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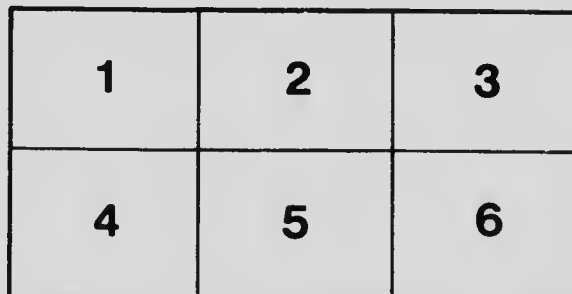
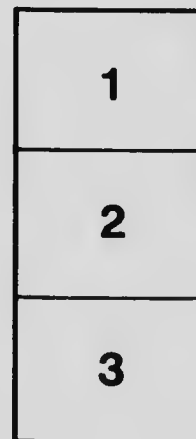
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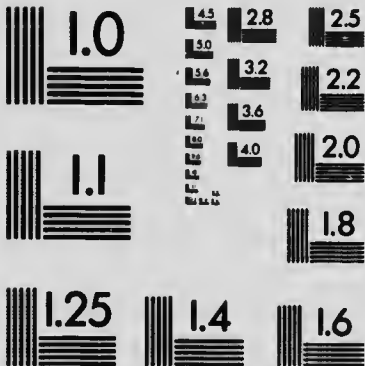
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The Functions of the Municipality, with Special Reference to Public Services

BY

Professor JAMES MAVOR

University of Toronto



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Proceedings of the National Municipal League Annual Meeting
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The Functions of the Municipality, with Special Reference to Public Services

By Professor JAMES MAVOR
University of Toronto

The development of municipal enterprise is for many reasons attracting much attention at present. These reasons do not lie on the surface; they can only be discovered and understood in any serious way by a study of the general social and economic movements.

In France the process of restricting the powers of the local governments which had been going on during the eighteenth century was greatly accelerated under the first Empire; and the process was continued under the second Empire. Since the establishment of the Republic a policy of decentralization has been more or less effectively carried out, and thus provincial and municipal authority has been largely reinstated. This recovery of civic authority has been accompanied by and has been productive of a revival of municipal enthusiasm, and public improvements have been going on in towns where civic life had been almost extinguished for a century. Ancient monuments, city gates, cathedrals and town halls are being intelligently restored and there is evident in the provincial towns a great access of civic pride.

In England the decay of municipal corporations which had been in progress at least from the beginning of the eighteenth century resulted, in the early years of the nineteenth century, in the so-called "reform of the municipal corporations." While the reform put an end to many abuses, it nevertheless seriously diminished local autonomy, and it was not until the policy of

**Restriction of
Powers in
France.**

**English
Reform.**

devolution of parliamentary power was adopted, about 1880, that the tendency towards centralization was reversed.

The French and the English municipalities have thus slowly been recovering the quasi-independence which was lost largely through their own faults

In the United States the history of the exercise of control by colonial, federal and state authority over the municipalities shows that there has been since colonial times a diminution of local autonomy and an increase of the authority of the state legislatures.¹

A study of recent legislation² will show in detail that there has been even of late little disposition to entrust the municipalities with enlarged powers. Alike as regards the power to incur debt, as regards sinking funds and as regards the extension of municipal trading, the state legislatures have rarely ventured to extend the powers of the city councils. The argument that increased responsibilities would result in increased uprightness and in the election to the city councils of a better class of aldermen does not seem so far to have had any material weight.

Apart from the constitutional aspects of the case it is important to notice the existing relations between the municipalities and the federal system as they have developed in practice. In a large number of the cities in the United States the political machinery alike for municipal, for state and for federal purposes is manipulated by the senators for the respective districts. The senator is aided by the local "boss" who looks after the details. The connection between the senate and the municipal administration is thus direct and immediate.

The federal, state and municipal patronage is all manipulated under the party system, whether Republican or Democratic.

Of late years exposures have been made in the law courts in Minneapolis and St. Louis, and exposures have been made in electoral campaigns in New York, Chicago, Philadelphia and

¹ The course of this is sketched in "Municipal Administration," by Professor J. A. Fairlie (*passim*).

