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# NATIONAL MUNICIPAL REVIEW

JANUARY + 1933

The Farmer Buys Less Government  
• • • WHEELER McMILLEN

Painless Extraction of Tax Dollars  
• • • CARL H. CHATTERS

Unemployed Support Themselves in Seattle  
• • • JOSEPH P. HARRIS and ARTHUR HILLMAN

Political Strategy Nullifies Home Rule in New York  
• • • LAWRENCE ARNOLD TANZER

Prospective Action by States in Relation to Local  
Finance  
WYLIE KILPATRICK

Annual Appraisal of Municipal Reports  
• • • CLARENCE E. RIDLEY

Taxpayers Strike in Washington  
• • • JOSEPH P. HARRIS

The Best Practice under the City Manager Plan—  
A Supplement  
• • • RICHARD S. CHILDS

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# THE LEAGUE'S BUSINESS

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**Meeting of Executive Committee.**—On December 10 the executive committee of the National Municipal League met at the City Club of New York during the brief visit of the honorable Murray Seasongood, president, to New York City. The financial affairs of the League were set forth in reports presented by the secretary. It was pointed out that, as a result of the curtailment of expenses since the meeting of the council in Washington last September, the amount of cash on hand, plus the amount due the National Municipal League from the Proportional Representation League, is now practically sufficient to liquidate all outstanding indebtedness. It is hoped that the League shortly after the first of 1933 will be entirely free from debt and will then be in a position to operate on a pay-as-you-go basis. It was also shown at this meeting that the membership of the National Municipal League has increased since the last report submitted to the council in September. Since September a total of 127 members have resigned or have been removed from our mailing list for non-payment of dues. On the other hand a total of 149 new members have been secured since September, making a net gain in membership of 22. This result is very encouraging since most other organizations are finding their membership dropping off seriously in this financial crisis.

**Radio Broadcasts on Legislatures and Legislative Problems.**—Members of the National Municipal League are already familiar with the "You and Your Government" series of national broadcasts sponsored by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association. The most recent series was devoted to constructive economy in state and local government and helped greatly to advertise the principles of the National Municipal League in this field.

Beginning on Tuesday evening, January 3, a series of twenty-four weekly half-hour broadcasts will be initiated to continue through June 13, 1933. The new series will be given from 7:15 to 7:45, eastern standard time, each Tuesday evening over the blue network of WJZ and affiliated stations.

The program for January and February is as follows:

- JANUARY 6—"The Legislative Prospects of 1933." *William Hard*, Washington, D. C.; *Senator Bronson Cutting*, New Mexico; *Representative Henry T. Rainey*, Illinois.
- JANUARY 10—"Prohibition." *Dean Howard Lee McBain*, Columbia University.
- JANUARY 17—"The Congress." *Senator Arthur Capper*, Kansas; *Representative Earl C. Michener*, Michigan.
- JANUARY 24—"Budgets." *Lewis Meriam*, Washington, D. C.; *Representative Joseph W. Byrns*, Tennessee; *Governor John G. Winant*, New Hampshire.
- JANUARY 31—"The Powers of Congress." *Representative James M. Beck*, Pennsylvania; *Professor Jesse S. Reeves*, University of Michigan.
- FEBRUARY 7—"Local Government Legislative Needs of 1933" (Round Table). *Henry W. Toll*, director, American Legislators' Association; *Carl H. Chatters*, director, Municipal Finance Officers Association; *Clarence E. Ridley*, director, International City Managers' Association; *Paul V. Betters*, director, American Municipal Association.
- FEBRUARY 14—"Congressional Procedure." *Professor Frederic A. Ogg*, University of Wisconsin; *Representative Robert Luce*, Massachusetts.
- FEBRUARY 21—"Armaments." *Admiral William Ledyard Rodgers*; *Honorable Roland S. Morris*, former Ambassador to Japan.
- FEBRUARY 28—"Philippine Independence" (Round Table). *Professor J. R. Hayden*, University of Michigan; *Manuel Roxas*, speaker, Philippine House of Representatives; *Representative Buller B. Hare*, South Carolina.

RUSSEL FORBES, *Secretary*.



## In the Shadow of the Mountain

WHENEVER men gather to discuss governmental problems these days, they do so in the shadow of a mountain of debt. Sometimes this shadow is so dark it obstructs the view and all their thinking is palled. They would remove the shadow without removing the mountain. Sometimes men look toward the sky and recognize from whence the shadow comes but are paralyzed by its magnitude. Sometimes hard, clear thinking men talk of chiselling away the mountain or tunnelling through it. Sometimes an earthquake shakes the land as they talk.

In the city of Detroit there are many thousands of men, women and children who must be fed, clothed and housed this winter. These people, too, are living in the shadow of the mountain. For their government has reduced the money it is spending for unemployment relief. It had to do so. Sixty per cent of the money it is taking in must go to pay debts.

This would be sufficiently serious if the percentage told the whole story. It doesn't. The dollars that are going to pay these debts are worth a lot more than they were when the obligations were incurred. Thus there exists an anomalous situation: the biggest single item of expenditure in the budget of the city of Detroit cannot be reduced by one jot or one tittle but is actually

increasing day by day as price levels sag further and a dollar buys more and more goods. Detroit is not alone in this problem—but illustrates it well.

