000	241,975,000	11 8½	3 13 3	74
1926	148,598,000	246,833,000	12 0½	3 16 5	78
1927	159,000,000	256,103,000	12 5	4 1 5	85
1928	166,679,000	258,879,000	12 10½	4 4 10	91
1929	166,466,000	267,639,000	12 5½	4 4 4	85
1930	156,312,000	(a) 284,937,000 (b) (255,274,000)	11 6½	3 18 11	72
1931	149,000,000	257,429,000	11 7	3 14 10	72
1932	148,000,000	265,325,000	11 1½	3 14 1	66

(a) Col. 5.—Estimated population in June of each year, excepting for the years ended 31st March, 1922 and 1932.

(b) Col. 3.—Year 1930. The larger sum is the value in April, 1929, excluding the rateable value of agricultural land and agricultural buildings outside London, and the assessable value of agricultural land in London, amounting in all to £7,436,000. The smaller sum is the rateable value on 1st October, 1929, on which the rates for the half-year commencing on that date were leviable.

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We therefore start with the fact that the amount levied in rates in England and Wales last year was about £148,000,000, and that it has risen to this amount from £71,276,000 in 1913-14.

It will be easily appreciated that this increase in expenditure must be mainly due to the alteration in values produced by the war, and particularly in the rise of the standard of pay, which in the case of most local services, and particularly of education and police, form so large a portion of the total expenditure of local authorities. There is also to be taken into account the growth of the population of the country in the period of 18 years, and the consequent increase in requirements, as well as the extension of certain services since the war.

Figures indicating the increase of the burden are given in other columns of the table; but to appreciate the value or significance of these it is necessary to consider the question in some detail under the various heads.

Value on which Rates are Levied.

Figures of the value on which rates have been levied since 1914 are given in column 3 of the table above.

There was, as may be expected, only a trifling increase in the total in the years of war, and this continued until 1925-26. Broadly speaking, up to 1926 there had been no revision of pre-war assessments to give effect to the alteration in values, and it was not until 1929 that some revision took place generally throughout the country outside London, under the Rating and Valuation Act, 1925.

It will be seen that there was a rise in rateable value from £267,639,000 in 1928-29 to £292,373,000 (including £7,436,000 in respect of agricultural land and buildings) in 1929-30, an increase of £24,734,000 or 9 per cent. Between 1913-14 and 1929-30 the total addition in respect of new building and rebuilding in 16 years and revision of pre-war assessments was £80,810,000 or 38 per cent.

After 1929-30 the total was reduced by the de-rating of certain classes of property under the Local Government Act, 1929. This de-rating completely exempted agricultural land and buildings, formerly subject to an exemption of three-fourths, and exempted industrial and freight transport hereditaments to the extent of three-fourths, the total reduction being approximately £36,000,000. The then Chancellor of the Exchequer (Mr. Winston Churchill) in dealing with the proposal said:—

“ I have therefore proclaimed a fundamental proposition that the tools and plants of production—the properties, the buildings, the land and the machinery used for actual creative production—should not be taxed.”

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The loss of rates by these exemptions is made good by payments from the Exchequer to the extent of the loss in the first year, the contribution being stereotyped at that amount.

The fact which I would emphasise in regard to rateable value is that the pre-war assessments, particularly of residential properties, have not up to the present been revised to anything like the full extent to accord with the increase in values since 1914.

Rate in the £: Amount per Head.

The average rate in the £ in 1931-32 was 11s. 1½d., which compares with 6s. 8½d. in 1913-14, an increase of 66 per cent. This increase is subject to the qualification given in regard to the increase in rateable value, that the pre-war assessments of property have only up to the present been revised to a limited extent to follow the general rise in values. Local expenditure has, on the other hand, felt the full force of the rise in pay, cost of materials, and interest on capital, and even if there were no extension of services in the period a greatly increased rate in the £ must be expected.

The rates in 1931-32 amounted to an average of £3 14s. 1d. per head of the population as compared with £1 18s. 11d. in 1913-14, an increase of 90 per cent.

There has, however, been an important change in the circumstances of the population which should be taken into account in this connection. The size of the family has been decreasing rapidly, and whilst the increase in the population of England and Wales is comparatively small, being only about 11 per cent. since 1911, the increase in the number of families is over 30 per cent. The reduction in the size of the family means that there is on the average nearly one child less per family than 20 years ago.

If the expenditure were calculated per family the increase since 1914 would probably be about 60 per cent. as compared with the increase of 90 per cent. per head of population.

As compared with this increase in rates there has been on the other hand; according to the Ministry of Labour figures, an increase in wages of 66 to 70 per cent., which gives some indication of the increase in the standard of income in the period.

Whilst it is impossible to get any accurate measure of the relationship of the change since 1914 in the amount of the rates, and of the capacity of the ratepayers to bear them, I think that on the average there has been little if any change for the worse in this respect in the period.

Diversity of Rates throughout the Country.

The foregoing figures relate to the total expenditure of the local authorities of the country and the averages for the whole. It is,

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however, necessary to consider not only averages but the actual figures for the individual local authorities.

The following table from the last annual return "Rates and Rateable Values, England and Wales," issued by the Ministry of Health, gives a useful summary of the position:—

Rates Levied and Collected in Individual Areas in England and Wales.

Poundage Rate in 1931-32.	Number of areas in which the poundage was within the limits indicated in Col. 1				
	All local rates levied in				General rate leviable in rural districts
	Metro-politan boroughs	County borough	Other boroughs and other urban districts	All urban areas (totals of cols. 2, 3, and 4)	
1	2	3	4	5	6
Under 6s.	—	—	1	1	11
6s. and less than 8s. ..	—	4	11	15	95
8s. " " 10s. ..	7	6	148	161	285
10s. " " 12s. ..	13	20	351	384	153
12s. " " 14s. ..	6	21	273	300	53
14s. " " 16s. ..	1	18	154	173	37
16s. " " 18s. ..	2	12	55	69	8
18s. " " 20s. ..	—	1	24	25	—
20s. and over.	—	1	19	20	1
Number of areas in each group	29	83	1,036	1,148	643

It is stated in the report that—

"The extreme range of the amounts in the pound for the year 1931-32 was, in urban areas, from 5s. in Roxby-cum-Risby (in Lincoln, Parts of Lindsey) to 26s. in Abertillery (in Monmouth), and in rural parishes from 1s. 4d. in a parish in the county of Nottingham to 28s. 3d. in a parish in Glamorgan."

As to the causes of the diversity in rates the Ministry's report contains the following paragraph:—

"Causes of diversity in the amounts per pound of the rates.—Many factors operate to produce diversity in the amounts per pound of the rates levied in the several rating areas. In some areas the services charged on the local rates are more numerous and more fully developed than in others. Amongst areas at the same stage of civic development the poundage rate is generally lowest in those in which the amount of rateable value per head of population is highest. But this generalisation is subject to

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exceptions traceable ultimately to (*e.g.*) peculiarities of site, soil, climate or boundaries; the character and circumstances of the local industries (including rates of wages); diversity in regard to the amounts available, in reduction of rates, from non-rate sources (Government grants, rents of Corporate property, &c.); profits or losses arising from municipal trading; local custom; and the efficiency or otherwise of the local administration during—it may be—a long period of years."

As regards this summary of the causes of diversity of rates I would emphasise the importance of the factor of the rateable value per head. It cannot be expected that with a rateable value of £5 per head a district will be able to meet its expenditure with the same rate in the £ as a district where the rateable value is £15 per head; and when it is considered that the former district is likely to be mainly a working-class district with a heavy demand for public assistance, the great diversity in rates is not to be wondered at.

This diversity of rates indicates how difficult, if not impossible, it is to suggest any limit of rateable capacity for general application.

Measure of the Present Burden.

With an average rate in the £ for the country of about 11s. 1½d. a large number of areas have a rate of about 10s., and it will be useful to obtain as clear an idea as possible of what a rate of 10s. represents in the outgoings and means of the ratepayer.

Taking an ordinary residence rented by the occupier the rateable value would in normal circumstances be the rent paid by him less an allowance for repairs and other minor outgoings, which allowance now ranges from 40 per cent. for the smaller houses to a little more than one-sixth for the larger houses.

Taking cases of an allowance of one-fourth (which applies to a rent of £40 outside London) the ratepayer pays in rates 10s. in the £ on three-fourths of his rent, that is he pays in rates 37½ per cent. of the amount he pays in rent. It is generally recognised that it is not prudent for the householder of moderate means to pay more than one-sixth of his income in rent and rates, and although this sometimes reaches one-fifth or even one-fourth in the case of working-class tenants, it is frequently much less than one-sixth in the case of those with greater resources. In the calculation by the Ministry of Labour of the increase in the cost of living, rent and rates are given a weight of 2 points out of 12½, that is 16 per cent., or slightly less than one-sixth. Taking a ratio of one-sixth, the ratepayer would with a rate of 10s. in the £ pay in rates 4.55 per cent. of his income or one-twenty-second part. It will probably be generally agreed that such a rate is within reasonable limits.

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On the same basis a rate of 20s. means that the occupier pays in rates nearly one-tenth of his income. Such rates are now, and were even before the war, paid in a number of districts, and it cannot, therefore, be said that they are beyond the rateable capacity of the ratepayers in these districts. It is no doubt generally the case that the districts with exceptionally high rates are districts in which rents and values are low, whilst the rates are very generally collected by the owners with the rent, which greatly eases the payment by the poorer ratepayers.

I would add that at the present time, so far as my knowledge goes as regards London and the neighbourhood, rates are well paid even in districts where the rate is high, and the losses in irrecoverables are trifling and less than in pre-war years.

As regards business and industrial premises, whilst their rateable value is arrived at on the same principle as that of residences, the rates paid are part of the outgoings of the business and are passed on to the purchasers in the price paid. In the case of factories it is an addition to the cost of production, and may therefore affect the sale in competition with manufacturers in other countries. The de-rating of industrial hereditaments by which they are exempted to the extent of three-fourths of their rates, largely disposes of this consideration. De-rating to the same extent applies to freight-transport hereditaments, which include railways, canals, and docks.

Services on which Rates are Expended.

On the other side of the account there are the services performed for this rate expenditure. It is particularly desirable to consider to what extent the purposes are beneficial to the ratepayers and to what extent they can be considered non-essential or in the nature of luxuries.

Appended is a table compiled from the latest Local Taxation Returns of the Ministry of Health giving a summary of the expenditure and receipts of local authorities in England and Wales in the year 1929-30 and of the loans outstanding at the end of that year. The expenditure in that year was £175,459,410, and deducting from this the Exchequer reimbursement in respect of de-rating, grants under the Agricultural Rates Acts, and transfers from trading accounts, and allowing for alteration in balances, the amount falling on the rates is £156,311,767, as shown in the table of rates collected given above.

In this table I have arranged the services in three groups which I have designated (1) onerous, (2) beneficial, (3) remunerative, with a

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balance for miscellaneous purposes. The totals for these groups are as follows:—

Groups of Services	Total expenditure 1929-30	Receipts		Balance falling on the rates, etc.
		Fees tolls rents, etc.	Exchequer grants.	
	£	£	£	£
Onerous	44,417,398	4,381,693	3,201,908	36,833,797
Percentage of total	10·6	2·8	3·7	21·0
Beneficial	212,499,811	14,845,202	72,346,208	125,308,401
Percentage of total	50·6	9·4	82·7	71·4
Remunerative	116,106,779	114,984,742	365,184	756,853
Percentage of total	27·6	73·1	·4	·4
Housing schemes	32,394,801	18,467,394	11,338,816	2,588,591
Percentage of total	7·7	11·7	13·0	1·5
	148,501,580	133,452,136	11,704,000	3,345,444
	35·3	84·8	13·4	1·9
Miscellaneous	14,910,675	4,759,536	179,371	9,971,768
Percentage of total	3·5	3·0	·2	5·7
	420,329,464	157,438,567	87,431,487	175,459,410
Less Exchequer reimbursement in respect of de-rating, grants under Agricultural Rates Acts, etc.				19,147,643
Net expenditure falling on the rates.				156,311,767

“ *Onerous* ” Services.—The “ onerous ” services, which involve more than one-fifth of the total charge on the rates, are those for the relief of the poor and the afflicted, which produce no return beyond the discharge of a natural obligation, which was recognised as a duty of local authorities long before any other purpose. The poor law administration in this country began as long ago as 1601, being the first purpose of organised local administration the expenses of which are met out of rates. The assessment of property for the levy of rates in this country was begun under the Statute 43 Eliz., c. 2, which has since been given the short title of “ The Poor Relief Act, 1601.” Not only was the assessment of property for rates begun under that Act, but the Act still remains in force and forms the basis, with comparatively minor amendments, of the whole system of rating in this country up to the present time.

These services are of a character which a civilized community cannot avoid or shift the responsibility for, and the only question for consideration is whether the services are being administered

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reasonably and efficiently and with due regard to economy. Nearly 100 years ago a Royal Commission (the Poor Law Commission of 1834) reported on the demoralisation which was produced by the administration of the poor law at that time, and laid down certain fundamental principles for future guidance, one of which was to the effect that the recipient should not be placed in a better position than independent labourers of the lowest class. Whilst the abuses of the poor law that existed 100 years ago have long been abolished, in more recent times legislation and administration have tended to get rid of any stigma or disability in respect of poor relief.

"Beneficial" Services.—This group comprises the various general heads of local administration in respect of highways, public health, education, police, &c., as set out in the table appended. I have described them as "beneficial" as they are, broadly speaking, in the nature of services which, if the local authorities did not provide them the inhabitants would have to arrange to obtain by payment in some other way, as was to some extent the case in past times before the development of local government. Whilst it will be readily recognized that the carrying out of such services as the paving, lighting, and maintenance of roads, the provision of bridges, and the maintenance of a fire brigade are highly beneficial, it is perhaps not appreciated how, even in comparatively modern times, the inhabitants had by other means to provide such services and to meet the cost by special payments.

As regards roads it is only necessary to refer to the turnpike roads which were maintained by the payment of tolls. It is still possible, as a reminder of the conditions in the past, even within the County of London to find a road where the passage of vehicles is only permitted on payment of a toll.

A more striking and modern example is that of the service of bridges. Taking the case of Waterloo Bridge, of which so much has been recently heard, this was a toll bridge between the time of its opening in 1817 and its purchase by the public authority in 1878. It was not until the same time that nine other bridges in London were freed from tolls. There must therefore be many people alive who paid tolls, possibly daily, for crossing the Thames by these bridges.

Even in the elementary services of paving, lighting, and maintenance of streets, owners of estates in London have found it necessary in the past to apply individually to Parliament for Acts appointing Commissioners for the carrying out of the necessary services, with powers for raising money from the inhabitants.

Education is a service which at the present day must be provided either at the cost of the community generally or at that of the parents individually so far as they are able to do so.

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Sewers and sewage disposal and the collection and disposal of house refuse are vital and essential services from the point of view of public health, as are police and the administration of justice from the point of view of the safety and well-being of the community.

It is perhaps unnecessary to go through all the heads of beneficial services, but I would mention two others which seem to be those which come most near to the description of non-essential. These are (a) parks and open spaces and (b) public libraries and museums. Parks and open spaces are non-essential only in the sense that it would be possible for even a large urban community to exist in reasonable health and comfort without them. It is, however, hardly necessary for me to say that their provision and maintenance is a highly beneficial service. The service of public libraries is a more debatable question; they, however, place at the disposal of the public a service which if it did not exist many could only obtain at excessive cost.

"Remunerative" Services.—This group includes the services which, broadly speaking, are administered by the local authorities on the basis of making them self-supporting. They are services which have been in the past and are still to some extent provided by private enterprise. Apart from "housing" and "private street works, &c.," there was in the aggregate a deficiency of £787,939 in the year, but the actual transfers to and from the rate accounts, excluding "housing" and "private street works, &c.," were as follows:—

	£
Transfer from rate accounts to meet deficiencies...	2,521,181
Transfer of surplus to rate accounts	1,894,285
Net transfer from rate accounts	£726,896

The service of housing, which I have placed as a special item in this group of remunerative services, calls for special remark. The figures cover both the clearance of insanitary areas and the provision of houses for the working classes generally (the two not being given separately in the official return). The clearance of insanitary areas (which dates from a period when there was little local government) is, of course, anything but a remunerative service in the sense in which I am here using the term.

The provision of houses to let is, however, in a different category. This might be, and actually was before the war, a remunerative service. Moreover, those local authorities who in pre-war years provided working-class dwellings share in the increase in values by the war, and when the loans are, as they will be within a reasonable period, paid off, they will be in possession of a valuable property.

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In post-war years the position has been very different. The increase in the cost of labour and materials and in interest on capital made building so expensive that no private builder would undertake the provision of houses. As the shortage of houses became more and more pressing, the Government required the local authorities to proceed with the provision of working-class houses, the losses being mainly met by Exchequer grants.

The arrangements have been revised from time to time since 1919, and at the present time the Exchequer and the rates are bearing the deficiency on housing in the ratio of about two to one.

As to the question generally I can speak from a close personal acquaintance with the matter of the reality of the emergency in regard to housing that has existed, and of the great benefits that have resulted from the housing schemes carried out by local authorities, not only to the persons actually housed but to the population generally by maintaining reasonable housing conditions.

There is one aspect of these services which needs to be particularly referred to in the present connection, namely, that a part of such a service as water supply may be met out of the ordinary rate and to that extent involve an exceptional addition to its amount. In London, for example, for a considerable number of years a part of the cost of the Metropolitan Water Supply was charged on the general rate, the rate involved rising to 7.58d. in 1922-3, after which the Metropolitan Water Board was empowered to meet its expenditure by an increase of its water charges. This is an indication of how the rate charge may be varied by special additions.

Loans.

It is also necessary to refer to the question of loans, as much emphasis is sometimes laid on the question of local indebtedness, and it is a factor to be taken into account in the consideration of rateable capacity.

The figures of loan expenditure in the year 1929-30 and outstanding at the end of that year are given in the table appended.

The totals for each of the groups are as follows:—

Groups of Services	Loan Expenditure 1929-30	Loan Debt—amount outstanding at 31st March, 1930
	£	£
Onerous	1,787,209	16,973,514
Beneficial	25,683,402	284,969,110
Remunerative	27,549,268	455,055,485
Housing—		
Housing schemes	30,575,699	395,803,015
Small dwellings acquisition	6,711,587	48,885,798
Other and expenditure not allocated	2,394,056	23,016,347
	94,701,221	1,224,703,269

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It is notable that in respect of “onerous” services the amount of loans outstanding only amounts to £16,973,514. The explanation of this no doubt is that the Poor Law service being the oldest, there has been time for the arrangements as to debt repayment to operate in reducing the amount outstanding.

The debt outstanding on the “beneficial” services is large, but the total for the “onerous” and the “beneficial” services together does not greatly exceed the rateable value of the property subject to rates. Against this also there are sinking funds accumulated amounting to over £36,000,000.

The greater part of the large indebtedness of local authorities is in respect of remunerative services and housing. There is, I believe, no reason for thinking that the loans incurred for remunerative purposes, such as water, electricity, and gas supply, are not necessary and the expenditure such as would be regarded in private hands as a desirable enterprise.

Housing, as already stated, occupies a special position, which applies to loan as well as to other expenditure.

It must be borne in mind that the annual expenditure of the local authorities includes the sums necessary for the payment of interest on the loans outstanding and also for the repayment of loans within a specified period. In this way the local authorities, particularly in regard to remunerative services, are creating by annual payments a valuable future asset.

It is also the practice of some local authorities to meet out of the current rates expenditure which might, and generally is, met by loans. This would be the most economical method to adopt if it is possible to do so without causing undue fluctuations in the rate. The London County Council has been giving consideration to this question of the relative economy of the two methods, and in a report in March, 1929, state—

“In view of these results, we felt that some effort should be made in the direction of charging direct to rate account some part at least of expenditure which could be charged to capital account, in order to avoid the continuous accumulation of heavy interest charges.”

It has as a result adopted Standing Orders providing that no separate item of less than £5,000 (unless it forms part of a larger expenditure) shall be charged to capital account, and that the annual maintenance estimates shall include a sum of not less than £250,000 each year to be applied in meeting capital expenditure of the year.

