

# What about the Rates?

Or

Municipal Finance and Municipal Autonomy.



BY

SIDNEY WEBB.

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# What about the Rates?

Or,

## Municipal Finance and Municipal Autonomy . .

By SIDNEY WEBB.

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## WHAT ABOUT THE RATES?

OR

### Municipal Finance and Municipal Autonomy.\*

WHAT is it that to-day most hinders municipal progress? I am afraid that most elected persons would say that it is the ratepayers' fear of any increase in the burden of rates. It is this fear that damps the ardor and hinders the work of the enthusiastic reformer who has been elected to a town or district council. What is even more important, it is this very real feeling that strengthens the hands of those members of every council who are anyhow not enthusiastic for social change.

#### The Rising Rates.

It seems to us always as if the rates were perpetually "going up" and never coming down! And in the large and growing cities and urban districts this is, in the main, true. We expect a great deal more from our local government in the way of the amenity of life than ever before. The sanitation and the paving and lighting, the provision for the sick and the care of the children, all cost more. But it is a mistake to suppose that rates were never so high at any previous time. In many a country district in the South of England the rates are to-day actually lower than they were a hundred years ago, when the average rate of all the Sussex parishes was 8s. 7½d. in the pound, and that of all the Monmouthshire parishes was 7s. 11¾d. in the pound. I wonder what the Manchester citizen would say to-day if he were asked for two successive rates of five shillings in the pound within not many weeks of each other, as happened in the Manchester of 1796.† Even to-day there are towns in which the rates in 1912-13 were over

#### Ten Shillings in the Pound

for the year. We are few of us quite so hard hit as the ratepayers of Ilkeston and East Ham, who had to pay 10s.; those of Lowestoft, 10s. 1d.; Merthyr Tydvil, 10s. 2½d.; Stoke, an average of 10s. 6d.; West Ham, 10s. 6d.; and Norwich no less than 10s. 7d. in the pound.‡ In a few of the London districts, such as Poplar and Ber-

\* Enlarged from a paper read at the Conference of Socialist and Labor Elected Persons, held at Manchester on Good Friday, 1913, under the auspices of the Joint Committee of the Fabian Society and Independent Labor Party.

† See "The Parish and the County," by S. and B. Webb, p. 73; "Grants in Aid," by S. Webb, pp. 12, 13.

‡ Table by Mr. James Carter, Borough Treasurer of Preston, in *Municipal Year Book* for 1913, p. 1044.

mondsey, the total rates often exceed 12s. in the pound, in spite of large subventions from the wealthier parts of London under the Equalization of Rates Act.

Nevertheless, as we are only too painfully aware, the rates have risen, and progress is hampered thereby. The fact that any new service, even any improvement in an existing service, would raise the rates still more, stands in the way of our getting more done for the public good.

### The Electors Must Pay.

Now, let me say at once, we must not delude ourselves with the hope that we can ever get rid of this obstacle to reform. It seems to me inevitable that the electors should have to feel that, whenever any new or increased expenditure is to be incurred, it is they themselves who will have to pay. This is the price that we pay for local self-government. It would be very nice if we could have, without check or limitation, the pleasure of spending public money on all sorts of desirable improvements: wide streets, lighting, cleansing, and paving up to the very pitch of perfection; the best schools and school clinics, meals for all the hungry children, and a broad highway to the highest education for all who were capable for it; complete provision for the sick, the orphans, the widows, and the aged; and the wisest possible treatment of the unemployed. But if we are going to have all these things in our own city, and to manage them ourselves as we think fit, the citizens of our own locality must be made to feel their responsibility for the expenditure. **We cannot have local autonomy without local finance.**