There are some 600 cities in the United States that have defaulted on their obligations so far in this depression. Savings banks, insurance and trust companies are the largest holders of municipal securities which have been through the years the safest investment we know, except federal government bonds alone. Yet, up to the present moment, there has been no frank facing of the issue by the nation's governmental or business leaders. Our cities have a debt load that in many instances is too great to bear. It is time something was done to prevent further defaults. But what can be done?

*Can debts be scaled down?* Indebtedness is the only compartment in our economic system which remains untouched in precisely the same condition as it was in October, 1929. Scaling down need not mean repudiation; need not mean that the person who loaned the money shall receive less than the amount of the loan; provided the public indebtedness can be reduced to the actual amount of the debt when incurred as measured by the purchasing power of the dollar. Of course, debtors and creditors have always taken their chances in the past and gambled on

the price level. Perhaps they will do so in the future. But most creditors today would prefer to take a reasonable reduction in interest and capital than run the risk of greater loss.

There are, to be sure, temporary expedients that may serve a useful purpose. It will undoubtedly be urged in the near future that the federal government marshal its credit to help municipalities as it has been aiding banks. And there is certainly as much justification for the federal government to leap to the aid of municipalities as to the aid of banks.

But this is palliative and not cure. It does not reach the seat of the trouble. One way out, of course, is inflation. If instead of cutting down debts the price

level were raised, the effect would be the same. And already we hear a clamor urging that the government run the printing presses overtime. We may yet come to that, though it will bring another train of problems in its wake. That we haven't done so is probably the result of our bankruptcy laws. A private individual or corporation can get out from under. A municipal or state government cannot, since there are no bankruptcy laws applying to public corporations. Is that the answer—bankruptcy laws for units of government? Not if we are interested in preventing rather than encouraging defaults.

The situation is crucial. Little more has been done here than to state a problem. The solution, if solution there be, has yet to emerge.

## Home Rule a Mockery in New York

NEW YORKERS seeking a more efficient form of government and entangled in the political maneuvers of a hostile legislature might well have heeded the fabled wild boar who was whetting his tusks against a tree, when a fox coming by asked why he did so: "For," said the fox, "I see no reason for it; there is neither hunter nor hound in sight, nor any other danger that I can see."

"True," replied the boar, "but when that danger does arise, I shall have something else to do than to sharpen my weapons."

The home rule law of New York State is a mockery when it comes to an effort to obtain a new charter which does not suit the political powers in control of the city government. For the home rule law does not permit the initiation of a movement to draft a new charter by petition; the process must be started by the local legislative body. True, the home rule law does give this right to cities with a commission form of government, of which, it should be added sardonically, there is none in New York State.

For years, small groups of citizens interested in improving local government in New York State have attempted to sharpen the tusks of home rule without success. Today, it is too late, and citizens of the largest city in the world are in the position of having to abandon all thoughts of home rule and bow the knee to the legislature to obtain a reorganization of its government. That this legislature is well nigh dominated by the same type of partisan interest that controls the New York City assembly does not make the scene any more appealing.

While it is to be hoped that the movement for revision of New York's charter will succeed, the importance of amending the home rule law to prevent a recurrence of this situation should not be forgotten in the excitement. Even assuming that New York City's problems are solved for all time by legislative action in this year of grace, 1933, there are 60 other municipalities in the state that should have the right to work out their own problems.

(Continued on Page 11)



## HEADLINES

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The New York State legislature will be faced with at least two proposals for a new charter for New York City when it meets in January. The Seabury plan provides for a relatively small council to be chosen by proportional representation, with election of the mayor and the controller. Al Smith recommends reorganization along the lines of the state government, with a senate and a house but breaking up the boroughs as a basis of representation.

\* \* \*

County home rule will be urged upon legislatures by two official commissions in states which do not operate under this policy at present: New York and Michigan. The Mastick Commission (for revision of the tax laws) in New York will recommend optional forms of county government and a constitutional county home rule amendment; the County Government Commission in Michigan will do the same and go even farther, advocating abolition of township government.

\* \* \*

For the first time in fifty years in Kentucky, tuberculosis is becoming more prevalent, according to Dr. A. T. McCormack, secretary of the Kentucky State Board of Health. He attributes this as well as an increase in pellagra to the economic condition of many families. The unemployment situation in many sections of the state is acute.

\* \* \*

A reduction of \$5,000,000 in the budget of Pittsburgh for 1933 as compared with 1932, has been made as the result of pressure brought by taxpayers and threats of a tax strike. The movement for the manager plan is gaining great strength in Pittsburgh.

\* \* \*

Consolidation of Philadelphia's city and county government is again proposed and this time popular clamor for reduction in the cost of government may result in action by political powers who see the handwriting on the wall.

\* \* \*

A saving of \$5,350,000 could be achieved in the annual expenditures for supplies, material and equipment of New York City through the installation of centralized purchasing, it is estimated by Dr. Russell Forbes, secretary of the National Municipal League, who has just completed a survey of the present purchasing methods of the city government.

\* \* \*

Authorization by the Michigan legislature of a \$20,000,000 tax anticipation bond issue by Detroit is urged by Governor Brucker. Detroit, with a debt service eating up approximately 60 per cent of its current revenue, must have money.

A county manager in Cuyhoga County, Ohio (which includes Cleveland), looms as a possibility with a proposal by county commissioner-elect James A. Reynolds that the new county commission take steps in that direction through merging several offices.

