

PART II

HOW THE CITY GREW

TABLE SHOWING THE EXTENSION OF THE CITY

Year	POPULATION		AREA		RATEABLE VALUE	
	Before Extension	Added Area	Before Extension	Added Area	Before Extension	Added Area
1838 Manchester, Clifton-on-Medlock, Hulme, Ardwick, Beeston, and Chatham	242,337	—	4,293	—	£ 669,254	£ —
1885 Harpurley, Bradford, Rusholme	312,361	41,222	4,293	1,642	2,191,732	19,777
1890 Blackley, Moston, Crumpsall, Newton Heath, Openshaw, Kirkstall and W. Gorton	378,800	126,688	5,935	7,002	2,416,330	381,675
1901 Levenshulme Lane	543,822	—	12,937	1	3,394,879	—
1902 Home Park	543,822	75	13,659	77	3,465,377	1,000
1904 Moss Side, Withington, Burnage, Chetham-cum-Hardy, Digby	543,822	68,879	13,659	6,246	3,465,377	417,742
1909 Gorton and Levenshulme	606,884	38,049	19,603	1,740	4,353,139	203,786
1913 Heston Norris (part)	714,881	32	21,645	45	4,745,951	500
1931 Finglows	759,474	6,859	21,690	5,597	6,554,549	43,461
1937 (Government Act, 1939)	751,371	—	21,253	—	6,661,545	—

CHAPTER IV

HOW THE CITY GREW

THE municipal boundaries defined by the charter were not, as we saw, coterminous with the Parliamentary boundaries.¹ The latter contained the townships of Bradford, Harpurhey and Newton Heath, in addition to those of Manchester, Chorlton-on-Medlock, Ardwick, Beswick, Hulme and Cheetham, which made up the municipal borough.

The population of the borough in 1838 was 242,357,² and the area that it covered was 4,293 acres. It was many years before the Council began seriously to consider the extension of the city, although overtures were received from time to time from the outlying districts. Most of the districts contiguous to Manchester—which eventually came within the city boundaries—had become District Boards of Health under the Public Health Act of 1848 and the Local Government Act of 1858.³ But as the population of these districts grew, helped by the outward push from Manchester, their problems became too big for their limited powers. Sewage was the chief factor that made the districts, one by one, ask to be taken into the city. The expense of proper systems for sewage treatment after the Rivers Pollution Act gave Manchester the right to prohibit other areas from emptying untreated sewage into the rivers that ran through her boundaries, led Newton Heath, Bradford and Harpurhey to apply in 1880 to come into Manchester.

Extension of 1885

The Council was ready to receive these overtures, partly because the census of 1881 had shown that Manchester had suffered a decrease of nearly 10,000 in her population since 1871 whereas the other big towns, Liverpool, Birmingham, Sheffield and Leeds, had increased. Manchester, which had been larger than Birmingham two years earlier, was now smaller. A sub-committee was

¹ See above, p. 93.

² Privy Council Minutes.

³ Salford, which was larger than any of the others, was made a borough in 1844.

appointed to go into the whole question of extensions. It invited other districts, including Stretford, besides those that had applied to be incorporated, to consider the question, and it also approached Salford. However, all the others refused and Newton Heath finally broke away because she could not get the representation on the Manchester Council that she considered her due. Whether or not this was the real reason, she opposed the Council's extension Bill before the Select Committee of the House of Lords. Following an almost universal rule at that time, Parliament did not force unwilling areas into union with another, so Newton Heath was left out.

Meanwhile Rusholme had repented of her earlier refusal to meet the City Council, and her problems of sewage having become more urgent, was now anxious to have it taken into the Manchester system. Negotiations were completed and the first extension of the original city took place in 1885 with the addition of Harpurhey, Bradford and Rusholme, with which latter township was included a small portion of the township of Withington. This added 1,642 acres and 41,222 population to the original city. It also increased the membership of the Council by nine councillors and three aldermen.

Extension of 1890

The Local Government Act of 1888, which set up county councils, contained provisions for the alteration of boundaries of county councils and county borough councils by means of a provisional order of the Local Government Board granted after a local inquiry, instead of by a private Act. The Manchester City Council thereupon set up a sub-committee to consider the question of further extensions, as each year brought fresh evidence of the need for a wider area for sanitary administration. Parliament, too, recognized this fact, and when Crumpsall, rather than join with Manchester, produced a plan for a sewage farm to deal with her own drainage, Manchester successfully opposed it before the Parliamentary committee, so that Crumpsall had no alternative but to seek incorporation with Manchester. It was the sewage problem mainly that also now brought in Newton Heath—with six councillors and two aldermen—Blackley, Moston, Glayton, Openshaw, Kirkmanshulme and that part of Gorton nearest to the city. This

was the first occasion when the principle of differential rating was granted: 1s. in the pound for ten years to Openshaw, 6d. to Kirkmanshulme and 2d. to Gorton.

Strong opposition came from the other part of Gorton to absorption by Manchester—"a great octopus stretching out its fangs in every direction to take in all the tit-bits round about the city"²—but the fear of property owners that amalgamation would mean the enforcement of a higher sanitary standard was alleged to be the real reason. "They dread being removed from under the authority of a paternal and benevolently disposed Board selected by themselves, and to come under the rule of an impersonal and exacting city council. . . . It is weary work trying to set the Board in motion, to move their solitary outdoor official to action, and it is a strange experience when the elephant does lift its legs for motion to see how tenderly the landlord is dealt with. And does not the landlord know how differently they do these things in the city! There, within a few hours after a complaint reaches the Town Hall, an Inspector makes his appearance, and with a huge disregard for tender feelings, this thick-skinned, non-benevolent official leaves his notice: 'If you do not do this thing within twenty-four hours, we shall do it for you and at your expense.'"³ A movement on the part of some residents in Moss Side for incorporation with the city was also defeated, and Stretford, once more approached by Manchester, firmly refused for the second time.

The order of the Local Government Board, 1890, added to the city six districts and part of a seventh, Gorton, and 7,000 acres with over 100,000 extra population. Apart from the differential rate granted to some of the areas, others were exempted from the School Board Rate until accommodation should be provided.

Extensions of 1901 and 1903

There were no further extensions for ten years. The government of the surrounding areas was changed by the Local Government Act of 1894 into popularly elected urban and rural district councils, and the enlarged powers enabled them to deal with their own problems for some years longer. A small extension in 1901—

¹ *Manchester Guardian*, February 11, 1890.

² *Manchester Guardian*, July 20, 1888.

Kirkmanshulme Lane—for the purpose of a street improvement was followed in 1903 by the inclusion of Heaton Park, which had been bought by the city.

Extension of 1904

The next big extension, that of 1904, was the result of a movement from the ratepayers of Withington, Chorlton-cum-Hardy and Didsbury, where rates were increasing. The small margin between rates in these districts and those of the city seemed to the residents more than offset by the greater advantages enjoyed by the ratepayers of Manchester. The Withington District Council—perhaps naturally—did not relish the thought of extinction, but agreed to appoint a sub-committee to consider the matter. The report of this sub-committee is of interest because it tried to solve the problem of the loss of identity when a district is absorbed by a larger authority by a proposal which was, in effect, the one that the Council had adopted in 1838 and abandoned in 1875¹ of separate township committees. Whether or not the lesson of thirty years earlier had been forgotten, the proposal on this occasion was backed by the theoretical argument of a division of functions into central and local. Central functions were said to be those connected with gas, water, electricity, markets, tramways, education, finance, police, sewage and main drainage, whilst certain health services—sanitary inspection, paving, street improvements, scavenging, control of new buildings—were considered suitable for local control. The City Council agreed to this proposal as a condition of incorporation, and a Withington committee, consisting of the members of the Council for that area, was set up for ten years—the period of the differential rate of 6d. The Committee made up its own estimates for the matters under its control and these were then passed by the Council.

Moss Side now realized that with her powerful neighbour, Withington, within the city she must also come in, and the Manchester Corporation Powers Act of 1904 effected an extension of the city of another 6,000 acres.

The experiment of devolution was not a success, and when the ten years came to an end it was not continued. An inquiry held by a special committee of the Council reported against such a method

¹ See below, pp. 132-133.

of decentralization. "The reasons for the failure of the local Committee were obvious. The Committee had its own officials: clerk, surveyor, medical officer of health. They were under the control of the Committee and not under the head officials of the Town Hall. The district, therefore, had not the advantage of the services of the leading Manchester officials, who were responsible to different committees. The system was, in short, about as bad and unworkable a method as the wit of man could devise."¹ The advantages which accrued in 1875 when the separate township committees with their separate staffs were abolished, were experienced once again when, in 1914, the Withington district came completely under the control of the Council.