AGGREGATE EXPENDITURE
of Local Authorities in England and Wales in the year 1929-30, Loans outstanding and other particulars
(Compiled from the Local Taxation Returns)

SERVICES	Expenditure (other than out of loans)		Specific receipts (other than from loans and rates) in respect of each service			Balances of expenditure falling on rates, etc.	Loans expended during the year	Loan debt: Amount outstanding at the end of the year in respect of external loans
	Maintenance and other expenses not being loan charges	Loan charges	Total	Fees, tolls, rents and other receipts, not being grants	Exchequer grants (a)			
1	2	3	4	5	6	7	8	9
Onerous.								
1. Relief of the poor (excluding maintenance of rate-aided patients in mental hospitals)	32,812,120	1,052,709	33,864,829	2,406,945	1,493,969	30,053,915	916,659	8,871,494
2. Mental hospitals and patients therein	8,412,458	639,867	9,052,325	1,847,144	1,119,689	6,085,492	469,845	7,433,825
3. Mental deficiency	1,456,895	43,349	1,500,244	127,604	678,250	604,390	400,705	668,195
	42,681,473	1,735,925	44,417,398	4,381,693	3,201,908	36,833,797	1,787,209	16,973,514
Beneficial.								
4. Education—								
(i) Elementary education (including industrial schools)	60,955,601	3,387,209	64,342,810	1,007,572	34,088,456	29,246,782	3,786,343	39,941,976
(ii) Higher education	17,986,016	1,362,480	19,348,496	2,998,568	7,986,427	8,363,501	1,994,723	16,849,856
	78,941,617	4,749,689	83,691,306	4,006,140	42,074,883	37,610,283	5,781,066	56,791,812
5. Public Libraries and museums ..	1,938,276	96,518	2,034,794	162,569	9,069	1,863,156	108,831	1,063,416
6. Public health—								
(i) Sewage and sewage disposal ..	5,213,513	4,924,884	10,138,397	684,796	706,788	8,746,813	4,355,253	59,319,243
(ii) Collection and disposal of house refuse (b)	6,777,612	363,394	7,141,006	516,201	23,481	6,601,324	207,458	3,019,296
(iii) Hospitals, sanatoria, dispensaries, etc.—								
For tuberculosis	3,066,339	272,601	3,338,940	117,467	1,697,849	1,523,624	293,839	2,623,512
For venereal diseases	406,337	5,004	411,341	1,266	300,313	109,762	10,023	50,959
For other diseases (fever, diphtheria, smallpox, etc.)	3,368,218	319,797	3,688,015	212,548	2,982	3,472,485	322,207	3,161,393
	608,622	6,759	615,381	32,839	488,557	581,855	10,366	42,662
	1,485,018	—	1,485,018	4,933	—	992,428	—	—
(iv) Prevention of disease								
(v) Salaries of medical officers of health, inspectors of nuisances and health visitors (so far as not allocated to specific services)	2,337,619	65,182	2,402,801	446,319	936,246	1,020,236	111,491	666,018
(vi) Maternity and child welfare ..	1,623,348	375,088	1,998,436	971,773	10,809	1,015,854	566,863	3,964,441
(vii) Baths, wash-houses and open bathing places	3,979,792	1,237,010	5,216,802	1,344,963	162,335	3,709,504	1,572,215	16,036,257
(viii) Parks, pleasure grounds and open spaces	752,595	96,923	849,518	359,060	827	498,631	146,748	1,100,466
(ix) Public conveniences	180,819	—	180,819	—	7,100	173,719	—	—
(x) Vaccination	104,399	2,685	107,084	13,639	41,927	51,518	450	16,845
(xi) Port sanitary service	454,344	14,451	468,795	31,474	8,470	428,851	21,495	114,033
(xii) Welfare of the blind	738,971	205,342	944,313	158,225	20,227	765,861	173,961	2,193,518
(xiii) Other health services	31,097,546	7,889,120	38,986,666	4,885,603	4,408,598	29,692,465	7,852,279	92,307,743
	105,446	313	105,759	3,647	—	102,112	318	4,974
7. Town planning								
8. Agriculture and fisheries—								
(i) Allotments and small holdings	833,055	1,291,922	2,124,977	1,254,407	1,152,089	—	301,435	20,493,366
(ii) Land drainage and embankment and river conservancy	733,065	365,952	1,099,017	287,149	81,912	729,956	461,947	5,214,607
(iii) Other items	289,523	1,897	291,420	65,022	37,844	188,554	250	18,831
	1,855,643	1,659,771	3,515,414	1,606,578	1,271,845	636,991	763,632	25,726,804
9. Highways and bridges (excluding lighting, but including scavenging)	42,220,650	8,634,686	50,855,336 (c)	2,385,244	13,712,494	34,757,598	10,559,582	103,048,971
10. Public lighting (lighting streets, etc.)	4,281,246	48,073	4,329,319	75,439	4,661	4,249,219	50,246	352,552
11. Fire brigades (engines, etc.) ..	2,069,655	231,199	2,300,854	249,218	11,314	2,040,322	219,272	2,673,738
12. Police and police stations	21,488,437	173,297	21,661,734	762,147	10,441,516	10,458,071	338,678	2,054,739
13. Administration of justice	1,377,663	69,031	1,446,694	627,947	45,061	773,686	9,498	937,236
14. Registration of electors	721,555	—	721,555	20,925	366,767	333,863	—	—
15. Valuation expenses	985,904	3,532	989,436	29,819	—	959,617	—	5,282
16. Costs of rate collection	1,860,881	63	1,860,944	29,926	—	1,831,018	—	1,843
	188,944,519	23,555,292	212,499,811	14,845,202	72,346,208	125,308,401	25,683,402	284,969,110

SERVICES	Expenditure (other than out of loans)			Specific receipts (other than from loans and rates) in respect of each service			Balance of expenditure falling on rates, etc.	Loans expended during the year	Loan debt: Amount outstanding at the end of the year in respect of external loans
	Maintenance and other expenses not being loan charges	Loan charges	Total	Fees, tolls, rents and other receipts, not being grants	Exchequer grants (a)				
I	2	3	4	5	6	7	8	9	
	£	£	£	£	£	£	£	£	
Remunerative.									
17. Water supply ..	9,925,476	9,018,536	18,944,012	17,376,813	90,769	1,476,430	4,930,240	163,257,424	
18. Gas supply ..	14,113,827	2,792,565	16,906,392	16,988,248	30,321	112,177	1,444,215	27,857,779	
19. Electricity supply ..	18,311,233	10,184,115	28,495,348	28,718,972	110,661	334,285	14,964,882	106,544,442	
20. Tramways, light railways and omnibuses	22,476,661	4,107,997	26,584,658	26,071,995	48,541	135,788	2,073,128	38,462,223	
21. Ferries ..	480,786	154,285	635,071	585,695	44,901	4,475	102,994	1,547,482	
22. Markets ..	1,470,475	460,161	1,930,636	2,253,783	693	323,840	734,136	8,152,441	
23. Cemeteries ..	1,332,229	245,110	1,577,339	1,122,634	5,291	449,414	196,266	2,550,763	
24. Harbours, docks, piers and canals..	9,216,691	4,684,076	13,900,767	13,903,882	29,581	32,696	1,435,928	97,203,682	
25. Miscellaneous trading services ..	1,142,327	102,543	1,244,870	1,214,115	509	30,246	283,097	1,338,561	
26. General corporation estates..	78,469,795	31,749,388	110,219,093	108,836,047	361,267	1,021,779	26,164,886	446,914,797	
	520,902	349,612	870,514	1,100,533	3,821	233,840	564,075	6,220,743	
	78,990,697	32,099,000	111,089,697	109,936,580	365,088	787,939 (d)	26,728,961	453,135,540	
Mainly Remunerative.									
Housing—									
(i) Housing schemes ..	8,556,997	23,837,894	32,394,891	18,467,394	11,338,816	2,588,591	30,575,699	395,803,015	
(ii) Small dwellings acquisition ..	282,689	2,335,533	2,608,222	2,660,874	—	52,652	6,711,587 (e)	48,885,798	
	8,839,596	26,163,427	35,003,023	21,128,268	11,338,816	2,535,939	37,287,286	444,688,813	
Reimbursed Expenditure.									
28. Private street works and other works of private improvement	2,250,961	157,989	2,408,950	2,387,288	96	21,566	820,307	1,919,945	
	90,081,164	58,420,416	148,501,580	133,452,136	11,704,000	3,345,444	64,836,554	899,744,298	

29. Other specific services and expenditure not allocated to specific services	13,019,895	1,890,780	14,910,675	4,759,536	179,371	9,971,768	2,394,056	23,016,347
30. Totals ..	334,727,951	85,602,413	420,329,464 (f)	157,438,567	88,431,457	175,459,410 (g)	94,791,228	1,224,793,269 (h)

- (a) Col. 6. Including grants made in connection with schemes of work for the unemployed.
- (b) Item 6 (ii). Including scavenging (other than scavenging of roads and streets, which is included against Item 9).
- (c) Item 9, Col. 4. Including approximately £4,088,000 in respect of scavenging and watering of roads and streets not charged as maintenance.
- (d) Items 17-26, Col. 7. The amounts are net, i.e., deficiencies on some undertakings have been balanced against surpluses on other undertakings in each class. The sums transferred from rate accounts to meet deficiencies in the accounts of such of the services mentioned in items 17-26 as showed deficiencies amounted to £2,521,161 and the surplus profits transferred in relief of rates from the accounts of such of the services as showed surpluses amounted to £1,894,285.
- (e) Item 27 (ii) Col. 8. The greater part of this sum was advanced on loan by the local authorities for the acquisition of houses.
- (f) Item 30, Col. 4. Excluding expenditure met out of sums transferred from one account to another account of the same local authority (£4,784,975), and out of sums received by local authorities from other local authorities (£22,065,636) in respect of work done or commodities supplied. These sums are excluded in order to avoid a duplicate reckoning.
- (g) Item 30, Col. 7.
- | | |
|--|-------------|
| (i) Balance of expenditure falling on rates, etc. | £ |
| Deduct— | |
| (ii) Grants (other than those shown against item (vi) below) not allocated to any one service .. | 175,459,410 |
| (iii) Transfers in aid of rates— | |
| (a) From Trading Accounts .. | 6,913,278 |
| (b) From Special Funds Accounts .. | 1,894,285 |
| | 12,563 |
| (iv) Expenditure falling to be borne by rates and grants in compensation for loss of rates .. | 8,820,126 |
| (v) Rates received during the year .. | 156,311,767 |
| (vi) Grants in compensation for loss of rates— | |
| (a) Under Agricultural Rates Act, 1929 .. | 2,141,085 |
| (b) Under Section 112 of Local Government Act, 1929 .. | 11,342,489 |
| | 159,795,341 |
| (vii) Amount by which balances were increased or overdrawn balances were reduced (net) | 3,156,957 |
- (h) Item 30, Col. 9. £66,824,182 (including £30,238,511 in respect of loans entered against items 17-26) stood at the end of the year to the credit of sinking funds towards the repayment of such of the outstanding loans entered in column 9 as were repayable by means of those funds.

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Exchequer Contributions.

The amounts met by rate are, of course, the net amount of the expenditure after deducting Exchequer grants.

The amount of these, together with the amount falling on the rates summarised from the table appended, is as follows:—

Groups of Services	Expenditure, 1929-30	
	Met by Exchequer Grants	Falling on the Rates, etc.
	£	£
Onerous	3,201,908	36,833,797
Beneficial	72,346,208	125,308,401
Remunerative	305,184	809,505
Housing—		
Housing schemes	11,338,816	2,588,591
Small dwellings acquisition	—	— 52,652
Other, and expenditure not allocated	179,371	9,071,768
	87,431,487	175,459,410

In total the Exchequer grants amounted in the year to approximately one-half of the expenditure falling on the rates. This includes special grants towards the cost of schemes of work for the unemployed under many heads, as already given in detail.

The large amount in the group of beneficial services is made up mainly of the grants in respect of education, highways, and police.

It is sometimes suggested that to arrive at the true position as to rates these grants should be ignored, which would increase the rate about 50 per cent., so that the average rate instead of being 11s. 6½d. in the £ in 1929-30 would be about 18s. The question of the proportions in which certain expenditure on services of a national or special character should be borne by the Exchequer and by the rates is one which has received much consideration in the past, and the arrangements as to which were revised as recently as 1929. In the case of these services the local authorities may be regarded as acting for the Government. In the Metropolitan area the police are under the direct control of the Government, but it would not for that reason be reasonable to suggest that there should be no contribution from the rates to the cost.

As regards the grants in respect of highways, it will be remembered that, with the development of motor traction, special taxes were imposed on motor vehicles, both business and luxury, to provide a "Road Fund" to meet the increasing cost of the highways. A few years ago the Chancellor of the Exchequer found it necessary to "raid" this fund on more than one occasion for general Exchequer

Practical Limits of Rateable Capacity

purposes. The grants from the fund in aid of road improvement and maintenance must be regarded as of a special character.

The Exchequer contributions do not include the payments by the Exchequer to the local authorities in reimbursement of the loss by de-rating. These, including the payments made under the Agricultural Rates Acts in the year 1929-30, amounted to £20,396,852, the figures for de-rating under the Local Government Act, 1929, being in respect of a half-year only. For a year the payment by the Exchequer in respect of de-rating amounts to £22,340,000.

Summary of Salient Considerations.

The amount of rates levied and the rate in the £ have greatly increased since 1914; but if due weight be given to the alteration in values in the period, the increase in population, and still more in number of families, and the changes in conditions generally, it is doubtful whether there is generally any considerable increase in the real burden of the rates since 1914. There have been considerable extensions of such services as housing and construction and maintenance of roads, but the added cost of these has been largely met by Exchequer contributions.

The services rendered for the payment of rates are in the main either definitely beneficial or in discharge of natural obligations which must be discharged by the community. They are essential to meet the requirements arising day by day, and are consequently of an entirely different character from the greater part of the national expenditure which necessarily is so largely for the purpose of meeting obligations contracted in the past and to provide for the contingencies of the future.

There is in England and Wales a great diversity in the extent of the burden as measured by the rate in the £, there being a considerable number even of urban areas with a rate of less than 10s. in the £ and an appreciable number with a rate of more than 20s. in the £. The figures of rates in the £ are, however, subject to the qualification that the assessment of property has not yet been adjusted to the altered values except to a limited extent.

A rate of 10s. in the £ would in normal circumstances, when values have found their level in all directions, mean that the ratepayer in a typical case would pay for all the services rendered to him individually, and as a member of the community, 37½ per cent. of the amount which he pays in rent for the use of the house in which he resides; and assuming the rent and rates combined to be one-sixth or less of the ratepayer's income, it represents a payment in rates of 4.55 per cent. (one twenty-second part) or less of such income. A rate of 20s. in the £ would of course double these figures.

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The wide range of the rates in the £ suggests the impracticability of mentioning any figure which should be regarded as a general limit of rateable capacity; the factors and circumstances governing the matter are too numerous and diverse to permit of any such general limit.

Provided efficiency and economy of local administration can be secured, there should be little danger of the resulting expenditure exceeding rateable capacity. There may be areas in which, owing to special circumstances or particular adverse conditions, such as unemployment at the present time, the rates may rise to excessive proportions; but these are cases for special assistance. Broadly speaking, I think that as long as the national finances are within the taxable capacity of the community there should generally be little difficulty in the ratepayers meeting the cost of the services performed for them by the local authorities if these are carried out with reasonable economy. Considering the nature and purpose of local government services, the vital consideration is to obtain efficient and economical service, particularly in such services as public assistance and education, where the possibilities of unnecessary expenditure are greatest. The Committee (of 1931) on Finance and Industry, after referring to the extension of government activities, stated:—

“ It is of vital importance that the new policy, while truly promoting liberty by securing better conditions of life for the people of this country, should not, in its zeal for interference, deprive them of their initiative and independence, which are the nation's most valuable assets.”

This, I think, expresses a consideration which should always be borne in mind in the administration of services of the character referred to.

The State and Economic Policy

By COLIN CLARK

University Lecturer in Statistics, Cambridge; formerly on the staff of the Economic Advisory Council

[To be discussed at the Summer Conference of the Institute of Public Administration, Cambridge, June, 1932]

ON one occasion some two years ago I had spent a long time discussing a number of the points raised below with a certain civil servant of the old school. He ended up by saying: “ Yes, on this point I agree with you—I think a Government should have an economic policy.” With the matter stated in this manner we are at once plunged into the question of there being a need for the central direction, or just for the co-ordination, of policy on economic questions. And we are brought up against the fact that at the present time each Government Department in any way concerned with economic policy considers itself to be quite sovereign and independent of other departments in its own field, subject nominally to the control of the Cabinet, but in fact controlled only by the guiding hand of the Treasury. If we have one department—say the Board of Trade—engaged in promoting the rationalisation and reorganisation of an industry, there is practically no method or machinery whereby its efforts can be co-ordinated with and reinforced by the work of the Ministry of Labour, which will have to take responsibility for the problems of unemployment and labour transference which will be created, the Department of Overseas Trade, which is expected to help in finding overseas markets for the industry's produce, the Ministry of Health and the Local Authorities, which may be absolutely vitally affected by the closing down of works in one area and the opening up of other areas, the Ministry of Transport and possibly the big buying departments such as the fighting services and the Post Office.

I have chosen this illustration from among a number of possible illustrations of the need for co-ordination, because it draws attention to those departments which are in fact at present concerned in major issues of economic policy, and because it discusses the repercussions of what is in fact a very important practical issue of to-day. The rationalisation of industry, either directly under State auspices as in the Coal Mines Act of 1930, or indirectly countenanced and assisted

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by the State, is a line of policy that any Government of the present time is bound to follow. The responsibilities which it involves may cause some Ministers to make wry faces, but none venture openly to suggest that this clock should be put back. At the present moment, it appears, the department which is taking the initiative in promoting the rationalisation of industry is no longer the Board of Trade as such, but our newly-created "Tariff Department."

One can easily find other illustrations of very great importance in the sphere of industrial and economic policy. Take for instance the question of industrial transference. Since the report of the Industrial Transference Board of 1928—a document much disapproved of at the time by numbers of different interests, but which apparently nowadays meets with general acceptance—the Ministry of Labour have undertaken responsibility for transference of men away from the depressed areas, and the training of the younger men and lads for alternative occupations (although I understand that both training and transference have recently been considerably slowed down owing to abnormal unemployment). But here again, the working of the Coal Mines Act, for instance, may have the effect of shutting down numbers of pits and of creating new depressed areas, or of restoring the fortunes of some of the existing depressed areas, new manufacturing industries are being fostered by tariffs, which clearly should be used to take off some of the surplus labour of the old depressed industries and areas; while the transference of labour on any appreciable scale is bound to involve questions of housing, and indirectly of town-planning and municipal services. But here again each of the departments concerned—or the diarchy of the Ministry of Health and the Local Authorities in the case of housing—acts on its own, or at best takes some vague cognisance of what other departments are doing. Of positive and constructive co-ordination there is none.

Perhaps it is not surprising that we find things as they are. After all, British institutions are British institutions, and we are always told that we must not expect to find them designed or thought out, but simply to find that they have grown up. The system works well in the sense that there is very little friction between government departments—the faults of the present system, as I have tried to suggest above, are faults of omission. Four of the departments now concerned with economic matters—the Ministry of Labour, the Ministry of Transport, the Ministry of Mines and the Department of Overseas Trade—have grown up out of the disintegration and subdivision of the Board of Trade. The economic functions of the Ministry of Health have inevitably developed with the growth of Local Authorities' trading services, housing and public works. The

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division of functions between the Board of Trade and the Treasury has grown up over a very long period.

To sum up, the situation is that in the old days, when the Government's share in economic affairs was confined to the Budget and the National Debt, the making and unmaking of tariffs, and occasional intervention in the biggest industrial disputes, economic policy could be controlled by the Treasury and the Board of Trade, each working in its own sphere and each with its peculiar point of view. But during the last thirty years the immense extension of the economic functions of the State—health, unemployment and widowhood insurance, old age pensions, road fund, housing, electricity, railways, wages and hours legislation, conciliation in industrial disputes, to name only a few—has led to a fragmentation of the old departments and powers, and to a loss of central direction.

The powers of the Treasury, however, in many respects remain supreme: and as it is only from the Treasury that any central control of policy can be said to come. "Treasury control" has two aspects: the first is the insuring that each department shall, in the broadest sense of the words, live within its income, and not in any way outrun or get round the intentions of Parliament or the Cabinet, which is on the whole a necessary and useful form of control. But at the same time the Treasury line, at any rate since the war, has been to discourage as much as possible the raising of loans for capital purposes by all departments, in the interest of facilitating the conversion of the National Debt. This is a matter in which the interests of the one department with the problem of conversion, at most periods since the war, has run definitely counter to the interests of the nation as a whole.

