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## CHAPTER 5

### LOCAL GOVERNMENTS, 1890-1950

#### *The Main Trend of Local Government Employment*

THE expansion of the activities of local governments, like that of the central government, can be interpreted very broadly as a response to conditions created by the industrialization of the nation's economy and by the growth of the towns and cities which accompanied it. Not only did industrialization give rise to the bulk of the problems which local governments have attempted to meet, but also the scientific advance on which industrialization was based placed in the hands of governments the engineering, sanitary, and medical skills required to meet the mounting problems of city life. Industrialization also produced the increase in incomes that enabled communities to afford a large expansion in government activity. And, finally, industrialization was associated with the rise of democracy which made it possible for those most in need of government activity effectively to demand it.

There was, however, this difference between the problems that arose for the local authorities and those that fell to the central government: those that faced the local authorities were more elemental, gross, and unequivocal than those that confronted the national government.<sup>1</sup> Sewage, garbage, mud, epidemics, corpses, fire, and burglary are, so to speak, "conditions, not theories." Moreover, many of these conditions are such as to

<sup>1</sup> The difference between the problems of local and national governments is, perhaps, not precisely expressed here, for the local authorities in Great Britain do not enjoy the degree of independence of national control that we take for granted in this country. In Great Britain the local authorities are the creations of Parliament, their powers are conferred on them by national legislation, they derive a large part of their revenues from Parliamentary grants, and they spend a considerable portion of their funds subject to central supervision and in order to meet nationally defined standards. Parliament and the national government have therefore been intimately involved in the solution of local difficulties.

The difference to which the text refers is more precisely described as the difference between the problems which called for action by the national government through the agency of that government and those which called for action by national *and* local governments principally through the agency of the latter. It should be remembered, moreover, that local initiative had a large part in inducing Parliament to establish the necessary institutions of local government and to broaden their powers. In addition, local governments have wide discretion within the limits of the legislation under which they function, and they possess substantial revenue-raising powers of their own.

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persuade even determined individualists that governmental action is necessary. It is hardly possible to buy individual protection against epidemics, public nuisance, or unpaved and uncleaned streets, and it is not cheap to buy it against fire or burglary. The need for a considerable expansion of activity by local authorities, therefore, was widely accepted far earlier than was true in the case of the national government. Indeed, the most significant acts of the central government in the nineteenth century were probably the establishment of new local institutions and the support of local activity. The relatively widespread acceptance of the need for expanded municipal activity rendered local government less sensitive than national government to the fluctuating fortunes of political parties and made for steady growth. Nor did the steadily growing local governments feel the impact of wars as much as the national government.

This complex of conditions helps us understand, at least in a general way, some of the broad characteristics of the trend of local government employment since 1890. The rate of growth was very rapid at the beginning of the period, much more rapid than that of central government employment. Thereafter growth continued at a steadily declining rate and without marked fluctuations. By the end of our period, the rate of growth had become quite low and, indeed, far lower than that of the national civil service (see Table 1). Thus, during the first half of this century, the pace of advance of local government has been slackening while that of the central government has been accelerating. This we may attribute in part to the fact that as early as the first decades of the twentieth century, the facilities for meeting many of the most pressing problems of local government had been successfully created, while the mounting public demands on the central government were only beginning to evoke the instrumentalities for increased action at this level. In part, however, it is due to the fact, of which we shall take more notice later, that the central government, either through normal departmental agencies or through the creation of nationalized corporations, has assumed a number of functions which were previously responsibilities of the local authorities.

If our figures are generally correct, a period of rapid expansion of local government staffs begins as early as the second half of the nineteenth century. This was the time during which far-reaching reforms of local governments and extension of their

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powers took place.<sup>2</sup> In the years between 1851 and 1891, employment by local authorities at least quadrupled and may have quintupled. By contrast, the civilian personnel of the central government no more than tripled if we treat it in the aggregate; its numerical growth was even smaller if we exclude the Post Office.<sup>3</sup>

The decade 1891-1901, in which our period of special study begins, was one of extremely rapid growth of local employment. According to our estimates, staffs approximately doubled in these ten years (Table 8).<sup>4</sup> Thereafter, there was a steady decline in the percentage rate of growth (see Chart 5). Between 1931 and 1938, the total staff increased only some 10 per cent. And though employment by the local governments rose markedly during the war, by 1950 it had been cut back so far that it stood only 12 per cent higher than in 1938.