Extensions of 1909

When Levenshulme applied to come into the city, she asked for a district committee on the lines of the Withington Committee, but the Council was now opposed to the system of decentralization and the experiment was not repeated. The extension in 1909 to include both Levenshulme and Gorton—for the position was now reversed and Gorton was ready to pay a differential rate of an extra shilling in the pound *above* the Manchester rates in order to be allowed to be included—pursued a different course from any of the others. The Lancashire County Council's claim for compensation for the loss of these districts, although disallowed by the Committee of the House of Commons, was granted by that of the House of Lords. Manchester, therefore, withdrew the extension clauses from its omnibus Bill in spite of protests from Gorton and Levenshulme. These districts even brought an action for an injunction against the Corporation, which was unsuccessful. However, negotiations were opened with the suppliant districts and with the Lancashire County Council, and agreement was reached in 1909.

Extension of 1913

In 1913 Heaton Norris was wooed by both Manchester and Stockport, and although the former was awarded forty-five acres, Stockport carried off the major part of the area.

¹ *The City Council From Within*, by E. D. Simon, 1926, p. 219.

Extension of 1931

The last extension was that of 1931, when the Wythenshawe area of over 5,000 acres was incorporated. This move, which was the result of the purchase by the city in 1926 of over 3,000 acres in three parishes for the purpose of development as a satellite garden town,¹ had several features different from those of the previous extensions. The area was in another county—Cheshire—across the River Mersey. With the exception of the village of Northenden, the nearest point to Manchester, it was a completely rural area and access to the city was not easy. The people were satisfied with government by rural district councils and there was no movement amongst the residents for closer union with Manchester, although many of them lived in Northenden and worked in Manchester.

The movement for incorporation came from Manchester as a consequence of her purchase and of her proposed development. She realized that if the powers belonging to a local authority were added to those of a landlord, the difficulties experienced in the development of Letchworth and Welwyn would be avoided. Incorporation was violently opposed by two out of the three parishes and by the Cheshire County Council. This opposition succeeded in getting Parliament to throw out the Manchester Bill in 1927, but three years later her application was successful. As in all the other cases, drainage was finally the determining factor. Manchester claimed that by an extension of her existing system she could drain the area more quickly, efficiently and cheaply than could the rural district councils. When the first application to Parliament was made, the opponents could not or would not realize that Manchester, as the owner of the greater part of the area, really meant to develop it as she said, and a sympathetic House of Lords Committee gave the opposition the benefit of the doubt. When, after three years, Manchester made her second application, she was able to prove that her housing development had been held up owing to the insufficiency of the drainage provided, and so Wythenshawe came into the city and also into the county of Lancashire, although it is still within the Parliamentary division of Altrincham.

With the exception of Wythenshawe the other extensions of

¹ See below, p. 301.

the city followed the natural development of areas contiguous to a big city, with problems of sanitation and education becoming too big to be dealt with economically by small areas of government.

More interesting perhaps than the areas that Manchester incorporated were those that she did not—and of these Salford and Stretford¹ are the most important.

Salford

Salford, although a different manor, was in the parish of Manchester. Separated from Manchester by the River Irwell, she was yet closer to the township of Manchester, both geographically and by community of interests, than the other townships which formed the first borough. Pendleton, part of Salford, had become the fashionable residential quarter of Manchester business men after the decline of Ardwick. Sir Thomas Potter and his son, Sir John Potter, lived in Salford, although their business houses and their municipal interests were in Manchester. As we saw, no suggestion was made in 1838 to include Salford in the Manchester borough.

At various times since then the question of amalgamation has been raised, the first determined effort being in 1888. An association was formed of residents in both cities, which carried out an inquiry and presented a report in favour of amalgamation. It said that with regard to sanitary matters, and especially river pollution and infectious diseases, it was anomalous that there should be two authorities dealing with the same problems. Financially the Committee calculated that amalgamation would benefit Salford, as her rates would be reduced by 4½d. and Manchester's increased by 1½d. Greater efficiency and economy would be secured, sanitary reform accelerated and the opposition arising from divided authority removed. Commercially and industrially, educationally and intellectually, the inhabitants of the community would gain. "The total population of about 600,000 people engaged in the same industries, interlaced in a thousand ways, sharing the same prosperity and depressed by the same adversity, which is one by nature and one by business,

¹ Fallsword and Prestwich were included in the Corporation Bill of 1914 for incorporation within the city, but owing to opposition in those areas Manchester withdrew the application in both cases.

is divided into two local jurisdictions with different administrators, which are sometimes guided by rival or opposed policies and are always weaker for the division.¹¹

It speaks much for the far-sightedness of the Manchester City Council that, when approached by the Committee, it recognized that although upon purely financial grounds amalgamation would be immediately disadvantageous to the city, the prospective gains from a single administration—particularly in view of the Ship Canal development—would be greater. The Salford Corporation, however, although largely represented on the unofficial amalgamation committee, rejected the proposal chiefly on the grounds that Salford would be swamped by Manchester and that the combined Council would be too unwieldy. Reports by the Salford Council and rejoinders by the Committee followed one another with different estimates of future expenditure.

Finally, Mr. Oliver Heywood, the distinguished citizen of both cities, who had acted as chairman of the Amalgamation Committee, wrote to the Mayor of Salford, asking that a poll of the ratepayers might be taken and an independent body appointed to consider the financial side of amalgamation. However, the Salford Council refused to continue consideration of the question and the matter was dropped for sixteen years.

In 1904 both councils were approached by their citizens to consider the question again, and both agreed to do so. Opinions in Salford had altered in the intervening years, but when the Town Clerk was instructed to approach Manchester, asking it to appoint a sub-committee to approach Salford, the opponents of amalgamation on the Salford Council insisted, in an interview with the Mayor, that he should ask for the return of the letter. In 1906 the report of the committee appointed by the Salford Council—written by the late Alderman Desquesnes—was at last issued. It was entirely opposed to amalgamation, and its adoption by the Council by thirty-seven votes to eight put an end to this second attempt. The third attempt was again an approach in 1911 by some of the ratepayers of Salford to their Council. As a result, Manchester expressed herself willing to meet Salford to discuss the matter, but nothing came of this opening.

¹¹ *Report of the Joint Executive Committee of the Association for the Consideration of the Amalgamation of Manchester and Salford, October 1888.*

In 1921 the then Lord Mayor¹ called together a joint committee that had been appointed but had never met. The two Town-Clerks were instructed to prepare reports, but they were never presented.² By that date the expenses of municipal services in Salford, an area of low rateable value and consequent high rates, inclined Manchester to be less anxious for amalgamation. That tendency has increased in the last seventeen years. Rateable value in Salford is £5 9s. 10d. per head of the population as against Manchester £8 19s. 1d., and the rates are 17s. 2d. in the £ whilst Manchester's are 15s. 6d.³ If amalgamation took place and the social services in Salford were brought up to the Manchester standard, a rise in her rates would be inevitable. A differential rate against Salford for a number of years, as was applied in the case of Gorton, would almost have to be a condition of incorporation unless Stretford also came in. That borough with a rateable value almost as high as Manchester's—£8 16s. 5d. per head—has low rates of 11s 9d. because she has such a relatively small working-class population.

Salford was made a city in 1926, and this, combined with her status of a royal borough—because the King, is the Lord of the Manor of Salford—provides the sentimental opposition to amalgamation with Manchester, by far the more important city. No one now denies that the two form one community, and should theoretically form one borough. Separate transport, gas, electricity, main drainage, public health and education are anomalous, even if not ridiculous.

Stretford

The question of the incorporation of Stretford was different from that of Salford. It was a suburban district which developed as a dormitory of Manchester, like Withington, Didsbury and Chorlton-cum-Hardy. We saw that when the Manchester Council was considering the first extension in 1885, it invited Stretford as well as other outlying districts to discuss the matter, but Stretford declined to walk into the parlour. In 1890, when the Ship Canal was nearing completion and as a consequence Trafford Park was beginning its rapid development as an industrial estate, Manchester again approached Stretford, but without success. The fact that

¹ Mr. (later Sir) E. D. Simon.

² *The City Council From Within*, by E. D. Simon, 1926, p. 206.

³ 1937-38.

Stretford had been allowed, in return for payment, to join in Manchester's sewage scheme, removed the lever which had proved decisive in bringing about the incorporation of similar districts. Ten years later—1900—another attempt was made. Stretford had grown rapidly, thanks to the Ship Canal and Trafford Park, from a population of 21,751 in 1891 to one of 30,346, but it had managed to keep its character as a suburban district and the industrial population who worked at Trafford Park lived in Manchester and Salford. This time the opening move came from Stretford, but not in the direction of Manchester. Stretford felt that she had outgrown urban district council status and applied for promotion to that of borough. One of the reasons was undoubtedly to protect herself from Manchester's attacks. Manchester lodged an objection with the Local Government Board against Stretford's application, and made renewed overtures to her, including the offer of a differential rate of 2s. 6d. in the £. It was only natural that the ratepayers of Stretford, looking at the matter purely from the point of view of their own interests, should object to an amalgamation which would almost certainly increase their rates, and they voted down the proposal by a large majority on a large poll. The Local Government Board felt that it had dealt out even-handed justice when, after a local inquiry, it refused both claimants. Manchester was not to have Stretford, but Stretford was not to become a borough. There the matter rested for more than thirty years, and the grant of incorporation as a borough was only conceded to Stretford in 1933. Meanwhile her skilful leaders had seized every opportunity to strengthen her independent position, and she exercised her option to buy back her gas-works from Manchester.