\* \* \*

Elimination of 500 of Philadelphia's 1,566 election districts with a saving to taxpayers of approximately \$205,000 can be accomplished through consolidation under the voting machine law, according to R. C. Hassrick, chairman of the Board of Registration Commissioners. All of which bears out the statement of the National Municipal League Committee on Election Administration that "there is probably no phase of public administration which is today so badly handled as the conduct of elections. The cost of elections at present is many times higher than it should be."

\* \* \*

Citizens of Indiana will pay \$42,000,000 less in taxes in 1933 than they paid this year, according to estimates by Harry Miesse, secretary of the Indiana Taxpayers Association. In county government, reductions range from 16 per cent in Porte County to 73.9 per cent in Orange County over the previous year. It is to be hoped that these reductions in governmental budgets represent actual economies through the elimination of waste and not merely the transfer of expenditures from public to private enterprises.

\* \* \*

Add to collection of short ballots: the ballot of Los Angeles at the November election measured approximately two feet by three feet and contained twenty municipal propositions, twenty state propositions, and three recall elections in addition to ten elective offices to be filled.

\* \* \*

Traffic in the New York region continues to mount despite the depression, according to a report issued by the Regional Plan Association. The question is—are they leaving town or returning?

\* \* \*

The new radio period for the "You and Your Government" series is scheduled at a particularly appropriate time—7:15 to 7:45 P. M.—between Amos 'n' Andy and the Goldbergs. Education by radio at last comes into its own!

\* \* \*

Organization of the General Welfare Tax League, which is an association of experts in business, economics and government to represent the public interest with respect to taxation has been announced by Harold S. Buttenheim, editor of the *American City* and acting president of the new organization. The League hopes to be a counteracting force to the pressure of special interest groups constantly seeking to influence tax legislation in their own behalf.

\* \* \*

At least 25,000 families and more than 200,000 boys and young men are nomads in America today, according to the United States Children's Bureau. This is a particularly serious governmental problem since it is the problem of no particular government—unless, that is, it comes under the "commerce clause."

\* \* \*

Federal support of education is necessary to relieve the crushing burden of the local property tax and to equalize educational opportunity in the opinion of state superintendents of education meeting at Hot Springs, Arkansas, recently. A long jump from the "little red schoolhouse."

# The Farmer Buys Less Government

And begins to get the  
idea it's cheaper in  
wholesale lots

BY WHEELER McMILLEN

*Associate Editor of the Country Home*

THE farmer is a realist these days in his attitude towards government. He has to be.

In a letter from an Iowa farmer I find this gem of condensation: "My taxes are more than twice what they were a few years ago. My products sell for about a third of what they used to bring. Both these assertions are actual understatements.

"We buy fewer clothes, make fewer improvements (or none), buy fewer groceries, use our car less and longer—and so on with every item under my personal control.

"I would also like to buy less government. I think we could get along just as well with less government as with less of other things, perhaps better. At least, I would like to pay less for whatever government I have to have."

This man is considerably more moderate than scores of other farmers who might be quoted. But he does express forcibly enough the reasons for the farmers' present insistence upon cheaper government and less of it. His private standard of living has been reduced, and he would gladly have his public standard of living cut down, too, until better times.

## TAXES MUST COME DOWN

Farmers are not very particular as to what devices are adopted for reducing

taxes, just so taxes are reduced. Ever since urbanization has been general, farm property has usually been over-taxed. In other words, the tax system has not been changed to accord with the changing forms and locations of wealth. Nevertheless, the efficient farmer has been able heretofore to meet his tax bill, unfair or not; and may have preferred to exercise some discrimination as to the methods by which it might be lowered. Now, with his income at unprecedented low levels, he is willing to accept radical changes in government if its cost will assuredly be moderated thereby.

For instance, a proposal to combine counties a few years ago would not have received very general rural support. It would have been viewed as a measure to move power further from his home, and to make him travel further to the county seat. Today most farmers would willingly consider county consolidation. However, naturally conservative, before accepting so radical a change he would have to be convinced beyond any doubt that county mergers would, actually and definitely, produce lower costs and compensating advantages. He is not quite at the point of wanting change merely for the sake of change.

Farmers have traditionally been reluctant to consent to the centralization of governmental functions. A neighbor

as trustee, selectman, county commissioner, member of board of education, has seemed more worthy of trust than a distant executive. The neighbor official was expected to respond to the same desires for economy and efficiency as his fellows. A man at the statehouse or other distant point might be more interested in increasing his own salary or his power than in delivering service. And would be harder to watch.

#### THE FARMER SEES THE POINT

In recent years this feeling has perceptibly relaxed. Evidence has convinced farmers that persistence in localized functions has meant wasteful overhead, duplication, inequalities, and higher costs. Several men have been paid to do work that one, given more territory, might do better. Townships have bought expensive road machinery for themselves when the same equipment might be spread over half a county. Scattered purchasing has been seen to be more costly than centralized, standardized purchasing. One man, devoting his full time to the work, can be a better judge of values and services than several men forming casual and independent judgments.

Farmers see these facts. The present, then, is a highly favorable time to strike for action upon dozens of the minor steps toward less expensive government.

The work on a farm consists of innumerable separate tasks that, in the aggregate, make up a year's farming. No great difficulty is experienced by a farmer in comprehending that reform in government expenses is most likely to be attained by a large number of thoroughgoing small economies. In fact, he may prove more ready to support that kind of progress than to endorse more fundamental changes.

