

MUNICIPAL TRADING

A Study in Public Administration

by

HERMAN
FINER

D.Sc. Econ. (Lond.)
Reader in Public Administration
University of London



London
George Allen & Unwin Ltd
Museum Street

FIRST PUBLISHED IN 1941

ALL RIGHTS RESERVED
PRINTED IN GREAT BRITAIN
in 11-Point Plaster Type
BY UNWIN BROTHERS LIMITED WOKING

To
Harold J. Laski
and our second score years of
friendship and collegueship
at the
London School of Economics

CONTENTS

Chapter		Page
	Acknowledgments	II
	Introduction	13

Book One

NATURE AND HISTORY

1	General Survey	17
2	Nature and Problems	27
3	History and Controversies	36
4	The Legal Framework	68

Book Two

FACTORS IN PRODUCTION

PART I: CHIEFLY FINANCIAL

5	Inception of Schemes and Counting the Cost	89
6	The Purchase of Supplies, Land and Undertakings	112
7	Loans, Depreciation and Reserves	129
8	Rate Aid and Profits and Losses	146

PART II: ADMINISTRATIVE ORGANIZATION AND PERSONNEL

9	Administrative Organization	163
10	Personnel: Technical and Administrative	198
11	Personnel: Manual Workers	217

PART III: THE SIZE AND TECHNOLOGY OF
THE UNDERTAKING

Chapter	Page
12 Water	233
13 Gas	250
14 Electricity	258
15 Transport	278

Book Three

FACTORS IN SELLING

16 Pricing	299
17 Gas Charges	308
18 Electricity Charges	330
19 Transport Charges	351
20 Water Rates and Charges	364
21 Stimulation of Sales and Service	383

Book Four

CONCLUDING OBSERVATIONS

22 The Balance of Deterrents from and Incentives to Efficiency	391
23 The Factors of Success and their Development	404
Appendices	422
Index	427

ACKNOWLEDGMENTS

It gives me pleasure to acknowledge with deep gratitude the assistance through discussion and correspondence of Mr. J. D. Imrie, City Chamberlain of Edinburgh, Mr. Sydney Larkin, City Treasurer of Coventry, Dr. A. H. Marshall, Deputy Treasurer of Coventry, Mr. W. Coxall, City Treasurer of Chesterfield, and Mr. Arthur Collins. All of these read the MS. and offered many fruitful comments. In particular, the criticism by Mr. Collins, who has probably the longest and most intensive experience of any person in this country of the undertakings, was invaluable in its volume and point, and I express my profound thankfulness to him for his very great kindness.

I have pleasure in thanking, also, Mr. Ernest Long, the Borough Treasurer of Finchley, Mr. Drummond, the Deputy Treasurer of Smethwick, Mr. E. A. Mills, Borough Electrical Engineer of Hackney, Mr. Westlake, Borough Electrical Engineer of Finchley, Mr. Pugh, Water Manager and Engineer of Coventry; Mr. Beckett, formerly Secretary of the Municipal Transport Association, the Institution of Gas Engineers, the British Commercial Gas Company, the British Electrical Development Association, the Secretary of the Conjoint Conference of Joint Electricity Authorities, the Secretaries (Workers Section) of the Joint Industrial Councils of the Undertakings, and the many officials of the Ministries of Transport, Health, the Electricity Commissioners and the Board of Trade who helped towards enlightenment in discussion or writing.

Among my colleagues at the London School of Economics, Mr. F. C. Benham and Mr. W. A. Coase, read the MS. and gave helpful hints and put disconcerting questions. I profited by the hints, and tried to meet the questions. Mr. G. Schwartz presented steady comments on pricing.

I thank the following local authorities, whose Town Clerks and Managers of Undertakings answered my questionnaires and sub-

sequent supplementaries where necessary so clearly and at so much trouble to themselves.