### We Cannot Stop the Grumbling!

Nor can we prevent the ratepayers from grumbling, even if we reduce their present burden. There was just as much grumbling when the education rate was only twopence or threepence as there is now when it is anything between ninepence and two and ninepence. There is just as much complaint of the "extravagance" of the education committee in towns where the amount spent on education is only fifteen or eighteen pence in the pound as there is at Hull, where it is 2s. 2d.; at Crewe and Norwich, where it is 2s. 2½d.; at Rotherham, Swansea, and Merthyr Tydvil, where it is 2s. 3d.; at East Ham, where it is 2s. 4½d.; or at West Ham, where it is 2s. 8¾d.\* Even if it were possible, by finding some new sources of revenue or otherwise, to arrange matters so that the ratepayer only paid half what he now pays, he would, the very next time that there was any increase of his lower rate, grumble just as much as he does now at any increase on the present high rate. The only way to satisfy the ratepayer and prevent him from grumbling would be to arrange that there should never be any increase in his rates. This would mean that the local council would never be able to advance beyond the present position. My first proposition, accordingly, is that it is impossible, consistently with a continuance of local self-government,

\* Ibid.

ever to get rid of the ratepayers grumbling at every increase of the rates.

But, even if we cannot hope to get rid of the ratepayers grumbling at every new development of local services, may we not expect to get some immediate relief from the present burden? There is, first of all, as some will say, the profit to be derived from municipal enterprises.

### Municipal Trading.

Some municipalities make a large profit on their gasworks, or on their tramway service, or on their electric lighting concerns; and they devote this profit to keeping down the rates. For instance, in 1912-13 Manchester made £50,000 profit out of gas; Leicester, £32,000; Nottingham, £31,183; Leeds, £25,000; whilst even smaller places like Chorley made £2,469; Colne, £2,500; Nelson, £3,532; and Stafford, £3,500. Out of tramways Manchester made £100,000; Leeds, £60,000; Liverpool, £38,244; Salford, £20,000; and Sheffield, £19,238. From electricity Liverpool drew £25,000; Manchester, £24,500; Leeds, £15,000; Nottingham, £14,850; and even such a smaller town as Chesterfield, £1,000; and Luton, £800.

### Profits in Relief of Rates.

Altogether, in relief of the rates, from these and similar sources, Manchester drew no less than £188,500; Liverpool, £167,399; Leeds, £115,235; Nottingham, £85,713; and Leicester, £62,807. The greatest reduction in the rate made by these means was at Dewsbury and Wallasey, where the ratepayer benefited to the extent of no less than 1s. 8½d. in the pound; Nottingham, where it was 1s. 6½d.; Macclesfield and Darlington, where it was 1s. 6d.; Halifax, 1s. 5½d.; Stockport, 1s. 5d.; Stafford, 1s. 4½d.; Yarmouth, Warrington, and Burnley, 1s. 4d.; Leicester, 1s. 3¾d.; Bolton, 1s. 2¾d.; Lancaster, 1s. 2½d.; and Carlisle, 1s. 2d. The Manchester Corporation, for all its large profits, lowered the burden to the ratepayers by only 10¾d. in the pound.

### A Doubtful Boon.

What are we to think of municipal profit making to this extent? There may be something to be said for the policy up to a certain point. The municipality may fairly take for the common good such part of its trading profits as arise from the fact that they are derived from monopoly. But this is usually a very small part, often indeed no more than a necessary margin between receipts and expenditure. Where the Town Council (as in the towns mentioned) makes a large profit out of its gasworks, or out of its tramway service, or out of its electrical installation, it is almost always getting that profit unfairly at the expense either of its employees or else of its customers. It is unfair to pay bare subsistence wages to the corporation employees, and work them long hours, and subject them to degrading conditions of labor, merely with the object of earning a profit for the relief of the ratepayer.