The rapid, although declining, rate of expansion of local authority personnel between 1891 and 1931 raised the share of such employment from 1.2 to 5.9 per cent of the labor force (Table 8). But since 1931 the share of the working population absorbed by local government has hardly changed. The great increase in government's absorption of manpower since 1931 has been in the central government.

By the same token, local governments' share in the total personnel used by government at all levels first rose and then declined (Table 1). In 1891, local governments used just one-third of all the men engaged in British government work, including the armed forces. Until 1931, local government grew so much more rapidly than the central government that its share rose to 61 per cent. By 1950, however, it was down to 44 per cent even if we neglect the recent nationalizations. If we take them into account, the local authorities' share in total public employment falls to 25 per cent.

<sup>2</sup> See *A Century of Municipal Progress*, Harold J. Laski, editor, London, G. Allen, 1935.

<sup>3</sup> See table of employment, Chapter 2, note 21.

<sup>4</sup> Information about local government employment, representing as it does the operation of a multitude of agencies, is understandably less satisfactory than that for the central government. For the Census years 1891 and 1901, we have had to estimate major fractions of the total (see the appendix notes to Table 8). Throughout the period covered by Table 8, the functional breakdown is far less detailed than that available for central government employment.

TABLE 8

## Local Government Staffs, Selected Years, 1891-1950

	INCLUDING UNEMPLOYED					EXCLUDING UNEMPLOYED				
	1891	1901	1911	1921	1931	1938	1945	1948	1950	
					Thousands of Persons					
Utilities	20-30	50-60	138.4	202.8	242.9	250.0	225.0	270.0 <sup>a</sup>	134.0	
Education	30-50	150	214.4	256.6	276.4	274.7	252.6	281.8	329.8	
Police	44.7	50.1	59.4	71.4	70.9	66.8	71.3	66.8	70.0	
Other	55-75	100-140	248.2	444.8	672.6	681.5	945.1	1,153.4	888.2	
Poor relief and institutional staffs <sup>b</sup>	n.a.	n.a.	33.6	50.5	126.6	n.a.	n.a.	n.a.	n.a.	
Miscellaneous	n.a.	n.a.	214.6	394.3	546.0	n.a.	n.a.	n.a.	n.a.	
Total	150-200	350-400	660.4	975.6	1,262.8	1,273.0	1,494.0 <sup>c</sup>	1,772.0 <sup>c</sup>	1,422.0	
			Per Cent of Total Local Government Employment							
Utilities	14.3 <sup>a</sup>	14.7 <sup>a</sup>	21.0	20.8	19.2	19.6	15.1	15.2	9.4	
Education	22.9 <sup>a</sup>	40.0 <sup>a</sup>	32.5	26.3	21.9	21.6	16.9	15.9	23.2	
Police	25.5 <sup>a</sup>	13.4 <sup>a</sup>	9.0	7.3	5.6	5.2	4.8	3.8	4.9	
Other	37.1	32.0	37.6	45.6	53.3	53.5	63.2	65.1	62.5	
Poor relief and institutional staffs <sup>b</sup>	n.a.	n.a.	5.1	5.2	10.0	n.a.	n.a.	n.a.	n.a.	
Miscellaneous	n.a.	n.a.	32.5	40.4	43.2	n.a.	n.a.	n.a.	n.a.	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Total as percentage of working population	1.2	2.3	3.6	5.0	5.9					
Total as percentage of all employed workers						6.2	6.2	7.9	6.2	

<sup>a</sup> Prior to the nationalization of the electricity supply industry on April 1, 1948.

<sup>b</sup> 1911: Employment in Poor Law agencies, 1921 and 1931: Employment in all types of municipally owned institutions.