No impartial observer to-day would deny that Stretford is as much part of Manchester as their neighbour, Chorlton-cum-Hardy, and that whilst benefiting from the result of Manchester's investment in the Ship Canal, she escapes the heavy expenditure that a residential industrial population necessarily entails.

This argument takes us further from the city than Stretford—to Alderley Edge, Sneyth and Knutsford in Cheshire, with the intervening residential areas of Altrincham, Wilmslow, etc. Many of the arguments used in 1838 to justify the inclusion of Hulme, Chorlton-on-Medlock and Cheetham in the city could be used to-day to justify the inclusion of these more distant places. The various

extensions of the city since 1885 brought within its boundaries areas in which Manchester citizens had gone to live.¹ The motor car, motor buses and better train services have since that date increased this distance, and the new houses that have sprung up in Cheshire, which house Manchester workers, give another authority the rateable value that has been created by Manchester. The industrial population, which cannot afford to go outside, and upon which the prosperity of all the outlying districts depends, has to pay high rates whilst those who can afford to go out pay low rates. The problem which became acute in Tyneside has been the subject of a recent Royal Commission. We suggest that the problem of South East Lancashire and North Cheshire, of which Manchester is the metropolis, is becoming as urgent.

Modern developments have shown that existing boundaries are unsuitable for services such as transport, higher education, hospitals, etc. Some form of regional government, or of a regional rate, will probably prove to be the modern solution of the problem which was solved in the past by extensions of the city boundary.

¹ In 1937 it was estimated that the influx of the day working population was 74,944, equal to 10 per cent of the total population (*Financial Abstracts, 1935-37*, p. 72).

CHAPTER V

RATING AND FINANCE

I

THE RATING AUTHORITY

As we have seen in Chapter II, the separate townships which were united to make the municipal borough of Manchester in 1838 all had their separate Overseers, Highway Surveyors and Police and Improvement Commissioners. Rates for the relief of the poor, for the maintenance of highways, for cleansing, lighting and paving streets and for the provision of scanty police forces were all separately levied by the various bodies—although they all used the assessment for the Poor Rate—and all separately collected.

After incorporation the Overseers of the five different townships sent to the Council returns of the rateable value in each township, and the amount of the Borough Rate was then apportioned. The Overseers of each township were then required by the Mayor to levy and collect that amount, and this was done as part of the Poor Rate. Gradually, as we saw, the powers of the various bodies of Police Commissioners were absorbed by the Council, and they had all disappeared by 1845. But the local Acts under which they had worked were not repealed for some years, and the local rates that they had levied were not absorbed into the city rates for many more years. What happened was that as each township gave up its body of Commissioners, the Council appointed a special committee of its members (the Township of Ardwick Committee, Township of Hulme Committee, Township of Chorlton-on-Medlock Committee), and these committees continued to exercise the powers given by the local Acts as regards lighting, paving and cleansing until 1851. The Council as a whole acted for the township of Manchester. Thus the streets of Hulme were cleansed by a separate set of men, acting under a separate committee of the Council from the men who cleansed the streets of Manchester on the one side and of Chorlton-on-Medlock on the other.

Nor did the combination of the townships in the municipal borough touch the varying methods of assessment of property, of allowances made to landlords for compounding, or of the limits of total exemptions from rates, all of which differed in the different townships.

With regard to total exemptions from rates other than the Poor Rate, Manchester exempted any house under £4 10s. annual value, Chorlton-on-Medlock under £4 and Ardwick and Hulme under £5. This system, which existed all over the country, was strongly condemned by the Commission that inquired into the State of Large Towns and Populous Districts,¹ and also by the Poor Law Commissioners. Both of these bodies were convinced that it was the landlord and not the tenant who benefited by the exemption as the landlord was enabled to charge higher rents if his tenants had no rates to pay.

Exemption from the Police, later called the Township Rate, was also granted in Manchester on any property above £4 10s. which was less than one hundred yards from a street lamp, even if it was in a street which was cleansed, paved and drained, out of the same rate.

In 1851 the first faltering steps towards unification were taken in the Manchester Improvement Act of that year, which abolished all the separate Boards of Highway Surveyors and vested their powers in the Paving and Highway Committee of the Council. This was certainly progress, but the Highway Rate still had to be strictly apportioned to each township, levied and collected separately instead of being absorbed into the Borough Rate. Although the Act also repealed all the local township Acts, the township committees still continued to cleanse, light and pave the townships with separate staffs. The differences as regards exemptions from rates were retained and the collection in each township of each rate separately still continued.

Nothing more was done for twenty years when, in a local Act,² the Overseers were instructed to collect the Township and Highway Rates as well as the Poor Rate, which meant a net annual saving of £2,400.

This paved the way for the next big step in 1875,³ which abolished

¹ 1845.

² Manchester Improvement Act, 1871.

³ Manchester Corporation Waterworks and Improvement Act, 1875.

the township committees and instituted a City Rate which included the old Township and Highway Rates as well as the Borough Rate.

The gas-works, which had been the property of the Police Commissioners for the township of Manchester and had been managed by the Gas Committee of the City Council since their demise, became the property of the whole city, and the profits could in future be used for improvements in any part of it instead of only in the township of Manchester.

The Lamp and Scavenging Committee was abolished and the cleansing of streets was handed over to the Highways and Paving Committee, which was made responsible for all matters relating to the surface of the streets. The Gas Committee took over the erection of gas lamps all over the city. Finally, one city fund was instituted and one banking account.

In 1876 one City Rate, which included the precept of the School Board, was levied, instead of one City Rate and six Township and six Highway Rates.

It had taken thirty-seven years for the parochial interests of the separate townships to be merged in one city—years in which the population and the wealth of the city had been growing at a great pace. As the population increased it spread over the borders of the old township of Manchester, driven out by encroachments made on dwelling-houses by commerce and railways. The cost of repairing highways, of cleansing, lighting and paving the hundreds of new streets which were rapidly covering what had been open spaces in Chorlton-on-Medlock and Hulme at the end of the 'thirties rose. And the ratepayers in the other districts began to realize that the business quarter of the great city was not paying its fair share of the expenses of the area, and that some readjustment was necessary.

If one is inclined to wonder why no extension of the city boundaries took place for nearly fifty years after the creation of the borough, and then arose from the demands of the outside areas to come in rather than from a desire of Manchester to extend, one can perhaps find the explanation in the long time which it took for those who were in charge of the new form of government to assimilate the separate parts of the first amalgamation. Until all the creaking joints of the original borough were oiled, and all the

waste resulting from the separate townships eliminated, we can understand why the Council was not anxious to take in other areas merely to repeat the same process.

Having successfully surmounted the first hurdle in 1875 of a consolidation of rates within the city and the consequent administrative changes, the city next tackled the even more difficult and, as it proved, more obstinate problem of the consolidation of rating authorities.

The valuation of each township was, as we have seen, made by the Overseers for that township, and even after the Manchester Overseers Act of 1858 was passed, there remained separate Boards of Overseers for the townships. There was a further complication. Since 1841, Boards of Guardians had superseded the Overseers in the care of the poor. They, and not the separate Overseers, settled the expenditure of the Union and then precepted the Overseers—just as the Mayor did for the Borough Rate—for the share of each township. Now, if the borough of Manchester had made up one Poor Law Union, consolidation of rating authorities might have followed immediately upon the consolidation of rates. But a very different state of affairs existed.

The Chorlton Union comprised the townships of Chorlton-on-Medlock, Ardwick and Hulme—all part of the municipal borough—and, in addition, Moss Side, Levenshulme, Rusholme, Didsbury, Withington, Gorton, Burnage, Chorlton-cum-Hardy and Openshaw, all of which eventually came into the city, although some of them as late as 1964.¹ The township of Manchester formed the Poor Law Union of Manchester, but Cheetham, also within the municipal borough, was in the Preswath Union.

The valuation for the Poor Rate had always been, as we saw, the valuation used for all the other rates. Uniformity of valuation, therefore, was not only important in order that the burden of the Poor Rate should be fairly adjusted, but because all the rates were based on it. The sub-committee of the Council which examined this matter realized the great advantages which would accrue if there could be one Poor Law Union corresponding to the municipal area. A Board of fifteen Overseers would value on uniform principles, and equal rates could be levied. As an example of the inequalities then existing, it pointed out that the poorest township,

¹ It also included Stretford, but this township was detached in 1849.

Ardwick, had to pay 5d. more in the £ than Cheetham, the richest. The cost of collection would also be reduced by one-half.