Apart, therefore, from Treasury control, in its good and its bad aspect, there is no centralised direction of the economic policy of different departments, except in such comparatively minor matters as the recent drive to secure that each department and local authority should "Buy British." The illustrations I have given above refer mainly to the need for planning and co-ordinating the actual execution of the economic work which the Government has to undertake under its present responsibilities. There are many who advocate that the powers and duties of the State in the economic sphere should be considerably increased. This is a matter of politics on which I do not wish to take sides at the present moment; what I am concerned to point out is that unless we wish to see the existing responsibilities of the State diminished and discredited, we must think about creating some machinery which will weld into one policy, seriously thought out and properly planned in execution, these diverse activities of different departments. Without the creation of any important new powers, the co-ordinated direction of the existing powers of the State

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in the economic field would enable a Government really to have an economic policy, and to see the execution of this policy really bite upon the slippery and intractable economic situation.

But before we go on to discuss methods by which such centralisation could be brought about, there is another aspect of the problem to be considered. From the administrative point of view, what interests us in the first place is the need for the co-ordination and planning of the existing economic functions of different departments. But in the long run it is certainly no less important that the Government should have a policy on the plain fundamental economic issues, such as the issue between inflation, the question of whether taxation and social expenditure should be increased or diminished, and the naked conflicts involved in the division of the proceeds of industry between wages, interest and profits, as well on the more immediate administrative problems. And if the Government and the administration are to command respect it must be a policy which has been well thought out; members of the Government must sincerely believe in it and understand its implications; and its execution must be carefully planned.

Now at the present time many ministers would fly in horror from the idea of the Government having any declared policy on the question, for instance, of whether or not wages should be reduced. Such matters, they say, must be left to be settled between employers and men, or to the ordinary workings of supply and demand. What they do not realise is that when the Government has to make decisions as to its policy, for instance, on unemployment benefit, it is affecting wage-level just as surely as if it were promoting wage-legislation or actively intervening in industrial disputes: for a Government which maintains unemployment benefit is indubitably buttressing up the existing level of wages, and a Government which reduces it is ranging itself on the side of wage reductions. Moreover the pressure of events during the last ten years has made the wages of the two largest bodies of wage-earners—the miners and the agricultural labourers—the subject of direct Parliamentary legislation, and it is really idle to pretend that the Government does not exercise a very large influence over and responsibility on the wage question.

The Trade Union interests which stood behind the late Government, not to put too fine a point on the matter, saw clearly enough, even if the Government did not, the advantage from the point of view of maintaining their wage-standards of keeping in power a Government which would resist any reforms in the Unemployment Insurance scheme.

In a different but no less important field of economic policy, the admission of the Government's responsibility for currency policy and control of the exchange rate must be reckoned a great advance.

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Compare for instance the attitude of members of the Government to-day with their attitude twelve months ago on this problem.

I think it is a good sign when we have, as at present, a Government which is not afraid to say that it stands for a definite restriction of social services, and an Opposition which says that it stands for penal taxation of the higher incomes. Of recent years there have been far too many "policies" which were to bring about extended social services and lower taxation, higher wages and simultaneously higher profits, lower prices to the consumer and higher prices to the producer, a high exchange to suit the financier and a low exchange to suit the industrialist. A great deal of inconsistency is inevitable in politics; but we are at least entitled to ask that Ministers shall make up their minds on one side or the other on these issues, even though it is too much to ask that they should declare themselves unequivocally before the electors on such fundamental issues of economic policy (I have been a parliamentary candidate twice myself and so sympathise with ministers in this respect).

Thus far I have developed two rather different lines of thought—the need for the co-ordination of the existing economic functions of the State, involving a great number of difficult, and rather jealously subsidised, problems of day to day administration; and then on the other hand the need for some thinking organ which would in the first place enable ministers to make up their minds unequivocally on fundamental economic issues, and in the second place to indicate how the economic policy which "the Government ought to have" (cf. my first paragraph) can in due course be executed by use of existing powers or the creation of new powers.

I am still often asked what was the purpose of creating the Economic Advisory Council, on whose staff I served for a time, and what it is supposed to be doing. In spite of the wording of its "terms of reference," and of ministerial speeches at the time of its creation, it was from the start prevented from doing anything along the first line, of co-ordinating the economic activities of departments. I believe, however, that it was intended, at the time of its foundation, to advance along the second line, of formulating long-range policy and of indicating how it could be put into execution. I had best state straightaway my opinion (and which is simply a personal opinion) of its success. Although it has not been, as some critics say, a complete failure, yet its achievements have been extraordinarily limited: and such as they have been, have been, as I said above, in the direction of long-range policy (e.g., the report on emigration recently published). Its fault lay to a considerable extent in its composition and organisation. A body of twenty to thirty men, meeting at best for a short session once a month, and often much less frequently

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(throughout all the months of the "crisis" it never met at all) cannot hope to achieve anything but talk; and in actual fact all the work of value that has been done was done by sub-committees. To enable a Government really to get a grip on questions of economic policy a smaller body, meeting much more frequently, is required. But even so it is difficult to see whether at the present time it would achieve much. The main difficulties of the Economic Advisory Council have been difficulties of personalities, both on the side of ministers and of civil servants.

The objection which has always been raised against the idea of having anything like an Economic Council, and which could very justly be raised now, is that of the critic who asks: "What is the use of the Government consulting economists, when no two economists agree with each other, and it is impossible to form a committee of them because several turn out not to be on speaking terms?" This is all perfectly true. But the essential point which this critic misses, is that the differences which divide economists are merely an accentuated form of the differences which divide most of us—namely political differences. Protection or Free Trade, inflation or deflation, Government economy or higher taxation, wage restrictions or wage increases—on each of these issues economists have their ordinary political convictions and prejudices like the rest of us, and because of their study of these subjects they generally realise more clearly than the rest of us the questions of international relationships, of the honouring of obligations, and of social justice involved—and hence they feel correspondingly strongly. This is the cause of this apparent confusion among economists. It is when the Government, or anyone else, asks economists not to *advocate* measures, but to *describe the consequences* of various lines of policy, that it can hope to secure objective and scientific advice.

This I believe to be an essential point. It has been said, with justice, that ministers nowadays are too ready to ask for policy to be dictated to them, either by civil servants or by outside experts, rather than to state clearly what their policy is and then to ask advice on how it can be carried out. This may be due simply to the increasing difficulty of the task of Government, or, as some say, to the fact that the intellect and character of Ministers nowadays compares badly with that of previous times, but in either case it is a serious matter. It certainly is not fair either to civil servants or to outside experts to ask them to undertake the decisions which should be made by a political head. What we must have is ministers with clear-cut views on one side or other of these fundamental economic issues, or at least who only ask experts to advocate policies when they wish to be advised before themselves taking the crucial decisions.

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With ministers who knew broadly what they wanted, and who were not all in a fog and trying to shirk having to make responsible decisions, a Government could lay down its line of policy on fundamental issues, and could then profitably seek advice from economists and business men as to the best way to achieve their objects.

This brings us back once again to the earlier issue of the co-ordination of the day-to-day work of different departments in the various fields of economic policy. It hardly needs saying that any advisory body of outside experts, however much "tightened up," would be most unsuitable for this task. What is needed here is some sort of council, of rather loose composition, consisting of the civil servants actually engaged in the administration of economic affairs in different departments. The working out of a proper relationship between this council and any form of Advisory Council concerned with long-range policy would be a difficult and important problem, but not, I think, insoluble. For both organisations there should be a proper secretariat and an expert research staff.

I should like to conclude with a reference to the question of statistics, in which I am specially concerned. When we are designing a creature we want to give him deft hands, strong legs and arms, and a thinking brain—but if we put in his eyes and ears as an after-thought we must not complain if he behaves in a primitive and undeveloped fashion, and his brain appears to spend much of its time revolving in the dark; and the sign of a really well-developed and advanced creature is to be found in the perfect harmony between eye, hand and brain. Now, in the field of economic policy the administrator must be the hand; the minister, closeted in council with his business and economic advisers, the thinking brain; and the statistician the eyes and ears, gathering information from all around and focusing it for the attention of the thinking and directing head. We need hardly wonder why our economic policy is such a clumsy beast: it has a pair of hands working largely by reflex action, no brain to speak of, and eyes and ears which are considered to be "a bye-product of administration."

I must leave the realm of metaphor, however, and must state plainly that the British system of official statistics is in a state of chaos. Not only are there some exceedingly serious omissions, but also the statistics which are compiled seem to be published with the maximum amount of disorder and delay. For instance our only source of information about the value of the output of different industries is the Census of Production. The report on the last group of industries in the Census referring to 1924 was published in March, 1932. Again, recently it appeared that information on this country's balance of trade was of very great importance in deciding questions

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of policy. The Board of Trade's estimates of invisible exports and income from overseas investments turned out to be nothing but a collection of guesses based mainly on work which had been done by private investigators. More remarkable still, two separate Government Departments, the Board of Trade and the Inland Revenue (the work of the latter having received very little publicity) compile and publish separate estimates of the value of income from overseas investments, each disavowing the work of the other. Or, to take another matter of great importance in policy at the present moment, in connection with the steel import duties and the steel consuming industries. Owing to the imperfections of the Census of Production there is no way of knowing, even approximately, the amount of steel used by the different steel consuming industries.

A final illustration relates again to industrial statistics. Besides the Census of Production, our principal source of quantitative information about industry are the statistics of unemployment insurance, which show regularly the numbers employed and unemployed in each industry. It is rather difficult to believe that these figures and those of the Census of Production are compiled on an entirely different classification and it is almost impossible to compare the two. Altogether there are five separate departments which separately undertake the work of classifying all employers of labour according to their trades—the Board of Trade, the Ministry of Labour, the Census Office, the Inland Revenue and the Home Office—and there is no co-ordination between their work or the returns which they collect.

I think I may be excused at this stage from elaborating a detailed programme of statistical reform. I should like to subscribe heartily to the proposals made in Chapter V of the Macmillan Report. At the same time I am satisfied the job will not be properly done until the collection and compilation of all official statistics is centralised under a Central Statistical Office. The British system of allowing each department to collect and compile statistics on its own is now coming to be regarded internationally as an administrative curiosity; for with the exception of U.S.A., where an enormous mass of statistical work is undertaken by two closely related departments, there is no other big industrial country where the administration of statistics is not centralised. In Germany the Statistisches Reichsamt is an enormous organisation with very considerable powers, and similarly in the British Dominions. In Canada, for instance, the Dominion Statistician is an official in a unique position, with direct access to the Prime Minister and power to compel information from any department.

I think I can best finally illustrate the significance of much of what has been said above from the example of Australia. Australia has re-

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cently carried through a recasting of her economic structure, which some of us may disapprove of or consider unjust, but which was, we must all agree, far-reaching and thoroughly carried out. It involves not only a retrenchment of State and Commonwealth expenditure and increases of taxation, but also wage and salary reductions, cuts in interest and rents, and control of imports and foreign exchange. Most of these fundamental changes were carried out on the recommendations and investigations of an expert committee. The point which I wish to emphasise is that had it not been for the existence of an excellent system of centralised statistical administration, and for the close liaison between the politicians and administrators on the one hand and their economic advisers on the other, such strong and effective measures of economic policy would have been inconceivable, as indeed they are in this country.

Report of the International Congress of Local Authorities, London, May, 1932

By Sir WILLIAM HART

THE International Congress of Local Authorities has met and dispersed, and it remains to gather up impressions of its meetings.

Reports of the proceedings have been published in the *Municipal Journal* and the *Municipal Review*, and it is therefore not necessary to recapitulate them here.

A comprehensive programme had been prepared, including various excursions and visits to different parts of the country, which served the important purpose of enabling our foreign visitors to see something of our social life, and to see also the practical working of some of our local government institutions.

It may generally be claimed that, although the Congress produced few outstanding personalities, it displayed considerable interest in wisely-chosen subjects for discussion, made those subjects more clear and better understood than they were previously, and made an advance in the linking together of local authorities in many parts of the world.

The Congress was the sixth of the kind, and the first to be held in this country. It was reported that forty-four States were represented at the meetings. The total number of delegates was about 700, and but for the severe financial position in which practically all countries are placed at this time, it was confidently anticipated that at least 2,000 delegates would have been present. It speaks well for some of the countries more seriously afflicted by their financial troubles that they sent delegations which adequately represented their views and ambitions.

A word of praise may be tendered to those who were responsible for the arrangements, which were not without difficulty, and which gave general satisfaction. It is well known that the Earl of Derby took a great interest in the preparation of the programme, and gave his wide experience for the benefit and guidance of the Executive

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Committee. Mr. Montagu Harris, of the Ministry of Health, is to be congratulated on the great success of his preparations for the Congress. M. Wibaut made a dignified and competent President of the Congress, and M. Vinck, the General Secretary of the Association, was indefatigable in his efforts. It was interesting when speeches in English were being translated to compare his ready fluency and graceful movements of his hearers with the solid matter-of-fact manner of the German interpreter.

The opening meeting took place at the Central Hall, Westminster, on the morning of Monday, 23rd May. The Earl of Derby, who presided, put cordiality and good will into all that he said, and imparted that feeling at once to the audience. The Minister of Health, Sir E. Hilton Young, M.P., offered an official welcome on behalf of the Government, and pointed out how greatly the annual expenditure of the local authorities in England and Wales had increased. Fifty years ago it was £50,000,000, and now it is £533,000,000. If his intention was merely to show the staggering increase of local government expenditure during that period, it was enough to give figures without explanation, but seeing that there is the possibility of the figures being quoted as evidence of the extravagance of local authorities, it would have appeared to be not unreasonable that attention should have been drawn to the change in the value of money, the extension of public services, and other relevant facts, particularly the considerable expenditure on remunerative works, which would have made it clear that the past and present expenditures are not on comparable lines. The Minister was on safer ground in recording the decline of the general death rate from 19 to 12 per 1,000, and infant mortality from 130 to 66 per 1,000 live births. His plea that during the season of enforced halt because of lack of means all existing resources should be put to the best possible use was timely. Other speeches were given by representatives of several countries, and though on conventional lines, they had the ring of obvious sincerity, and indicated a warm interest in questions of local government. They were also commendably brief, and were followed by an address by M. Wibaut, the President of the International Union of Local Authorities, who (and surely unnecessarily) indicated at some length the reasons why the Congress had not been postponed. He looked to Lausanne and Geneva for a lead in the direction of world peace, without which, he assured us, the success of local government could not be obtained.

The afternoon session and the morning session of Tuesday were devoted to consideration of the question of the practical working of local authorities. For the purpose of concentrating information a questionnaire had been sent out to all the countries proposed to be

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represented by the Congress. In the case of England and Wales, answers to this questionnaire had been prepared by separate representatives of the Municipal Corporations, County Councils, and Urban and Rural District Councils, and the resulting information had been collated by Sir Frederick Willis. The replies from the other countries, as well as that of this country, had been summarised and noted by Mr. Montagu Harris, and presented to the Congress in the form of a general report, which is of first-class importance. It shows the great variety of methods of working local authorities adopted in different countries. The Summary should be obtained and made use of by all who wish to study this aspect of local government. This report was taken as read, and discussion thereon was animated and continuous.

It was interesting to see how the representatives of different countries sought to explain the methods of local government in operation in their own countries, and in many cases they were frank enough to criticise respects in which they were considered defective. In this and the subsequent discussion I should say that the Germans were the ablest speakers. Their speeches revealed the considerable interest taken in Germany in all aspects of local government, and showed that in many respects they are ahead of other countries. German speakers, while admitting that their system of municipal government is, on paper, complicated, asserted that in fact it works satisfactorily. Until recently the influence of the elected council was increasing, but owing to economic conditions the State has had to grant subsidies, and is naturally therefore exercising greater powers of control, but amid all disappointments the local authorities are hoping before long to reacquire their former local autonomy. It is impossible to mention all the descriptions of local government given by representatives of various countries, and one or two references must suffice. It was interesting to note the eagerness of some of the smaller and newly-established countries in this question. Poland, for instance, displayed remarkable keenness and zest. Possibly there is no similar case in the world. What is now Polish territory was controlled by three empires, each having different systems of local government. The districts under Russian domination had no self-government whatever. There are now eight different systems in force at the present time, by reason of attempts that are being made to arrive eventually at unification. In general the system towards which efforts are tending is that of a deliberative assembly, elected by popular suffrage, and an executive body appointed by the elected assembly. With all their difficulties before them, our Polish visitors were enthusiastic as to the future, and, above all, they wish to ensure that the directly-elected body shall, as soon as possible, be the

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effective governing body in the municipality. Spain, though it cannot be called a new country, had a brief experience during the Dictatorship of the working of local government by an elected council with extremely limited powers. Since the removal of the Dictatorship the Republican Government has enabled the public to participate more actively in local affairs.

Generally it may be said that the chief difference as between the system under which the government controls the local authority, either as in France, by the interposition of a government officer who either directly determines what shall be done or who has the veto over the action of the local authority, or the English system under which the local authority largely exercises self control, except in such semi-national questions as police or education, where the State subsidises the services to a considerable extent. The *burgomaster* system as operated in Germany, and the town manager system now in force in certain parts of the United States, were explained and attempts made to justify them. Mr. Brownlow, of Chicago, who has been a town manager in two American cities, explained, so far as the brief time allowed for his speech would permit, the town manager system in the cities, and he was at pains to assert that the town manager, contrary to what he imagines to be thought in England, is in no sense a dictator, but acts entirely under the direction of the elected council, and has no authority to initiate policy on his own account. It would have been interesting if Mr. Brownlow could have been allowed to develop his speech. I suggest the Institute might invite him or some one with equal knowledge to write fully on the experience of the town manager system in the States. We ought to know more about the system than apparently we know.

It was generally claimed by the various speakers that the system in vogue in their respective countries on the whole suits the people of those countries, but what they are aiming at obviously is that there should be, as nearly as may be, a position of independence of the central government. The people of the locality know their own requirements, and it was stated to be a matter of keen regret in some countries like Germany that the financial crisis has compelled arrangements with the central government by which subsidies are being granted to the local authorities. This necessarily means that the State must have increased control, and the earnest desire was expressed that before long this difficulty may be overcome and the local authority attain an increased measure of self-government. It was gratifying to find that the sentiment was expressed and warmly approved that the time has come when local government may claim a supreme part in the control of public affairs. It was put that local government is so eminently near to the day-to-day experience of the

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public that it is essential that increasing attention and effort should be devoted to this service.

Our English system was not too generously presented to such an international gathering. Our first orator¹ described our larger city councils as an undisciplined mob, and claimed that we work under a lunatic constitution. When he followed this up by saying that our local government is highly successful, he reminded one of Macaulay's famous observation that Boswell's *Life of Johnson* was such an extraordinarily good one because Boswell himself was a fool. One wonders whether statements of this kind, when reinforced by ancient gibes about follies which pass muster in corporation committees, are calculated to give foreigners a true indication of what our position really is. It is common ground that Englishmen have a habit of depreciating themselves, or sometimes depreciating those with whom they are associated, and one would like to know how such statements affect the minds of foreigners. It was claimed by the same speaker that the success of our municipal government is due largely to the committee system, though why men who are incompetent in the council become wise in the committee was not fully explained. A tribute paid to the services of the officers who attend committees and to the town clerk for his guidance was well deserved. There were points in the more serious parts of the speech that deserve further discussion.

The fact is that critics who point out that members of our councils come into office without any previous experience and without any training for their post are giving only a partial view of facts. The general statement is true no doubt, but critics fail to recognise that all these persons do not come into the council at one time. The Council is constantly changing and there usually is at any time a fair percentage of experienced administrators who keep the balance between so-called untrained men and others by whom considerable and valuable public service is afforded. The supreme quality of our English system is that the councils represent directly the electors. It is often complained that electors do not take interest in the elections, and we have at times foolish suggestions put forward that those who do not vote at elections should be disfranchised. While it is perfectly obvious that such a suggestion is utterly impracticable, it may be pointed out that as a rule when electors fail to take an interest in an election it is because there is little difference between the parties or the policies which are seeking the support of the electors. When questions of sufficient importance are before the public the voters come to the election and record their views, and the value of the elected councillor representative is that he is better able

¹ See "The Practical Working of City Government in England," pp. 278-283 of this journal.
—EDITOR.

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to know the minds of the electors than any other person. One can well suppose that if the control of our council were to be transferred to a person of the burgomaster type or to a small committee of five or six experts they might prove successful, but in my submission it would lack the great qualification which has been sought and fought for in this country,—namely, that the people themselves shall determine what is best for themselves, and whatever depreciation of individuals or groups may be justly urged, I maintain that it would be contrary to all our national history and experience that the expert should supersede the elector and his nominee, the elected person.