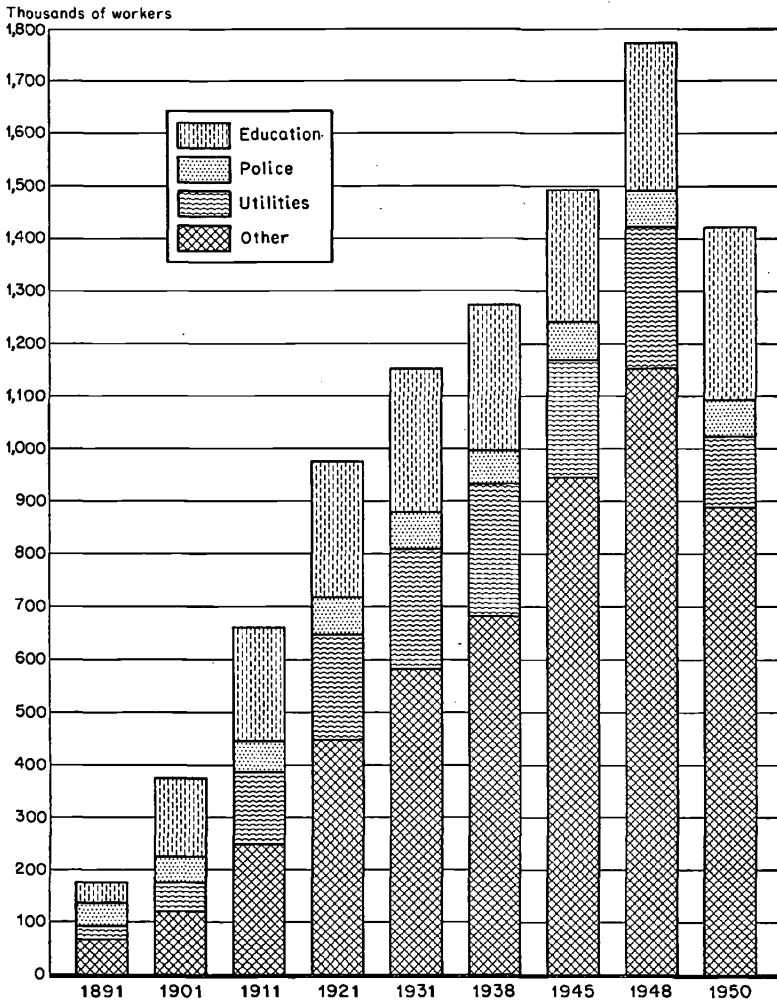
<sup>c</sup> Excludes civil defense and fire service, which were national functions in these years, as follows: 1945—56,000; 1948—24,000.

<sup>d</sup> Percentages based on mid-points of range.

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CHART 5

Number of Local Government Workers Employed in Various Functions, Selected Years, 1891-1950



Source: Table 8.

A CLASSIFICATION OF LOCAL GOVERNMENT FUNCTIONS

Some light can be cast on the manner of local government expansion by grouping local activities into four classes:<sup>5</sup> (1) the

<sup>5</sup> We here follow the classification devised by J. H. Warren, "Local Government," in *British Government since 1918*, London, G. Allen, 1950, pp. 196-197.

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*protective services*—chiefly police and fire protection; (2) the communal or *environmental services*—tax-paid facilities which benefit all and which do not involve service to selected individuals, for example, sewage disposal, refuse disposal, street cleaning and lighting, parks, and road maintenance; (3) *personal social services*—tax-paid facilities involving service to selected individuals, like education, poor relief, medical care and hospitalization, and housing; and (4) the *trading services* or public utilities—services to individuals or industries provided on a commercial basis. These four groups of services were undertaken by local governments at different times and enjoyed different, although overlapping, periods of rapid development, a fact which helps explain the trend of local authority employment as a whole since 1890. Chart 6 gives the percentage distribution of local government workers according to their functions, insofar as we can distinguish them. The police, however, were the only portion of the protective services which could be isolated, and education was the only separable portion of the personal social services.