#### FAVORS SALARY REDUCTIONS

Not being intimately familiar with all the intricacies of the governmental struc-

tures, a farmer is likely to strike at the items that are most conspicuous. Seeing the rural mail carrier complete an easy day's work in four or six hours, he is willing to resent the fact that the carrier makes two or four times as much as an ordinary farm will yield for three hundred and sixty-five long days. And can he be blamed? He thinks the young ladies in the school house, and the boys in the court house, the state house, and in Congress have pretty soft snaps, more fun, and receive a much higher salary than he does. He knows the people pay the bill, and that he is one of the people who pay. Is he for salary reductions? Naturally.

With his income halved and quartered so that his personal expenses for luxuries have been severely curtailed, he wonders if the county agricultural agent, the county health worker, the library appropriation, the new building on the handsome state university campus, and the state and federal boards for this and that may not also be luxuries that he could live without, or could curtail. And who is to say that he may not be right?

He may accept the present organization of county government simply because it has so long existed. But if some one points out to him that the county set-up is a headless, amorphous anachronism, he is these days in a mood to see the point.

#### CHARY OF NEW TAXES

His experience in the past has been that new sources of revenue are simply additional sources, to support further public expenditures. His enthusiasm for new taxes may await his conviction, that they will be substitutes for some of his present taxes. But if he can see how to make the other fellow pay a fair share, so that the farm actually gets a reduction, he will be ready to support the new idea.

(Continued on Page 11)

# Painless Extraction of Tax Dollars

Taxes can be collect-  
ed but way must be  
paved for citizen in  
these times

BY CARL H. CHATTERS

*Municipal Finance Officers' Association, Chicago, Ill.*

COLLECTING local real estate taxes is not a pleasant business—not if you really try to extract the money from everyone who ought to pay. But it has not been unpleasant for many officials because they simply have permitted taxes to go delinquent. Since the task presented some distasteful aspects, they have been sitting idly by in despair. There have been too few tax collectors and far too many tax receivers. Cities need someone who will apply intelligence, ingenuity and industry to the tax gathering procedure.

The present depression has brought about alarming delinquencies in real estate taxes all over the country. Some cities have collected as little as twenty-five per cent of their levies while they were current, and other communities which used to receive nearly one hundred per cent of the tax levy find that during the current year they are receiving only seventy-five per cent. This situation is a challenge to public officials and public spirited citizens, for it is certain that the functions of government cannot continue unless the taxes levied for their support actually come into the city's coffers in cash.

The causes of this delinquency must be known before any cure can be devised. The local officials, cooperating with other agencies, should make a study of the delinquent tax situation to determine both the extent and the

cause. The procedure will involve the segregation of delinquent taxes by areas, by years of levy, and by the kind of tax. It will be necessary to know whether the unpaid amounts are assessed against vacant properties or improved properties, and the relation of the delinquent taxes to the value of each individual property. The years in which the taxes were levied must be known in order to determine whether the condition has arisen as a result of the depression or has been accruing for many years and has merely been precipitated by the present deflation.

## SPECIAL ASSESSMENTS TROUBLESOME

Many of the tax difficulties are caused by excessive levies of special assessments. This must be segregated from other possible causes during the search for an adequate remedy. Perhaps the delinquency may have been caused by lax enforcement of the tax laws. Many cities have found that the collecting officials were slow in selling delinquent tax properties, and that others have even given special privileges to their friends. Nearly all of the commissions and individuals engaged in the study of tax delinquency have concluded that poor administration of the tax laws is one of the major difficulties.

Statutory changes and constitutional amendments are needed. Their passage requires years, however. Every

municipality needs now all of the taxes that it has levied. Fortunately, many cities are furnishing an example of enterprise and not waiting for the millennium. They are using not only all the legal means at their command but in addition are doing many other things which common sense dictates. Some of the most widely adopted practices in actual use are as follows:

#### RECOMMENDED PRACTICES

1. Property owners are notified by mail when the tax is levied.

2. Current taxes are accepted by installments.

3. The failure to pay the first installment leads to an investigation of the cause of delinquency before the second installment becomes due.

4. Delinquent taxpayers are notified by mail or telephone just before the tax penalty becomes effective.

5. Special tax collectors investigate the cause of delinquency and collect the taxes.

6. The effect of tax delinquency on community activities is advertised extensively to the local taxpayers, who also obtain a timely statement of the services received in return for the taxes.

7. A spirit favorable to tax payments is promoted by coöperation with civic groups.

8. Taxpayers unable to meet their delinquent taxes in full are permitted to pay them by installments.

9. The rents on tax delinquent properties are being seized in a few communities.

10. A tradition of prompt and rigid enforcement of the tax collection laws stands out as the best preventive for delinquency.

A campaign to collect delinquent taxes must be preceded by publicity which places the tax-paying public in a receptive frame of mind. Those who feel that the government is rendering services worth the money it is taking,

will pay far more readily than taxpayers who complain that their money is wasted. Public officials must constantly and regularly inform the citizens through the newspapers about the use of public funds and the services which they purchase. Without such publicity, unnecessary work will be done.

