

**GRANTS IN AID: A
CRITICISM
AND A PROPOSAL**

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Grants in Aid: A Criticism and a Proposal by Sidney Webb

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SIDNEY WEBB

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AND A PROPOSAL**

STUDIES IN ECONOMICS AND POLITICAL SCIENCE

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School of Economics and Political Science.

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BY SIDNEY WEBB**

UNIV. OF
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PREFACE

WHEN, in June, 1910, I contributed a Preface to Dr. Watson Grice's historical survey of *National and Local Finance*, I did not expect to be asked to supplement that useful work by anything like a volume of my own. But the administrative problems connected with Grants in Aid are so important, and the subject is one of such pressing interest at this moment, that I could not do otherwise than respond to innumerable inquiries that amounted, in the aggregate, to a demand.

This is, it seems, the first book to appear in the form of a treatise on Grants in Aid. Written, as it has been, under the pressure of other duties, the author has not scrupled to reclaim and incorporate, amid that which now appears for the first time, his previous scattered contributions to the subject; and to use them, where they fitted, as bricks in this more systematic edifice. And thus, if the diligent reader is sometimes haunted as by an echo, let him not impatiently conclude that the whole book is echo; and let him remember that, when a thing has been said once, it is not altogether impertinent, if there be need, for it to be said again, and said in volume form!

The extensive bibliographical list of references to the subject, included in this volume, I owe almost entirely to Dr. Watson Grice, who kindly placed it at my disposal; and to Mr. B. M. Headicar, the Librarian of the British Library of Political Science, in connection with the London School of Economics, where practically all the sources mentioned are accessible to any serious student.

SIDNEY WEBB.

London.
May, 1911.

GRANTS IN AID : A CRITICISM
AND A PROPOSAL

I

WHAT OUR GRANTS IN AID SEEM TO BE,
AND WHAT THEY REALLY ARE

THE "Grant in Aid," a device peculiar to English administration, has hitherto failed to receive the consideration that its practical importance deserves. Until the other day, when Dr. Watson Grice painstakingly worked out the history, with all the Continental analogies that are available,¹ there was, I believe, no book which gave any considerable amount of information on the subject. So far as I know, the Grant in Aid, as an instrument of government, has, except in so far as that volume dealt with this aspect of the subject, never been made the subject of a scientific monograph. In the various works describing the constitution under which we live, the Grant in Aid either finds no mention at all, or else is briefly referred to as merely a matter of financial adjustment. Even in the wilderness of blue books, though masses of uncoordinated facts have been revealed,² it is difficult to find any complete and comprehensible account of all the existing Grants in

¹ *National and Local Finance*, by J. Watson Grice, D.Sc. (Econ.), 1910.

² See especially Mr. Goschen's Report to the Poor Law Board on the progressive increase in Local Taxation, H.C. No. 470 of 1870, reprinted as H.C. No. 201 of 1893; Cd. 5344 of 1888; Mr. Fowler's Report on Local Taxation (H.C. No. 168 of 1893); Sir Edward Hamilton's Memorandum on Imperial and Local Taxation in Cd. 9528, 1890, and the official documents cited therein; Final Report of Royal Commission on Local Taxation (England and Wales), Cd. 638 of 1901, in which the separate statesmanlike Memorandum of Lord Balfour of Burleigh, concurred in by two successive Permanent Secretaries to the Treasury, Sir George Murray and (the late) Sir Edward Hamilton, is by far the best thing that has been done on the subject; see also final Report of the same Commission for Scotland, Cd. 1067, 1902, and for Ireland, Cd. 1068, 1902.

Aid, whilst of their actual working in the various branches of public administration there is practically no information at all. Those politicians who seek to deal with the subject usually submerge the Grant in Aid in the Serbonian bog of the "incidence of Local Taxation," or lose it amid the quicksands of "relief to the ratepayers." To harassed Civil Servants, on the one hand, and Local Government officials, on the other, the Grant in Aid means, too often, only a series of more or less successful inroads on the Exchequer. Of its importance as an instrument of government, apart from financial results, there is seldom any consideration.

Yet if, at the beginning of the twentieth century, we survey the whole field of government in the United Kingdom—if we examine, one by one, the different branches of public administration for the initiation and control of which Parliament exists, and for the maintenance of which we pay our rates and taxes—we shall find that, so far as they are entrusted to our local governing bodies and disregarding particular cases, they vary in efficiency according to the extent to which use has been intelligently made of the Grant in Aid. In fact, judged by actual day-by-day results, the Grant in Aid, whether we like it or not, has become a governmental instrument of extraordinary potency for good or ill, of greater actual importance in the lives of the people than parts of the Constitution to which more attention is directed. Whether a given Act of Parliament actually "works" (like the Act of 1856 establishing the County Constabulary) or (like the much-vaunted Children Act of 1908) remains, so far as the great part of the kingdom is concerned, virtually a dead letter, is found in practice to depend much less on what particular phraseology the Cabinet and the House of Commons decide upon, or on what the House of Lords may have done to it by way of amendment, than on what arrangement has been made to connect its operation with the system of Grants in Aid. Whether any new branch of the Local Government service hardens into a stagnant bureaucracy, smothered in red tape and rendering the very minimum of utility to the community; or blossoms and