### Sweating the Worker.

I was shocked to find some years ago, when I visited one of the great gasworks of the Manchester Corporation, that nothing whatever seemed to have been done, after a whole century of municipal ownership, with the object of making the Manchester gasworker into a Manchester citizen. It was not merely that he seemed to be paid no better and to be worked no shorter hours than if he were serving a joint stock company. What was even more startling was that he seemed to be treated by the foreman or manager with no more consideration, to be thrown every summer out of work as callously, to be granted no more holidays on full pay, to be accorded no greater sick leave or superannuation, to be given no more opportunity for changing his clothes and taking a bath, to be allowed no more comfort and amenity in the places where he had to work and wait and eat his food—in a word, provided with no more of the conditions of civilized life than the gasworker under the ordinary capitalist company. And what seemed to me even more grievous was that nobody on the gas committee, nobody on the corporation, nobody in Manchester even, thought that there was anything wrong in this.\* It does not seem to occur to a municipal gas committee that they are open to criticism for treating their employees, as regards the amenity of their lives, and especially as regards the regularity of their employment, no better and no worse than private employers. I assert that it is the duty of every public authority to take care that all the conditions of employment of all its wage earners are such as, not only to permit of, but also actively to promote, a decently civilized life, before it takes a penny of the so-called profits of its enterprises in relief of the ratepayer.

### Taxing the Gas Consumer.

Moreover, there is no sense in charging an unduly high price for any public service in order merely to benefit the ratepayer. For instance, when the Manchester or Leicester Town Council makes, year after year, a large profit out of its gasworks, it is really taxing the consumers of gas, in proportion to their consumption of gas, for the benefit of the owners and occupiers of house property roughly in proportion to their wealth. For we must remember that whenever

\* A brief newspaper report of this statement seems to have made the chairman of the gas committee very indignant, so that we have, by 1913, perhaps made a little progress! In an interview (*Manchester Courier*, March 26th, 1913) he declared that the criticism was "rubbish"; that the Manchester laborers were paid [26s. a week] as well as any others; that there was "no earthly reason why the 1,100 or 1,200 men working for the department should receive treatment better than that received by their fellow citizens or ratepayers."

But apparently social compunction is at work even here, because the Manchester Gas Committee, we are told, has just completed (*at one only of its works*) "one of the finest suites of dining rooms, lavatories, etc., for the use of the men"; far superior to the accommodation afforded to many of their fellow citizens or ratepayers in private employment. Without questioning the chairman's consistency, I am contented to hope that, before the next critic visits Manchester, equally satisfactory accommodation will have been afforded to *all* the men in the employment of the gas department of the corporation, irrespective of the fact that many capitalist employers do not afford such civilizing amenities!

we give any relief to the rates we necessarily give most relief to those who inhabit the largest houses, or who own the greatest amount of house property, and who therefore need it least. Moreover, a very large part of the benefit goes to the railway companies, who now have to contribute to the rates on assessments based mainly on their local traffic, and whom we should thus be subsidizing at the expense of the gas consumers. The consumers of gas in any large city are now, for the most part, either the industrial users of power gas (which is usually supplied at a specially low price very little above cost), or else the tens of thousands of small homes unable to afford the electric light, or using gas for cooking, often by the "penny in the slot" machine. Why tax these in order to make the rates lower for the more opulent ratepayer and for the shareholders of the railway companies? It is even a short-sighted policy to charge an unnecessarily high price for gas when a great many of the smaller homes are not yet up to the gas level, and—to the profit of the private capitalist—still use coal and petroleum. It does not seem sensible for one department of the Manchester Corporation to be trying to diminish the smoke nuisance, whilst another department of that same corporation is, by charging unnecessarily high prices for gas, actively promoting the use of coal fires. And it is a short-sighted policy, as well as a narrow-minded one, to penalize the use of gas in a great city. The opportunities for municipal expansion in the popular use of gas—notwithstanding all the encroachments of the electric light—are still great. The gas committee ought to be playing for the enlargement of its business, until not a single family is left unsupplied. We ought therefore everywhere to urge a reduction in the price of gas—better still the free grant of greater facilities for its use by small consumers—rather than any reduction of rates out of gas profits.