Mr. Montagu Harris replied to the discussion in an effective speech. There is only one comment he made on which I venture an expression of difference of view. He deplored the general custom that in municipalities the mayor is not elected for more than a year, whereas the chairman of a county council usually holds office for a series of years, and thereby gains experience and judgment which enable him to conduct more effectively the business of the council. I agree to some extent as to chairmen of county councils, though I think many of them hold office too long. The office of mayor, I suggest, is somewhat different. His office gives him pre-eminence in a comparatively small and concentrated area, and his social influence is felt more than that of a chairman of a county council. He has usually been a keen party man and he has looked upon all manner of questions in a party light. He comes for a year out of politics and learns to see questions in a broader way and with much less bias. He becomes a leader in the social life of the borough. His wife receives due recognition, and the wife of a public man seldom gets due acknowledgment for the sacrifices she makes on his behalf. In these days when a salary is often voted to the mayor working men are enabled to take office and often hold it creditably. Such a set of circumstances does not lend to the continuance of an office for a lengthy period. It is a laudable ambition to become the mayor, and the opportunity ought to be offered to as many worthy public men as possible.

The extremely interesting subject of the training of local government officers occupied the whole of the afternoon of Tuesday and the morning of Wednesday. Judging by the attendance this subject would appear to be of less interest generally, but the discussion did not lack interest both on the part of the speakers and the hearers.

Generally it was realised that the growing complexity and importance of local government call for a good type of officer and that he should be carefully and diligently trained. It is true that one of our English speakers thought that we might overtrain our officers, and that it would be more serviceable apparently to pick them up as

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we may and let them find their way as they can. It would seem that this point of view arose largely from a feeling against bureaucracy, which is having a temporarily popularity to-day. There are not doubt many employers who would express the view, if they were asked, that it would be better if Trades Unions were abolished, but as a practical question it would seem not to be worth while debating. It is somewhat surprising thus to find it put forward by a public speaker in this country that special training of our local government officers should not be promoted.

The position in this country which to my knowledge was not put forward at the Congress is simple. We want to attract into the local government service men who will make excellent and careful officers. Entry into this service involves certain drawbacks. A feeling of profound concern went through our public service three or four years ago when it was decided in the Courts that a local government officer is liable to instant dismissal by his council, even though the council has given him a solemn agreement that he shall have a stipulated term of notice before dismissal. The fact that the law in this respect was not generally known is indicative that on the whole local authorities have treated their officers fairly as regards dismissal, but in my opinion the effect of the decided case is much more hurtful than is generally known. In addition, the officer is liable when questions of salary are being considered to be subject to public and unfair attack, to which, by the rules of the service, it is not proper for him to reply. Nothing is more contemptible than that ill will should be able to be exercised in this way, and lasting disparagement cast upon officers. There is also the rule that he shall not take part in politics, which in most cases perhaps is not looked upon as a real disadvantage. If, with these drawbacks, the service has to remain attractive there should be the application of the Superannuation Act all round and there should be provision too of adequate salaries. On questions of salary all that can be reasonably asked is that salaries of officers shall be comparable with those of corresponding positions in other vocations, so that the local government service might attract a good type of officer. If this could be made sure we might hope to attract a first-class type of officer and we should be entitled to call upon him to make himself fit for the service by undergoing a serious and exacting course of training. And it is highly encouraging that the need for obtaining special qualifications is being most strongly pressed by the officers themselves and their official Associations. The councils are not nearly so awake to the position as are their officers. Up to the present the matter has scarcely been dealt with by official organisations and local authorities. Happily they are beginning to realise their responsibilities in this matter. The Congress showed that other countries are pressed by the same

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subject. In Germany particularly the subject has been taken up thoroughly and on the whole Germany would appear to be more advanced than in this country. Other nations than Germany appear to have done little in this direction, but it is obvious they are waking up and no doubt the Congress will have stimulated interest in the question.

A word of praise should be offered to Dr. Herman Finer for his excellent summary of the replies from different countries, which he prepared along with some other useful information of his own.

The Congress undoubtedly helped to elucidate questions of importance. It was gratifying to know that the visitors generally looked to England as being in the van of progress and they were undoubtedly affected in their views by what they have learned of the English practice.

One's personal recollection of the Conference recalls hard, uncomfortable chairs, meetings began unusually late (possibly this is a Continental practice) a method of translation of speeches which became a little wearisome, and a series of addresses of practical rather than of an imaginative nature. Many of the speakers lamented the financial stringency which seems to stifle all enterprise, to set back all development. But it would be a mistake to suppose that behind all this unemotional appearance there was no advance made. To-day the bleak austerity of economic policy rules everywhere. Local government expenditure is a subject of almost universal adverse comment. We are told we must reduce it. We must reduce it drastically. High financial magnates say so. Men who live little less luxuriously than ever they did are eloquent in saying that reduction of local government expenditure is the crying need of the times. In this country Parliament is to be called upon, is being called upon, to compel it. The men and women who attended the Conference had taken the measure of this agitation. It is essential that something must be done, and we hear of the promotion of new measures, the checking of existing activities, the stoppage of works that now provide useful employment, and mean salary cuts. But there was apparent in the Conference a vision that the local government authorities have a great work to do in bringing about contentment and communal happiness in the districts for whose advantage they are labouring in removing abuses and introducing amenities, and there is in their minds a determination that, when economy has done all it can, there will break out an era when each authority, in whatever country you like, will, with clearer light on its problems, make a great step forward. Then in other countries the towns will take up their duties in accordance with their high traditions and the authorities in the newer countries will leap to their opportunities.

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pelled to give either of them any substantial degree of responsibility. The mayor is generally changed every year and devotes the greater part of his time to ceremonial duties. He is rarely able to give any effective leadership to the council. The town clerk's statutory powers are very limited. He is usually regarded as legal adviser and to some extent as general adviser, but certainly not as general manager.

This constitution contrasts with that in all foreign countries where it is the general rule to give definite leadership by statute. In France, the *préfet* and the *maire* have large powers; in Germany, the *burgomaster* and the *magistrat* have in all cases very important responsibilities of leadership; in America, we have in many cases the strong mayor or the city manager. In all these cases the responsibility for leadership is concentrated on one person or a few persons; the English council by comparison is constitutionally a leaderless mob of amateurs.

Leadership, in any administrative job, is the essence of success. It is surprising that the failure to provide it in English local government has not had more disastrous results. Consider what would be said if a similar organisation were applied to a great business concern. Suppose, for instance, at the next general meeting of, say, Unilever, some shareholder were to get up and say that he had studied the work of English municipalities, he thought it was very efficient and he would like to see a similar constitution adopted by Unilever. He therefore moved the following resolutions:—

- (1) That one hundred directors should be appointed by a general meeting of shareholders; their principal qualification should be their ability to address the shareholders in persuasive tones. They should be unpaid and should only devote a portion of their time to the work.
- (2) That the chairman should not hold office for more than one year at a time, and should devote the greater part of his time to ceremonial work.
- (3) That there should be no general manager, as the appointment of one man in general charge might be disliked by some of the heads of departments, but that the head official should be a solicitor appointed mainly to advise the board of directors on legal matters.

Such a shareholder would be set down as a lunatic, and he would be told that any concern run under a constitution of that sort would inevitably be bankrupt in a very short time. And yet his resolutions represent in fact the constitution under which the government of all our large cities is carried on.

The Practical Working of City Government in England

By Sir ERNEST SIMON

[*Speech delivered at the International Conference of Local Authorities, May, 1932*]

IT is easy to get information as to the constitutions of city government all over the world; it is very hard to get information as to the practical working of these constitutions. This is confirmed by Mr. Harris' able summary of the replies received to the questionnaires from many countries, practically all of which, as he points out, stop short of giving any real information as to how the different city governments work in actual practice.

As regards England, it is difficult to get general information on this matter. We have no municipal research bureau; our universities are only just beginning to take an interest in the matter. The Ministry of Health has a great deal of information and publishes certain comparative figures, from which deductions as to efficiency can be made, but the Ministry is very discreet. There have been a large number of Royal Commissions and Departmental Committees during the past ten years; here again, it is difficult to get much information as to the general efficiency of local government.

Practically speaking, one is driven back to information provided by individuals; here again, there is little material available; few books have been written. The pages of the I.P.A. Journal represent by far the most fertile field for the student. The best I can do therefore is to give such information as I have been able to obtain from my own experience, gained in connection with the Manchester City Council, and in conversations and visits of inspection to other cities.

The English system of city government is remarkable constitutionally for its extreme simplicity. A number of aldermen and councillors are elected, generally over one hundred in a large city, and they are left to get on with the job of governing the city with remarkably little direction or control from the government. They must appoint a mayor and a town clerk, but they are not com-

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The astonishing thing is that in spite of this lunatic constitution our cities are fairly well governed. This is, I think, mainly due to two things:—

Firstly, because it is customary to appoint a body of officials who are competent, honest, and fairly well paid.

Secondly, because by tradition almost the whole of the work of the council is done by committees of an average size of perhaps twenty, each of which has a chairman and a chief official. The constitution of a committee, with its part-time chairman and whole-time paid official, is exactly the same as that of a board of directors, and is in fact what experience shows to be the best available constitution.

There is no doubt that on the whole our cities are fairly well governed. The standard of public spirit and honesty, both among councillors and officials, is good. Scandals are rare and unimportant. Almost the whole of the work of the councils is done through committees, and, generally speaking, the efficiency of the work of the individual committee is reasonably good. The public utilities (or trading committees) are, I think, on the whole efficient; I have heard many attempts to prove that the municipal trading committees are more efficient than those run by private enterprise and *vice versa*, but have never seen anything convincing on either side. On the whole I think it is fair to assume that the municipal committees are just about equally efficient with private enterprise.

It must, however, be pointed out that the decisions of the trading committees are so technical that the members of the council can rarely interfere; in other words, the official gets a free hand. The work of the trading committees is therefore a measure of the quality of the officials appointed, and its success is evidence that in these committees the officials are generally pretty efficient.

The remaining committees vary in efficiency from committee to committee and from town to town.

The great fault of committees, which seems to be widespread, is the tendency to do detailed administration themselves instead of leaving it to the official. On the whole the more technical the committee is the less the members interfere, and the better the work is done.

I know of one committee which employs several hundred men and several hundred horses. This is known as the "horsey" committee of the council, and the horse lovers endeavour to get elected to it. When elected their main interest is concentrated on horses, and they regard themselves as at least as competent to deal with any questions that arise as the officials. Oats and hay are bought by the committee, which passes round, examines and smells samples, and

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decides which is best. Reports are submitted as to the health of those horses which are not fit; in one case a stone was passed round about the size of a football, which had been taken from one of the horses, and was shown to the committee in justification of the chairman personally taking responsibility for ordering the destruction of the horse! The great occasions in the life of the committee are very pleasant visits to farms in the search for new horses, which are ordered on the judgment of the members of the committee.

This is an extreme case of a committee misconceiving its duties in connection with administration; such attempts at administration by the members of the committee must necessarily in the great majority of cases lead to inefficiency in dealing with the points tackled by the committee; on the other hand, the committee will be so occupied with detail that it will have little opportunity of thinking of the bigger questions with which it ought to deal.

To sum up, then, committees vary from good to bad. The weakness of the whole thing is the lack of central co-ordination and control. Suitable machinery for financial control exists in the form of the finance committee and the city treasurer. But there is rarely adequate central control of policy. I know of cases where a committee has gone on for years in a very high state of inefficiency; no individual connected with the council has considered it his business to intervene, nor has any other committee taken any interest in it. The control by the monthly meetings of the city council is reasonably effective so far as finance is concerned, where they have the advice of the finance committee; so far as general policy is concerned, where there is no committee to advise, the control of the unguided mob of councillors is, so far as my experience goes, apt to do more harm than good; in other words, the committee which has studied the matter is much more likely to be right on policy than the members of the council as a whole.

One of the reasons why the council as a whole is not a good controlling body is the liking of many councillors for petty patronage. In a recent case in Manchester, the Public Health Committee reported that the system of visiting the hospitals was doing serious damage because unlimited permits were issued by the members of the Public Assistance Committee. The report was quite convincing to any impartial reader, and yet practically half the council voted for a continuation of this definitely bad system because of the desire of the members of the very large Public Assistance Committee to continue their personal privilege of dispensing tickets of admission.

In certain cities central guidance and control is given in various forms; a small general purposes committee, a powerful caucus of the dominating party, a political boss, a strong town clerk, but, generally

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speaking, I have no doubt that by far the weakest point in British city government is the failure to concentrate responsibility, the lack of competent and well-defined leadership.

Suggested Reforms.

It is not difficult to see how such leadership can be given. If we take the analogy of an industrial company it is clear that what a municipality needs is a small effective board, a chairman, and a general manager; or, if this cannot be obtained on account of the strength of the democratic tradition, then such reforms as will go as far as possible in this direction.

The first thing therefore is to appoint a small general purposes committee of the best members of the council, with the duty of advising the council on the whole of its business.

The town clerk must, of course, be secretary of the general purposes committee, and the advice he gives to the council would be presented in the first case to this committee.

The chairman of this committee should be the strongest man in the council, and might be regarded as the leader of the council, the mayor devoting himself exclusively to ceremonial affairs. In this way the business head of the council could be appointed for three or five years, or some such reasonable period.

But by far the most important reform is the need for a strong town clerk, who must be recognised as head of the administration. His qualifications must be such as are required for administration and similar to those of the general manager of a large business; there is no reason whatever why he should be a lawyer, though this would be no disqualification. A town clerk should be appointed with, as a minimum, the following three duties:—

- (1) To see that all decisions of the council are promptly and effectively carried out;
- (2) Constantly to survey the work of the council and to report to the general purposes committee any steps which in his opinion can be taken to improve it;
- (3) To supervise the appointment and promotion of all officials.

On these lines there would be the necessary definition and concentration of responsibility, and so long as the members of the general purposes committee were competent and the town clerk was the right man, the government of the city should be good.

There is, however, one further reform that could advantageously be made to increase the efficiency of the committee system. The committees in most towns have only authority to advise the council, which receives each month several thousand recommendations, is

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supposed to consider them all and confirm such as it approves of. On the principle that executive work is best done by a limited number of persons who are given full responsibility for their decisions, it would be much better to have small committees and to delegate to them the powers of the council; that is, to leave them actually to do the work. This is the system in Birmingham, and it is commonly stated that Birmingham is the best governed of the large cities of England. The committees, I understand, consist generally of about ten persons, who act just like a board of directors, submitting to the council their annual estimates, an annual report, and further reports when they contemplate any big departure in policy. I have no doubt that the general adoption of a system of delegation of this kind would substantially improve the work of the committees.

I have only one other suggestion. Pursuing still further the principle of concentrating responsibility on a limited number of persons, I believe that a city council not exceeding fifty persons would work better than a council of one hundred or one hundred and fifty, such as many of our large municipalities have to-day.

To sum up my conclusions in provocative form, I suggest that a Bill should be introduced in the House of Commons, to be called perhaps the Local Government (Leadership) Bill, with three clauses:—

- (1) That the number of members of a city council should not exceed fifty.
- (2) That they should delegate their work to committees, putting the full responsibility for carrying out the work on the committee as suggested above.
- (3) That the town clerk should be appointed as head of the administrative staff, with the three duties above outlined.

These alterations are simple and in accordance with the democratic tradition of local government. I believe they would make an immense difference to the efficiency of the government in many of our large cities.

The Indian Factory Worker

By Miss B. M. LE POER POWER

[Read before the Institute of Public Administration, London,
19th November, 1931]

IN the time at my disposal it is clearly impossible for me to deal with the whole of the work covered by the Royal Commission on Labour in India, which sailed for that country at the end of September, 1929, and signed its Report in Delhi in March, 1931. This will not surprise you if first of all I read you the terms of reference and then briefly indicate the ground covered by the Commission. The terms of reference were as follows:—

“To inquire into and report on the existing conditions of labour in industrial undertakings and plantations in British India, on the health, efficiency and standard of life of the workers, and on the relations between employers and employed, and to make recommendations.”

The Commission consisted of twelve persons (eleven men and one woman), of whom six were British and six Indian. These twelve persons included representatives of employers and employed, as well as Government officials with specialised knowledge and others widely versed in Indian conditions. The Commission visited every province of British India, except two which are not industrialised, covered 16,000 miles, exclusive of journeys to and from India, held 200 public and private sessions, heard the oral evidence in more than 12 languages of 837 persons, and received memoranda from 490 separate sources. Quite apart from its Report, which was published last July, and contains over 300 recommendations, it is believed that the eighteen accompanying volumes of evidence constitute the most voluminous mass of up-to-date material which at present exists in respect of labour conditions in any Eastern country. For many years to come this should prove an invaluable source of information to students of international labour questions, in a form both concise and accessible.

This Commission was unique among the industrial commissions and committees which have been set up in India in the last three-quarters of a century, not only in the comprehensiveness of its terms of reference, which covered all kinds of industrial and plantation labour, other than those occupied in what are known as home or

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cottage industries, but also in the fact that *for the first time* the workers themselves were interviewed, whether on the plantation, at the factory, down the mine, on shipboard, or in the home. Aryan and aboriginal, high caste and low caste, educated and uneducated, skilled and unskilled alike contributed their share, and thereby not only added greatly to the completeness of the evidence and the effectiveness of the picture presented, but also, it is hoped and believed, to the greater understanding of the Commissioners, and therefore to the ultimate value of their recommendations.

To those who wish for a companion volume to that marvellous document known as Part I of the Report of the Simon Commission, in order to supplement their knowledge of one of the most interesting, as well as one of the most complex, social, political, and economic problems now facing the British Empire, I would recommend the Report of the Royal Commission on Labour in India. The fact that in less than three months after its publication it has already gone into a second edition in this country is a stimulating indication of the very real interest that is being taken on all matters affecting this great sub-Continent by the ordinary British citizen. Indeed, that much-tried individual has already begun to realise that in the last quarter of a century the world has shrunk so immeasurably, and with it the Empire, that things which his fathers comfortably left to the diplomat and statesman have become the concern, and indeed the very pre-occupation, of numbers of ordinary people like himself.

It is well realised that India is primarily an agricultural country, according to the 1921 census no less than 73 per cent. of her people depending directly upon the land as a means of livelihood. It is not surprising, therefore, that it is sometimes overlooked that she is also *one of the eight leading industrial countries of the world*, with a permanent seat on the Governing Body of the International Labour Office. In British India alone approximately one and a half million workers were employed in 1929 in her factories, both perennial and seasonal; half a million in her mines, three-quarters of a million in her railways, and something under a quarter of million in her docks, transport services and public works. To these should be added approximately one million at work on her plantations; that is to say, in the cultivation of tea, coffee, rubber, and certain minor crops. These may properly be classed with the industrial rather than with the agricultural workers, since, as the Commission pointed out, “the plantation represents the development of the agricultural resources of tropical countries in accordance with the methods of Western industrialism; in other words, it is large-scale enterprise in agriculture.”

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To-day I am going to concern myself with only certain aspects of the problem of Indian labour, choosing those which I think should be of special interest as giving the clearest insight into some of the biggest and gravest of the human issues which to-day confront Indian industry. Time must necessarily involve my concentrating on the largest class of industrial labour, namely, factory workers, omitting from consideration great bodies of workers, such, for instance, as miners, railwaymen, and others employed on public transport, and plantation workers, as well as certain specific, but none the less important, problems such as trade unionism and industrial disputes. Apart from its inclusion in any statistics quoted, I must also omit Burma, which presents certain peculiar, but none the less interesting, problems of its own in the field of industrial development and labour control.

Let us take first perennial factory workers, by which is meant those workers numbering between a million and a million and a quarter, employed in about 2,400 factories, which are open all the year round and which are regulated by the Indian Factories Act. These may roughly be divided between textile workers, mainly employed in cotton and jute spinning and weaving, who number nearly 700,000, the engineering and metal workers, numbering another 315,000, and miscellaneous non-textile workers who number the remaining 155,000. The cotton workers predominate in the Bombay Presidency, where no less than 203 out of the 295 cotton mills of British India are situated, and the industry is largely in Indian hands. The jute workers number about the same as the cotton workers, but are practically confined to a single locality, namely, a small strip of country about 60 miles long and 2 miles broad along both banks of the Hoogly, above and below Calcutta. In this industry, unlike the cotton industry, the direction as well as the management is almost entirely in European hands, and the individual jute mill is on an average three times as large as a Bombay cotton mill. The largest of the engineering and metal group are the 145 railway workshops, employing 136,000 people, and that marvellous example of human enterprise, the Tata Iron and Steel Company's works at Jamshedpur, 200 miles west of Calcutta, a single business recently employing 28,000 persons in a city cut out of the untouched jungle as lately as 1907, and now housing 100,000 persons.