This first-class report, with its unanswerable case, was accepted by the Council, although that body would not commit itself to the principle of one Poor Law Union. Authority was given to insert in the Bill for the extension of the city¹ the necessary powers to consolidate the Overseers of all the townships in one Board.

However, forces outside the City Council, the Boards of Guardians, objected and their opposition was so strong that in order not to prejudice the extension clauses of the Bill, the consolidating clauses were withdrawn and the old, unequal and wasteful machinery continued for another decade.

By 1893, after a second extension of the city,² the position had become even more complicated. There were now within the city boundaries nineteen separate rating districts under the control of eighteen separate Boards of Overseers! The prediction contained in the report of the Special Committee in 1883 that if nothing were done before the extension then imminent, the existing complications would be increased, had certainly been fulfilled.

The familiar arguments arising from the lack of uniformity were repeated by Alderman King, who gave examples of ratepayers on one side of a street paying rates of 5s. 2d. in the £ and those on the other paying 7s. in the £; one paid in March, another in July; one landlord got an allowance of 15 per cent for compounding and another 30 per cent.

As, however, the Council realized the impossibility against opposition of substituting one rating authority for the whole city, it proposed instead to consolidate the Manchester townships within the respective Unions. Two big townships of North Manchester and South Manchester were formed, North Manchester, which included nine townships, became a single township in the Prestwich Union, which also included Prestwich and Failsworth outside the city. The township of South Manchester, which comprised six townships, formed part of the Chorlton Union, which also included Moss Side, Levenshulme, Didsbury, Withington, Gorton, Burnage and Chorlton-cum-Hardy, at that date still outside, and now within the city boundary. The whole of the city of Manchester was thus divided into three townships—the township of Manchester, itself

¹ Council Minutes, December 3, 1884.

² See above, p. 121.

a Poor Law Union, and the townships of North and South Manchester—both parts of other unions. This meant a considerable reform. Even if the Poor Rate was still levied by a collection of separate rating authorities, the City Rate would at least be levied by three Boards of Overseers instead of by sixteen, and a greater approximation to uniformity of rating should result. This change was made by order of the Local Government Board,¹ and came into effect on February 1, 1896.

The immediate result was financially satisfactory. That year, 1896, saw an increase equal to a rate of 1s. 4d. in the expenditure of the Council, but owing to the new arrangements, including the saving in the collection of rates, the increase was only 1s.

By 1910 further extensions² of the city in the south were made, and the townships concerned were consolidated and included in the South Manchester township.

This last step meant that there were now two complete Poor Law Unions within the boundaries of the city, the Union of Manchester and the Chorlton Union. The Union of Prestwich only had Prestwich and Failsworth in it in addition to the township of North Manchester. The Royal Commission on the Poor Laws, which reported in 1909, had recommended unanimously that the area of a Poor Law Union should be the same as that of the county borough. The City Council hoped that legislation might result from this report, and that the obviously sensible arrangement which, ever since 1883, it had tried unsuccessfully to bring about by persuasion, would be settled by Parliament. The Finance Committee again set to work to prepare a scheme to set up one Board of Guardians and one Board of Overseers for the city.

This scheme was approved by the City Council,³ and a Bill promoted in 1911. The opposition of some of the Guardians, however, again succeeded, and the proposal was once more defeated, but not for long. Two years later the Local Government Board held an inquiry and gave a decision in favour of amalgamation of the three Poor Law Unions. In February 1915 one Poor Law Union was at last achieved. The final step then followed, namely, the amalgamation of the three townships, Manchester, North Manchester and South Manchester into one, and on February 7,

¹ Under the Local Government Act of 1888.

² See above, pp. 122-124.

³ August 3, 1910.

1916, the necessary order of the Local Government Board was made.

For the first time since the joining together of the original six townships to make the municipal borough there was one Board of Overseers for the whole area, and the one Poor Law Union—if not exactly co-extensive with the municipal boundary—only extended far enough beyond it to include Prestwich and Failsworth.¹

As a result of the Rating and Valuation Act, 1925, the Overseers were abolished. In place of one authority, the Overseers, who used to make assessments, hear objections to them and levy the rate, there are now two authorities. The City Council prepares the valuation list and levies the rate, and the Assessment Committee hears objections to the valuation list and has power to amend it.

II

GRANTS-IN-AID

The argument that the central Government should come to the financial aid of local authorities was first recognized in 1835, when a substantial grant towards the cost of the administration of justice was given by Parliament.

Two years before, the Government had given a grant of £20,000 in aid of education which, at that time and for many years later, was provided by the religious bodies.² This grant was distributed by them on the basis of £1 for every £1 raised locally by donations. It was a capital grant and six years later it was made to carry inspection with it.

The system of a percentage grant—50 per cent in the case of the salaries of Poor Law officers and teachers,³ and 25 per cent in the case of the police—combined with inspection, remained in force for some years. The education grants, which increased rapidly, remained on the percentage basis—grants for building schools and for salaries of certificated teachers and unit grant payments for each pupil teacher trained by them—until 1861, when a

¹ These were transferred to the Lancashire County Council under the Local Government Act of 1929. ² See below, p. 215.

³ In 1846. ⁴ In 1856, 25 per cent of the cost of pay and clothing.

capitation grant, based on average attendance together with the results of an examination, was substituted for it. In 1874 a fixed capitation grant of 4s. for each pauper lunatic was given to Poor Law authorities for those lunatics who were maintained in a separate institution.

By 1890 the growth of local expenditure had been so great that appeals for more help were made to Parliament. The solution adopted was not to increase and extend percentage grants, but to sweep away all grants-in-aid except those for elementary education, and instead to allocate to local authorities the proceeds of certain taxes known as Assigned Revenues,¹ and 80 per cent of the Customs and Excise duties.² The Poor Law grants were stereotyped at the figure of 1888 and were in future paid to the Guardians by the City Council.

The principle of percentage grants was abandoned, and with it any relation between the growth of local expenditure and an increase of Government grant. True the assigned revenues, etc., were expected to increase and did increase, but the amount received by local authorities from this source bore no relation to the increase of their expenditure. The position was made worse in 1910 when, instead of the proceeds of the "Assigned Revenues," etc., local authorities were given a fixed sum each year equal to the amount received from the Assigned Revenues in 1908.

All these attempts, like Mrs. Partington's effort to sweep back the sea, failed. Public opinion was demanding better services and Parliament responded both by forcing more duties on local authorities, and by giving them permission to assume new duties. It was becoming increasingly clear that if the cost of nationally important but locally administered services was to be shared fairly between rates and taxes some form of percentage grant was inevitable.

So from 1912 we find the Government offering a 50 per cent grant for treatment of tuberculosis and mental deficiency, and, encouraged by the report of the Departmental Committee on Local Taxation in 1914, it extended the principle to the treatment

¹ These were allocated in 1888 and consisted mainly of local taxation licenses.

² These were allocated in 1890. A certain amount had to be spent on police superannuation and the balance on technical education—hence the term "Whisky Money."

of venereal diseases¹—75 per cent—and maternity and child welfare²—50 per cent. After the war the education grants, by now a tangle of all kinds of grants, were reconstituted on a complicated basis which, however, guaranteed to each authority a minimum of 50 per cent of its expenditure.³ The police grants, which had managed to remain on the percentage basis all the time, were revised and the basis enlarged to include all approved expenditure, not only pay and clothing, and maintenance grants for roads were given on a percentage basis.

The only grant not on this basis was the grant for houses, and this—after the expensive experience of guaranteeing local authorities all expenditure over that of the product of 1d. rate—was settled on the basis of a fixed amount for each house.

The unit grant is well fitted to housing, where the units can be easily counted and where the cost of the separate units represents the cost of the service, whereas in a service like education neither the unit of the school nor that of the child had proved suitable for the basis of grant. The Government grant for housing, although fixed for each house, does not limit the number of houses that a local authority can build and, as it is available for each house, it fulfils the condition that the national exchequer should share the cost of an increasing service with the local ratepayer.

Government grants still left a large part of the local expenditure unaided—main drainage, street cleansing, parks, baths, washhouses, libraries, Art Gallery and the major part of Poor Law expenditure. The diagram on page 140 shows the position in 1913–14 before the main introduction of percentage grants, and in 1928 before the system was revised. The percentage of expenditure met by grants had increased from 16·5 per cent in 1913 to 20·3 per cent in 1928.

Percentage grants certainly encouraged expenditure in the sense that ratepayers were able to provide many services at half cost,⁴ and the period between 1912 and the first post-war slump in 1921 was one in which the Government was anxious to increase and develop all the social services. The reaction came, however, and

¹ In 1917.

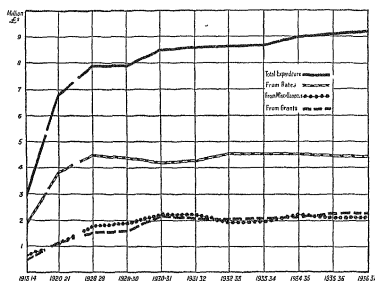
² In 1918.