### A Tax on Tramway Rides.

And it is much the same with tramway profits. Any large profit derived from a tramway service for the relief of the rates means usually that the tired girls and women, boys and men, who throng the cars night and morning are being charged threehalfpence or twopence for a journey that they might have been allowed to take for a penny. We might even have, as in London and Glasgow, halfpenny fares. We must here remember that the fact that the tram fares are thus unnecessarily kept up means that the railway and omnibus companies are able also to keep their own fares up on all the competing routes. We thus put money into the shareholders' pockets at our own expense!

### Sweating the Tramwaymen.

On the other side of the question we find the humbler workers in the municipal tramway service, such as the washers or cleaners—together with the women employed at the manager's office, and even some of the younger clerks—are still far below a thirty shilling wage. The "spare hands" or relief men, whose occasional services are of the greatest use to the management, are paid only for the trips they



take without any consideration of how they and their families are to live on the days when there is no job for them; and even the motormen and conductors, who are in most towns taken on at the rate of sixpence an hour only (rising gradually to sevenpence-halfpenny) find their hours so cut up by separate turns as to make it difficult for them to have any home life. The Liverpool Town Council, which makes the third largest profit out of tramways in relief of the rates, still works its tramwaymen as much as 60 hours per week, and allows no extra pay for Sundays or holidays; whereas the Glasgow tramwaymen work only 51 hours a week; and those of Manchester, Leeds, Birmingham, and many other towns work only 54 hours a week. Manchester, which makes actually more profit out of its tramways than any provincial city, gives its tramwaymen various privileges, but it takes the motormen on at no more than sixpence an hour (27s. for a full week), and advances them to no higher maximum than seven and a third pence per hour, with no extra rates for Sunday or holiday work. The Manchester Tramways Committee, instead of putting so much money into the pockets of the Manchester property owners, might well copy Cardiff, Dover, Leith, and Swindon, which give "time and a half" for Sunday work, or the many towns which give "time and a quarter"; whilst it would be a graceful concession to imitate Chester, Doncaster, Lincoln, Leeds, Huddersfield, and other towns, which give "double time" on Christmas Day and Good Friday. Above all, it is not very generous in a corporation making £100,000 a year net profit, that it should be taking on motormen at lower rates than Leeds (7d.); Sheffield, Leicester, and Huddersfield ( $6\frac{3}{4}$ d.); Stockport, Sunderland ( $6\frac{1}{2}$ d.); Birmingham ( $6\frac{4}{4}$ d.); or Burnley, Rotherham, Birkenhead, and Liverpool ( $6\frac{1}{4}$ d.); or that its maximum for such men ( $7\frac{3}{3}$ d.) should be below those of Liverpool and Birmingham ( $7\frac{5}{5}$ d.), and Huddersfield, Leeds, Sheffield, and Darwen ( $7\frac{1}{2}$ d.). Similar invidious comparisons might be made as regards conductors and inspectors. Are the Manchester ratepayers morally justified in reducing their own rates in this way?

### What Ought to be Done with the Profits.

My conclusion therefore is, that whilst it is usually advantageous for a local authority to own and work as many public services as it can efficiently manage, and whilst it is practically necessary to have the balance on the right side in each case and thus make even a pecuniary profit of this municipal trading, we ought not to look to this source for any substantial relief of the rates. Such municipal profits ought to be devoted first to the really just and generous treatment of all the corporation employees, not only in respect of wages—not even principally in respect of wages, except as regards the lowest grades—but mainly in respect of proper consideration of their circumstances and needs as human beings, and of the security, comfort, and amenity of their lives. These matters are of even more importance than the rate of wages. Secondly, there should come the improvement of the service itself, for the maximizing of the public convenience, especially as regards the mass of the people.