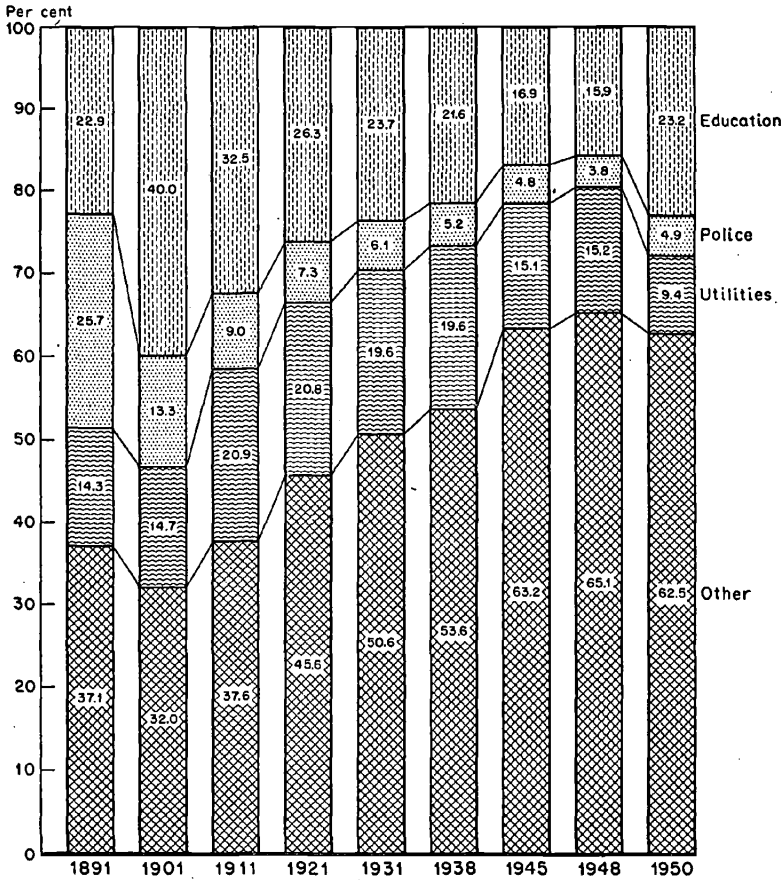
### 1. PROTECTIVE SERVICES

In some, usually rudimentary, form all the services, of course, have existed from time immemorial, but the Police, which dominate the protective services, were the first to be developed in modern form in response to the newer conditions of urban and industrial life. Peel's reform of the Metropolitan Police dates from 1829, and by 1856 the maintenance of an adequate force was made a compulsory local government service, aided by grants from the central government and under the general control of the Home Office. When our study period begins in 1891, there was 1 policeman for every 739 persons in Great Britain. This represented a great expansion of the force since 1851, when there was but 1 policeman for about 1,215 persons. The 1891 standard apparently proved generally adequate to sustain Britain's reputation for orderliness, for by 1950 the ratio had risen only to 1 policeman for every 703 persons. Since the rate of population growth has been declining, the police force, and therefore the protective services generally, have grown at a modest pace since 1890, a pace much slower than that of the remainder of local government.

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CHART 6

Percentage Distribution of Local Government Workers among Main Functional Divisions, Selected Years, 1891-1950



Source: Table 8.

2. ENVIRONMENTAL SERVICES

Two characteristic and important services in this group are the environmental health services and the provision and maintenance of a system of highways and roads. There was rapid expansion in these services in the last decades of the nineteenth and the beginning of the twentieth century.

The environmental health services, in their modern form, got their start in the investigations of the 1830's and 1840's and the establishment in 1848 of a General Board of Health. The legisla-



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tion of 1848 also provided for the establishment of local health authorities in inadequately supplied localities and for discretionary health powers for borough councils. In 1871 a Royal Sanitary Commission formulated a program of elementary demands which became the basis of a sound sanitary service. It led to the establishment of the Local Government Board and to the Public Health Act of 1875, which created sanitary districts. Since that date the use of public health powers has been compulsory, and progress in this field has consisted mainly in utilizing and extending the powers given by the Act.

In these directions much had already been accomplished by 1890. "By the middle eighties bare essentials for a healthy urban life," writes Clapham, "had already been provided in all the greater communities. Water was abundant and pure. . . . Scavenging, paving, lighting and sewerage were reasonably good."<sup>6</sup> The last cholera epidemic was suffered in 1884. After that, in spite of recurrent threats, neither cholera, nor, indeed, any tropical or sub-tropical disease, became widespread in Britain again.

There was, nevertheless, still much to be done to bring the country up to acceptable standards. For example, the great variation from place to place in mortality rates, especially infant mortality rates, could be explained only by differences in sanitary provisions. As late as 1908 there was evidence that "a very large proportion of the smaller sanitary authorities" were "unworthy of their powers."<sup>7</sup> And even twenty years later the Royal Commission on Local Government heard extremely critical views about the work of the small rural and urban authorities.<sup>8</sup>

Communal health work therefore continued to be pushed, though the rate of expansion declined as the most demanding problems were surmounted. Local expenditures on public health services fell from 8 per cent of total local expenditures in 1913-1914 to 5 per cent in 1947-1948.<sup>9</sup> Since, as we have seen, the rate of expansion of total employment by local governments has been falling, this strongly suggests that there was a significant decline

<sup>6</sup> J. H. Clapham, *An Economic History of Modern Britain*, London, Cambridge University Press, 1938, Vol. III, pp. 452-453.

