

British Public Utilities
and
National Development

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TO
MY MOTHER
AND
FATHER

“The development of public utilities is, particularly at this present stage of our economic life, the development of the nation.”

FRANKLIN D. ROOSEVELT in *Looking Forward*

“In the years to come activities which have hitherto been left to other agencies must be brought within the public utility field. . . . Right decisions on these problems will be of the first importance.”

The Listener (London), 1931

P R E F A C E

One of the most important trends in post-war Britain has been the extension of the number and variety of public service undertakings. Unlike the development in the earlier stages, these services have been primarily national in character and have dealt with the most significant aspects of national progress, such as industrial power, transport, electrical communication, and broadcasting. All of this is indicative of the fact that British leaders of many shades of political opinion, empirically and sometimes grudgingly, have begun to regard the State in a new light—as the means of stimulating and controlling the economic development of the entire country. The new attitude toward government is so recent that in many cases it is intuitively felt rather than logically reasoned. However, one common conviction is found in the minds of leaders of wide differences of opinion—the belief that a rather rapid extension of national public service monopolies, under one or another type of control, is a certain development irrespective of political fortunes. This study assumes greater importance in view of what seems to be in store, therefore, than from the national public utilities already in existence.

The empirical nature and the recent importance of British public utility development are indicated by the fact that this is the first study which has appeared dealing in a comprehensive manner with British public service undertakings. In order to give completeness to the book and also to provide a suitable background, the local utility services water, gas, transport, docks, and harbors have been considered. The primary emphasis has been placed upon national utilities, including the railways, road transport, telegraphs and telephones, national electricity planning, and broadcasting. These services have been considered from the viewpoint of their rôle in national development, involving a consideration of policy, organization, manage-

ment, control, and constructive criticism. In the concluding chapter the tendencies appearing in existing services have been weighed and I have tried to suggest possible lines of future policy. The criticisms and suggestions are in no way attributable to any outside person or interest group, or to any political party. Impartiality and objectivity have been the writer's ambition. However, an effort to postulate a philosophy of public service management has seemed desirable, because differences of opinion and discussion should be provoked if the future progress of national utilities is to be intelligently guided.

The trends of recent years make a rediscovery of political economy imperative and urgent. This study is an effort to reunite economics, public administration, law, and philosophy in the consideration of British public utilities. The State is conceived as a creative force, capable of stimulating and undertaking national economic development. Although there are several important elements to be considered, the exercise of public control occupies the central position. Many of our past mistakes have been due to the fact that we have failed to recognize the inescapable necessity of government control over economic development. The admitted necessity of exercising control over currency and credit is at present the most outstanding illustration of the positive obligations devolving upon the State in the machine age. In a few years the question of public control over utility services may be just as acute. The creation of a philosophy and a technique of popular control is a task deserving a great deal of attention.

The three main methods of securing public control are: (a) regulation by the establishment of legislative standards and by the creation of supervisory bodies, such as the Railway Rates Tribunal; (b) operation by a government department, such as the Post Office, or by some other governmental authority; (c) operation by a public utility trust, such as the Central Electricity Board. A comparison of the relative merits of these three forms of control and

administration has been one of my chief objectives. In addition, the possibilities of the "mixed enterprise," as illustrated by the Manchester Ship Canal Company, have been given incidental consideration.

The management of public service enterprises has also been emphasized. Control and management cannot be completely separated; each conditions the other. Public administration comprehends the entire field of the present study, because it is concerned with powers, management, and control. However, the administration of public commercial undertakings presents distinct problems for the student of public administration, and this study is an effort to point out some of the middle ground that lies between business and government administration.

I have attempted to analyse and describe British public service undertakings in an intimate and non-technical manner. An effort has been made to view the subject through the eyes of the intelligent citizen who is interested in public affairs, but the special interests of the public utility official, the labor leader, the person in public office, and the university student have also been borne in mind.

This investigation was supported by the Social Science Research Council of New York City and also by a faculty research grant from the University of California. The book has been written during a nine months' residence in Great Britain, and is based upon extensive observations and interviews in most of the services considered.

Mr. Henry Hartley (B.Sc.(Econ.) London) has acted in the capacity of my research assistant, and has participated in every phase of the work except the interviewing and the actual writing. His devotion and helpful criticisms deserve more appreciation than I am able to express.

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regard association with him as one of the chief inducements to return frequently to London.

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