Thirdly comes the reduction of the prices charged for the service, especially all the irritating extra charges, such as gas meter rents, stove rents, payments for connections or installations, and so on ; and especially also those which (like the charge for "penny in the slot" gas and tramway fares) amount, in the main, to taxation of the incomes of the families existing below a decent standard of civilized life. There is accordingly no substantial relief of the rates to be looked for out of the profits of municipal trading. The object of "municipal trading" is not profit, but the service of the public, on the one hand ; and, on the other, such a collective control of the means of production as to prevent them being used either to oppress the workers or tax the consumers.

### The Transfer of National Taxes.

It is a vain dream to expect that the Chancellor of the Exchequer will impoverish himself by handing over any national taxes—the Inhabited House Duty or what not—merely in order to benefit the local authorities. Why should he? We, at any rate, have no grounds on which we can ask for this most unsatisfactory and most undesirable step. So long as any tax remains on sugar and tea and coffee and cocoa and currants, at any rate, any proposal for a transfer of national taxes for the relief of the local ratepayers means continuing to tax the children's food, in proportion to consumption, for the benefit of the occupiers of the largest houses, the railway companies, and the property owners, roughly in proportion to their wealth.

### New Local Taxes.

If we look for any relief of the rates by new local taxes, I am afraid that we shall be equally disappointed. All the fancy taxes that imagination can suggest—taxes on advertisements, taxes on cats, licences for this or that trade, percentages on the takings of picture palaces and music halls, and all the rest of them—are, in my judgment, illusory. If we could examine each of them in detail, we should find that their actual yield in cash would be so small, so unevenly distributed between town and town, so uncertain, and so inconvenient and costly to collect, that it would not be worth undertaking. There is, of course, the possibility of a local Income Tax or local Death Duties, but here again we find ourselves up against a dead wall.

### Why a Local Income Tax is Impossible.

The Chancellor of the Exchequer—even a Socialist Chancellor of the Exchequer—is not likely to allow any town council to be a competitor with him in this rich field. Moreover, a local Income Tax, locally assessed and locally levied, presents difficulties in our own complicated country which seem to me insuperable. Our present Income Tax is successful because no less than four-fifths of it is not assessed directly on the payers, and not collected from them where they happen to live, but is *assessed and collected at the source*, and is thus stopped by deduction from the income before this is paid over.

With a local Income Tax this would be impossible, and the Finance Committee of the Manchester Town Council would have to do what the Chancellor of the Exchequer cannot do, namely, get separately and directly at each Manchester citizen, and ask him to make a correct return of all his income. But who, for this purpose, would be a Manchester citizen? Where is the local Income Tax, where are the local Death Duties, to be paid of all the crowd of rich men who throng the Manchester Exchange or the Liverpool Flags? They have tiny offices at high rents near their daily haunts, but ninety per cent. of them sleep outside the cities in which they make their money. Moreover, *where* do they make their money, at the factory or at the office in the city? Is the Income Tax on the Liverpool millionaire or the Manchester magnate to be enjoyed by the picturesque village in Cheshire or Derbyshire in which he has the mansion in which he sleeps? If so, what does Manchester or Liverpool get out of it? Is it suggested that he can be made to pay on all his income at each of all his many houses? Moreover, what Income Tax would be collected from each of the "multiple shops," in which gigantic companies are now carrying on the sale of meat, groceries, clothing, boots, and what not, in many hundreds of towns and villages? How could it possibly be estimated how much of the profit of the company—profit which comes mainly from its capacity to manufacture and distribute on a large scale—was made at each of its retail shops? Is it suggested that the whole of the company's profits could be taxed by every local authority in whose district it had a shop? The same sort of difficulty arises with the railway and canal companies, who are "occupiers" in practically every parish and borough of their own parts of the kingdom; with the great banks and their tens of thousands of branches; and indeed with all businesses carried on in more than one place. Are all these to be let off, or are they to be charged everywhere on the total income of the concern as a whole, or how can their profits be allocated among the districts of the different taxing authorities? It is of no use saying that *something called a Local Income Tax* exists in other countries, unless we are prepared to answer these questions. In my own judgment, the only way in which we can, in this complicated country, get relief for local taxation out of Income Tax or Death Duties is to assess and collect them nationally—perhaps as an addition or surtax on the imposts already levied by the Chancellor of the Exchequer—and then to distribute the aggregate proceeds among the local authorities according to some deliberately settled scale. To this proposal I shall return later.