² Cf. N. Y. State Library Bulletin, 1891 and successive years.

Pittsburg. So long as this system exists there can be no wide-spread movement for increasing the functions and responsibilities of municipal governments. It is, moreover, noticeable that in cities where there is to be found least of this political influence, such as Baltimore for example, there is no enthusiasm for extension of civic responsibilities.

In the American municipalities corruption is not perhaps quite so rampant as it was, and even where it exists there is a great deal of healthy civic feeling which finds expression in many ways. Yet the tendency in the public mind, so far as one can discover, is to limit the powers of the city councils rather than to increase them. This tendency finds its most conspicuous current expression in an insistence on the increase of the powers of the mayor. "Give the mayor complete authority over the council" is the common maxim of some reformers. The logical outcome of this maxim would of course be the abolition of the city council, and the surrender into the hands of the mayor of the municipal interests—an outcome which could not be described otherwise than as reactionary.

Such civic enthusiasm as exists in the United States has been promoted not by an access of local autonomy, but by other influences, chief among which may be recognized the mere fact of growth. Mere growth, varied as are the races which have contributed to it, has resulted in a certain variety of civic pride, which, besides resenting alleged underestimates of population, may even prepare the way for some more worthy emotion. The mere growth of the great cities has compelled their governments to deal in a scientific way with some of the problems which mere growth produces, and the magnitude of these operations has imbued the people with a kind of civic pride which, crude as it is, is not without value.

Although the extent to which the powers of the state government are exercised varies in different states, the principle that the state government has a right to give, withhold or amend municipal charters is universally admitted, and with this admission there appears to fall any pretense of complete local autonomy. The mediæval town, with its royal charters, for which it had often

**Lack of Local
Autonomy.**

paid in hard cash, was probably alike in theory and in practice more independent of the central government than is the modern town in Europe or America. Municipal government has become more uniform in consequence of this great change, but it has certainly become less imposing. With the loss of its independence and its individuality it has lost much of its dignity and probably also much of its integrity. Although the mediæval town was by no means free from corruption¹ and although in the eighteenth century municipalities were at once independent and corrupt, yet this corruption existed in an aggravated form probably only during the period of the decay of the municipal corporations.

In the United States, dependence of the municipal administrations on the state legislature is the general rule, and thus the municipalities are more or less always involved in general politics, for in order to secure any measure of municipal importance it is necessary for them to engage in the working of the political mechanism.

How far these conditions are responsible for the degradation of municipal politics is very difficult to determine. It seems reasonable, however, to infer that control by the state legislature of municipalities has rendered it inevitable that those who engage in municipal government should utilize the resources of party politics for the purpose of securing what they conceive to be fair treatment for the citizens. When this practice becomes chronic it is only a step to the exploitation of the city in the interests of political parties. While this appears evident to an impartial view, yet it would be hazardous to suggest that the course of history should be reversed suddenly and that local autonomy with complete freedom from state control and therefore from party politics, should be aimed at immediately and in all cases. Some cases at least must be excepted. To extend the power of local government might well be regarded as a blunder in the case for instance of a municipality in which local autonomy had already been abused

¹ The son of a Doge of Venice was for example found guilty of taking a bribe. He was severely punished.

by authority being vested in an incompetent or corrupt administration. State interference and legislation in municipal affairs may be regarded as a kind of penalty for past municipal laxity or for past municipal offences.

There is to be considered, however, the point of view that the solidarity of the modern democratic state demands uniformity of municipal government and that neither the greater and more aggressive municipalities nor the smaller and less experienced ones should be allowed to adopt a policy which might not only bring themselves to bankruptcy, but might bring the whole state into discredit. The permanent antagonism of rural and urban interests and the existence of inter-urban jealousy seem, moreover, to suggest the need of an arbiter, and the quasi-independence of the state suggests that the state legislature should be that arbiter. There seems thus to be indisputable ground for at least some interference by the state in municipal affairs, if only to prevent municipalities from abusing their autonomy.