Accrington District Gas and Water Board	Gravesend	Ossett
Ashton-under-Lyne	Great Yarmouth	Paignton
Aylesbury	Halifax	Peterborough
Barking	Hammersmith	Portsmouth
Barrow-in-Furness	Hampstead	Ramsgate
Beverley	West Hartlepool	Rawtenstall
Birkenhead	Haslingden	Rochester
Birmingham	Heanor	Sheffield
Bournemouth	Helmsley	Southend-on-Sea
Bradford	Hornsey	Southport
Brentford and Chiswick	Hoylake	Southport and District Water Board
West Bromwich	Huddersfield	Stalybridge, etc., Tramways and Electricity Board
Burnley	Ilford	Stanley
Burnley, Colne and Nelson Joint Committee	Ilkeston	Stockton-on-Tees
Bury	Ipswich	Stretford and District Gas Board
Canterbury	Irwell Valley Water Board	Stoke-on-Trent
Cardiff	Lancaster	Swansea
Cheltenham and Gloucester Joint Water Board	Leeds	Taf Fechan Water Supply Board
Chester	Leicester	Wakefield
Chesterfield	London and Home Counties Joint Electricity Authority	Wallsend
Congleton	Loughborough	Walthamstow
Crewe	Lowdon	West Cheshire Water Board
Croydon	Luton	West Ham
Darlington	Manchester	West Midlands Joint Electricity Authority
Darwen	Mansfield	Widnes
Derby	Newcastle-under-Lyme	Yarmouth
Dewsbury	North-West Midlands Joint Electricity Authority	York
Edinburgh	Norwich	
Finchley	Nottingham	
Fleetwood		

INTRODUCTION

THIS book is concerned with the municipal administration of the four trading undertakings, gas, water, electricity, and transport, mainly in England and Wales. Together these account for 80 per cent of the Trading Services as measured by annual expenditure. It is not intended to enquire whether this or that particular authority has taken a wise decision. To answer such a question would require, as will become apparent, a most minute analysis of the combined historical, personal, local, topographical, national grounds of wisdom and choice in each particular case in each locality. But the character of the task facing local authorities can be stated, and then one can ask whether the organization, methods, and motive forces are such as to make it probable that a wise decision will be reached. It is possible to ascertain whether or not they have the institutions and motives for rationally deciding and exploiting the given economic and technical factors.

Where statistical methods cease to be useful, facts can only be brought home by examples. This raises the problem of steering between an insufficiency and an excess of illustration. Tolerance is begged wherever a point seems to be over-laboured. Exaggeration of the experience of such places as Manchester and Birmingham has been studiously avoided. Moreover, since those who live in sin do not confess it abroad until they have long repented, the examples used may well, perhaps, represent the better than the worse practice. But this reflection ought not, in fairness, to be overrated, since by far the most of the conclusions cover practically all the local authorities.

It would have been possible to adopt a different method of investigation. Several examples, large, medium, and small undertakings, in each of the fields of enterprise, might have been selected for highly detailed investigation. For this, a large research staff, or collaboration between a number of otherwise individual students of the subject, would be necessary. That line is still open. Meanwhile, it was considered to be not entirely without usefulness to make a general study which may suggest the essential lines of enquiry.

Great care has been taken to avoid comparisons with private enterprise, for reasons deducible from Chapter Two, Section B.

The method of exposition has followed the system of factors in

the usual industrial and commercial transaction, as can be seen from the Contents page.

The following exposition was founded upon documents and personal contacts and some municipal experience. Statutes, departmental memoranda, rules and orders, and standard legal works formed the first foundation. Parliamentary debates and Committee Reports threw a light on history, aims, and achievements, as also did the reports of Royal Commissions and Departmental and Advisory Committees. Two questionnaires of considerable detail were sent out to many scores of local authorities, and an excellent sample number of answers was returned. Correspondence followed to pursue matters and clear away uncertainties. The year books and diaries of local authorities, as well as the Abstracts of Accounts and the Annual Reports of the Managers to their Trading Committees were examined. The technical and local government periodicals and the reports of the meetings of the municipal professional associations were extraordinarily useful. Many matters were hammered out in discussion with a number of local officials of standing, and with some of the officials of the central departments concerned with the work of local authorities.

THE ANDERSON SHELTER

GREEN LANES

FINSBURY PARK