### **We Must Not Sell Our Local Liberties.**

I pass over the despairing suggestion that local authorities should be "relieved" of some of their duties by the National Government; that they should give up their schools or their high roads, their police or their hospitals, or their asylums, to a centralized Government department. Let us leave such proposals to the enemy. It is curious that it is always the Socialists who have

to stand up for liberty against central government. We, as Socialists, must cherish local government, and aim always at its expansion, not at its contraction.

### **Tax the Rent.**

Let us now consider the subject from the standpoint of economic theory. The view of the best economists is that the source from which the greater part of the cost of public services should be drawn is the annual rent or, as the German Social Democrat would call it, "surplus value" of the community. This does not mean merely the rent of land, but all that part of the product of industry which would otherwise be taken by the owners of the factors of production superior to the worst in use. For instance, the mills in which Horrocks's longcloth is made are more profitable than the ordinary mills; the owners of that flourishing business get what is really economic rent. The factories at Lancaster in which Lord Ashton makes the floorcloth for the world are more profitable than the ordinary factory. Lord Ashton draws a huge sum in economic rent. Now the economist, as I have said, points out that this differential advantage in production, whether due to superior land, superior plant, or to any kind of monopoly, cannot be got in higher wages by the operatives concerned however strong may be their trade union, or however effective may be a minimum wage law. It necessarily goes as tribute to the person who owns these differentially advantageous factors of production. This tribute of economic rent to private owners, as the economists point out, is not necessary to the continuance of industry. It arises only after full remuneration at the market price has been paid for every man's labor by hand or brain. Theoretically, the whole of it could be skimmed off without interfering with the normal return to every person who co-operates in production, whether as manager or inventor or operative. These swollen profits, which make up, the statistician tells us, something like one third of the total national income, ought to be specially drawn upon for the expense of managing the country in the way which alone makes them possible. This is the view of the orthodox economic professor, though he usually shrinks from putting it so plainly. It is also the Socialist view, because here, as elsewhere, the Socialist is only telling the world what the economist preaches in more involved language.

### **Taxation of Rent must be National.**

Now the only equitable and practicable way that can be recommended for getting at economic rent, whether it be rent of specially advantageous pieces of land, or the rent of other specially advantageous factors of production, is by national ownership or national taxation. You cannot have Manchester levying its own tax on its own site values without throwing back all the districts less favorably situated upon their own inferior resources. Is even Manchester prepared to forego its equitable share in the still more advantageous factors of production? Is it prepared, for instance, to give to South

Wales all the profits of the anthracite coal mines, and to the inhabitants of London all the monopoly value of that supremely advantageous position for taxing the world? It is plainly inequitable, as well as politically impracticable, to get at the economic rent except nationally.

### Grants in Aid.

Thus we come back to Grants in Aid as the really practicable and effective source of relief to the ratepayers' burden. At present these Grants in Aid amount to only about 30 millions a year towards a local expenditure which is rapidly approaching 100 millions. They are at present given in the most foolish way, with the least possible consideration of either economy or efficiency, or even equality of relief to local burdens. I have described in a little book, called "Grants in Aid," which any councillor can get for five shillings, and which he can ask his council to buy for public use, both what the system now is and what, in my opinion, it ought to be. I will only say that now that Old Age Pensions, like the prisons, have become a national charge, there ought to be grants for each of the five great local services: for (1) education and all that is done for children; for (2) sanitation, including drainage, and the whole provision for the sick and infirm, including that now under the board of guardians; for (3) police and all the expenses of justice; for (4) all the cost of lunacy and the provision for the feeble minded; and for (5) streets and highways, including paving. These grants should be payable, not as lump sums, or in proportion to ratable value or to population, but (like the old Police Grant) *in proportion to the actual expenditure on the service*. And, in order not to interfere with the National Budget, the aggregate amount of all the grants might be fixed, and revised only every seven years, only the fixed sum being annually apportioned among the local authorities according to their several expenditures on the different services. I should like to see the aggregate fixed at one half of the present local expenditure on the services to be aided.