#### PAY TAXES ON INSTALLMENT PLAN

The taxpayer should be encouraged to set aside funds in advance to meet his obligations. He also should be permitted to pay both current and delinquent taxes by installments. In a city where the fiscal year and tax collection year do not coincide, the prepayment of taxes will do away with the necessity for bank loans, and at the same time promote thrift on the part of the citizens.

Many taxpayers feel that the accumulated burden of delinquency makes it impractical or impossible for them to meet their current tax obligations. If they were assured of an opportunity to pay the delinquent taxes by installments commensurate with their income, they would be encouraged. It goes without saying that current taxes should be collected more frequently than once a year. The quarterly payment plan in cities is the most practical. The adoption of this scheme by an increasing number of municipalities during the last few months is evidence of its popularity and results.

#### MONTHLY TAX COLLECTION WOULD BE EVEN BETTER

Tax delinquency may be prevented or reduced by using methods which have been found successful. Some one person must be responsible for this activity. The collecting official should be responsible to the head of the city administration, and preferably should be appointed on the basis of his merit. Furthermore, he should be part of a properly coördinated department of finance.



He should carry on a continuous program of tax collections, using the full strength of the law. He should call to his support local bodies vitally interested in the welfare of the community, and should accumulate data from time to time which will disclose whether the delinquency is caused by the burden of taxation or the low state of the public morale. To paraphrase, eternal follow-up and consistent effort show the way to better tax collections.

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#### EDITORIAL COMMENT

(Continued from Page 4)

The phrase "home rule" has a chameleon-like character; its meaning changes with events. At the moment, protests are being raised against mandatory state legislation affecting municipal budgets. The local budgetary authority cannot pare its cost of operation—the state has written into law requirements that prevent.

There is justice in this complaint. But in the hue and cry for economy it should not be forgotten that more fundamental even than the right of local legislative bodies to determine the amount of money that shall be spent for a particular purpose is the right of citizens to force rebuilding of the structure of their government when it has

collapsed. The necessity for dodging mandatory laws is the result of a temporary crisis brought about by the depression—had price levels remained unchanged, we should have heard naught of it.

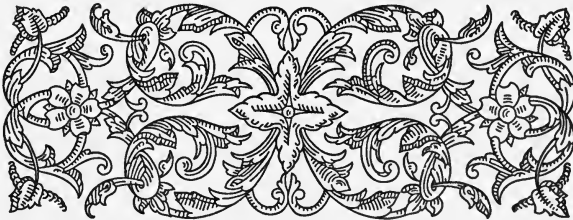
The right of citizens of a municipality to determine its form of government involves the functioning of democracy, the control by the electorate of the officials it chooses, as well as the opportunity to eliminate waste in government and obtain a dollar's worth of service for every dollar spent.

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#### THE FARMER BUYS LESS GOVERNMENT

(Continued from Page 8)

These are months of golden opportunity for advocates of better government who want rural support for their ideas. Farmers are as never before receptive to such plans. They will endorse no schemes for additional government or more expenses. They will not accept an idea merely for novelty. They will insist on being convinced by concrete and positive facts—loud generalities will be politely heard and dismissed. But offer a sound step toward a better government *with lower taxes*, and hearty support will be immediate.



# Unemployed Support Themselves in Seattle

But much advertised  
experiment temporarily  
collapses in  
charges of graft and  
waste

BY JOS. P. HARRIS AND ARTHUR HILLMAN

*University of Washington*

UNEMPLOYMENT relief in Seattle, as elsewhere, has become within the last two years a problem of greatest importance. The social welfare agencies, financed through the Community Fund, found themselves a year ago unable to take care of the problem, primarily because of limited funds. The city and county were not in a position to take over the problem because of inadequate welfare organizations. Into the breach stepped the Unemployed Citizens' League in July, 1931, with a self-help program and later demanding and securing from the city and county financial support. A plan of administration of emergency relief was worked out which involved the following principal factors:

1. Commissaries for dispensing food were established throughout the city.
2. A District Relief Organization was created to administer the emergency relief, financed by the county, supervised to a certain extent by the Community Fund, but with the actual work done by the unemployed themselves.

The organization of the unemployed and the part which they played in securing, controlling, and managing relief work are of great significance. It cannot be said that the emergency organization, now abandoned, was a failure, or that it was a success. It is generally recognized that the system had many weaknesses which led to its abandon-

ment though it is quite probable that some reorganization along the same lines will be made when the newly elected county commissioners take office. Opinion within the city as to the practical workings of the commissary system and the administration of unemployment relief by the unemployed themselves varies greatly. Conservative elements of the community are alarmed at the radical tendencies of the Unemployed Citizens' League and their influence in elections.

## REPORTS CONFLICTING

The work of the commissary system has been discredited by persistent stories of mismanagement and the provision of supplies to families who are not in need. On the other hand, several months ago the work of the unemployed in their self-help program and administration of relief was praised by many, and the unemployed themselves have considerable enthusiasm and loyalty to the project. During the summer of 1932, the commissaries were taken over and managed by the county, displacing the unemployed managers then in control, and the question of whether the commissaries should be run by the unemployed or by the county became an issue in the campaign for county commissionerships. The two county commissioners elected on the Democratic ticket are both friendly to and were supported by the

Unemployed Citizens' League. They have promised to restore unemployed management.