³ This guarantee was abolished in 1931.

⁴ When in 1913 the Manchester City Council considered taking over the treatment of tuberculosis from the Guardians, it was shown that owing to the 50 per cent grant there would be a saving of £16,000 to the rates, after allowing nearly £16,000 extra for the necessary development.

after various attempts by the Government to reduce local expenditure and therefore Government grants-in-aid, Mr. Neville Chamberlain, when Minister of Health, took the bull by the horns, or rather by one of its horns. In the reorganization which abolished the Boards of Guardians he established deating for industry and

TOTAL RATE FUND EXPENDITURE, INCLUDING POOR LAW, FOR THE YEARS 1913-14, 1920-21, 1928-29 TO 1936-37, SHOWING THE DIFFERENT SOURCES OF INCOME.



agriculture, the substitution of a block grant for the health grants¹ and for some of the road grants, and compensation for the rates hitherto received from industry. Education, police and main roads in counties were left on the percentage basis.

Five millions of new money—in addition to the amount received in 1928 from the percentage grants and from some of the assigned revenues—was added.

The grant was fixed first for three, then four and then for five years at a time, and it is distributed to local authorities on a formula

¹ Maternity and child welfare, venereal diseases, tuberculosis, mental deficiency and blind aid.

which will gradually become operative for the whole amount.¹ The formula takes into account population, number of children under five, rateable value per head of the population and the amount of unemployment in the area.² These factors, which are completely outside the control of local authorities, are supposed to represent their need for Government help. In that way it is much more scientific than the system adopted when percentage grants—owing to their increasing cost—were abolished in 1888, but if the pool from which the distribution is made remained fixed in amount for all time, experience shows that rates would soon again have to bear an increased proportion of the expenditure.

To meet this situation, the scheme lays down that a recalculation is to be made at the end of each period, and if it is found that the five millions of new Government money is not enough to maintain the same proportion between the block grant and the total expenditure from rates plus block grant that had existed when it was first instituted in 1930, additional money necessary to maintain this proportion is to be contributed by the Government. It will thus be impossible for more than a year or two for the rate expenditure to outrun the Government grant, as it invariably used to do, but the proviso does not apply to each authority but to the country as a whole.

The loss of rates due to derating industry and agriculture was calculated on the rates received in 1928. In that year rates in Manchester were 13s. 4d., to-day they are 15s. 6d., yet the Government refused to compensate for any increase of rates.

There is another way in which this stabilization at one year's rates is unfair to the local authority. Any new factory or workshop which has come to Manchester since 1928 has automatically paid rates on only 25 per cent of its rateable value, but the figure upon which the Government calculated its compensating grant was the rateable value of industrial hereditaments in 1928. Manchester is losing in this way over £40,886 this year, which is the amount that the industrial enterprises which came to the city since 1928, or which only claimed to be derated since that date, would be paying

¹ In 1947. Until then only part of the grant is calculated on the formula; the other, a diminishing proportion, is the amount received from grants and rates from industry in 1928.

² For counties mileage of roads is included, but this does not affect Manchester.

in rates if they had not been derated. There is no compensation for this in the block grant.

When the Bill became law it was expected that as the result of the block grant an increased burden would be thrown on to the householders, shopkeepers and occupiers of offices and warehouses—for industry is now only rated at 25 per cent—if the Council continued to expand its expenditure on health services as it had done in previous years.

In 1928, the year before the new scheme came into force, the proportion of the total expenditure of the Corporation, including that of the Poor Law Guardians, borne by Government grants was, as we saw, 20·35 per cent.¹ In 1937 it was 26·23 per cent. In spite of all expectations to the contrary, the surprising result is that the Government is actually bearing a larger part of the cost of local expenditure in Manchester after the institution of the block grant than before. Certain grants, of course (e.g. for education and police) were left untouched, but whereas in 1928 Government grants were 49 per cent of the expenditure on education, they have fallen to 47·4 per cent in 1937, so that the explanation does not lie there. The percentage for police is unchanged. How, therefore, has this state of things been brought about?

If we look at the diagram on page 140 we see that, although during the whole period from 1928-29 to 1936-37 there has been an increase of expenditure of £1,271,050, there has only been an increase of £44,730 from rates.² Grants, on the other hand, have increased by £797,452 during the whole period, although they dropped in 1931-32. Miscellaneous receipts,³ although they also fluctuated, were £428,568 more in 1936 than in 1928. Thus, whereas in 1928, 57·1 per cent of the total expenditure was met by the rates, in 1936 this had fallen to 49·6 per cent, and grants had risen from 20·3 per cent in 1928 to 26·2 per cent in 1936.

This state of affairs, so different from what was anticipated, is due to two causes. In the first place not only did the block grant

¹ See above, p. 139.

² The increase has been greater during the period and was at its peak in 1934. This was largely owing to the cost of public assistance, which rose to £951,000 that year, with practically no compensating grant from the Government.

³ House rents, receipts from school fees, etc., payments for hospital treatment, etc., and receipts from trading committees.

increase in the second period,¹ partly owing to the working of the formula, and partly because there had been an increase of Government money for the whole country in order to keep pace with the increase in rate expenditure, but extra temporary grants² to compensate for the delay in taking over the cost of the able-bodied unemployed were received in 1935-36 and 1936-37. In the second place Manchester, by means of its two Special Expenditure Committees,³ has enforced such economy in the various departments that expenditure from the rates in 1936-37 was only £444,730 greater than it was in 1928.

The third grant period, which began in 1937 and will end in 1941, has brought a further increase of grant of £1,119,000 a year to Manchester. This extra money comes with no conditions. In the first year, 1937-38, Manchester decided to use it to keep the rates at 15s. 6d. instead of relaxing the severe economy under which the spending departments have suffered for six years.

The fact that she has this choice brings out clearly the difference between the percentage and the block grant. Percentage grant has to be earned, that is to say, it is not paid until the expenditure has been incurred. The local authority has to show that it has spent the money before the Government department parts with its share. The block grant, calculated on factors beyond the control of the local authorities, is paid whether the authority makes any corresponding payment or not. The only conditions are that the health services are to be kept up to a reasonable standard. One of the arguments against the percentage grant is that a rich authority benefits from it much more than a poor authority. Manchester, it was said, can afford to spend more on her educational service than can Merthyr Tydvil; Manchester, therefore, receives more from the Government, although the needs of Merthyr Tydvil are greater. That is true but, apart from the fact that special—although not sufficient—provision has been made for the necessitous areas, Manchester had to find 50 per cent of the expenditure before she received the other 50 per cent grant. Under the block grant she receives her share irrespective of her expenditure.

¹ From £703,034 to £721,384.

² In 1932 and 1935.

³ £1,526,652.

TRADING PROFITS IN RELIEF OF RATES

Another way in which relief can come to the ratepayer is from profits of the trading departments. Gas was the first commercial undertaking by a public body in Manchester and, as we saw, from the beginning profits were made and used for improvements in the township of Manchester without, however, any legal sanction until 1824. From that day until 1921 controversy raged between those who wanted cheap gas—and later cheap electricity and tram fares—and those who wanted a higher charge to be made, and the profit to go in relief of rates. It was the controversy between direct and indirect taxation in the sphere of local government. Consumers held meetings, committees of the Council were appointed and contributions from the trading departments fixed, but the importance of cheap gas and electricity for smoke abatement, and of cheap transport for the workers, was more strongly urged after Labour members entered the Council. In 1920 the casting vote of the first Labour Lord Mayor¹ carried a resolution against the principle of profits in relief of rates. Since 1921 no contribution has been received from Gas and Transport, and only once from the Electricity Committee.

This question never arose with regard to either markets or water for exactly opposite reasons. In the case of the markets, the undertaking was definitely on a commercial basis. Those who rented stalls in the markets were carrying on ordinary business, and there was no reason why their rents should be fixed on any other basis than that of the highest that could be charged. By the Act of 1846 all receipts for stalls, etc., automatically went to the city fund. With regard to water, the necessity in the interests of health and sanitation of providing an abundant supply at the lowest cost was recognized by Parliament, and the Water Rate might only be high enough to meet the actual cost.

¹ Alderman Tom Fox.

IV

CONTROL OF EXPENDITURE

(a) *Audit*

Local authorities are only allowed to spend the rates on objects that are specified by Acts of Parliament. However much a Council may want to spend money on any project, and however unanimous it may be on the subject, it cannot do so unless the expenditure is authorized by any existing Acts of Parliament, or unless it goes through the lengthy and expensive process of procuring a private Act. Parliament may or may not grant the requisite powers; if it does, expenditure in that locality for the special purpose is legal, although no other authority can follow the example without procuring a private Act of its own.