Now, a mill or an engineering workshop, as such, is much the same all the world over, though it may differ in size or in efficiency. But when you turn to the human element you are at once struck by the great difference between this country and India in all the most essential factors. Take, in the first place, the *source* of labour. In this country we are accustomed to draw our labour from the

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immediate locality, from people living in the shadow of the factory chimneys and within sight and sound of the whirring machinery. In India it is for the most part far otherwise, those born and bred in the city streets being the exception rather than the rule. The vast majority of factory workers are country people, reared in the village either as agriculturalists or as craftsmen. The reasons for which they migrate to the city are many and varied. It may be that pressure on the land is particularly intense in their part of the country, as is the case in the areas around Ahmedabad and Cawnpore, forcing many to migrate in order to live. Again, their particular family holding, if prosperous, may yet be unable to support the growing family, built up on the basis of the Hindu joint-family system, thus forcing individual members of the younger generation to seek their future elsewhere, or, as some do, to change and change about with a relative between industrial and agricultural occupations. Others through misfortune may have lost their land altogether, may be escaping an importunate creditor, or fleeing from the ostracism of a community whose moral code they have outraged. These and many other reasons force the villager to the city. But it is almost invariably like Shakespeare's school-boy, "with reluctant tread," that he goes. The city lights, the city streets and pleasures have no lure for him. His heart remains in the village, and as he sets out his thoughts are turned inward to what he is leaving behind, rather than outward to what lies before him. Many of these reluctant adventurers may be able to find work in a manufacturing town within their own province, as in the case of the textile manufacturing city of Ahmedabad, which draws 65 per cent. of its labour from the surrounding area. Yet others may have to go many days' journey from their own homes before they find employment, with the result, for instance, that men of Madras Presidency and the United Provinces are to be found in factories over the length and breadth of India. The percentage of workers in an industrial city who have no link with any village, being indeed town-bred, in the sense in which are our own factory workers, is in India only a small fraction of the total labour force. In Ahmedabad it is calculated at 20 per cent., and it is probably higher there than in any other industrial city of India.

You will now probably ask whether the villager, having found his way to the city, stays there for the duration of his working life, and here it is necessary, not only to answer a question, but to correct a very general misconception. In view of the large turnover in the factories and the known migratory character of the labour force in the past, it has been too readily assumed that Indian factories are manned by agriculturalists temporarily deserting the field for the

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factory. This is no longer the case. The bulk of them stay in industry for the greater part of their working lives, though not in the same factory and not always in the same town. To a greater or lesser degree, however, they retain their intimate contact with their village, and as from the village they came, so to the village they return to live out their old age and ultimately to die among their own people. Many leave their wives and children permanently in the village, from time to time sending home money for their support. The vast majority return there periodically for holidays and in temporary sickness or ill health, whenever funds make it possible. The more prosperous the worker—and in this connection prosperity is a relative term—the more frequent his return to the village. Should he be among the happy few for whom work becomes available once again in his own village, he will return thither unflinching, leaving the so-called attractions of the city without regret.

Let us now look at the conditions under which the factory worker lives and works in the city that is so different from his own village, and try to picture to ourselves the action of all these changes upon his mind. In the first place, he is wholly illiterate, though by no means wholly uneducated. He has the traditional education of his race, caste and creed, and in the village he is a unit in an organic whole. He comes to the city where he finds men from all over India, speaking many tongues, with many differences of race, creed and culture. He finds caste of far less importance where occupation has ceased to be hereditary. He finds no customary rules of conduct to guide him, and is, indeed, forced to become an individualist—a state utterly alien to his whole tradition and upbringing. At the same time, he requires to become acclimatised to a new temperature, new dietary, new sanitary habits, new types of housing. Above all, though almost invariably a married man, he finds himself, in the majority of cases, living singly, without the ties of home life and yet with all the added temptations of city life. Here is a radical adjustment that would try any man's soul, yet how much more so where to all that is added the equally difficult adjustment necessitated by fresh work and regular hours. As an agriculturalist or village craftsman, his skill was born in him. He never remembers to have learnt his trade, acquiring it unconsciously from his youth upwards. In the city, the machine, intricate and strange, claims him, and too often seems to him a soulless monster. In the village he halted when he pleased, working in the cool of the morning and afternoon, resting in the midday heat. In the city the factory whistle determines his hours, and, although he does not work with the regularity and concentration of the worker in the West, climate, physique and other factors militating against this, he yet works with a regularity and

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concentration that makes his old village life seem a paradise of leisure and comfort in comparison.

All these factors help not a little to create the large turnover characteristic of the bulk of Indian industries. In addition, it must be remembered that the factories are large, generally employing hundreds and, in the case of the jute industry, often thousands of workers, and that the labourers contact with the manager, or persons of even lesser authority, is practically non-existent. Between the humble "hand" and the directing authorities, too often of an alien race, and almost invariably speaking an alien tongue, stands the "jobber"—the most powerful and most menacing factor in his new life. This man may combine a series of functions. He may be charge-man, assistant mechanic and technical instructor, but above all he is the man who "hires and fires." Only through him can a job be obtained; only through him can work be retained or promotion secured, and all these things can only be his at a price. The jobber, with open palm, stands ever between the worker and his goal, and often, through his ill-gotten wealth, may of necessity become his landlord and his money-lender as well. Nor can you blame the jobber entirely. He, like the worker under him from whose ranks he came, is illiterate. To climb beyond the second rung of the industrial ladder is impossible for him. His ambitions, which in Europe would carry him in many cases to minor supervisory posts of responsibility, and in a few cases to the very top of the ladder, are driven in on him, and he makes his additional profit and exercises his thwarted ambitions on the only people within his reach.

For this situation, one of the most fundamental difficulties in Indian industry to-day, there is no one solution but several. Some can be begun here and now with goodwill and determination on the part of managements, others will take time and money and lie rather with the community as a whole than with industry itself. The power of the jobber must be broken. He must return to his legitimate position as a foreman. The powers of engagement and dismissal of labour can only be regularised and controlled if relegated to those who in no way benefit financially by exercising them. In other words, bribery cannot be eliminated except with the appointment in the larger factories of labour officers, subordinate to none except the general manager, and entrusted with absolute responsibility for the appointment, dismissal and control of working staffs. In the case of the smaller factories, those functions must be taken over by the manager himself or by a responsible subordinate.

In the second place, turnover must be regularised. At present, where a large turnover of labour is in the financial interests of the

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jobber, the worker can have no security of tenure. As a result, it is not uncommon to find that in a period of two years fresh engagements may exceed a factory's total labour force. If the worker were not only conceded that security and granted definite periods of leave after approved periods of service, the contact with the village, which is so necessary for him, could be retained and regularised without the added strain on his resources of a new bribe or upon his health of the uncertainty of re-engagement. Moreover, if a small allowance were given to a worker on recognised leave after such approved service, as in the case of most Government factories in India, discipline would be improved and efficiency increased, and a comparatively small outlay would repay the employer many times over.

Finally, and here we touch on bigger and more far-reaching issues, education alone can hope to make the workers less helpless before adversity, less prone to become the tools of others. Moreover, that same education will enable those intelligent enough, under the present system, to become jobbers, to realise their thwarted ambitions, rise to posts of more responsibility and thus to look for the fulfilment of their greater earning capacity, not to the illegal contributions forced from the helpless worker, but to the increased remuneration that goes with increased skill and responsibility. It is not within our compass to-day to enter into all the different possibilities of educating the industrial worker. Besides having its specialised aspect in the matter of apprenticeship and technical training, the subject is also part of the much bigger question of the general education of the Indian masses. Suffice it to bear in mind that India is alone among the countries of industrial importance in possessing a working proletariat that is wholly illiterate, and that, in these days of mass organisation and international propaganda, this is not without its very real dangers, as the all too recent industrial turmoil of Bombay has shown.

If you now turn to the question of the actual physical conditions under which the factory-worker is employed, all that it is possible to say here is that factories in India, as elsewhere, vary enormously. There are some which compare favourably with the best that are to be found anywhere in Europe; that are, indeed, models of their kind. There are others which leave much to be desired, both in their structural efficiency and in their general amenities. Certain problems, such as the elimination of dust and dirt in dust-producing processes, and the regularisation of artificial humidification in the cotton mills, still only partially solved, are common also to Western countries, though they may be intensified in India by climatic differences—particularly in the matter of the control of temperature. Others, such as sanitation, present rather special problems owing to

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different social customs and urban conditions. The villager is brought up to the use of the jungle and has to learn modern sanitary habits. Yet not only does he learn to use modern conveniences, often seen by him for the first time when he comes to the city, but he even grows to appreciate them where they are kept in a fit and clean condition. Unfortunately this is not always the case, partly because of their abuse by the unaccustomed newcomer to industry, partly because of the carelessness and indifference of some managers, and partly because of the temporary breakdown which sometimes occurs in the best managed factories, due to over-pressure arising from the lack of sufficient amenities of this kind in the surrounding areas. Only too often the large factory is catering in this respect, not for its own workers only, but for the community in whose area it is set down.

In the matter of safety, it has to be admitted that since 1922 the proportion of accidents to operatives has risen very considerably. But it must not be supposed that this argues an increasing neglect from either managements or factory inspectors. On the contrary, the rise represents largely an improvement in the reporting of minor accidents—fatal accidents fortunately remaining fairly stationary. The increase is due largely to greater attention to this important factor by the inspectorates, and the inauguration of the Workmen's Compensation Act in 1924 making the reporting of minor accidents more worth the worker's while. There is every indication, however, that there has been an increase in the risks run by operatives of recent years, and that the growing complexity of machinery and processes has been greater than the advance in the mentality of the worker. The Commission rightly stressed the fact that too often the operative has an imperfect realisation of the risks he runs, and that this can only be remedied by education, improved health, greater discipline and the building up of a regular factory population. Suffice it to say that this is one of the problems of Indian industry foremost in the minds of factory inspectors in every province, and that, no matter what the pressure put upon them, these over-worked officers always see that this is the side of their work that shall suffer least.

Industrial welfare is a comparatively modern term embracing a wide range of subjects, and must of necessity be variously interpreted according to the countries, the industries and the classes of workers under consideration. In India the welfare activities undertaken by a single firm may cover all the amenities associated with model villages, elementary, half-time and technical education, hospitals, clinics, crèches, playing fields, co-operative trading ventures, loan clubs and works committees, to nothing more than the provision of

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a few bathing places or a treeless compound. India has its Cadburys, European, Parsee and Indian. It also has its share of those employers of all three nationalities who excuse their lack of vision and foresight on the grounds of the traditional conservatism and caste exclusiveness of their workers. The opportunities for increased welfare are immense, and the need no less. Although the present industrial depression may put a temporary brake upon large scale enterprise in this direction, it is believed that, where the trail has been so brilliantly blazed by the few, the many will ultimately follow. Yet in some directions it is undoubted that the pressure of statutory compulsion, if gently and tactfully applied, would be a move in the right direction. A case in point is the supply of crèches for the infants of workers in those industries employing an appreciable number of women. In Indian industry almost all women are of child-bearing age, and only too often, particularly in the jute industry, those children are to be found, at play or asleep, in the noise and clatter of the workshop, breathing a dust-laden atmosphere, and endangered by moving machinery. No year passes without injury and even death occurring in the case of a number of such infants. The Commission, whilst advocating the compulsory inauguration of crèches in all factories employing 250 or more women, desired to see this and similar amenities initiated through the machinery of Welfare Orders. It was desired that these should be passed by Local Governments under a new section of the Factories Act, after full research and consultation between the provincial inspectorates and the industries concerned, thus securing a large measure of agreement in advance. By this means it was hoped that progress would be made in India similar to that achieved in this country by means of the Orders made through the Home Office under the Police, Factories and Miscellaneous Provisions Act of 1916, and initiated and enforced so tactfully, and therefore so successfully, by the factory inspectorate of that department.

Last of all comes the question of hours. The maximum weekly hours for men and women in Indian industries coming under the Factories Act is 60, based on a special provision relating to India in the International Labour Convention adopted in Washington in 1919, and ratified by India in 1921. A maximum daily limit has been operative for women since 1891 and for men since 1922. It now stands at 11 hours a day. The cotton textile mills ordinarily work a week of 6 days of 10 hours. The jute mills, when not on short time, normally work a 54-hour week, the daily hours of the operatives varying according to whether they are employed in a single or a multiple-shift mill. In the latter the range is one of 8 to 11 hours according to the process, with a maximum of 44 hours when short

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time is being worked, as at present. Engineering and metal workers have a normal week of 50 hours, and in railway workshops the common day is one of 8 hours. In the bulk of the minor industries a 10-hour day and a 60-hour week are frequent.

On this question the Commission registered three separate views; that of Sir Victor Sassoon, who was in favour of the retention of the present position; the majority view which was in favour of a reduction of the statutory week from 60 to 54 hours; and the minority view which was in favour of an immediate reduction to 48 hours. For the arguments for and against reduction, for the differences governing the cotton and jute industries, and for the special position of industries involving continuous processes, I must refer you to the Report itself. All I would say here is that the majority of the Commission based its main arguments for a reduction on the grounds of *the human needs of labour*. They declared "Hours of labour away from the factory are virtually unknown. A reasonable amount of spare time away from the factory is indispensable for the building up of citizenship, for the development of life as opposed to mere existence, and for the maintenance of physical efficiency. It is worth remembering, moreover, that most of those who are at present compelled to remain in or near the factory for 11 hours a day were brought up in the freedom of the open fields." I share the belief of the majority of my colleagues that the loitering in the compound and the periods of unauthorised absence so characteristic of Indian industry are the worker's form of self-defence against a strain greater than his physique can stand, in view of his unaccustomedness to concentrated and mechanical labour and the naturally trying climatic conditions. The majority recommendation that there should be an immediate reduction to 54 hours was based on the belief that industry need not suffer thereby since, after a period of readjustment, the lost time would be made up by closer attention to work and stricter supervision, and in consequence by an increased output per operative. It further pointed out that "these valuable hours of leisure, added to the few amenities available to the Indian industrial worker, need not be bought at the expense of Indian industry, since a reduction in the hours of the operatives need not mean any reduction in the hours worked by the industry."

Hitherto we have been dealing with workers in perennial factories coming under the Factories Act. Let us now look at two other classes of factory workers, those employed in seasonal factories open for part of the year only, mostly for the handling of a particular crop and subject to the Factories Act, and those employed in what are called unregulated factories, that is, those not so subject, which

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either employ no machinery or, though using machinery, employ less than twenty persons at any one time.

Owing to the wide variations in climate in India, a crop which is seasonal in one place may be perennial in another. For instance, tea factories on Assam plantations are open for six months of the year only, whereas in the Dooars and the Nilgiris in the south they are open the year round. Bearing this in mind, the seasonal factories may be divided between those which are predominately seasonal, such as cotton ginneries and jute presses, and those which are only partially seasonal, such as rice and oil mills. Both types of seasonal factory employ approximately one-third of a million workers for varying periods and seasons throughout the year. The general characteristics of these factories is that they are situated mainly in the rural areas, are generally small in size, and employ workers who are essentially agriculturalists drawn largely from the surrounding villages, of whom a higher proportion are women and children than in the case of the perennial factories. The workers are completely unorganised, and wages naturally tend to be low. The number of these places is over double that of the perennial factories, namely, 5,678 in 1929 as compared with 2,451 of the latter. Of these, cotton ginneries number nearly half, for it must be realised that cotton is grown throughout the length and breadth of the country, and is, therefore, being ginned somewhere in India the year round. The difficulties to which these factories give rise are primarily those affecting the health of the workers and the degree of effectiveness of public administration, and you will shortly see that the two, as usual, are closely related.

Dust prevention forms one of the main difficulties in cotton ginning, rice milling and tea manufacture, and in all these cases the problem is essentially a difficult one. In the case of cotton ginning, unfortunately no machinery has been invented sufficiently cheap to allow of ready installation in those hundreds of small places owned by men of often very limited means. Experiments are continually being made, but so far, although improvements are gradually being effected by insisting on better methods of construction of new ginneries under the Cotton Ginning and Pressing Factories Act of 1925, inspectors have hesitated to use their powers under the Factories Act in connection with the installation of dust extracting machinery, lest they drive the industry into Indian States where no such regulations are in force. The same difficulty applies to a large extent in the hundreds of small rice mills in India and Burma, but not in the tea factories. The latter are normally large and up-to-date places, owned mostly by companies rather than by individuals. Here efficient, though by no means cheap, dust extracting machinery

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exists and is being increasingly installed, and the Commission recommended that owners be required to install such machinery in all factories within a specified period, and that henceforward no new ones should be built without the inclusion of such machinery.

The safety of buildings and the adequate guarding of machinery in seasonal factories present further difficulty. Buildings that are only in use for a part of the year, and that are set up in isolated rural areas, are apt to be erected carelessly and to be faulty in structure. Moreover, the system of pooling cotton ginneries to regulate the distribution of work and profits, which arose owing to the fact that excessive numbers were built during a trade boom, has resulted in many being used in rotation. In consequence, they are often brought into sudden use after long periods of absence, without effective overhauling of the structure or attention to broken or mislaid guards to belts and pulleys, which are particularly numerous in ginneries and, moreover, particularly dangerous because of their low position. The absence of any effective control over building plans presents a real difficulty in the case of all types of factories in India, but particularly in the case of seasonal factories. At one time consideration was given to prohibiting the use of buildings as factories before the plans had been passed by a responsible authority, but the Central Government thought this a matter for the Provincial Governments rather than for itself, and so far none have adopted any legislation on these lines. As far as safety was concerned, the Commission recommended the submission of a proper certificate of stability before working was commenced in large factories, and the grant to Local Governments of power to demand such certificates in smaller factories as need arose. A similar procedure was suggested in the case of important structural alterations, whilst it was advocated that inspectors should be empowered to secure the carrying out of structural tests where at present they only have power, in cases of danger, to require managers to carry out the improvements necessary to remove the danger. You will realise that this is not a clause easily operated, since it is not ordinarily possible for an inspector, who is not a structural expert and cannot carry out structural tests, to detect sources of danger.

Cotton ginning machinery, like tea manufacturing machinery, varies little from factory to factory, and it was thought that much might be done if the Factory Inspection Departments issued simple pamphlets, as did the Bengal Department in the case of Assam tea factories, setting out for the benefit of employers by means of photographs, diagrams and simple descriptive passages, inexpensive but effective machine guards and rules in respect of the dangers of loose clothing.

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Hours in seasonal factories give rise to special complications, and there has undoubtedly in the past been a tendency gravely to overwork the seasonal factory worker during the height of the season—a tendency accentuated in the case of cotton ginneries by the method of pooling factories, which often results in over driving one factory where others stand idle. Moreover, certain exemptions from sections of the Factories Act obtainable under the law have been either too liberally applied in the past, or have in some cases been stretched to apply in circumstances for which they were not intended. In addition, it must be remembered that the seasonal worker is a simple agriculturalist. The money he earns in the seasonal factory during a brief spell goes to supplement the meagre family income drawn from the land. The more money earned by such means, the bigger the family food supply throughout the coming year. What are regulations to him, whose only clock is the sun, and what is the law to him, except something which interferes with a rare chance of putting himself above the possibility of actual need or of decreasing the number of his wants? In consequence, he is easily persuaded to hide himself out of sight, or to lie glibly about his hours of work or his child's age, on the rare occasions when the inspector is known to be in the offing. It must be realised that a surprise visit, the essence of effective inspection, is impossible in these areas. Be the inspector English or Indian, he is a marked man long before he reaches the factory, and eager feet have sped before him and eager mouths already whispered the warning cry, "The inspector is coming." Picture his difficulties and then you will not envy him his task, the long and often fruitless journeys off the beaten track, sometimes only to find the factory deliberately shut down before his approach, the workers scattered, and the records required by law either unkept or so imperfect, owing to the general illiteracy and a floating labour force, as to be valueless. He is thus often helpless, even though he realises well enough that the workers will reassemble and the machinery restart when the dust raised by his car has once more settled on the horizon.