"We have a right to misgovern ourselves if we please," is a statement of claim to which general assent would hardly be given in the case of a city. Whether we look at the subject from the point of view that complete municipal autonomy, that is, freedom for the municipalities to do what they please, is in these days comparatively unsafe, or from the point of view that a municipality ought to exercise complete autonomy, it is important to discuss what is the nature of the functions proper to the municipality. If the municipality may do what it pleases, what ought it and what ought it not to do? If the municipality is controlled by the legislature, what ought the legislature to allow it to do and what ought it to prevent it from doing?

The industrial development which has conduced to the rapid building up of cities in the United States has been also responsible for a certain haphazard growth.

Haphazard Growth. People have been too busy with their own affairs to regard seriously the affairs of the community and thus there has in some cases been complete disregard of sanitation, while natural beauty has been destroyed and no artificial beauty has been devised to take

its place. Only within recent years has the economic value of agreeable surroundings been realized by municipal governments in the United States. Yet healthful conditions are indispensable, and beautiful conditions are highly advisable. In a modern rapidly growing town both are expensive. The duties of providing the most perfect sanitation possible and providing public places and public buildings of the utmost beauty possible fall clearly into the hands of the municipality, because the one is an indispensable condition of a healthy population and the other of an energetic one. Whether, therefore, the municipality is autonomous or controlled, these duties are clearly the most important; and from the earliest times municipalities have undertaken these duties more or less effectively. These duties, simple in principle though complex in detail, may be regarded as the fundamental duties. Even the preservation of peace may be regarded from a modern point of view, as a state rather than as a municipal affair. The functions which municipalities assume in addition to the duties above mentioned, may be regarded in the light rather of privileges than duties; privileges, for example, to hold a market and to prevent anyone but certain persons bargaining in that market; privileges to coin money and to prevent others from doing so, etc., etc. These privileges, sometimes called franchises, were occasionally assumed by independent towns, but were in Europe usually granted by the king or other feudal superior. The extent to which the municipality might properly exercise franchises has always been and perhaps always will be a matter of dispute.

Prior to the reform of the municipal corporations in England, many of them exercised their franchises in a more or less tyrannous manner. The control over the people of the towns by the guilds, rendered effective by their share in municipal government, prevented or punished infringement of their monopolies; and the development of the cities was seriously impeded by these operations.

The "corporations" or trade guilds, whose powers in many cases are barely distinguishable from those of the municipal corporations properly so called, exercised their restrictive privileges in a manner that was not only subversive of liberty, but was

effective in retarding the development of invention and of spontaneous enterprise.¹

It seems worth while to ask seriously whether in handing over once more to the municipal governments monopolistic powers, those who purpose doing so are promoting a reaction? This reaction may lead us back to the corrupt decadent municipality of the eighteenth century with its regulation of all pecuniary transactions, its restrictive municipal and quasi-municipal monopolies and its tendency to arrest civic and industrial development.

With much toil the people threw these restrictions off and the great outburst of spontaneously organized co-operative industrial groups—otherwise, joint stock companies—called in the United States by the old name of corporations, was the result of that overthrow.

It is quite true that the joint-stock company, otherwise the "corporation," may act as tyrannously as the municipal corporation; but its monopoly, if it has one, is not a legal monopoly. A watchful public authority may prevent and ought to prevent the exercise of tyranny by corporations as well as by individuals. If, however, the tyrannical body is the legally constituted public authority experience has shown that even under a democratic form of government, and perhaps especially under such a form of government, the people have slender recourse.

The view has been advanced that the municipalities are face to face with a dilemma. Either the public services must be rendered by the municipality directly or the people must submit to be mercilessly fleeced by a rapacious corporation. This view can hardly be seriously maintained; but if it were, then even a rapacious corporation exposed to the weakness inherent in such corporations, exposed to the fluctuations of the markets and of inventions, and above all exposed to the criticism of the public as well as of the public authority, is on

¹ Witness the well-known case of the Incorporation of Hammermen and James Watt, who carried out his improvements on the steam engine in the University of Glasgow, the precincts of which were inviolable.

the whole to be preferred in the long run to a public authority with all the weight of the law behind it, and all the influence of possession of the public purse and without the check of any organized criticism. The public authority is perhaps best to be considered as critic and inspector rather than as *entrepreneur*.