The Municipal Corporations Act directed that two auditors, not members of the Council, should be elected by the ratepayers, and to these was added later a member of the Council appointed by the Mayor, called the Mayor's Auditor.¹

These auditors, who are not required to have any special qualifications, are able usually to give very little time to the work. They have no powers of surcharge but they exercised the only check upon the Council's expenditure until 1880 when the Council appointed a firm of accountants to assist the elective auditors.²

From that time until the present day professional auditors have audited the accounts of the Corporation, but if the Corporation liked, it need not have this audit. All that is prescribed by law is that the Mayor's and elective auditors shall be appointed.³

Audit of some of the Corporation's expenditure by various Government departments has been compulsory for many years.

The Poor Law Commissioners and the Poor Law Board audited the accounts of the Guardians and of the Overseers for rate collection from 1844. The Local Government Board carried on the work to which was added the audit of the School Board

¹ Local Government Act, 1882.

² On the motion of Councillor Windsor, who had been Mayor's Auditor in 1878.

³ County Boroughs and Boroughs are in a different position from County Councils and Urban District Councils.

in 1870. A proposal by the Government in 1877 that councils might ask for their funds to be audited in the same way, was so violently opposed by Manchester and other authorities that the clause was withdrawn. That position has been maintained, and to-day the only Corporation accounts audited by the district auditor are those that were previously under the other bodies, namely the Public Assistance Committee (successor of the Poor Law Guardians), the Education Committee (successor of the School Board), and the rate collection account of the Finance Committee (successor of the Overseers). The police accounts are only checked by the Home Office in order to see that the expenditure upon which it pays grant is approved. These accounts are not subject to the district auditors, nor are those of the other committees—although all are subject to audit by the professional auditors appointed by the Council.

Whether the office of elective auditor is worth keeping is extremely doubtful. In the days when "wineing and dining" occupied a more important part in local government than they do to-day, the fear of publicity, through the investigations of an energetic elective auditor such as Joseph Scott in 1885, may have exercised a salutary restraint.

But nowadays Councillors are themselves more vigilant, and there is no longer a "ruling clique" of senior Aldermen, ready to shield one another from public criticism in the matter of travelling expenses, cigars and wines. Charges made by the elective auditor against the Health Committee in 1886 proved, when an inquiry was held, to be completely unfounded, although certain irregularities in checking the men's wages were pointed out. On another occasion, however, allegations made by an elective auditor against the Lord Mayor elect, resulted in an inquiry by a special committee which passed a vote of censure¹ on the Alderman, as a result of which he resigned from the Council.

No payments can be made by the Treasurer's department until the items have been checked and signed by two members of the spending committee and by two members of the Finance Committee, after the sheets have been checked by the officials in the department of the spending committee and again by the officials of the Finance Committee.

¹ 1900.

For many years the Finance Committee only checked the accuracy of the items sent to it by other committees for payment; gradually, however, and especially in the last fifteen years, its control has been increased. It now conducts an internal audit over all the Corporation's accounts, except those of the trading committees and of the Education Committee, which all have their own internal audit.

A recommendation by the Parliamentary and General Purposes Committee that the office of elective auditor should be abolished was overwhelmingly defeated by the Council recently¹ on the ground that "ancient liberties" should be retained, but no arguments were adduced to prove their value.

(b) *The Finance Committee*

The Finance Committee has always managed the financial business of the Corporation and has raised the loans for the different departments.

Each loan is for a specific purpose, and the consent of a Government department is necessary before the money can be raised. The management of this loan debt, which involves settling rates of interest, and the periods for new loans and for renewal of old ones, is done at the weekly meeting of the Finance Committee. In 1937 the Corporation's debt amounted to £46,960,152, of which £22,000,000 was on account of the trading departments. Against this there were assets, not counting sewers or streets, of £78,500,000. The average rate of interest on the total debt, which rose to £4 17s. 8d. in 1922, is now £3 9s. per cent.

Every year the Finance Committee scrutinizes and passes the estimates of all the committees, and reports to the Council what rate will be necessary to meet the year's expenditure. It has, therefore, always been in a position to influence the policy of the Corporation, but since 1908 it has had the right to submit reports to the Council during the year on any proposal which involves capital expenditure.

Direct control of policy by the Finance Committee is jealously watched, and usually resented by the spending committees, so that

¹ *Manchester Guardian*, December 2, 1937.

since 1931 this control has been hidden behind a smoke screen of Special Expenditure committees.

Important as is the basis upon which rates are raised, the amount of the rates and the way in which their expenditure is controlled is of even greater importance. Gradually all the expenditure in the city has come under the control of the Council, that of the School Board in 1902 and that of the Poor Law Guardians in 1930. The Manchester Board of Overseers, the descendant of the Churchwardens and Overseers of the wealthy township of Manchester, was absorbed by its ancient enemy the City Council in 1925.

For many years, as we saw, the survival of the separate township spirit prevented complete financial control by the Council, and the development of the Finance Committee, as the committee to supervise the expenditure and the financial administration of the other committees, has been of slow growth. Each step towards this end has been opposed by the individual committees who, whilst feeling conscious as members of the Council of the necessity of keeping down the rates, naturally feel that the expenditure of their committee is such that it cannot be reduced without harm to the city. The distinction between *wasteful* expenditure, which is present whenever more money is being spent than is necessary to produce the desired result—desired by the committee itself—and *unnecessary* expenditure, about which agreement can very rarely be expected, is not clearly understood.

A good instance of "wasteful" expenditure was when the Cleansing Committee continued to use old-fashioned methods, i.e. horses instead of motor vehicles, so that it cost more to collect and dispose of the contents of the dustbins in Manchester than in Birmingham, and at the same time the streets were not so well cleansed. When the Committee changed its methods, a considerable reduction was made in the cleansing rate, at a time, too, when Wythenshawe had been added to the city and when development of housing estates entailed more work.¹ To carry out more work at less cost because of improved methods is a desirable saving, and a close scrutiny should always be maintained by the Finance

¹ In 1937 there was a saving of £73,880 per annum compared with the cost in 1931, although 25,000 extra premises and 91 extra mileage of streets had been added in the six years.

Committee of the comparative costs of other authorities to ensure that such savings are being made.

But the other form of expenditure that is often called "waste" is not necessarily so. For instance, Manchester spent in 1935-36 more per child in the elementary school than Liverpool or Birmingham, and one of the reasons was that Manchester has nursery classes for the under five's, the cost of which is higher than in the ordinary infants' school or babies' rooms. Although some people may consider it unnecessary to spend any money on children under five—since there is no compulsion to do so—others hold that this expenditure is more than justified by the increased well-being of the nursery-class children. Unless, therefore, it could be shown that Manchester was spending on these nursery classes more than is necessary to run them on the standard adopted, this extra cost per head cannot be called "wasteful."

Now, the several committees of the Council have been very loath to allow the Finance Committee to exercise any supervision of their affairs, even in order to avoid "waste," because they fear that this supervision might lead to interference with what they consider "necessary" expenditure, but which the Finance Committee, always keeping both eyes on the rates—instead of the one eye each committee has to keep—might consider "unnecessary." The problem of financial control has not yet been satisfactorily solved in Manchester. It is only since 1908 that the Finance Committee has submitted reports to the Council on all proposals for capital expenditure over £100. These proposals are sent to the Finance Committee and a report from it goes with the report from the committee concerned, to the Council. The Finance Committee's report is supposed merely to explain the effect on the rates of the proposal; it is not supposed to express an opinion on its desirability or otherwise, which would be to interfere with policy, but in practice it is, of course, impossible to separate these aspects. The stereotyped form of the Finance Committee's report contains the concluding sentence: "The Finance Committee approves of the proposal." If it feels that the amount involved is "wasteful" or even "unnecessary," it will refer the proposal back to the committee for reconsideration before it reports to the Council. It is not usual, although it does happen, that the Council will support a committee in expenditure that the Finance Committee

has reported against. But, because of the very strong feeling in the Council that the Finance Committee must not be allowed to control policy, that committee is very chary of turning down proposals, especially if they concern the social services, unless they can be clearly demonstrated to be "wasteful." A tightening up of standing orders in the last few years—periods of depression are useful to those who want to strengthen financial control—has increased considerably the control by the Finance Committee, but the Council is still not prepared to give it full power to control, or even to co-ordinate policy.

Every year the estimates of each committee go to the Finance Committee, and are reported on by the City Treasurer, who has already scrutinized them in detail in conjunction with the financial officer of the department from which they come. Until a few years ago the practice was that if an increase of rates was anticipated, the Finance Committee sent a deputation to those committees that had not already reduced their estimates as much as it considered desirable, and asked them to consider the matter again. If they were still obdurate, the question was fought out in the Council and the Finance Committee usually won, because at the special meeting of the Council to pass the estimates, it is easy to frighten the Councillors with the fear of an increase of rates. The estimates of every committee are voted on separately, and it takes a brave Councillor to defy the Finance Committee and deliberately to vote for a proposal that will mean an increase of rates. The Councillors who are due to stand for re-election in the following November—the special meeting is in February—usually show less courage than those others who can reasonably hope with Mr. Micawber that "something will turn up" in the intervening twenty months to obliterate, in the eyes of their constituents, a vote that may have been responsible for increasing their rates. This constant struggle to keep down the rates proved so wearying, and often caused so much friction with other committees, that a proposal was made in the early part of 1931 to institute rationing. The expenditure had been increasing and showed every sign of continuing to increase. Manchester was still suffering severely from the slump which had affected her ever since 1921, although the national "crisis" was still several months ahead, and Mr. (now Sir) Noton Barclay who was, and is, one of the leading members of the Finance Committee

proposed a resolution¹ to limit the rate to 15s. for the next five years, and so instruct the Finance Committee to make the necessary recommendations to carry this into effect.