Even the children found at work present a special difficulty. The inspector may find those clearly under 15 years working for adult hours, or children clearly under 12 years who should not be at work at all. He is not authorised to expel a child except on grounds of physical unfitness, and he may not expel an adult, that is, one of 15 years or more, in any circumstances. The age of a child of country people in India is often unknown, even to its parents, being dated, if at all, only by a special event marking that particular year off from another. There may be no local doctor at hand to determine age, and, where there is, it is not unknown for such people to give

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a false certificate for a small consideration. To aid the harassed inspector, the Commission recommended his being given power to exclude a child apparently physically unfitted or under age, until fitness or age could be determined by a medical man, and to preclude from employment altogether children found to fall short of the prescribed physical standard or age on the basis of a schedule drawn up by the Local Government indicating the necessary height and general development of children of both sexes of 12 and 15 years respectively. Finally, it was recommended that the existing power to grant exemptions should be somewhat drastically curtailed, but that, to meet the special needs of seasonal factories, the existing hours of 11 per day and 60 per week, should be retained for such factories on the grounds that the workers were not at work the year round, as in the case of perennial factories, and that as a general rule the labour itself was less exacting. In future, however, a weekly day of rest should be secured to all, since in such factories shortage of labour was not involved and sudden rushes of work, due to the uneven arrival of the crop, could easily be met by taking on more labour, and not, as at present, by overworking those already at work.

It is not unnatural that hitherto an overworked and under-staffed inspectorate should have concentrated on perennial, somewhat at the expense of seasonal, factories. Yet the latter require special attention, not only for the reasons given, but also because in India many of these factories are leased out season by season to fresh employers, making the process of educating and re-educating the responsible occupier a continuous and uphill task. Two visits a year are the minimum necessary to exercise efficient control. One a year is the most that is normally possible, and not always that. The Commission advocated the greater use for this purpose of the part-time inspector, what is known in India as the "ex-officio" inspector, whose main occupation is in some other form of Government service in the locality, but who is specially appointed under the Factories Act to act as a factory inspector within his own area. Whereas in the past such persons have been of very little use in the case of perennial factories, owing to their lack of technical knowledge and adequate training, it was felt that Deputy Collectors and sub-divisional Magistrates resident in the district could visit seasonal factories more frequently and with less expenditure of time than the factory inspector from the provincial headquarters, and above all could maintain the element of surprise. Since they would for the most part be concerned with one or two industries only, and these generally non-technical in nature, a short course of intensive instruction would cover their requirements, and the periodical visit of the factory inspector, in

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addition to helpful correspondence arising on reports submitted to the chief inspector, would preserve the necessary link between the two bodies of officers. Moreover, such a system would relieve the full-time inspector for the more diversified and more highly specialised work in connection with perennial factories.

In the case of the unregulated factories, the main difficulty is one of child labour. The factories may vary in size from small ones with machinery, employing less than 20 persons, to large ones without machinery, employing as many as 800 workers. The main difficulties of the former are largely those of the seasonal factory, namely, defective buildings, sanitation, machine guarding, and the working of young children, in whose case, however, unlike those in the seasonal factory coming under the Factories Act, no legal age is operative. The outstanding characteristic of the latter is the excessive use of unduly young child labour. For a picture of the conditions of these children in the mica factories of Bihar and Orissa, the wool cleaning yards of the Punjab, the shellac factories of Bihar, Orissa and the Central Provinces, the carpet factories of Amritsar, the tanneries of Bombay, Bengal and Madras, and the "beedi," (that is to say, the indigenous cigarette) factories throughout the length and breadth of India, I can only refer you to the report of the Commission. Here it is sufficient for me to ask you to think back into English industrial history, from the dawn of the last century right on into the first decade of this, and to realise that it is not for us to point the finger of scorn at India, in whose industrial development we have had so large a part, but rather to lament the inability of humanity, be it Western or Eastern, to learn by experience—in fact, to take what America so vividly describes as "a tuck in history." That well-known poem of Elizabeth Barrett Browning, "The Cry of the Children," could have been written of the babies, and they are often little more, in some of the unregulated Indian industries of to-day. Nor do we adults, British and Indian alike, clear our conscience by seeking to cast the blame exclusively upon employer and parent. Too often, though not always, the former is no better off or more educated than the latter, who are wholly illiterate, excessively poor, and only too often heavily indebted. Do you wonder that to such people the child's right to its childhood, and even to such poor scraps of education as may be available, should not weigh in the balance against its earning capacity, however small? But in one particular we must indeed ascribe blame to both, and that is in the existence of the system of mortgaging the labour of the child—that is to say, the borrowing of money by the parent from the employer in exchange for the contracted labour of that child until such date as the debt shall be paid off. Here the Commission rightly points out that "such a

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system is indefensible. It is worse than the system of indentured labour" (which in India means labour employed under a penal contract), "for the indentured labourer is, when he enters into the contract, a free agent, while the child is not."

In this difficult problem of child labour the Commission realised that a step at a time, or what was described as "the policy of gradualness" was the right course, since it desired to avoid the creation of ideal rules of conduct which should devolve into mere paper legislation. Laws which are unenforceable, on account of being either too far ahead of public opinion or too all-embracing to be immediately practicable, are valueless. The majority of the members accordingly advocated as a first step, which it was suggested should be confined to five years only, that the starting age of employment for children should be 10 years, and that the hours of those between 10 and 14 years should be confined to seven daily, to fall between a specified period of 9 hours in the day, with a mid-day rest of at least one hour. Home work or overtime for such children should be illegal and weekly holiday compulsory. Finally, a bond pledging the labour of any person under the age of 15 years, executed for or on account of the receipt of any consideration, should henceforward be void. Other recommendations were made laying down minimum standards of health and safety, and it was suggested that, in the first instance, these regulations should cover factories employing not less than 50 persons, with power for the Local Government to extend them, if necessary, in the case of smaller factories, where conditions warranted such action, or forthwith in the case of specific industries of a specially noxious kind. Among the latter may be instanced tanneries, where the workers, being largely "untouchables" from the Madras Presidency and elsewhere, form, on account of social custom, a class of worker peculiarly unable to help itself.

Let us now turn to the discussion of certain outstanding disabilities from which the vast majority of the industrial workers suffer. By this I must not be held to suggest that these disabilities are necessarily peculiar to the industrial worker—merely that they influence so largely his mental and physical condition and his social and economic position in society that no picture of his circumstances is complete without them. I divide these into two groups—those connected with health and housing and those concerning his indebtedness and general standard of living.

Now the Commission was well aware that it was engaged upon its investigations and would be making its recommendations during a period of abnormal political and economic stress. In its opening chapter, however, it rightly declared, "India has the right to expect from us, not a series of recommendations framed in the light of the

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existing crisis, but a considered programme for the development of labour policy." Nowhere was it more necessary to bear this in mind than when dealing with the health and housing of the industrial worker. Here the "long view" was essential, since piecemeal treatment would be liable to result only in the frittering away of valuable financial resources. It was further pointed out that the recommendations of the Commission in this field were not intended for immediate or simultaneous treatment, but were rather a programme to ensure gradual and progressive advance.

In India there are factors which tell both for and against a good standard of physique in the Indian worker. The fact that he is generally born and bred in the village, that he returns thither more or less frequently for longer or shorter periods, favours the appearance in many of a moderately good physique. Against this must be laid the fact that, being poor and often indebted, a low standard of living is inevitable. The scarcity or excessive cost of certain articles of diet to which he is accustomed in his own village, such as milk, ghi (that is to say, clarified butter) and fresh vegetables, and the fact that too often these, where procurable, are stale and adulterated add to his disabilities. That series of difficult adjustments to which a reference has already been made, new climate, hours of work, of leisure, and of feeding, all add to the strain of living. Nor must be forgotten the loneliness and temptations of the family man bereft of wife and child in a city such as Calcutta or Bombay, where to every one thousand men there are only about 500 women, the proportion being even worse than this in the purely industrial wards. This inequality is responsible for grave social and health problems, increasing the number of prostitutes and the spread of venereal disease from town to village, with the return of the migratory worker to his home. Again there is the danger of water-borne disease where there is no piped water supply, or where the number of taps is inadequate for the workers' needs—an only too common occurrence in the industrial areas. Or there is the equally grave danger of those other forms of infection from contaminated food bought in insanitary markets, and of earth-borne disease, such as hook-worm, from the very general inadequacy of sanitary conveniences in all the big industrial centres. Of all diseases malaria is the most prevalent, sapping the worker's strength and thereby not only gradually impairing his physique, but rendering him lethargic and helpless, a prey to the forces leagued against him.

It must further be realised that the existing medical facilities, even if the worker can be persuaded to use them, are everywhere inadequate, apart from the question of educating him in the value

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of Western medicine, an education slowly but surely penetrating town and village alike. In India hospitals, dispensaries and clinics are mainly owned and maintained by the State, or occasionally by the Municipality, others being for the most part small places run by religious or charitable organisations. But everywhere the rapid growth of industry has far outstripped the medical resources of the community. As a result there are to be found three different sets of circumstances. When industry has grown up gradually in a city already in existence, the workers are only a fraction of the total population, and share in the inadequate medical facilities already in existence. Where industry has developed in any one place to such an extent that the workers form the bulk of the population, only too often, as in Ahmedabad, the local hospitals cannot and do not attempt to cope with the needs of the growing population. Where industry has pioneered into new areas, remote from existing facilities, such as at Jamshedpur, the Sheffield of India, or at Namtu, the mining city in the Northern Shan States of Upper Burmah, the workers are of necessity wholly dependent upon the enterprise to provide them with hospital treatment and medical facilities generally. In the first two instances, state or municipal facilities falling far short of requirements, many employers have taken upon themselves responsibility for the medical welfare, not only of their immediate employees, but also of their families and of those in the vicinity of their works. They cannot, nor should they be asked, to bridge the existing gulf unaided. Yet no praise can be too high for the magnificent work of this kind which is being done by certain of the cotton firms of Bombay, the jute firms of Bengal, and others in a number of the big industrial cities of India. Where industry penetrates into the jungle, the responsibility for medical relief must necessarily lie wholly with the employer, at least until that period when a diversified community, dependent on the main industry, springs up, and municipal government takes the place of company management. Nor have such firms been behindhand in realising this, and indeed, besides supplying hospitals and clinics for the workers and their dependents, some have undertaken a share in research in connection with industrial diseases and in large scale preventive action in the case of nationwide infections such as malaria.

When we turn to the housing of the industrial worker, we face a problem not only gigantic in its proportions but staggering in its implications. In the field of industrial development in India, there is no blacker spot than that of the housing of the worker. Go where you will, the same picture of misery and squalor presents itself, whether it be in the "chawls" of Bombay and Ahmedabad, the "cherries" of Madras and Madura, the "hartas" of Cawnpore or

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the "bustis" of Calcutta. A Bombay Labour Office report of 1922 showed that 97 per cent. of the working classes were living in one-roomed tenements with six to nine persons in a room, and the position is no better to-day. In Karachi, one-third of the whole population is living with six to nine persons in a room, and from our own observation this story would be repeated in city after city, were a house-to-house investigation to be made. One quotation from the report of the Commission is descriptive enough of the majority of these places throughout the country: "In the busiest centres the houses are built close together, eave touching eave, and frequently back-to-back, in order to make use of all the available space. Indeed, space is so valuable that, in place of streets and roads, narrow winding lanes provide the only approach to the houses. Neglect of sanitation is often evidenced by heaps of rotting garbage and pools of sewage, whilst the absence of sanitary conveniences increases the general pollution of air and soil. Houses, many without plinths, windows, and adequate ventilation, usually consist of a single small room, the only opening being a doorway, often too low to enter without stooping. In order to secure some privacy, old kerosene tins and gunny bags are used to form screens, which further restrict the entrance of light and air. In dwellings such as these, human beings are born, sleep and eat, live and die."

One of the bright spots in a landscape of otherwise unrelieved gloom are the housing schemes of advanced employers, and one or two municipal experiments of a limited kind. The former, which seldom cover more than about 30 per cent. of the total labour force of any one firm, and generally far less, have been described as "islands of comparative cleanliness in seas of degradation and filth." It is not necessary for me to picture to you all that this means in human misery, in pitifully high infantile mortality rates, and in the spread of sickness and disease. But when, to the disabilities of which you have already heard, is added houses such as these, do you wonder that the industrial worker, even if he comes from one of the poorest of the thousands of mud villages of India, nevertheless bears that village fondly in his mind as the one place above all others to which he would return as soon as circumstances permit? To him it is the place where friends and relatives are about him, where his home, even if only of mud and often windowless, nevertheless houses only his own family and is hedged about with that privacy so dear to the heart of all Indians, and particularly of all Indian women?

Who must we blame for these conditions, for allowing industry to develop haphazard, and, in consequence of such haphazard development, to catch the community unawares? Nobody but the

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workers can altogether escape responsibility. Yet the strange fact remains that such action as has been taken to remedy the evil has been in inverse ratio to the responsibility of those initiating it. Employers have done most, realising that the development of their industries has enhanced the difficulties in many areas. Municipalities have done least, failing not only to formulate and execute constructive housing policies, but also to use the existing machinery and powers to control lay-out and erection of new buildings. The subject is too big a one for treatment in this paper. For the share of Local Governments, municipal authorities, organised industry and the public in the remedying of the existing chaos, the evolution of schemes of organised planning, the building up of financial and other resources through Improvement Trusts and Co-operative Building Societies, and the breaking down of vested interests and the selfishness and greed of individual landlords, who now hold the community to ransom, I must again refer you to the Report itself. It is sufficient for me to say that for twelve years my work in the administration of the British Trade Boards or Minimum Wage Act carried me throughout the length and breadth of this country into the homes of the poorest, the lowest paid and the most helpless of the workers. Yet, different as are the climates and the social customs of the two countries, I saw nothing during those years to equal the frequent squalor and misery engendered by the housing conditions of the bulk of the workers in the industrial cities in India. Nor could any opiate remove from my mind the picture of many a so-called Indian "home" that I penetrated, at all hours of the day and sometimes late at night, from Lahore in the far north to Madura in the far south. Here again responsibility must be shared equally by the two races, and indeed by the whole of the literate public. But the need now is not to ascribe blame but to apply remedies, and thus to ensure for a future generation of workers, not only decent and sanitary accommodation, the right of every human being, but something that the worker may call home, and that will in some way compensate him for the strangeness of the new urban atmosphere and the loss of all the simple amenities which characterise his village home.

The picture of the factory worker cannot be complete without reference to his chronic indebtedness—that spectre of Indian civilisation that shadows the happiness of so large a section of her people, and plays so great a part in determining the standard of life of the workers. The Commission stated, "We are satisfied that the majority of industrial workers are in debt for the greater part of their working lives. Many, indeed, are born in debt, and it evokes both admiration and regret to find how commonly a son assumes responsibility for his father's debt, an obligation which rests on

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religious and social, but seldom on legal, sanction." Nor is the burden of the capital debt the only weight to be carried. The rate of interest to be paid normally varies from 12 per cent. to 150 per cent., but may be even higher than that in certain cases, according to locality, occupation, the extent of the debt, the class of money-lender, and the security offered by the borrower. A common rate is an anna in the rupee or 75 per cent., the nearest equivalent of the penny in the shilling of the women money-lenders of our own mean streets. Yet such interest to one three months' wages in debt—no uncommon occurrence—means the payment of one-fifth of his monthly wage in interest alone. Sometimes things reach such a pitch that the worker's wage is taken in its entirety by the money-lender, and the security offered by the borrower. A common rate is cases even enslaves members of his family, putting them to work on a similar basis. Savings are impossible under such conditions. Petty luxuries and, indeed, often bare necessities go by the board.

Why, you may ask, does the worker resort to the money-lender, particularly as the industrial worker, unlike his brother agriculturist, having no land and often no tools as security, knows that he must pay an unduly high rate of interest? Social and religious festivals, and particularly marriage, are the main cause of indebtedness, a worker often borrowing a whole year's wage at a high rate of interest, without realising all that this entails in future misery. In his ignorance he puts his thumb print to a blank sheet, or to one on which the rate of interest is not specified. Only too often he continues in this semi-thralldom for the rest of his life, never succeeding in paying back the capital debt, nor much of the compound interest which has since accumulated. Indeed, only too often unemployment or ill-health cause him to borrow anew, a possibility due to the vicious fact that it is not in the interest of the money-lender that the debtor should repay the full amount, since his continued indebtedness means a continued source of revenue. A Usurious Loans Act of 1918 exists, but is of little use to this type of debtor. Moreover, there is a natural reluctance to interfere with the sanctity of contract, if you can allow that any sanctity attaches to contracts such as these, where the one party is so astute and the other so helpless. Nor is there any great faith in the efficacy of legislation for the regulation and curtailment of indebtedness. Yet the ease with which a worker obtains credit—in other words, his attractiveness as a field of investment—must be curtailed if he is to be protected.

It is along these lines that the Commission worked in submitting its recommendations for future legislation, which should institute a new procedure for the liquidation of unsecured debts due from workmen of this class. In addition it made certain other recom-

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mendations of a less radical kind. One was to prohibit the besetting of industrial establishments by money-lenders, who may be seen outside the gates of many big mills and factories, "lathi" in hand, waiting to belabour any unfortunate debtor unwilling to hand over the wages that have so recently been put into his hand. Another dealt with the abolition of imprisonment for debt in the case of industrial workers in receipt of wages amounting to less than 100 rupees a month, and of the attachment of wages and salaries in the case of those earning less than 300 rupees a month—thus prohibiting the money-lender from using the employer as his debt-collecting agency, a position only too common at present in the case of railway servants and others in regular employment. Finally, it was pointed out that indebtedness was closely related to the very general custom of paying wages only at long intervals, a month being the most common, and then frequently only after a delay of any period from a week to 15 days, and sometimes even longer. Weekly payments were advocated to all employers, and legislation was recommended on the basis of 16-day periods in the case of certain of the major industries now paying on a monthly basis, the period of delay in payment not to exceed 7 days.

You may feel that in this paper I have drawn an unduly sombre picture of the Indian factory worker and the conditions under which he lives. If that is so, it is because these are facts that cannot be balked—the general picture one which must be faced and not evaded. Yet do not think that even this cloud is without its silver lining. Remember that the population of India has increased $32\frac{1}{2}$ millions in a decade, and that only with the development of her industries, both in the factory and the home, can she relieve the growing pressure on the land. Remember also that the exodus from the village to the town, and from the town back again to the village, is one of the most educative forces at work in India to-day. The worker on his return brings with him fresh experiences, new standards, wider horizons. To quote once more from the report of the Commission: "He helps to diffuse throughout the countryside not merely his knowledge of a wider world, but a conception of liberty and of independence that is new to village society. If the contact now maintained were diminished or cut off, the result would be the impoverishment of rural India of a more than material kind." Moreover, bitter as is the poverty and pitiful the squalor in only too many workers' homes, the standard of living is slowly but steadily rising. If you remember to apply not the standards of the West, but those of India a generation ago, it is clear that the modern bazaars, be they in the city, on the plantation, or at the mine, show that the luxuries of yesterday are becoming, not yet the necessities, but still to large numbers,

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the possibilities of to-day. For many the kerosene lamp supersedes the oil wick, even if for too many even a bed is still not always a possibility. Progress is there, fitful and intermittent as it may seem to those at close grips with actualities. It is to the shame of humanity, white, yellow or brown, that industrial progress has too often given rise to social and economic manifestations which detract seriously from the everyday happiness of those who so largely contribute to it. The future of the Indian worker lies in the hands of India, and it is ardently to be hoped that the new constitution will give him his rightful place in the social and political structure.

Judicial Functions of the Administrator

By E. P. EVEREST, M.B.E.

[Paper read before the Birmingham Regional Group of the Institute of Public Administration, October, 1931]

THE Administrator has many functions, and those connected with the executive, technical, financial and legislative side of his work have received considerable attention.

This evening we are to direct our thoughts to the Administrator in his judicial capacity—a function which is apt to be overlooked.

We are so accustomed to connect judicial functions with the Wig and Gown of the Bench and all the panoply of our Courts of law, that those judicial functions exercised by men in lounge suits or tweeds, at office desks or in council chambers, do not forcibly impress their true character upon us.

The lawyers present will possibly see in the title of our subject for discussion an excellent opportunity for a learned argument as to when a function is judicial.

And they might, with great enjoyment to themselves, spend the evening discussing this abstruse point, upon which even those most learned in the law do not agree.

Thus in the case of *Hearts of Oak Assurance Co. Ltd. v. Attorney-General*, reported in *The Times* newspaper of 16th July, 1931, the question arose whether an "inspection" held under Section 17 of the Industrial Assurance Act, 1923, by an inspector appointed by the Industrial Assurance Commissioner was a judicial proceeding or not.

The learned Attorney-General contended that such an inspection was a judicial inquiry, but the Master of the Rolls held that it was not judicial, whilst Lord Justice Lawrence thought that probably the Attorney-General was right but confessed that he had not really made up his own mind on the point and expressed no concluded opinion.

It is therefore obvious that if once we let this hare start to run we have enough material for at least this evening and we shall never approach our subject.