The commissary system was started by the Unemployed Citizens' League. Locals sprang up throughout the city, and in the early fall of 1931 a total of 20 locals (later 22) had been formed. A year later the organization had spread to other cities in the state, and had a membership of at least 58,000 families. The objectives of the organization are:

1. Employment through an enlarged program of public works.
2. Self-help.
3. Food relief to be administered by members of the organization.
4. Unemployment insurance as an ultimate object.

Opposition was expressed to organized charity as such, and a standard of maintenance rather than relief was demanded.

#### REQUIRED NO AID FROM GOVERNMENT

For several months after its organization, the Unemployed Citizens' League received no aid from the city or county government, but went ahead with a wholly voluntary program of charity and self-help. Vacant houses or shops were secured in various parts of the city through donations of their owners and were turned into commissaries. At first the only food or clothing available to be dispensed was that donated by business men, merchants, and citizens, or secured by an exchange. Wood cutting crews from the first gleaned fuel from unmerchable tracts and logged-off lands. During the fall and winter of 1931, 120,000 pounds of fish, 10,000 cords of wood, and eight carloads of potatoes, pears, and apples were provided under this self-help program.

The housing problem was solved for many families by the League. Vacant houses, and those already occupied by members in some cases, were repaired

in return for the value of the labor in rent. Other local activities were barber shops, tailor' shops, sewing rooms, garages, shoe repairing shops and at least one furniture repair shop. Each family head was expected to volunteer for two days' work every week and in return shared in the goods and services provided by his local.

The work was apportioned and benefits distributed by committees elected by the locals,—relief, housing, wood, and others to take care of local activities. A spirit of mutual helpfulness prevailed. Child welfare committees of women were active. Entertainments and dances were given by some locals. Ball teams were later organized.

During the time when the League was developing its self-help program, the Mayor's Commission for Improved Employment, headed by I. F. Dix, civic leader, and manager of the telephone company, was at work coordinating public and private relief resources. The Commission organized the city into five districts and its activities and those of the League were somewhat parallel. It became apparent that direct relief on a large scale was necessary, self-help through the winter months being uncertain and inadequate. The locals experienced more and more difficulty in securing donations of food. The unemployed were prepared to handle the distribution of food through their own commissaries, while the mayor's commission had established five depots and were supplying food to some of the unemployed who were not in the League.

#### COÖPERATIVE ORGANIZATION SET UP

A coöperative set-up between the Mayor's Commission and the Unemployed League, known as the Local District Relief Organization, was effected about January 1, 1932. Mr. Dix was unusually successful in reconciling the points of view of the unemployed and the business men, and led the movement

to combine forces, thus placing responsibility upon the unemployed themselves. With the exception of a small amount from the city, the county paid for the food from then on. It was purchased by the relief manager, formerly of the Mayor's Commission, and delivered to the five depots and from there to the League commissaries, where most of the unemployed were registered. The self-help program of the League was carried on. An additional feature was the use of unemployed as investigators, a unique development in social work technique. The use of them was an expedient and although they were given some instruction, they were not always objective in their approach to cases. This arrangement satisfied the unemployed who stoutly objected to professional charity and to the usual investigation of social welfare cases.

The distribution of food and the investigation of applicants were supervised by social workers under the direction of the Community Fund. Although as one of them remarked, "Our powers were only those of persuasion," and some of the unemployed had an illusion of absolute power, the final control of the funds was in the hands of the authorities. The arrangement was, however, coöperative.

The Unemployment Citizens' League continued as an organization even though its interests in relief had been merged. The number of unemployed served by the Local District Relief Organization grew from 10,810 families and 34,232 individuals on March 10 to 14,201 families and 45,407 individuals on July 14. Of these all but one-sixth or less were members of the League. With relief coming from public funds and membership growing, some of the enthusiasm and spontaneity of the organization was lost.

#### LARGE SAVING TO COMMUNITY

From January 1 to July 21 the unem-

ployed labored in self-help 2,306,415 hours. Figured at even a low rate, this means a considerable saving to the county. The unemployed on the average did not work the two days a week which had been set as a standard, but that does not indicate an unwillingness in most cases. To utilize labor power and to effect economies, industrial projects such as a bakery and a clothing factory were planned, but could not be carried out for lack of capital. Self-help policies varied with locals.

John F. Hall, secretary of the Seattle Community Fund, states that "the administration of the commissaries by the unemployed had the apparent merit of economy, though in the long run it has proved expensive," referring to wastes and graft which became increasingly evident. An unquestioned advantage of the system was that it gave the unemployed a sense of status and achievement. In fact, one competent observer believes that the morale of the unemployed was better than that of the employed last spring. This is a reply to the usual complaint that the commissary system destroys individual initiative.

A number of factors caused the county commissioners to assume control of the administration of relief. There were allegations of graft in some commissaries and suspicions in others. Investigation of cases was never adequate. Charges of discrimination and favoritism were made against local relief chairmen. Internal politics weakened the organization, which, because of the great amount of autonomy allowed the locals, were unstable at the best. At the yearly election of officers in August men were elected who represented a left wing bloc. Pressure was placed upon the county commissioners by conservative elements in the community alarmed at the growth of the Unemployed League. In July the purchasing of supplies was taken over by the county purchasing agent and supervision soon

became a county function directly. The name of the Local District Relief Organization was later changed to King County Emergency Relief.