It would be idle to disguise the fact that in a large number of cities the corporations exercise a corrupt influence; but they are not necessarily inherently corrupt. It cannot be an agreeable incident to them or to their shareholders to have to give up a large part of their earnings for political campaign funds or for the bribery of individual municipal functionaries or councillors. Their excuse, viz., that they must pay in this way for the protection of their property, otherwise they would be despoiled by legislation, civic or state—libel as it is of popularly elected legislatures, would disappear if their contracts were settled and implemented on a purely commercial basis.

If this is too benevolent a hope, and if those who are corrupt must be corrupt still, what expectation can one form of the possibilities of municipal ownership? One has only to think of the serious risks of wholesale corruption which would be the result of the adoption of municipal ownership by New York, governed by Tammany, or by St. Louis, Cincinnati, Minneapolis, Pittsburg or Philadelphia. If the sacred obligations of hospitality had permitted, I might have added even Chicago.

Apart from the important current of opinion indicated by the Northern Securities case, in regard to federal control of corporations doing interstate business, the influence of recent state legislation in respect to the control of corporations deserves to be observed with care in the immediate future. It would appear as though there were a definite tendency for the state governments to exercise increasing control over public service corporations. For some years Massachusetts has imposed stringent regulations against stock-watering and has otherwise exercised control over all joint-stock companies. Virginia organized in 1903 a state department for the purpose of granting charters to all corporations and for requiring these to render accounts of the capital, earnings and expenditure. There are railroad

**State Control
over Public
Service.**

commissions in New York, Massachusetts, Connecticut, Michigan, Minnesota, South Dakota and Arkansas,¹ and a gas and electric light commission in Massachusetts. These commissions regulate roads, rates, capital, etc. The effect of this system cannot as yet be fully seen. Much depends upon the personnel of the commissions. In some states the commissioners are not regarded with sufficient public respect nor are they sufficiently supported by the law courts to justify as yet an indisputably favorable judgment on the outcome of the method. On the other hand, in some states the commissioners inspire general respect and they are regarded alike by the public and by the corporations as acting fairly in the general interest. In Massachusetts, where the policy of entrusting the relations between the public and the public service corporations to state-appointed commissioners has been carried far, the plan is understood to have on the whole worked well.

It is clear that in Massachusetts the consequences of the adoption of this policy is that the powers of the municipalities have been limited and that the tendency is towards encouraging the rendering of public services by privately organized companies rather than by the municipalities and towards controlling these companies by state boards.

Perhaps nowhere in the world is there a city so favorably situated for an experiment in municipal ownership as Washington. The city of Washington is isolated by law.

**Unique Possi-
bilities of
Washington,
D. C.**

Its government is answerable to Congress alone ;
its credit is practically that of the United States ;
its administration is above suspicion of corrup-
tion and its affairs are apparently altogether
beyond the influence of politics.

The commissioners of Washington have probably not specially concerned themselves with the theoretical aspects or with the history of municipal ownership ; their business is to see that the public services of the city of Washington are performed in the most efficient and most economical way, acting as they do, not merely as trustees for the inhabitants of Washington, but as trustees for the inhabitants of the United States.

¹ The Dominion of Canada has recently established a Railway Commission.

They appear to find that the most efficient and most economical service is produced by contracting with skilled persons to do the work and by seeing that they live up to their contract. The result is unquestionably satisfactory to all parties. The services are well rendered. The companies are not harassed by threats of legislation; they know what is expected of them and they know that they have to do what is expected of them. The commissioners are not gas engineers and street railway managers, but they are effective critics and inspectors.

It is surely not too much to expect that sooner or later popularly elected municipal councillors will find it at once to be their duty and to be to the public advantage to act in a similar manner. If they did so there would be ample scope for their energies, the public services would be rendered more efficiently than is now the case, and the existing corrupt influences would give place to a wholesome atmosphere of honesty.