<sup>7</sup> Statement by the Chief Medical Officer of the Local Government Board to the Poor Law Commission. Cited in Clapham, *op. cit.*, p. 436.

<sup>8</sup> William A. Robson, *The Development of Local Government*, London, G. Allen, 1931, p. 302.

<sup>9</sup> These figures exclude expenditures on hospitals, sanatoria, and maternity and child welfare, which we classify as personal services.

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in the rate of growth of the staffs occupied with public health work.

The provision of roads had been much neglected during the Railway Age. The coming of motor transportation therefore required a considerable extension and improvement of the highway, road, and street systems of the country. This must have accounted for a very rapid expansion of local employment after 1900, and especially after 1920. Moreover, it seems likely that that expansion would have continued into the present under the pressure of mounting motor traffic if the major highways of the country had not passed under the jurisdiction of the central government in 1934 and if the use of private cars had not been set back by the war. As it is, the advance of local authority highway employment has probably slowed down in recent decades and may even have declined in absolute numbers. Data on manpower are lacking, but the share of expenditures for highways, streets, and lighting fell from 14 per cent of local government expenditures in 1913-1914 to 6 per cent in 1947-1948. Since total employment by local government has been increasing at a steadily slower rate, this again suggests a rapid decline in the rate of growth of the work force in this field.

### 3. PERSONAL SOCIAL SERVICES

This area of local government activity began to grow substantially only after 1890. At the turn of the century, these activities were still largely undeveloped, but they grew rapidly and account for the greatest part of the expansion of local government employment during the last fifty years. Their growth is connected mainly with four developments: First, the central government in 1902 made itself fully responsible for public education and entrusted the detailed administration of the school system to the local authorities, who, in turn, were instrumental in improving the quality and extent of education. Next, the content of the public health services underwent a profound change, and their emphasis shifted from environmental to personal health services. Third, the old system of public assistance was gradually reformed and replaced by a system of insurance, pensions, and home relief. And, finally, the local authorities took a growing interest in housing and became the main instruments for carrying out the modern housing program.

*a. Education.* The 1890's had brought in compulsory attend-

ance and free public education at the elementary level in England and Wales. The Act of 1902 put the teachers of the voluntary (i.e. denominational) schools on the payrolls of the local education authorities, which at one stroke more than doubled the public teaching staffs. At the same time, local education authorities were established universally. (The earlier local school boards had been set up only where existing educational facilities were judged inadequate.) Moreover, they were now definitely charged with the development of secondary and technical education.

The result of this combination of events was that the educational staffs of local authorities were five times larger in 1911 than in 1891. Thereafter, however, while expansion continued, it was at a slower rate. It was only some 50 per cent larger in 1950 than in 1911. There were many reasons why the growth of the education staff slowed. On the one side, the ratio of teachers to students rose markedly. In 1901 the local authorities provided only 1 teacher for each 43 students. By 1950 the average was 1 teacher for each 27 students, an improvement of some 60 per cent.<sup>10</sup> There was also a notable approach to universal attendance in the elementary grades. In 1901, only 76 per cent of the children between 5 and 14 were in government-supported schools; in 1950, 92 per cent were in attendance. Secondary school education, however, remained limited. The local authorities provided virtually no secondary school facilities in 1901; but even in 1950 only 10 per cent of all children between 15 and 18 were attending public schools. Thus the proportion of children between 5 and 18 attending schools provided by the local authorities rose only from 55 to 69 per cent, an increase of 25 per cent. Finally, the population development in Great Britain since 1901 has produced an actual decline in the number of children of school age. These were only 86 per cent as numerous in 1950 as in 1901.

As a consequence of these varied influences, the pace of expansion of the educational staff declined. As a fraction of local authority employment, education reached its zenith in 1901, when it comprised 40 per cent of the local government staff.<sup>11</sup> By 1950 education accounted for only 23 per cent of the total.

<sup>10</sup> These and the other figures in this paragraph are drawn from Table 14; see Chapter 7.

<sup>11</sup> This assigns to local authorities the voluntary school teachers who were transferred to their payrolls only in 1902.