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Let us therefore dispose of this beautiful legal point by defining "judicial" for our present purposes as including all functions of a judicial or quasi-judicial nature.

In that way we shall have a clear field to consider all forms of inquiry which lead to a decision, although that inquiry may not be, from the strict lawyer's standpoint, a judicial proceeding and although the decision may not in legal strictness be a judgment.

The Administrator may exercise judicial functions in one of two ways.

He may do so as part of the normal duties of his administration, or his judicial work may be in the nature of an excrescence, not connected even remotely with his administrative work.

Examples of judicial functions impinging upon administration are:—

Inspections under the Industrial Assurance Act previously referred to;

Appellate powers of the Minister of Health under the Housing and Town Planning Acts;

Licensing of cinemas by county councils;

Local authorities' power to issue or otherwise a Demolition Order under Housing Acts.

Examples of judicial work imposed upon Administrators without reference to their administrative duties are:—

Ex-officio magistracy of mayors and chairmen of district councils;
Magisterial functions of London City Aldermen.

The ordinary Justice of the Peace exercises his judicial functions by reason of his inclusion in His Majesty's Commission of the Peace, but the *ex-officio* members are not in the Commission but sit by statutory authority in virtue of the administrative office to which they have been elected.

Somewhat analogous is the position of the Lord Mayor and Aldermen of London who at the Old Bailey are actually Judges of the Central Criminal Court and could, if they so chose, act as such although they may have no legal qualifications.

Beyond the fact that these judicial duties are exercised *ex officio* there is nothing in this side of the Administrator's judicial work to call for comment.

They are subject in their exercise to all the ordinary rules of law and legal procedure and to correction by the Superior Courts.

It is therefore with the judicial functions which impinge upon administration that we shall find a subject for our consideration to-night.

We have already seen, in the Hearts of Oak case, that statutory authority to an administrator or an administrative body to sit in

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judgment may not necessarily, in law, be a judicial proceeding; and although for to-night's discussion we are adopting the colloquial and not the legal definition, yet the consequences of such proceedings not being judicial and of the Administrator not being a court, fundamentally affect the whole of the Administrator's judicial work and position.

"The King is the Fountain of Justice" is an old and tried legal maxim. He is the source of all judicial power in the State and the judges sit as his delegates in his name.

Now when the Administrator acts judicially or semi-judicially he is not sitting as a court and consequently is not sitting as the King's delegate.

It follows that the rules of common law applicable to the courts cannot be applied to the Administrator; and his actions cannot be corrected in the same way as the actions of a court. For instance it has been decided that an authority having power to issue licences to deal in game under the Game Act, 1831, is not a court and cannot therefore state a case for the opinion of the High Court upon questions of law arising before them in the matter of granting a licence. Nor can such questions be determined on *mandamus* to hear and determine where the authority have dealt with them to the best of their ability (*R. v. Bird* (1898) 62, J.P., 309). Wright, J., said "I think it is unfortunate that there is not some means by which administrative bodies in granting these licences can state a case for the opinion of the court on points of law arising before them We cannot interfere unless we are satisfied that the justices have determined contrary to the manifest general principles of justice; or were influenced in their decision by bribery, or bias or something of that description. That would be so even if they have exercised their discretion wrongly, not only as regards the facts, but also as regarding the law by erroneously interpreting the meaning of the section of the Act in question."

Those remarks of Mr. Justice Wright illustrate forcibly the difference between the Administrator and the Judiciary.

Even if the Administrator has wrongly advised himself on a point of law the court cannot correct him.

An interesting point in this case was that the court on the advice of Mr. Justice Darling, suggested that to get a judicial opinion on the point at issue the justices should, contrary to their reading of the Act, issue the licence desired on the understanding that the licensee should thereafter be prosecuted for dealing in game without a valid licence.

Legal records are unfortunately silent as to whether the justices adopted this ingenious advice.

Now, although the Court cannot in general review the Adminis-

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trator's decisions and correct his honest errors, there are of course numerous cases in which the decision of the Administrator is subject to appeal, but those rights of appeal are statutory and are limited by the particular wording of the statute governing the matter.

They do not spring from the source of our Common Law—the King's justice—but from statute.

Consequently each case depends not upon the general or common law of the land but upon the statute creating the right of appeal and it does not follow that the subject has the same rights on that appeal or that the High Court can give the same relief as in an appeal based on the common law of the land.

The Common Law of England was the law administered by the King's Court as distinguished from the local customs administered by the Saxon courts. It had its origin in the King's Justices, who decided each case on their own notions of equity and referred to the *curia regis* when in doubt.

Custom was formed by practice; and the custom of the King's Court became the Common Law of the whole of England.

In administering justice a strictly legal tribunal is governed in the interpretation of law by common law maxims, statutes, and certain rules established by the reported decisions of the Law Courts, all of which are interposed in order to secure, as far as possible, uniformity of legal interpretation.

It is the absence of these maxims, rules of interpretation and rules of judicial conduct which marks the great gulf between the judiciary and the Judicial Administrator.

In the case of the judiciary the litigant knows that he is going before a tribunal which will be guided by fairly settled and definite legal rules which are the growth of ages; in the case of the Judicial Administrator his fate is decided by a tribunal having no such guidance and having generally evolved no rules for itself.

We must remember the manner in which those maxims and rules are used by the courts.

It is well expressed in a maxim of Lord Chief Justice Mansfield: "The *reason* and *spirit* of cases make law; not the letter of particular precedents." (Fisher v. Prince (1763).)

Perhaps the best way to illustrate the effect of the gulf is to select haphazard a few of those thousands of maxims and rules and see how the absence of them affects the judicial functions of the Administrator.

Bias.

"It is as important that justice should seem to be done as that it should be done." (R. v. Byles.)

Those who have much experience of summary jurisdiction know

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full well the importance which the courts attach to this maxim and the enormous list of cases in which, although no actual injustice has been done, the behaviour or position of some justice or of an officer of the court has been held to be such that a litigant may reasonably consider that he has not received a fair and impartial hearing. Proceedings will be set aside not merely because a justice has shown bias but because something in his conduct, actions or position might seem to make him a biased person.

Definite proved bias in a Judicial Administrator may lead to a reversal of his decisions but there is no recorded case where an administrative decision has been set aside because it might seem from surrounding circumstances that justice has not been done.

This difference between the position of the court and the Judicial Administrator has two general results.

In the first place the Justice and his advisers are aware that not only must their actions be above suspicion but they must also *seem* to be above suspicion, so that they are constantly on their guard to do nothing which will stultify their decision.

But the Judicial Administrator has no such constant warning to act as a check on himself, with the natural consequence that he is frequently careless as to whether his procedure, actions, or words, tend to give rise to the impression that he is not doing justice.

The second result is the effect on the public mind.

Although we still occasionally hear allegations of a packed Bench it is unquestionable that the strength of British justice is largely due to the confidence of the people in the integrity with which it is administered. That confidence is founded upon the certainty that the courts will rigidly enforce the rule that justice shall not only be done, but shall manifestly and undoubtedly seem to be done.

On the other hand the absence of such a salutary rule in the judicial life of the Administrator frequently leads to the belief that justice is not done even when, in fact, the Administrator has given a perfectly honest decision.

To take a recent instance as a concrete example.

Under the Local Government Act, 1929, the Minister of Transport was made the judge between the county and rural district councils on appeals to to whether highway functions should be delegated to the district councils.

The manner in which those appeals were dealt with by the Minister was such that, however just his decision may have been, no member of a rural district council whose appeal was rejected believes that justice was done to his district by the Minister.

In dealing with the appeals every canon of British law was violated by the department; parties were allowed to get into private

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touch with the department; trials in the form of inquiries were held by men with no experience of procedure with most extraordinary consequences; no evidence was taken; and (the great fault of all Ministerial judicial work), the final decision or judgment was not given by the person who conducted the inquiry or trial.

Probably the Minister could, as he said, justify every decision which he gave, but what he cannot justify is the *appearance* of injustice due to his procedure.

The Department obviously did not regard it as important that justice should *seem* to be done.

Now if that impression, for it is no more than an impression, can be so widely held by public representatives who are themselves accustomed to act in a judicial capacity, how much more may it be held by an ordinary citizen who takes no active part in public life.

If you can imagine yourselves as such a citizen what would be your feelings if you came before a local authority as an objector, say, to the making of a Demolition Order for some property which you owned.

Your judges are persons charged with the duty of demolishing unsatisfactory property; they may have proved themselves very zealous in the performance of their duty; you may feel from their previous action in demolishing other property in your neighbourhood that your little cottage is to them but an uninteresting unit in their general scheme of reform; the person whose charges you have to refute is their official; and you naturally feel that the scales are heavily weighted before you appear on the scenes. For all you know they may even have discussed your property with their reporting officers before you received any intimation that their eyes were upon it. You feel instinctively that the accuser has nearly got his verdict before you have been heard.

And yet, all the time, you may, and probably have, a tribunal whose real leaning is to you; who will give you the verdict on the most flimsy case which you can present.

But if the verdict is against you, nothing will persuade you that justice has been done because there is, in the essential procedure, every appearance of injustice.

Those who, like most of us here, have had the opportunity of seeing how the Judicial Administrator functions both in Government Departments and in local authorities, know full well and often to their sorrow, that he invariably leans heavily to the private individual. The criminal gets the benefit of the doubt, but the private individual defending his position before a Judicial Administrator frequently gets the benefit even when there is no doubt.

But although *we* know this, it is impossible for the private indi-

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vidual to realise it and the procedure, surroundings, and especially the unavoidable mixture of the Administrator's executive and judicial functions, must and does make it appear that justice is not done.

Use of Decisions.

"The principle of decided cases binds a court of law and the principle when clearly laid down must be followed even though the Judge himself may not concur in it."

Now the Judicial Administrator has no decided cases laying down principles which he must follow in the future.

He gives his decision to the best of his ability and if he is liable to appeal—as in the case of a local authority making a Demolition Order—he is either upheld or overruled by the appellate body without necessarily having any guidance as to the principle upon which that appeal was decided.

One of the most striking examples of this was the appellate jurisdiction of the Local Government Board in cases of settlement and removal of paupers.

Normally, appeals from Removal Orders went to the Court of Quarter Sessions and on to the High Court on points of law, but the parties might, by agreement, refer the dispute to the Local Government Board for decision.

On the face of it this inexpensive method of getting matters settled appears to have overwhelming advantages.

Nevertheless it was never popular with Boards of Guardians and the reason is that going to the courts you get not merely a decision as to whether A is settled in X or Y but also the principle upon which the court decides the question, which principle can be applied to future cases.

On the other hand if you go to the Board (now the Minister of Health) you get merely a decision that A is legally settled in X or Y.

No indication is given of the principle underlying the decision and consequently there is nothing to assist either party in the next case which comes along.

In fact it has even been suggested that some of the decisions have violated principles laid down by the Courts. Whether that is so or not, the fact remains that if the same absence of guiding principles continues to be followed such decisions will lead nowhere.

It is satisfactory to observe that the same Ministry is, in another Department, commencing to create principles in giving its decisions, for in the 11th Annual Report of the Ministry of Health (pp. 101 *et seq.*) we find that in connection with appeals under the Town Planning Act the Department gives its reasons for upholding or reversing the decision of local authorities.

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In these reasons we have maxims which local authorities can follow as precedents and, if time shows that the Ministry sticks to the principles which it has enunciated, we shall expect to find growing up in this branch of the Administrator's judicial functions a code, not of decisions, but of principles upon which decisions should be based.

A similar course has been followed by the Ministry in appeals under the Housing Act, 1925 (p. 84).

These developments are significant. They indicate that amongst one branch of Judicial Administrators at any rate the necessity for ordered law is becoming apparent, and from this beginning a branch of Administrative Jurisprudence may well be evolved.

Judicial Discretion.

"In many matters, such for example the issue of a mandamus, the courts have a discretion, but that discretion is not to be exercised according to the fancy of the court but in accordance with the established rules of law and equity."

In many cases the exercise of discretion is entrusted to Judicial Administrators and that discretion may be judicial or equitable according to the terms of the statute.

Where an equitable discretion is given it has usually been considered that the word "equitable" is to be treated colloquially and not in its legal sense.

In other words, that the Administrator is to act more or less as he thinks desirable.

Here again the last Annual Report of the Ministry of Health (p. 125) shows that there is growing in the Administration a feeling that, when acting judicially, the Administrator must look to some legal basis and not trust to his instincts.

In connection with appeals under the Private Streets Works Acts, apart from laying down principles which the Ministry commenced to do in its 10th Report, we find that careful consideration has been given as to how the Minister should exercise his equitable jurisdiction.

On this point the Report says: "It appears to (the Minister) that the provision in section 268 of the Public Health Act, 1875, under which the Local Government Board (now the Minister of Health) may make such order in the matter as to the said Board may seem equitable was not intended to empower the Minister by his Order to produce a result which the local authority under section 150 of the Act of 1875 could not themselves produce. The Authority cannot under that Act do what an authority are empowered to do by section 10 of the Act of 1892 . . . While it may be anomalous

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that there should be two alternative codes dealing with the same subject-matter and containing different provisions, and while there may be a case for legislation when an opportunity occurs, the Minister has taken the view that to seek to rectify the position by the exercise of his equitable jurisdiction on appeals would be an unwarrantable exercise of his powers."

You will see the significance of this passage.

The Minister does not suggest that he has not the legal power to exercise jurisdiction in the way in which he would apparently wish to do, but he examines the statute from the strictly judicial angle and binds himself by a maxim which may be a precedent for him to follow in other matters.

In this way rules of law are created.

Uniformity of Judgment.

"On the grounds of judicial comity a court bows to its own decisions."

Once a court has in its decision laid down a principle it will follow that principle in other cases unless and until it is overruled by a superior court.

Consequently, except where the dispute is purely on a question of fact, if the principle in dispute has been settled it is useless going to that court to upset it.

But the Judicial Administrator has no such rule to govern his actions, and he may and often does act on one principle to-day and another to-morrow.

That is probably why some optimistic people turn up each year at Assessment Committees, hoping that they will be heard on some day when the Committee has forgotten the principle upon which it has previously acted, or on some day when the Committee has decided to adopt a different principle in its decisions.

This cursory examination of a few stray maxims has been undertaken to bring to your minds a picture of the difference between the Judiciary and the Judicial Administrator.

It is sufficient to illustrate the reason why, in some quarters, there is a growing demand for the removal of judicial matters from the Administrator to the Courts; a process which has actually commenced in some of the provisions of the last Housing Act and which it is proposed to carry further in the Town and Country Planning Bill.

It suggests three questions:—

1. Is it more desirable to continue and extend the judicial work

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of the Administrator, than to accelerate its transfer to the courts?

2. If the Administrator is to continue his judicial work, should it be left in its present fluid and largely guideless state or should some effort be made to regularise, guide and direct it into ordered channels?
3. If some regulation is desirable, is it better to attempt an assimilation to the common law and judicial rules and maxims, or should the Administrator build up for himself a code of practice, conduct, principle and rule?

Possibly the answer to our first question will be that some of the things which, for the purpose of to-night's discussion we are regarding as judicial, are so interwoven with administration that separation would be impossible, and one knows that in certain high quarters it is held that, even if it were possible, the transfer of semi-judicial matters to the courts would present insuperable difficulties.

If our first question is answered in favour of the Judicial Administrator the answer to the second is probably to be found in a reference to what we have already seen happening in a small way in some departments of the Ministry of Health.

That is to say, that the growth of some sort of order and principle has commenced. True it is at present in a nebulous state, but so, at some remote period, was the common law of England.

If the action in the Ministry is a conscious one, growth must inevitably follow; but if it is unconscious its growth or sudden death may depend upon whether the next officer to take on these particular departments realises the possibilities created for him.

If one great department gets an ordered rule of law established it is bound to spread to other departments because properly regulated decisions will inspire confidence and trust in the department which institutes them.

The third question is one upon which we shall probably have divergent opinions. It is after all largely, if not entirely, a matter of opinion.

The practising lawyer will probably go all out for assimilating the practice of the courts.

The lay Administrator can confidently be expected to assert that the Administration can evolve a far finer code for itself.

Which leaves us only the "Lawyer-Administrator," who for the present at any rate craves permission to remain comfortably seated on the fence.

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The Theory and Practice of Modern Government

By Dr. HERMAN FINER, D.Sc. 2 vols., 1,550 pp. (Methuen & Co.) 42s. net.

THE study of the art or science of Government is now at once more difficult and more important than in any previous age. For the most part, throughout history, the main question of Government has been, who shall exercise it? Successive sovereign states have competed to extend their territory and their domination; and within them classes and parties have struggled to seize the reins of power. The question of how to exercise the power was secondary to that of how to obtain it. The content of government till this century was relatively simple. The struggle for power, especially between the classes in each community, continues. But, as the activities, the desires and the ambitions of man, which it is the task of government to control and direct, develop, a deeper question assumes importance. Can government, whoever exercises it, achieve its task? Can man's regulative wisdom control the thrust of individual initiatives so that they are not reciprocally destructive? Each new scientific invention, each increase in the complexity of the economic organisation of the world, new social ambitions, powerful organisations—industrial, financial, occupational, within each country—*imperia in imperio*—improvements in the mechanism for the transmission of news, all add to the complexity of government. And man's regulative wisdom does not grow in proportion to its task. "Things are in the saddle and ride mankind," cried General Smuts, in the chaos of the world's first aftermath. Man has not yet securely regained his seat and the control of his destinies.

To the study of this fundamental problem of how the world can govern itself, Dr. Finer has made a monumental contribution in his "Theory and Practice of Modern Government," a work of two volumes and some 1,500 pages. He explains its scope in the Preface. "Its foundation is the political activity of four democracies, Great Britain, France, Germany and the United States." He considers that—

"the fullness of the material used and the caution with which it has been handled, will give the judgments so formed a universal application." "Its comprehensiveness," he says, "is due to the subjects handled, the inclusion of novel and important facts, and the depth to which the analysis is pressed." "Nor has any work hitherto regarded and presented the various elements of govern-

ment as a living whole the present study contains something new, be it in fact, or interpretation, on every page the work is founded upon all the available material, primary sources and secondary works The main political institutions of the western world are surveyed not only in their legal form, but in their operation” “The book is concerned with the dynamic and the developmental in the process and structure of government. It treats the material, not in the fashion of previous studies, like those of Lowell and Bryce, country by country, but subject by subject—each set of institutions is taken for all countries together. That is, it is truly comparative, and this affords the basis for sound generalisation.”

I have thought it well to quote at some length from the Preface because it shows clearly the ambitious character of the task which Dr. Finer has attempted, the confident assurance with which he has embarked upon it, the industry and learning which he has devoted to it—and perhaps also some of the defects in style and method and experience, of which he is himself not unnaturally less conscious.

Let me first, however, before I criticise, pay a very sincere tribute to the merits of this work. Dr. Finer's learning is stupendous, his industry almost inhuman. And the assemblage of such a store of information as he has here brought together requires qualities of organisation of a very high and rare order. Here is a mine of knowledge in which many of us will quarry for long to come. He has also greatly aided those who wish to use his work by the fullness of his references to his sources. To provide an encyclopædia of this kind, even apart from the interpretative comments and personal suggestions which Dr. Finer has added, is a very real achievement and a very considerable service to all who will work in this field in future.

It is with some reluctance that, with a vivid consciousness of these merits and the value of this achievement, I comment upon certain defects which must, I think, diminish the utility of Dr. Finer's work, when we consider it not only as an encyclopædia or work of reference but as a critical and constructive treatise on the subject with which it deals.

In the first place, his style (and this is no small matter for the prospective reader of 1,500 pages) is somewhat heavy and monotonous. This is not due merely to a not altogether perfect mastery of the English language. The reader flags under the burden of accumulated facts thrust upon him; and he feels increasingly that the weight of Dr. Finer's learning has also been somewhat too great for himself. It has crushed his sense of proportion; the trivial and the vital are imperfectly distinguished; and the impression of monotony comes probably as much from this absence of relief as

from the actual choice of words. This in turn is probably due to what I suspect (without actual knowledge) to be an imperfect practical contact with the world of which he is writing. Government is at least as much an art as a science. It is difficult for any who have not been actually engaged in politics or administration to sift what matters from what does not. And the multiplicity of indiscriminating printed records in which those who practise administration describe their activities, each with the natural human tendency to see one's own work in a perspective which exaggerates its importance, increases this difficulty. The distinctive quality of the best English contributions to political science has been a penetrating vision which has gone to the heart of an obscure subject. This quality as we see it in Bagehot or in Bryce obviously comes from the intimate contact with reality of these men of affairs. This quality is not possessed by Dr. Finer.