In nearly all the discussions upon municipal ownership mention is made of the case of the municipalities in England and Scotland which have undertaken municipal enterprises with what is alleged to be unequivocal success. There are, no doubt, some cases of successful municipal enterprises, but these are as a rule cases in which the enterprises were undertaken a great many years ago, and in which there is no possibility of making any comparison between private and public enterprise on any reasonable basis. For example, the Glasgow waterworks, which were originally constructed (1806) and owned by a joint stock company, were acquired by the municipality in 1855 and the Glasgow gasworks (originated 1817) were also acquired by the municipality in 1869. These transfers were effected because of the failure of the joint stock companies to give even a reasonably good service.¹ This failure was due substantially to the very rapid growth of the city, together with the rapidity of its industrial development. The consequent heavy demands for industrial purposes upon local accumulations of capital and the relative scarcity and high price of capital contributed to retard the exten-

¹ "Glasgow: Its Municipal Organization and Administration," by Sir James Bell, Bart., and James Paton, F. L. S. Glasgow. 1896. P. 262.

sion of the joint stock companies which had undertaken the task of rendering the public services. The transfers to the municipality were, especially in the case of the waterworks, an absolute necessity at the time. The city was compelled to interpose its credit to secure an adequate service. A thoroughly competent engineer was appointed, and the department was left free from the influence of municipal politicians. The whole matter was approached not from the point of view of municipal socialism, but from the point of view of effective administration. The proposal to municipalize the waterworks was first made in 1834, a period which long antedated the modern movement for municipalization. Indeed it may be said truly that, until very recent years, the people of Glasgow were quite unaware of their importance in connection with this matter. As regards the enterprises in which Glasgow has engaged more recently, it cannot be said that any of them have been conspicuously successful.¹ The housing problem has not been dealt with in a very satisfactory manner by the municipality. The municipal telephone system is not yet out of its precarious infancy.

The electric lighting installation was undertaken in 1892, because of the possible competition of the electric lighting companies and the likelihood of the profits of the gas department

¹ Even the Gas Department is no longer so successful as it was in the earlier years of its history. The following figures, although they do not fully disclose the financial position of the Gas Department, may quite fairly be quoted:

	Surplus.	Deficit.	Price of Gas.
			s. d.
1890-1	£1,150	.....	2 6
1891-2 .....	.....	£27,116	2 6
1892-3	29,539	.....	2 0
1893-4	4,145	.....	2 6
1894-5	4,982	.....	2 6
1895-6	502	.....	2 4
1896-7	328	.....	2 2
1897-8	641	.....	2 2
1898-9	49	.....	2 2
1899-0	33	.....	2 2
1900-1 .....	.....	£55,003	2 6
1901-2	39,333	.....	2 6

Report by the Committee on the Gas Supply to the Corporation of Glasgow for the year from 1st June, 1901, to 31st May, 1902.

These figures suggest that for some reason the price of gas was unduly low between 1895 and 1901; and that on this account no adequate reserve could be accumulated.

being diminished. It has been conspicuously unsuccessful from the beginning, yet the purpose for which it was undertaken has been fully carried out. It has effectively prevented the competition of electric light with gas, the gas business having been sustained and the business of supplying electricity having remained very small after ten years' operation and an investment of five millions of dollars. The total quantity generated in 1901-1902 was eleven millions of Board of Trade units, the number of consumers being 5,374, and 500 arc lamps being supplied for street lighting.¹ The result of these operations is that there is no reserve fund, and that the amount written off for depreciation has been very irregular and admittedly inadequate. In 1901 the charge for depreciation was suspended altogether. Even if there were a profit from the electricity department, which there is not, it would be only fair to place against it the loss to the community from the absence of the development which would certainly have occurred had private enterprise not been handicapped from the outset by municipal obstruction.

There can be no doubt that the policy of Parliament and of the municipalities have together impeded in the most serious way the development of electricity in Great Britain. This policy was due chiefly to the fear that the security of the funds invested by the municipalities in gas undertakings would be affected. The history of English legislation on electric lighting constitutes indeed the most formidable array of arguments against municipal undertakings.² Had the municipalities not been so deeply interested in gas, electric lighting would almost inevitably have developed with greater rapidity in England than in any other country, because the earlier inventions in connection with the practical application of electricity to public and private lighting were made there. The instances of the incandescent lamp of Mr. Swan, introduced by him in 1876, and of the numerous improvements effected on the arc lamp between 1875 and 1880 by Mr. R. E. Compton and others, will occur to everyone who has been interested in the subject.