This resolution was not carried, neither was a proposal by the Conservative Party that the rate should be fixed then and there without any inquiry at 14s. 6d. for the next five years, but the Liberal and Labour parties combined to carry instead a resolution setting up a special committee of seven members to inquire into the expenditure of all departments of the Corporation with a view to finding out what economies were possible without reducing the efficiency of the essential services. The question of settling a maximum rate for a period of years was deferred until the report was received, and was, in fact, never again discussed.

The Council's suspicion of the Finance Committee was shown by the fact that the task of making the inquiry was given to a Special Committee. The chairman of the Finance Committee, the late Alderman Swales, was elected Chairman, and the Committee spent two and a half years in a thorough investigation, which was the first of the kind that had ever been carried out. The effect of this "spring cleaning" was as important as the final proposals of the Committee, for it made every department overhaul and explain to the Special Committee its work in detail. Statistics dealing with every side of each committee's work had previously been circulated to the members. The Expenditure Committee issued three reports dealing with all branches of the Corporation's work. It made proposals for the ensuing five years, which certainly helped to keep the rates at or below 15s. 6d.² It postponed to the end of the period many projects involving capital expenditure. It reduced current expenditure, sometimes settling the details itself, sometimes, as in the case of education and public health, agreeing with the committees the amount of their estimates for each of the five years, and leaving them the task of fitting in the expenditure. Finally, it proposed the setting up of a new General and Parliamentary Committee to which all projects involving capital expenditure should in future be referred. This was a recognition of the fact that the Council would never give such control to the Finance Committee.

¹ February 11, 1931.

² 1931 15s. 6d., 1932 15s. 6d., 1933 15s. 2d., 1934 15s. 2d., 1935 15s. 2d.

The Special Expenditure Committee had been appointed to do a special piece of work for a period of slump, when rateable-value showed signs of a decline. But fear of rising rates, when the end of the five years was in sight, induced the Council to reappoint¹ it to control the expenditure for another five years. Many of the schemes of capital expenditure which had been reluctantly postponed by the Committee in 1931 for five years, including a new art gallery, were again postponed for another five, and the system of rationing was repeated and extended although the end of the slump was in sight.

How long the Council will allow its expenditure to be controlled in this way is difficult to foresee. A measure that was accepted as necessary in the special circumstances in 1931 was again adopted even more easily in 1935, for this time there was a Labour Chairman of the Finance Committee, who lent his weight to the proposal. Although the second five-year period will not come to an end until 1941, there are signs that some of the committees are having great difficulties in keeping within their ration.

The result of this control has certainly been to keep the rates lower than if committees had continued each to expand its service, but it has meant stabilizing these services at a certain level, any advances in one section of a committee's work being only possible if equivalent savings are made in another. Assuming that something had to be done in 1931 to meet the situation, locally of a decline in rateable value, and nationally of a financial crisis, there was already, in 1935, an increase in rateable value, and nationally we are now supposed to be in a boom. For some unexplained reason the Council has adopted 15s. 6d.—the present rate—as a maximum, and has made the majority of the Council, Labour members as well as Conservatives, feel that any advance on this would be a disaster.²

One lesson that can clearly be learnt from a survey of the last hundred years is that rates have always been said to be too high. When they were 5s. and 6s. in the 17th, there were people, sometimes calling themselves ratepayers' associations, sometimes merely "economists," who predicted disaster to the city if the rates were allowed to increase. Yet the rates increased, and the city increased

¹ July 31, 1935.

² The rate for 1938-39 was fixed as we were going to press. In spite of valiant efforts by the Finance Committee it has risen to 16s.

also, in wealth and rateable value. In fact, it is true to say that if municipal expenditure had not increased in order to provide better sanitation, more health services, more and better education, the city would not have grown as it has, because essential conditions of growth would have been absent. With the scanty water supply of 1838, with the lack of properly paved and drained streets along which the cotton goods could be transported from canal and railway to warehouse and factory, without public health measures to prevent epidemics such as cholera—which has not been seen in the city since 1854—the large conglomerations of people which were necessary to the development of the trade and industry of Manchester, could never have lived and worked here. The less time lost through illness by the working men and women, their longer working lives, the number of clerks who can not only read, write and cypher, but are skilled in foreign languages, the managerial ability that has emerged from the schools, are all factors in the commercial development of Manchester. They have only been made possible by expenditure of public money, expenditure which has been hampered always by the cry for economy from those who were too short-sighted to see what expenditure produced real economies in the long run.

But, it will be said, there must be some figure beyond which rates can be said with truth to be too high. We suggest that there is no figure which can be laid down in advance as the figure which rates should not exceed. The principle adopted in local Acts a hundred years ago of putting a statutory limit on the rates, whether for watching and lighting, or repair of highways, has now been abandoned for all the services which are provided in Manchester.¹ Changes in the value of money, no less than the increasing realization of the value of communal expenditure, have abolished any legal limits.

Although it is true that rates have increased considerably since pre-war days, so also have the money incomes of the average rate-payers. It has been calculated for the country as a whole that an income of £160 in 1911 is equivalent to one of £250 in 1929.²

¹ There are still statutory restrictions on certain authorities for certain purposes, i.e. Local Authorities (Publicity) Act, 1931, s. 1 set a limit of 1d. rate for contributions to an advertising organization.

² *National Income and Output*, by Colin Clark, p. 115.

There was little difference between the years 1911 and 1913 or between 1929 and 1936. Assuming, then, that the average for the whole country is applicable to Manchester, and that the increase in assessments in Manchester is not greater than the increase in those of the country as a whole, a rate of 8s. 2d. in 1911 would be roughly equal to a rate of 13s. 9d. at to-day's values. Rates this year (1937) are 15s. 6d., a difference of 2s. 9d.¹

When the middle-aged ratepayer of to-day compares the municipal services with those provided before the war, he will realize how immensely they have grown. There was then no Maternity and Child Welfare Service, and the number of babies that died under one year of age was 133² compared with 77 per 1,000 born to-day. There was very little in the way of municipal housing—a few blocks of flats in Oldham Road and Roaldale Road, and the beginnings of the Blackley Estate. To-day there are over 27,400 municipal houses. There were then no school clinics, few maintenance allowances or University scholarships. Since the war extra parks have been provided at Chorlton, Fog Lane and Wythenshawe; playing-fields laid out and maintained in all the parks, excellent Public Health hospitals and better scales of Public Assistance relief provided. For the extra burden of 2s. 9d. in the £ which, on a house rated at £20 a year is an extra 1s. 3d. a week, the ratepayer will surely admit that he is getting good value. Of course the increase in rateable value and the increase in Government grants since 1911 have helped to provide the extra services, but we are here concerned with the ratepayer's "burden," which usually tends, we suggest, to be considered quite apart from what he gets for his payment.

It is difficult to get any proof of the statement that high rates are ruining the city, although it is, of course, true that when trade is bad the tenants of shops, offices and warehouses find rates, which are assessed regardless of profits, a heavier burden than when trade is good. Householders, too, whose salaries or wages may be reduced have naturally greater difficulty than in paying rates, just as they have greater difficulty in paying rent or in buying the food and clothing that their families need. It is in hard times, however, that many of the ratepayers need more than ever expenditure from the rates. More children have to be fed at school, more

¹ Including Poor Law in both years.

² Average for 1911-15.

expectant and nursing mothers need free and cheap milk, there are more people on Public Assistance, and so on.

The Second Expenditure Committee which adopted 15s. 6d. as the limit of the rate, said in its report:¹ "While it is impossible for anyone to say with certainty what is the maximum rate a community can afford to pay, it is common knowledge that the present rate burden is being severely felt by the citizens of Manchester, and, in view of the evidence of empty properties in the city, and the reluctance of new enterprises to enter heavily rated areas, it appears . . ."²

Our survey of the last hundred years enables us to say that in any year the statement "that the present rate burden is being severely felt by the citizens," would have been as true as it is to-day. The report, too, was written when trade in the city was on the up-grade. The 15s. 6d. rate of 1936 was almost certainly collected with less difficulty than was the 15s. 2d. of 1934, when there was little sign of returning prosperity. The number of "empties" is one indication of the state of trade in the city, but whether it is or is not increased by the height of the rates is another question. As a matter of fact, the number of empties in 1936 was considerably less than that of the previous year, when the rate was 4d. less. How far rates have kept new enterprises out of the city when productive enterprises, owing to derating, only pay 4s. 4d. in the £, is extremely problematical. The Expenditure Committee gave no instances.