*b. Personal Health Services and Poor Relief.* In the nineteenth century, government's provision of personal health services was virtually limited to facilities for paupers. The Poor Law Guardians provided not only shelter but also infirmaries and medical officers for their charges. For the non-pauper poor, however, there were, with some exceptions, only the inadequate facilities provided by voluntary hospitals. With the gradual elevation of standards and the growing political power of the working class, the Poor Law facilities began to be supplemented rapidly by the general provision of health care by local authorities. The school medical service of 1907 grew into a system of supervision of the health of all school children, administered by the local education authorities. Many Poor Law infirmaries were transformed over a period of years into general hospitals, and local authorities became hospital authorities with power to extend public hospital facilities. Special hospitals for infectious diseases were built, and general hospital facilities were multiplied. In 1912 a service for the detection and treatment of tuberculosis was established. The Lunacy Act of 1913 created a new service for mental defectives. In 1919 the Maternity and Child Welfare Service was founded.

The relief of destitution proper remained a responsibility of the Guardians of the Poor until 1929, when their functions passed to Public Assistance Committees of county and borough councils, a move designed to enlarge the unit of administration. Under the pressure of rising standards and of the unemployment of the 1920's and 1930's, the general problem of destitution became more pressing. On the other hand, there was a tendency for responsibility to shift from the local to the central authorities. The establishment and extension of health and unemployment insurance and of old age pensions marked the advent of this tendency. It went further during the Great Depression when the local authorities' responsibilities for the relief of the unemployed who had exhausted their rights to insurance were transferred to the National Assistance Board.

By 1931, local authority institutions and hospitals had come to have a staff of 126,600 persons. This was four times as large as that in 1911 and included 10 per cent of local employment. These figures, moreover, do not include all those involved in personal health care, but only the institutional staffs.

A drastic change in the extent and administration of the social services took place shortly after World War II with the passage of the Family Allowances Act of 1946, the National Insurance and National Health Service Acts of 1946, and the National Assistance Act of 1948, which established an integrated, centrally administered system of social services. For the local authorities of Great Britain, these new or greatly enlarged schemes brought a severe reduction in their responsibilities in this area. Under the National Health Service Act all hospitals and maternity homes which had been established and run by local authorities were taken over by Regional Hospital Boards answerable ultimately to the central government. Many of the functions and institutions which had been developed locally in connection with the school medical service were transferred to the National Health Service. The National Assistance Board took over the home relief and institutional care of persons who formerly were dealt with under the Poor Law. And the entire problem of relief was minimized by the extension of the insurance and pension schemes. The new schemes, it is true, laid certain new responsibilities on local government—domiciliary nursing services and accommodations and care for the aged and blind—but these duties in no way matched those of which the local authorities were relieved. The extent of the shift may be gauged from the fact that the hospitals and other institutions which were removed from local jurisdiction had staffs numbering more than a quarter of a million persons.

Thus the changes in social legislation that achieved the final breakup of the Poor Law and its replacement by a modern system of social services simultaneously established the predominance of central agencies in an area which for centuries had been the domain of local authorities.

*c. Slum Clearance and Housing.* The activities of local authorities to improve housing facilities began in the 1850's. The early acts, however, merely extended the powers of the local governments to acquire land and unsuitable buildings and to arrange for new housing by selling or leasing the cleared land to private builders willing to undertake to provide substitute housing. Not until 1890 were municipalities enabled to acquire land by compulsion; not till 1909 were they empowered to undertake construction on their own account; and not before 1919 did the national government provide subsidies to support slum clearance

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and housing schemes.<sup>12</sup> Although the process of clearing slums and providing new working-class housing had gotten well under way before World War I, the work was still on a small scale.<sup>13</sup>

The severe housing shortage after World War I led to a radical change in policy. The government imposed on local authorities definite responsibility for the good housing of workers and granted them subsidies to build new houses. Between 1919 and 1930 some 1.5 million houses were built for rent and about 2.5 million for sale. The former were built mainly by or for local authorities, the latter by private builders.

The supply of housing accommodations suffered during World War II from the cessation of new building, from lack of normal repair, and from heavy bomb damage. After the war, new housing became a first priority of domestic policy. Within the post-war housing schemes the local authorities were made the main instruments for carrying through the government-subsidized building program. The vast majority of the 900,000 permanent and 150,000 temporary houses erected between 1945 and June 1951 were built by them. True, these governments normally operated through contractors, but in June 1951 about 22,000 construction workers were directly employed by them. In addition, the local governments have a multitude of other functions connected with housing. They are owners and managers of huge housing developments, sometimes comprising more than 50,000 houses. They select tenants on the basis of need, fix and collect rents, maintain and repair buildings. They provide and supervise recreation facilities, run restaurants and canteens, provide laundry service, and sell furniture to their tenants. They conduct welfare and educational programs.<sup>14</sup> Finally, the local governments have been assigned extensive responsibilities in connection with town and country planning and the location of new construction of all types.