For the sake of what was at the utmost estimate trifling

¹ Report of Committee on Electricity to the Corporation of Glasgow, 1902, p. 5.

² Cf. for example, Mr. J. Campbell Swinton's evidence Report Municipal Trading, p. 102.

pecuniary gain, in the event—so far only a loss—the people have been deprived of the benefits of an important series of inventions.

The Glasgow tramways were municipalized in 1894, the action which led to the municipalization having been initiated in 1890. As I was at the time a citizen of Glasgow, I took a considerable interest in the project of municipalization and took part as early, I think, as 1889, in urging the Town Council to decide to take over the operation of the tramways at the conclusion of the lease. At that time the Glasgow Tramways Company had about five years of their lease to run, and realizing that a renewal of the lease was very uncertain they had for some years allowed the service to deteriorate. There was evidently no disposition on the part of the Company to adopt mechanical traction.¹ This policy not only contributed to public dissatisfaction with the service, but resulted in so much friction with the Tramways Committee of the Town Council that negotiations were broken off after the development of much acerbity on both sides. No other company appeared at the time to propose to give an adequate service. The state of matters was intolerable, and the only thing to be done, private enterprise having failed, was for the city to take over the operation of the tramways. The tracks had belonged to the city from the beginning, and were only leased to the Company. It was found to be extremely difficult to interest the members of the Town Council in the matter; but after persistent pressure for about two years and after public dissatisfaction had become clamorous, the Council capitulated and in 1891 decided to take over the operation of the lines. The ultimate upshot was that the municipality came into a property which had cost about £340,800 for less than half that sum,² and that a complete new equipment of horses, cars and stables was purchased by the municipality, the Company being left with their stud of horses and all their other

Glasgow's
Street
Railways.

¹ It was only at the last moment, when indeed it was too late (in October, 1891), that the Company made a proposal to introduce mechanical power. Cf. History of The Glasgow Tramway and Omnibus Company, Ltd., from its foundation in 1871 till 1894. Issued to the Shareholders under the authority of the Company's Board of Directors. Glasgow, 1894, p. 13.

² Glasgow: Its Municipal Organization and Administration. Bell and Paton, p. 302.

property to sell for what they would fetch. This was drastic treatment, although in connection with this as with other matters the Company had to some extent itself to blame.¹

The important point to be gained was a good service to the public; the question of profit was under the circumstances of 1891 comparatively unimportant. Yet after ten years of municipalization the Glasgow tramway system (now an electrical one) has only 130 miles (single track),² an increase of 66 miles in the ten years. If Glasgow can fairly be compared as regards its street railway system with any American system, which is doubtful, it may perhaps be compared with Philadelphia. The population served by the two systems is not widely different; but the disparities of the service are very striking. For purposes of comparison, the details of the Pittsburg system are given also in the following table:

	Glasgow ³	Philadelphia.	Pittsburg.
Mileage of street railway (single track).....	130 ⁴	475 ⁵	410 ⁶
Amount invested in street railways.....	\$10,369,428 ¹⁰	\$81,300,000 ¹⁰	\$73,898,750 ⁶
Passengers carried.....	163,678,190	325,801,963 ⁷	164,407,446 ⁸
Car mileage.....	14,008,750	59,375,543 ⁸	32,577,214 ⁸
Population served.....	1,000,000	1,335,000 ⁸	600,000 ⁸
Capital per mile of track.....	\$82,134 ¹⁰	\$171,164 ⁸	\$203,916 ⁶

It will be observed that the capital liabilities per mile are less in Glasgow than in the two cities cited; the mean capital liabilities per mile of street railways in the United States are, however, only slightly greater than the Glasgow figure, viz., \$96,287.¹¹

¹ It refused to undertake that it would not run omnibuses in competition with the tramways, in the event of the municipality purchasing portions of its plant. See, however, the Company's statement in History, etc., quoted *supra*. This right to run omnibuses, of which the Company made so much, turned out to be of no practical value.