#### PAID MANAGERS TAKE OVER WORK

About the first of September the county began to place paid managers in charge of commissaries. The unemployed had leased their buildings in many cases, and the county opened new stations or made combinations in several places. The unemployed under its new leadership protested strongly against county control, pointing to the economies of their self-help program and insisting that all or none of those who worked should be paid. Their cry was that the salaries paid were depriving them of food, although the amount spent for food was actually not diminished. The protests became weaker as the county continued its program.

The situation was complicated by the fact that two of the three commissioners were running for reelection in the fall campaign. They were accused by the unemployed of building up a vote-getting machine by their appointments. It must be said that trained social workers were not appointed to the new positions, and that while in the interests of the public it was necessary for the county to assume control, the method used might well be criticized.

In September the new Unemployed Citizens' League leaders attracted public attention in other ways. A "milk strike" and a "meat strike"—give us the quantity and quality we want or we won't take any—were among the demonstrations threatened after registering complaints against inferior meat and insufficient milk. A school strike—to keep all the children of the unemployed out of school to force more relief—was called for September 19. Most of the "rank and file" were not following their new leaders in these methods. The school strike was a com-

plete failure, and little more was heard about mass protests.

The Unemployed Citizens' League has been given credit for controlling the municipal elections in the spring. Although officially the organization did not favor political activity, it was drawn into the political arena by popular demand of members and by candidates seeking its support. Two of the councilmen elected were relatively unknown. They were endorsed by the League and gave that organization credit for their election. The third councilman elected was a labor leader of some prominence. The mayor also received support from the League. In the November election eight members of the League were elected to the legislature. The political power of the League, however, has probably been exaggerated.

#### UNEMPLOYED LEAGUE REORGANIZES

The Unemployed Citizens' League has been reorganized recently with a new constitution. The organization was somewhat disrupted during the summer and early fall but now plans a vigorous program for the future, with more emphasis upon political activity. It has opposed vigorously the administration of the commissaries by the county, and has called upon its members to refuse to cooperate by not working. The newly elected county commissioners are very sympathetic to the League and during the campaign promised to return the management of the commissaries to them. They have announced since the election that they are considering a public works program, giving to each unemployed head of a family two days' work and pay per week, and discontinuing the commissaries. This would meet the approval of the unemployed generally. A bond issue of \$2,000,000 was approved at the November

(Continued on Page 23)

# Political Strategy Nullifies Home Rule in New York

Amendment to law  
granting voters power  
to initiate charters  
urged by attorney;  
retention of optional  
law favored

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BY LAURENCE ARNOLD TANZER

*New York City*

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RECENT developments in New York State, more particularly the practical impossibility of securing from the present administration of the city of New York the submission to the voters of an adequate new charter, resulting in appeals to the legislature for relief, have focussed attention upon the status of New York laws relating to the adoption of new forms of government by cities.

The home rule amendment to the New York State constitution and the city home rule law have proved disappointing and illiberal in respect to the power to adopt new charters. They fail to provide for any city other than one under a commission form of government (of which there are, in the strict sense, none in New York at present) an opportunity to vote on a charter not initiated or sponsored by the city administration.

The home rule amendment to the constitution, adopted in 1923, was intended to withdraw from the legislature and transfer to the cities the power to adopt local laws relating to their own municipal affairs. It prohibited the legislature from passing laws relating to the property, affairs or government of cities other than general laws applying in terms and in effect alike to all cities, except on message from the governor declaring that an emergency exists and concurrence of two-thirds of the members of each house of the legislature.

It declared that every city should have power to adopt and amend local laws, and directed the legislature to provide therefore by general law. It also authorized the legislature to confer on cities further powers of local legislation and administration.

Pursuant to this direction, the city home rule law was enacted in 1924. It provided for local laws to be adopted by the ordinance-making body of a city except that in the case of cities having a board of estimate and apportionment, such board was to be included in the local legislative body as a separate branch. Under this law, a new charter can be adopted by local law, subject to referendum; or by a charter to be drafted and submitted to popular vote by a charter commission upon a proposal for the creation of such commission made by this local legislative body and submitted to referendum vote, such commission to be made up and chosen in the manner to be provided by the local legislative body.

*Under these provisions, no new charter can be adopted in a New York municipality unless it is proposed or initiated by the local legislative body. The right to initiate a new charter by petition of voters is given only in a city having a commission form of government. In other cities, that is to say under present conditions, probably in all the cities of the state, no new charter*

can be even proposed under the city home rule law without the affirmative favorable action of the existing administration.

#### THE OPTIONAL CITY GOVERNMENT LAW

There is still in force, however, a law passed before the home rule amendment, under which cities of less than 175,000 population (i.e., all but New York, Buffalo and Rochester), can adopt new charters by initiative of voters, without the concurrence of the city administration. This is the optional city government law, passed in 1914. It provides a number of optional plans any one of which can be adopted by any city by a referendum vote, required to be held on petition of electors numbering ten per cent of the votes cast at the preceding general election, with a maximum of 2,000, specifying the plan to be voted upon. The plans are: commission government, with or without division of the departments of the city government among the members of the commission; the city manager plan; the mayor and council plan, with a council elected at large or by districts; and the modified mayor and council plan provided by the second class cities law. These plans, except the last mentioned, are all set out in the act in skeleton form. That is to say, upon adoption of any one of the plans by popular vote, the officials therein provided for are elected, and the new council is given power to readjust by ordinance the entire city government and supersede the theretofore existing provisions of the city charter within the limits of the skeleton charter, and subject to specific limitations with respect to the granting of franchises, the lease or sale of city real estate, and the incurring of municipal indebtedness. All provisions of the existing charter not inconsistent with the new plan are continued in force until superseded by ordinances so adopted.