### 4. TRADING SERVICES

Local authorities in Great Britain have been heavily involved

<sup>12</sup> Sir Gwilym Gibbon and Reginald W. Bell, *History of the London County Council, 1889-1939*, London, Macmillan, 1939, pp. 364-365.

<sup>13</sup> Of the 87,000 dwellings owned by the London County Council in 1938, only 9,984 had been provided before 1919 (*ibid.*, p. 374).

<sup>14</sup> As early as 1938, the London County Council employed some 2,800 persons as estate managers and maintenance workers, apart from headquarters staff (*ibid.*, p. 394).

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in utilities enterprises since the middle of the nineteenth century. Water supply became a common municipal enterprise after the Public Health Act of 1875 made the provision of a proper water supply an obligatory responsibility of the local government. Many cities had acted earlier. By 1911, local government waterworks employed 75 per cent of the labor in the waterworks industry. By 1931 the level of employment had doubled, though the government share remained constant. Since that time there has been little change in the numbers employed.

Local governments became concerned with the gas supply in the last quarter of the nineteenth century. Though the proportion of the industry which came under government ownership was smaller than in the case of water, by 1911 the number of local authority workers in this field was 29,000, and by 1931 it was nearly 38,000. Here, too, employment grew much more slowly after 1931.

At the end of the nineteenth century, electricity came into use, and, after their experience with the gas supply, local authorities entered the new field rapidly. By 1911, municipal electricity systems employed 56 per cent of the labor in the industry. Thereafter municipal employment grew with the rapid growth of the service. Employment rose 450 per cent between 1911 and 1931 and doubled again by the end of World War II.

In local passenger transport, another rapidly growing field, the share of the local authorities was still greater. Over 40,000 were employed on tramways in 1911, and over 73,000 in 1931. Despite the incursion of motorbuses, which remained largely in private hands, the total employment in the municipal tramway and bus service probably stood at about 125,000 in 1948.

In the late 1940's, on the eve of the nationalization acts, between 250,000 and 300,000 local government workers were employed in these four most important utility industries. This represented a five- or sixfold increase since 1900. The share of utilities in the local government labor force had risen to about 20 per cent by 1911. It remained stable till 1938 and declined somewhat thereafter. This development of municipal government, however, was cut short, at least temporarily, by the recent nationalization acts. These resulted in the transfer to national or regional corporations, answerable ultimately to central authority, of all electricity and gas works and of a portion of the local street transport industry. The nationalization of electricity and gas supply alone

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removed about 125,000 persons from local government payrolls and brought employment on local utilities down to less than 10 per cent of the labor force of local authorities.

### *The Major Functions and the General Trend of Local Government Employment*

We have suggested above that the growth of local government employment was a response to the major forces operating during the modern period, that is, the interconnected development of industrialism, urbanization, the rise in per capita income and the shifts in political opinion and the locus of political power. This response expressed itself first in the protective services, intended to control the most obtrusive dangers of urban existence—robbery, disorder, and fire. The environmental health services arrived somewhat later, for a variety of reasons: the conditions they were meant to control were less obvious; it was necessary for science to establish the relation between, say, disease and urban waste, or germs and disease; before governments could act, practical means of control had to be found; and, finally, the problems impinged primarily on the poor, while, at least during most of the nineteenth century, Parliament and local bodies were controlled by the rich.

The personal social services—education, medical care, and housing—came still later. Here the benefit to the general public was least obvious though not necessarily least important, and the private interest of the individuals affected was most apparent. The supply of these services therefore at first took on the cast of charity. Means tests were imposed and liberal provision was viewed with suspicion. It took a longer time for the social interest to become evident and for standards of public responsibility to develop. Since personal service is expensive compared with environmental facilities, its provision tended to wait for incomes to rise. Thus the expansion of local government started with services like that of the police, which are of direct benefit to rich and poor alike, and only later moved toward services of direct benefit mainly to the poor, like public education, medical care, and housing.

The trading services, of course, differ from the others. Municipalities took over utilities in response to industrialization of a special kind. Utility services are natural monopolies because



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they are carried on most efficiently by a single enterprise in a given area. And since they provide services directly to the public, they deal in a market in which the buyers are poorly informed and relatively powerless to protect their own interests. Strict regulation or public ownership has for long been almost universally accepted as the method for handling the problem.