² Glasgow Corporation Tramways, Abstract Statement of Revenues and Expenditures, 31st May, 1903. Glasgow, 1903, p. 7.

³ Glasgow Corporation Tramways, Abstract Statement, Glasgow, 1903.

⁴ Including about four miles leased.

⁵ Including \$34,808,000 of Bonds, \$6,375,000 Preferred and \$32,715,000 Common Stock.

⁶ Census Bulletin No. 3, 1903.

⁷ Annual Report Union Traction Company of Philadelphia, p. 9.

⁸ See Bulletin of Labor (Statistics of City), No. 42. The population of Pittsburg alone is 333,500; but the population served is about 600,000.

⁹ First Annual Report Pittsburg Railway Company, 1903.

¹⁰ Approximately.

¹¹ Census Bulletin, No. 3, 1903, p. 35.

It is obvious from the great difference in mileage that a street railway map of Glasgow presents a very different appearance from a street railway map of an American city. In Glasgow there are large areas wholly unserved by street railway lines. The service is, however, regarded as satisfactory by the people, supplemented as it is by two steam underground railways and an underground cable line, besides overhead lines from the central stations, all of which carry a very large local traffic. The ferries and harbor steamers also carry a large number of passengers. It is nevertheless obvious that if the street railways were conducted on American methods the traffic might be much more than it is. No fault can be found with the management. The manager, Mr. Young, is well known in the United States and is a man of conspicuous ability. The reason why the service is not better than it is, is that the Town Council of Glasgow is like other public bodies, difficult to move. They have a monopoly, and so long as public opinion is not abusive nothing is done. Moreover, the people will suffer inadequate service from a system which they look upon as their own, while they are apt to grumble with or without reason at a service rendered by a company.

The great density of population in Glasgow, and the fact that in the industrial districts the people live largely in the vicinity of factories (although there are important exceptions to this) combine to offer peculiar transportation problems—problems very different to those of most American cities, where, as a rule, the dwellings of the people are scattered over wide areas, with intervening uninhabited spaces.

Conditions in Great Britain are in so many ways different from those in America, that even if the English and Scotch cities were uniformly successful in municipal enterprises, this circumstance would go but a small way in proving either that American cities in general might follow in this direction, or that a particular city would be likely to be successful in a particular enterprise.

The recent parliamentary inquiries¹ have thrown much

¹ Report from the Joint Select Committee of the House of Lords and the House of Commons on Municipal Trading (partly Paper 308), London, 1900; Municipal Corporations (Reproductive Undertakings) Return (partly Paper 308), London, 1902; and Report from the Joint Select Committee of the H. of L. and H. of C. on Municipal Trading (partly Paper 270), London 1903.

light upon the whole matter and have shown that in the interests of the people the time has come at least to scrutinize projects of municipalization very closely.

Summary The good faith and public spirit of enthusiasts

of for municipalization may well be fully admitted,

Conclusions. and it may also be admitted that some joint

stock companies have acted in a way that indicated that they thought they had the community by the throat. Yet the question must be looked at from a more comprehensive point of view. It may be that liberty is worth preserving at a cost, even if the cost be the exercise of a little patience in dealing with aggressive capitalists. The large combination has yet to work itself out. In so far as it effects economy and secures efficiency these are public benefits, no matter what the private gain may be. It is a fallacy to suppose that private gains necessarily involve public losses. The public is interested chiefly in efficiency and to a much less degree, if at all, in profit.

The total effects of municipal monopolies are not disclosed by the municipal accounts, even when these are kept in the most perfect manner. The effect of the gas monopoly in retarding the adoption of electric lighting both for public and for private purposes, and the effect of the quasi-monopoly of urban transportation in arresting the development of cities, cannot readily be reduced to statistics, yet they are nevertheless of material importance. Private enterprise, criticized and inspected by the public authority and compelled by it to live up to its obligations, appears to be of greater benefit to society as a whole than a bureaucratic system in which the citizens are compelled to become contributories to enterprises in which they hold no real share—no share, that is, which is transferable. The "corporation" is as much a servant of the public as the city council, and for certain purposes it is preferable as a servant, because the limits of its obligations and its cost can be more exactly defined.