### Taxation of Site Values.

This is where the Taxation of Site Values comes in. As an economist I do not myself limit the proposal to the special taxation of exceptional land, and I should wish to see it extended, as far as practicable, to all those factors of production which, by their superiority over those at the margin of cultivation, yield an "economic rent" or surplus value. Even simpler would it be for the Chancellor of the Exchequer to put a "surtax," or addition for local purposes, on the Income Tax and Death Duties, which now yield him eighty millions a year. To make the Grants in Aid one half of the cost of the services recommended above would involve—with all the existing exemptions and abatements—a "surtax" of nearly fifty per cent. On the other hand, with such a surtax, the Chancellor of the Exchequer, no longer having to find the existing Grants (thirty millions a year) out of his ordinary revenue, might abolish the Tea and

Sugar Duties and greatly reduce the Income Tax rate. But it is not our business here to-day to trouble much about the Chancellor of the Exchequer's Budget, or the source from which he will pay the Grants in Aid. To the local authorities it matters not whence the Grant comes. All we want is the Grants themselves.

### **Danger of Reducing Rates.**

But we must bear in mind that although we want to facilitate additional expenditure, and perhaps—just by way of greasing the wheels—to effect a small reduction in the hardest cases, we ought not to try generally to reduce the local rates to any great extent. Whatever may be the truth as to the real incidence of rates, nothing is more certain than that any great reduction benefits the landlord, and the landlord almost exclusively. Reduce the rates in Ancoats by twenty-five per cent. and the laborer in the Ancoats slum will pay not a farthing less for the weekly rent of his wretched hovel—the slum owner will get the whole benefit of the reduction. Reduce the rates on agricultural land, as the Conservatives and Tariff Reformers are always proposing—does anyone suppose that the agricultural laborer will pay less for his cottage, or get a rise of wages? Reduce the rates in the coal mining districts, so that the colliery companies have to pay less on the miners' cottages—is there any reason to suppose that the miner will be charged a lower rent, or that he will get a higher price per ton for hewing? A reduction of rates may help the peasant proprietor or the man who owns a freehold house. But so long as we are nearly all in the position of having to pay rent to a private landlord or house owner—especially where, as is the case with regard to more than half the population (and the poorest half), the rent is collected weekly—to expect that the wage earner will benefit by reducing the charge made on the owner is like looking to get butter out of a dog's mouth. The wage earners should demand Grants in Aid to facilitate municipal progress, not in order to reduce existing rates.

### **The Real Profit of Municipal Enterprise.**

Thus, my final conclusion is that we must meet the ratepayer face to face and educate him on the question. Courage and clear thinking, and some capacity for popular explanation, must remain a necessary part of the equipment of the elected councillor. The ratepayer, after all, gets far more in return for his rates than he does for any other part of his expenditure. If you won't pay an adequate Education Rate, you will have to pay a higher Poor Rate and Police Rate. If you won't pay a proper Public Health Rate, you will certainly pay tenfold in Sickness Rate and Death Rate. Mr. Chamberlain successfully fought his municipal battles at Birmingham forty years ago on the war cry of "Higher Rates and a Healthy City." Can anyone doubt that this policy has been proved to "pay" at Birmingham; to pay even the Birmingham ratepayer and the Birmingham property owner? What city is going to own that it is less enlightened than Birmingham?

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