For a work of this kind, valuable above all as a work of reference, I doubt if Dr. Finer's treatment of subject by subject, as distinct from country by country, is the right one. Were his treatise one in which the chief value was to be found in his ideas, his criticisms, and his proposals, the facts being illustrative, his method, which facilitates comparison, would obviously be preferable. But for purposes of reference the alternative division is more convenient.

The readers of this Journal will perhaps turn with special interest to what Dr. Finer has to say of the Civil Services of the four countries with which he deals, and will note that we are promised later volumes on Local Authorities and the Judiciary. Here again we have a useful compendium of history and a storehouse of facts which enable us to compare the methods and experience of the four countries. His comments and suggestions will provoke discussion. He remarks with truth that the present probationary period in the British Civil Service is a complete unreality. He considers that some specific form of practical training should follow acceptance into the service in the higher administrative classes. He suggests that this should be an amalgam of work with local government authorities and foreign travel.

“I believe,” he says, “it would repay the country again and again if it gave its successful candidates, even before they had chosen their Departments, the Grand Tour abroad for two years.” Personally I do not agree with this proposal. It would be extremely expensive; it would result in the Civil Servant starting his practical and responsible work at too late an age; and it would not in fact give the training or education required. Travel as such does little to train; variety of responsible work at home or abroad is by far the most fruitful form of education. The Service needs to be so organised and managed, as in many departments it easily can,

as to afford its new entrants into the administrative classes direct contact with the local activities, whether at home or abroad, with which their work is concerned, and some variety of experience. A few months of changing experience of this kind would do more to increase an official's future usefulness, and to develop him as a man, than two years' of irresponsible touring. It is this actual and practical work, so arranged as to give variety of experience, that is needed to supplement the "mere booklearning of the administrative entrant," and repeated throughout life, to give him the "pungent sense of effective reality" which is needed. This—and neither "some specific form of practical training," nor a "Grand Tour," nor "Sabbatarian years" (Dr. Finer's other proposal).

Dr. Finer's work is so voluminous that one hesitates to suggest that it might usefully have included what is now absent from it. But he has described four democracies, largely for the purpose of obtaining generalisations as to modern government as a whole. With this object he would I think have found it valuable to select also a smaller country which would exhibit a general picture more clearly because of the difference of scale. Switzerland, for example, is in some respects a more illuminating instance of federation than the U.S.A. and perhaps a more successful example of democracy in all its economic and social as well as its political aspects, than any of the four great countries selected. Nor is any account of English government complete without more consideration than Dr. Finer gives of its relations with the Empire, particularly the self-governing Dominions, and of the embryonic form of a Federalistic Commonwealth which is the alternative to future separation. Similarly, the problems of national government are now, over so large and rapidly increasing a range, inextricably involved with the policy and administration of other countries that some reference at least would have been desirable to the embryonic international government of the League of Nations and its new Civil Service.

After these criticisms I will finish by emphasising the merits of the book, which no limitations should be allowed to obscure. If we should—as we certainly should—bring a critical and questioning judgment to Dr. Finer's theories and proposals; if we must—as we certainly must—try to build up in our minds a map of the governments of the world and their methods which is more in relief and less one-dimensional than his; we have here at least the material for the work he has still left us to do; industriously and carefully compiled; conveniently collated; based upon original resources to which he guides us; and accompanied by comments which are sometimes illuminating and sometimes (not less usefully) provocative.

ARTHUR SALTER.

Recovery

By Sir ARTHUR SALTER, K.C.B. Pp. xvi+306. (G. Bell & Sons.) 10s. 6d.

It would be hard to imagine anyone better qualified than Sir Arthur Salter to prepare a series of view-points for world recovery. He has had the necessary experience of affairs national and international, experience, moreover, which has been constructive as well as administrative, and he stands above all the party battles, both those of economic theorists and those of politicians. Neither the reader of PUBLIC ADMINISTRATION nor any other well-informed person has the least doubt of Sir Arthur's credentials. His book was assured from the moment of publication of the most earnest consideration. If in these days of strain and stress any book can rest on buoyancy to a puzzled but not yet despondent Anglo-Saxon world, this essay in persuasive sanity will do it. Its influence may well become comparable—both positively in what it helps those in high places to see and do, and negatively in what it fails to lead them to attempt—with that of Mr. Keynes's *Economic Consequences of the Peace*. The obvious connection between the themes of the two books need scarcely be mentioned.

Recovery contains in Part I an analysis of "The Present Scene" in terms which are almost exclusively economic; in Part II an elaboration of the "Economic and Financial Reforms" which are necessary to the solution of our problems; in Part III an examination of "The Political Scene" as determined by the events of the last decade; in Part IV a "Programme of Action in Summary," economic and political. To discuss Sir Arthur's chapters in detail would require as many pages as have gone to the making of his book, for most of us a great many more. Sir Arthur has command of a style so lucid and so compelling that there is never a half-thought or an undisciplined sentence to mar the progress of the text. It is not worth while in a brief review to attempt more than an examination of the diagnosis Sir Arthur makes of the cause of our troubles and an assessment of the adequacy of the remedies he proposes. The clue to present distresses, he says, is dislocation: "it is one not of destruction, or of failure in production or in resources, but of dislocation. . . . Ours is a problem of the impoverishment that comes with plenty. It comes from defects in human organisation and direction, from imperfect planning, from weakness in our financial and distributive systems—from essentially remediable evils and essentially removable causes." This clue is followed up step by step till the outstanding features of the world depression are laid bare. The rigidity of economic organisation, the capriciousness

of demand, the over-production of primary commodities, the speculative mania, defects in the credit system, the gold situation, the burdens of war debts and reparations, restrictions of migration are vividly described till the analysis reaches its remorseless climax in the crash of 1931 and its still incomplete *sequelæ*. This brilliantly cogent examination is prefaced by a powerful chapter on the transformation of the traditional system of free competition—a chapter which will be quarried in by the economic historians decades ahead who are bent upon the discovery of the factors which have given our age its distinguishing characteristics. One can pick out the quotations they will make. “The distinguishing feature of the system, which we need to emphasise as it passes from us, was its self-regulating and automatic quality. . . . If for the moment there was some central control—as in a corner of wheat, for example—it was through some defect or abuse of the normal system. . . . To imagine that at the centre of the intricate web of man’s economic activities stand a few constructive and controlling intelligencies is to entertain a romantic illusion. . . . Now our environment of social ambition and of industrial technique has changed. . . . Without securing the advantages of deliberate planning, we have enough official control and private privilege and monopoly to impede the automatic adjustments, and to restrict the benefits of competition to the consumer. . . . Legislation is national, and over wide and increasing areas of industry the market is international. . . . Over a very large range of articles the effective limit to the price charged is not the competitive cost (price understandings or monopolies having abolished that limit) but what the market will bear; that is, the price beyond which the consumer would do without the article.” Such is the diagnosis. Only those who are wedded to a belief that there is one dominating cause of our troubles, only the doctrinaires with their “open sesame” approach, can dissent.

And what of the remedies? Again detailed discussion is impossible. “We need,” says Sir Arthur, “to construct such a framework of law, customs, institutions, and planned guidance and direction that the thrust of individual effort and ambition can only operate to the general advantage.” Not a middle way, but a new way, in which the benefits of competition and free enterprise on the one hand and of general planning on the other will be so harmonised that the gains of both will accrue without the abuses of either. As a preliminary, gold must be disciplined by the creation of conditions under which the gold standard can again work satisfactorily; there must be an increase in gold prices and their stability. The world’s credit system, similarly, must be made to function in a world manner: creditor governments must guarantee the loans made to

debtor countries. There must be a further moratorium for war debts and reparations and a realistic assessment of them. Tariffs must be revised. International cartels must be international in spirit as well as form. Collective leadership and control must be organised. Peace must be guaranteed. . . . Point after point, till one feels that nothing can possibly have been forgotten, and men of good will all over the world must have been persuaded.

Are the remedies adequate to the disease? That is the point where doubt emerges. Given all that Sir Arthur desiderates, what then? It is open to serious question whether more than a temporary recovery would result, a considerable recovery, but temporary all the same. Would these remedies really meet the situation *as diagnosed*? The doubt enters because less than the necessary weight has been given to the considerations stated in the chapter on the breakdown of the free competitive system. Sir Arthur, it seems, has less than half an eye on the long-term factors. The present position of the countries producing primary products, for example, is not in any considerable measure altered by these proposals. The mechanisation of agriculture will go on. So will the expansion of industrialism in the world’s poorest countries, which, as mechanism advances over a wider range of industries, will be able to exploit increasingly their differential labour advantage over their more highly industrialised competitors. Again, the advance of industrialism has intensified economic nationalism: do Sir Arthur Salter’s reforms really meet that situation? Do they lead to an assimilation of the standards of life of say Indians and British? Agreements to control, made between the more advanced communities, may well break down here. The feeling one has is that Sir Arthur’s masterly analysis is too narrowly based: it tends to ignore these differences between communities on the one hand and the technological aspects of industrial change on the other. It is arguable that but for the preparations for the so-called Great War, and then the War itself and its various military epilogues, the phase of recovery which filled the years following 1896 would not have occurred—that we experienced then, after the previous quarter century’s depression, a recovery which was a bit of a fluke, due to a conjunction of factors unlikely to recur together again. A plan for a permanent remaking of our economic order must be such as to include that situation of capitalism running down as well as the post-war aggravations of it. It is doubtful how far Sir Arthur Salter’s prescription is adequate.

H. L. BEALES.

British Trade and Industry: Past and Future

By G. D. H. COLE. Pp. 466. (Macmillan & Co., Ltd.) Price 16s. net.

IN this book Mr. Cole sets out to "track down" the cause or causes of our present economic distresses.

Following an introductory chapter designed to indicate the nature of the problem for which a solution has to be sought, six chapters, comprising about 90 pages, are devoted to "An Outline History of British Trade" from the eighteenth century to 1921. This compression, however, is only rendered possible and consistent with useful results by the fact that its actual scope is neither so wide nor so sketchy as its title would lead one to expect. The available statistical records are examined to ascertain (a) when booms and depressions in trade occurred, (b) the duration and height or depth of these movements, and finally (c) their attendant circumstances or apparent causes. From their study the chief conclusion drawn is that the so-called trade cycle is a myth. There is no such rhythmical movement of commerce as this theory implies, and no one constant or recurrent cause of trade booms and depressions. The causes of trade depressions—and it is the depressions which have been most keenly studied—are normally complex and are not subject to automatic repetition by any law of nature or economics. The causes of each depression must therefore be separately studied.

Mr. Cole proceeds to study post-war conditions in some detail—not hesitating to return to his historical period when further support for some conclusion is desired. Nearly 120 pages are devoted to a careful summary of the facts—mainly statistical. The chapter headings give some indication of the scope of this inquiry. They are:—

World Trade and Production, 1924-30.

British Overseas Trade since the War.

The Progress of Production in Great Britain since the War.

The World Slump.

Then follow two chapters, covering between them over fifty pages, in which the author deals with the chief causes of the present economic difficulties. These are headed:—

The Monetary Factors, and

The Roots of Instability: The United States and Germany.

The remaining 140 pages are devoted to an examination of economic, social, and political reactions to the depression. Here again to quote the chapter headings is the simplest and clearest means of indicating their scope. They are:—

The Wages Question.

National Incomes and Productivities.

Tariffs and Economic Nationalism.

British Industry and the Future.

The Need for Home Development.

Taken together they almost read like a peroration.

The spirit in which this field is traversed by Mr. Cole is one of profound distrust in the ability of our economic system to right itself unaided. Left to themselves individuals, or nations for that matter, cannot maintain an unplanned economic system in equilibrium by simply allowing the acquisitive instinct free play. Many who do not share Mr. Cole's social philosophy will sympathise with this attitude. At the same time they will probably not allow their dislike of *laissez faire* economics to lead them to the extreme lengths of agreeing with his view that—

"the American boom and the American slump were both, for the world as a whole, disasters of the first magnitude, and I feel no hesitation in laying upon them the main responsibility for the world economic collapse."

The American boom and slump do, of course, provide a first-class example of the *stimuli* of the acquisitive instinct accelerating the pace with which economic troubles accumulated. But what caused the American boom and slump?

Then again Mr. Cole's obsession that the economic system is always liable to get into a state of disequilibrium leads him into an argument of the type which concerns itself with the priority of the hen or the egg in the chain of causation. In his chapter "The Monetary Factors" there appears the following passage:—

"There is thus a strong *prima facie* case for attributing many of the larger falls in prices of particular commodities primarily to disproportionate production, in the sense either of absolute increase or of increase in relation to demand."

And there is some argument in support of this view, including an emphasised reference to the "singular unevenness" of the price fall. But surely all price reductions of a depressing character are due to "disproportionate production" in relation to realised demand. The severity with which a general fall in demand—such as would follow from monetary deflation—affects different industries depends on (a) elasticity of demand, (b) elasticity of supply, *i.e.*, the ability of the industry to adapt itself quickly, readily, and cheaply to changing conditions. If it is desired to prove that even if the world had received no shock from the mismanagement of its monetary system the prices of raw materials would still have slumped because of over-production, more direct evidence will be required than that submitted by Mr. Cole. I suggest also that the fall in demand for raw materials is in the process of a trade slump, liable to be more

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catastrophic than the fall in demand for consumers' goods. At each stage between the consumer of finished goods and the purchaser of raw materials the business man, when prices are falling, attempts to liquidate stocks and maintains only hand-to-mouth buying. The effect of this is felt most severely at the raw material end of the process.

But it is manifestly unfair in a brief review to devote so much space to those points where the reviewer finds a difficulty either in following the methods of the author or in accepting his conclusions.

This difficulty is not lessened by the reflection that compliments to the author on the competence of his work are superfluous at this date. Mr. Cole has won for himself a position amongst economists which ensures him against such conventional treatment. To add to such a reputation is no easy task, but Mr. Cole has achieved it in this book. Not only is it received by his friends and others as another example of masterly handling of complicated dates, it is welcomed as a courageous filling up of what up to the present has been the most obvious lacuna in his work. In his acceptance of the necessity of trade and his analysis of the conditions—economic, social, and political—essential to its healthy development, he has incidentally faced up squarely to the query so persistently posed by critics of his proposals for social change: "How can it be paid for?" To everyone who wishes to keep in touch with the best thought on present economic problems he offers a book which they cannot afford to miss.

A. C. STEWART.

London Transport

"The Romance of the Underground," by W. J. Passingham. (Sampson Low.) Price 12s. 6d.

"London's Passenger Transport Problem," by Gilbert J. Ponsonby. (P. S. King and Son.) 3s. 6d. net.

LITERATURE outside the library of official reports is growing up round the London transport problem.

London shares with New York the position of having to face the most difficult and biggest traffic problem in the world, and the two cities have vied with each other in failing to reach a solution. Each city is the centre of a traffic area having a population of about ten millions. In each a prodigious amount of capital has been wasted in futile short-sighted schemes and wasteful competition. In Metropolitan New York the politicians and officials—also politicians—have added considerably to the waste by intercepting millions in "graft." That has been perhaps the dominant feature of the New

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York problem; the exploitation of the interests by the politicians and the exploitation of the community by the interests. The one involves the other. In Metropolitan London the chief feature has been the hold up of reforms by purblind conservatism; fierce opposition to the introduction of new systems and inability to offer alternatives to even moderate improvements.

Pioneers met with discouragement at every turn. Reforms were held up until they were out of date. The people of London had no voice in these matters. Parliament was the only body which had effective authority. It never initiated a policy but favoured intensive competition between different systems which should have been complementary to each other, and competition between the same systems—always with the result that traffic facilities were disjointed, wasteful and chaotic.

Mr. Passingham in his well-written book on "the Romance of the Underground," points out that London's big traffic problem arose as soon as railways, in the teeth of powerful and bitter hostility, were brought to London in 1836. He says:—

"Hardly had the opposition begun to subside than London faced her first traffic problem, and those who had no ideas for handling it—who never had an idea in their lives other than what was popular opinion—waited grimly for the first fool to come forward with a suggestion. The fool came—fools do in every place in posterity. In this case the first suggestion for relieving London of the provincial invasion came from the City Solicitor, Mr. Charles Pearson. It followed naturally that his idea was received with universal derision and considerable indignation. His idea was none other than a subterranean railway to transport passengers from place to place about the City, and without adding to the chaos already existing in overcrowded thoroughfares. Such an outrageous scheme caused many responsible persons to declare that the City Solicitor had taken leave of his senses. When details of the idea became known the 'underground railway' was the best joke in town."

Mr. Pearson nearly 100 years ago had hit upon the real solution of London's problem. There was only room for the multitude to travel underground. Pearson's conception was not entirely original. Brunel, the great engineer, had conceived the idea of tunnelling under the Thames as far back as 1799. A project for a tunnel between Gravesend and Tilbury failed. Another scheme for a tunnel for pedestrians between Rotherhithe and Limehouse collapsed in a material sense and also for lack of financial support. Finally, an Act was passed with the help of the Duke of Wellington in 1824, authorising the construction of a tunnel under the Thames between

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Rotherhithe and Wapping, and this project did not meet with its Waterloo. It is in existence to-day, and forms part of the underground railway between Wapping and Rotherhithe. The Government had finally to give financial help before the undertaking was finished. Brunel was rewarded with a knighthood for his achievement.

Pearson, the Solicitor, encouraged by the success of the Engineer, pressed forward his scheme, still in the face of bitter opposition and what at times seemed insurmountable difficulties. He kept on and finally triumphed in 1853, when Parliament granted powers for the construction of an underground railway between Farringdon Street and Bishop's Road, Paddington. Pearson was the founder of the Metropolitan Railway—the pioneer of underground travel in London. It was not, however, until ten years after the railway was sanctioned that it was opened for traffic.

This first underground provided a very crude uncomfortable, not to say unpleasant, mode of transport compared with the luxurious tubes and Underground Pullmans of to-day. Before many years, there were extensions of the Underground system. The Metropolitan District followed the Metropolitan, and the Inner Circle was completed. It was not until the introduction of electricity in place of steam that there was a marked improvement in speed and comfort.

The next new development in metropolitan transport came from the introduction of another type of underground—the Tube. An engineer named Peter Barlow developed the idea of the tube from studying Brunel's tunnel. Barlow was the first man to see the possibility of tunnelling a railway by driving a shield through the London clay. His first scheme was launched in 1867.

Barlow constructed the Thames tunnel between Tower Hill and Bermondsey. "The Thames Tunnel," says Mr. Passingham, "was London's first shield-driven iron line tunnel, and the little car it contained that seated 12 passengers formed London's first tube railway." Barlow's feat encouraged Greathead, his assistant, to develop the system, and the next advance was made when, by the use of the Greathead shield the City and South London Railway was constructed. It was three miles in length; it was opened by King Edward, as Prince of Wales. Apart from the Barlow miniature tunnel it was the first tube and the first electric railway. It has recently been reconstructed to conform to modern requirements.

Progress in the engineering side of underground and tube railways in London and in the rolling stock has steadily improved, with such accessories as giant lifts, escalators, &c.

Mr. Passingham describes with considerable detail the system of management of the Underground Group and the numerous improve-

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ments which have been introduced since Lord Ashfield became responsible for the management. From a commercial point of view there was no marked improvement until the Underground formed the centre of a pool including tubes, buses and tramways in outer London, but the unification of the London traffic has remained incomplete and the wasteful competition continues, leaving the problem still unsolved.

Here Mr. Ponsonby takes up the running in his book on "London's Passenger Transport Problem." He deals with the problem as it exists to-day, which he has studied in all its aspects. He comes to the inevitable conclusion that:—

"The simple fact that a proper development of London's transport system requires the growth of *all* facilities, and that if any one link in the chain falls short of requirements the whole will suffer, is self-evident. It has led many to the view that there is a case for the constitution of some over-riding authority at least to supervise, if not to control, the development of all facilities, lest one should prove slow, or fail altogether, to react to changing demands."

Mr. Ponsonby argues the case very fully. His statements are well supported by facts and statistics, and he comes, on the evidence before him, to the conclusion that progress is arrested by fear of future competition and that the necessary extensions of tubes and other facilities can only be carried out if the State comes to the aid of companies or if a unified system is established. He sees in the Bill of last session the best method of solving the problem. This solution, he says, should make provision for "the financial fusion of the Underground group, all the omnibus undertakings, as well as the tramways, and it must bring about such a relationship between these agencies and the main line railways as will remove that element of uncertainty as to the future which has to an important extent been responsible for the reluctance to electrify suburban lines."

ROBERT DONALD.