We suggest that the only safe test of whether rates are too high is the ease or the difficulty with which the rate is collected. If, for instance, the number of cases which have to be excused on account of poverty, and the number against whom summonses have to be taken out, increased considerably when there was a large increase in the rate, and if there had been no change in administrative practice, there would be some grounds for saying that the rate was too high. Such evidence has never been offered because, we venture to suggest, it does not exist. If, on the other hand, it should turn out that there were more summonses in 1931, when the rate was 14s. 6d. and the number of assessments was 217,350, than in 1935 when the rate was 15s. 6d. and the number of assessments had increased to 228,309, that would surely be *prima facie* evidence that

¹ February 17, 1936.

² *Second Expenditure Report*, p. 347.

the state of trade had more to do with the difficulty of collection than the actual amount of the rate.¹

There is no doubt that uncertainty and fear of an unspecified rise is much worse than the knowledge that an extra 6d. or 1s. will have to be found. If the rates were fixed for a period of five or three years at a figure to allow a sufficient margin for new duties imposed by statute, for expansion according to a forecast programme, and for a rise in Public Assistance costs if trade conditions became worse, we believe the ratepayers would benefit. They would, we think, gladly surrender the hope each year of a reduction for the certainty that during the period fixed there would be no increase.

Although in theory there is much to be said for postponing capital expenditure and any possible increase of revenue expenditure from times of boom to times of slump, both to help to even out the curves and to avoid high prices, it is almost impossible to get such a system adopted by the Council. In times of slump the ratepayer feels the burden of the rates more severely, and it is just in these times that there is the strongest pressure—and pressure with which there is universal sympathy—to reduce rates, not to increase them. If in times of boom, money in addition to the ordinary revenue requirements could be raised and set aside for use in times of slump, it would undoubtedly be a good thing, but at present that is impossible without Parliamentary sanction.

An alternative to building up a reserve fund for use in a period of depression, might be the suspension of sinking fund payments during those years and the quicker acceleration of debt redemption in years of boom.

For the last seven years Manchester has followed a contrary policy. Since 1930 a 3d. rate (£73,000) has been levied annually to avoid debt charges on capital sums under £5,000—by paying for them out of revenue. The resolution authorizing this rate ended with the words: "If the expenditure on such schemes falls short of the equivalent of a 3d. rate, the balance . . . shall be applied to reduction of debt." Out of a total of £517,000 raised between 1930 and 1936, less than half, namely £245,000, has been spent on small items of capital expenditure, and £272,000 has gone in

¹ The percentage of the rate actually collected for the last four years was 91·7 for 1933 and 1934, 91·5 for 1935, and 91·6 per cent for 1936.

redemption of general debt charges. This means that during the last seven years, when the rates have been kept down by drastic rationing and control of expenditure, when every penny that it has been possible to squeeze out of the reluctant ratepayer could have been spent over and over again on urgent requirements, well over 1½d. rate each year has gone, not in saving future debt charges on small capital items, but in accelerating the reduction of general debt charges on large loans.

There is, as we suggested, much to be said for this policy in times of good trade if it carried with it the power to suspend sinking fund payments in times of slump. Although that would require legislation, Manchester could have so manipulated the 3d. rate as to achieve the same results. If, during the years 1930-34 she had only raised 1½d. rate, which would have been sufficient to pay for small items of capital expenditure, she could, for the later years when trade was improving, have levied the whole 3d. rate and spent half of it on quicker acceleration of debt charges. But the only form of financial planning of which the Council has so far given any sign is the purely negative one of postponing capital expenditure from one five-year period to another.

That rates are a bad tax is undeniable. They are levied on rent which is a fixed charge, whereas income tax on a business is only levied on profits, and an individual is allowed total or partial exemption if his income falls below certain amounts. In addition, he can claim allowances for dependants. Rates, on the other hand, are levied on houses, shops and offices, regardless of any "ability to pay." Thus a barrister making an income of several thousand pounds a year pays on the rent of his house and chambers only, perhaps, 1 or 2 per cent of his income in rates, whereas a father of a family earning £2 5s. a week, and paying 12s. a week rent, pays nearly 10 per cent of his income in rates. Of course, the barrister pays far more in income tax, but that is graded according to ability to pay. Thus, the argument that aid should come from the taxpayer towards the cost of services which, though locally administered, are of more than local importance, is re-enforced by the fact that income tax is much fairer in its incidence than are rates.

The fact that the ratepayer is getting excellent bargains through communal expenditure instead of having to pay separately for

cleansing and lighting the streets in front of his house, for school fees for his children, for parks to walk in and for books to read, is not fully realized. Unlike payments for food and clothing, payment of rates is not directly related to the benefits received, and many people take these for granted, whilst they grumble at having to satisfy the rate collector.

The question of rates is largely a psychological one. A sudden increase is bad and causes a violent reaction, but gradual increases are necessary and, in fact, the rise from 4s. in 1838 to 15s. 6d. in 1937 proves that an increase, concurrent with the rise in rateable value, has certainly not harmed the city. There is no reason to suppose that the process has suddenly come to an end, and in any case there is now a much greater realization than there was in 1838 of what can and should be done by public expenditure to improve the conditions under which the majority of citizens are still living.

If more publicity were given by the Council to the benefits that the ratepayers get through their rates, if easier methods of payment were encouraged, so that the sudden change experienced by many owners of new houses when, after paying rates with their rent each week as tenants, they are suddenly faced as owners with a demand for a year's rates all at once, were avoided, ratepayers would find their "burdens" easier to bear.

Looking back over the last hundred years, we can say without hesitation that if the policy of stabilizing the rate—which the Council has adopted since 1931—had been followed even for short periods in the past, the City would now be faced with the necessity for much greater expenditure to bring conditions up to the standard that public opinion demands. Each generation is at the same time inheritors of a past and trustees for a future. What we spend to-day—and what we save—affects the next generation, just as what our forefathers spent and what they did not spend affects ours. We must not shirk our part in the continuing process of evolving that civilized society which is the aim and object of municipal government. It is hardly fair to the ratepayers to hold out hopes which, looking back over the past, we now know are illusory. Although it is to be hoped and expected that more aid from Government sources will come to the rates, that new methods of rating may ensure a more equitable sharing of the cost, this only means that the taxpayer and the ratepayer between them—although in varying

proportions—must gradually get accustomed to paying a larger proportion of their income for public provision of services, both for themselves and for their fellow citizens.

RATEABLE VALUE 1839-1937

1839	..	..	669,954	1901	..	..	3,394,879
1841	..	..	830,682	1911	..	..	4,554,958
1851	..	..	1,025,872	1921	..	..	5,075,029
1861	..	..	1,231,241	1931	..	..	6,526,357
1871	..	..	1,703,627				(derating 1930)
1881	..	..	2,301,225	1937	..	..	6,661,545
1891	..	..	2,798,005				

POPULATION, RATEABLE VALUE AND RATES FROM 1916, WHEN MANCHESTER BECAME ONE RATING AUTHORITY, TO 1938

Year	Population ¹	Rateable Value £	Rates s. d.
1916-17	682,608	4,830,862	8 4
1917-18	660,143	4,855,191	8 4
1918-19	665,807	4,853,370	9 4
1919-20	741,068	4,841,922	11 10
1920-21	770,597	4,887,404	16 0
1921-22	744,000	6,793,151	15 0
	(census after adjustment)	(revaluation)	
1922-23	748,500	6,720,366	13 0
1923-24	752,100	6,552,347	12 0
1924-25	755,000	6,633,261	12 0
1925-26	755,800	6,674,681	12 2
1926-27	752,000	6,776,498	14 0
1927-28	751,000	6,918,576	13 6 ²
1928-29	755,000	7,015,912	13 4 ²
1929-30	746,500	7,047,079	13 0 ²
		(revaluation)	
1930-31	764,070	6,554,549	13 9
		(derating)	
1931-32	766,378	6,526,358	14 6
	(census)		

¹ For the years 1916 to 1936 the figure of population is that estimated by the Registrar-General. For the years 1930 and 1937 it is the estimate of the Medical Officer of Health.

² For a rating period of 11 months only.

Year	Population ¹	Ratable Value £	Rate s. d.
1932-33	763,000	6,530,743	15 6
1933-34	758,140	6,517,697	15 6
1934-35	754,600	6,645,042	15 2
		(revaluation)	15 2
1935-36	748,100	6,694,312	15 2
1936-37	744,000	6,654,891	15 6
1937-38	751,371	6,661,545	15 6

¹ For the years 1916 to 1936 the figure of population is that estimated by the Registrar-General. For the years 1930 and 1937 it is the estimate of the Medical Officer of Health.