In Great Britain, the alternative of public ownership has often been adopted, for a variety of reasons: a desire to extend facilities more rapidly and widely than private companies were disposed to do; the inadequacy of early regulation of rates and quality of service; the hope of achieving more efficient operation by eliminating rival concerns; a desire to provide the basic necessities of water, light, and transport cheaply to all; and in some quarters a belief that municipal utility ownership afforded a convenient and practicable avenue of advance to socialism generally. As already indicated, the acceptance of these views gradually became wider during the last quarter of the nineteenth century, and the extent of municipal ownership grew on that account and as the utility industries themselves expanded.

If this line of argument is generally correct, it helps us understand the declining rate of growth and the changing composition of local government employment since 1890. For in the case of public services, as in the production of most articles of private commerce, it would seem to be valid to recognize two stages of growth. In the first the service expands swiftly as its major technical potentialities are realized and as its use is accepted by—or applied to—a wider and wider segment of the population. Thereafter, the opportunities for developing a service tend to become narrower. In addition, it sometimes meets the competition of newer ways to perform the same function, as national health and unemployment insurance, for example, have operated to limit the need for poor relief. In its later stages of development, therefore, the growth of a service generally takes place more slowly as its quality is refined, as population and per capita income increase, and as standards rise. At the turn of the century, the protective services and, to a lesser extent, the environmental and trading services had already enjoyed a considerable period of development. Only the personal social services, chiefly education, medical care, and housing, were standing at, or just passing beyond, the threshold of government responsibility. It seems understandable, therefore, that total employment by local

government should have grown after 1900 at a declining rate and that the relative importance of the personal service group should have increased.

### *The Drift toward Centralization*

The declining rate of growth of the local government staff in the twentieth century, however, cannot be entirely explained by the fact that a very considerable development of local government had already occurred during the previous century. There has also been a progressive tendency for the central government to assume a larger role in performing functions originally conceived to be responsibilities of local authorities. In one sense this process can be discerned early in the development of modern British government. It is clearly apparent in the nineteenth century in the creation of the Poor Law, police, and sanitary and education inspectorates, and in the expanding system of national grants-in-aid. But these early initiatives of the central government were designed precisely to stimulate and enlarge the activities of the local authorities by expanding their powers and duties, by prescribing minimum standards, and by providing financial assistance. Without this prodding and encouragement from the center, the expansion of local government in the nineteenth century would have been slower.

After 1900, however, the central government began to take actions which, far from stimulating local activity, tended to relieve the local authorities of a portion of their burdens. The change first appeared before World War I and again in the 1920's in the establishment of the national insurance and pension schemes by which a portion of the work of relieving destitution was at once regularized and transferred to central administration. It appeared again in the 1930's with the creation of the National Assistance Board to relieve workers who had exhausted their rights to unemployment benefit. In the same decade the system of national trunk roads was also established. The shift is most impressive, however, at the end of our period in the new and more comprehensive insurance and pension schemes, in the central government's assumption of wider responsibility for residual relief, in the national health scheme, and in the transfer of certain municipal public utilities to nationalized corporations.

One reason for this tendency to centralize the administration

## LOCAL GOVERNMENTS

of governmental functions is no doubt the increasing burden of these functions in recent decades. As the expense of government increases, there is strong pressure for the central government to assume a larger share of the cost, for it can exploit the richest sources of revenue more conveniently. It can levy heavy income taxes and collect them efficiently without driving taxpayers to other jurisdictions; it does not face the difficulty that business firms spill over local government boundaries; and it can, as local authorities cannot, incur sizable deficits for protracted periods. Since there is a powerful tendency for administrative and financial responsibility to run together, there is also a persistent tendency for the central government to assume a larger share of the newer functions of the state.

Side by side with these financial pressures, one may speculate, are the subtler effects of the growing interconnectedness of people's lives that is an aspect of the advance of industrialization, urban concentration, and improved communications. On the one hand, the realization of interdependence fosters a sense of social responsibility for the fate of individuals, suggests the need for a national definition of the degree of that responsibility, and makes people impatient with the uneven assumption of responsibility which accompanies local administration. On the other hand, the sense of unity fostered by interdependence makes people willing to tolerate the redistributions of tax revenues among regions and income classes that are required when common standards are widely applied. The expansion of local government is, therefore, checked, and that of the central government correspondingly accelerated.