#### PROBLEMS RAISED BY ADOPTION OF AN OPTIONAL CHARTER

The same spirit of illiberality which in the city home rule law closed the door to new charters not sponsored by the party in power has, from the very enactment of the optional city government law,<sup>1</sup> sought to defeat its purposes by raising obstacles and difficulties, and by magnifying those that existed. At the first attempt to put the law into operation, attack was made on the constitutionality of its provisions empowering the council chosen under a new plan of government to supersede by ordinance provisions of the city charter. The case was taken to the Court of Appeals, which upheld the law.

The transition and readjustment from the old charter to the requirements of the new plan was a process strange and unfamiliar to local officials and naturally gave rise to perplexities. Four cities—Niagara Falls, Newburgh, Watertown and Auburn—which adopted the city manager plan under the act, deemed it advisable to obtain special legislation supplementary to that plan, rather than to rely on the ordinance-making process provided by the act. One other city, Watervliet, adopted a commission form of government under the act prior to the home rule amendment. Since the home rule amendment was adopted, three other cities, Binghamton, Elmira and Utica have adopted the city manager plan under the optional government law.

#### WILFUL OBSTRUCTION

Since the adoption of the home rule amendment, the attacks on the optional city government law have been renewed. When a petition was filed for the city manager plan in Long Beach, the city officials refused to put it to vote as required by the act, claiming that that law had been repealed or superseded by the home rule amendment or by the

<sup>1</sup>Ch. 444, Laws of N. Y., 1914.

city home rule law. That contention, however, was overruled by the Court of Appeals, which held the act still in force—a decision clearly called for by the express provision of the city home rule law, which, while authorizing cities to supersede by local laws provisions of existing charters or other local acts of the legislature, continued in force all existing charters and other laws until so superseded.

The city officials in Binghamton last year likewise refused to put to vote the petition for the city manager plan, when presented in that city, and even sought to block the plan by a local law adopted after the filing of the petition, which would have repealed the act so far as it applied to Binghamton; but the supreme court held the act in force, and granted a mandamus, and the new charter is now in effect.

In Utica, the city manager plan was adopted by the voters, but the local machine has thus far succeeded in preventing their will from taking effect by court proceedings still pending.

Having failed to convince the courts that the act is no longer in force, its opponents have made strenuous efforts to procure its repeal by the legislature. A bill for its virtual repeal by prohibiting recourse to it in the future was actually passed by the 1931 legislature, but was vetoed by Governor Roosevelt as out of keeping with the spirit of home rule. The proposal is likely to be renewed.

#### THE OPTIONAL LAW STILL WORKABLE

The weakness of the case for repeal of the optional city government law will clearly appear from the following brief summary of the grounds upon which it is urged:

(1) It is claimed that the law is obsolete. This is disproved by the very recent experience of Binghamton, Elmira and Utica which adopted the city manager plan only over the most strenuous

opposition by the city administrations. Furthermore, opponents of the manager plan in Niagara Falls recently submitted a proposition to adopt Plan F (legislative department consisting of councilmen elected by district) under that law which was turned down at a special election.

(2) It is claimed that any city adopting a charter under the act will be compelled to obtain supplementary legislation from the legislature, which it will not have the power to amend or repeal by local legislation. This argument, based on the experience of cities adopting the city manager plan in the earlier days of the act and prior to the adoption of the home rule amendment, is now of no force because the broad powers of local legislation granted to cities by the city home rule law make resort to the legislature unnecessary and undesirable.

(3) Various minor technical objections are raised against proceeding under the act, based on possible uncertainties in the language of provisions of the act, or inconsistencies between these provisions and the provisions of the city home rule law or of other statutes. These questions, however, are no different or greater than such as are bound to arise in connection with any new charter, and can be disposed of just as readily by the courts, or by the cities by local law. Objections such as these are trifling and insufficient ground for depriving the people of any city of the right to change their form of government.

It has been suggested that an amendment to the city home rule law extending the power of initiating a new charter to all cities would make unnecessary the further continuance of the optional city government law. Such an amendment is certainly a desirable one; a bill to that effect was introduced in the 1932 legislature, but failed of passage.

(Continued on Page 23)



# Prospective Action by States in Relation to Local Finance

Not if communities are deprived of responsibility for financial programs

BY WYLIE KILPATRICK

*Trenton, New Jersey*

FINANCIAL relations between states and localities, whether under the description of state control or supervision of local finance or of home rule grants, invite consideration especially by the 1933 legislatures. These relations must undergo legislative appraisal and be subjects for enactment not merely because the exigencies of the economic depression will force action but because of the present thoroughly unsatisfactory network of fiscal statutes and the undefined or incomplete nature of many administrative agencies. The past failure to work out efficient and harmonious financial relations between states and localities compels a consideration whose urgency is merely accentuated by the current shrinkage of private and public income. Not that plans have not been worked out; many have been proposed and a few have been adopted. The outstanding fact throughout the United States is that the bulk of the states have failed to utilize plans or develop ones of their own for, as an instance, the creation of local budget and debt codes. Whether the result is due to their own lethargy or the unsuitableness of the plans—both may be contributing reasons—state fiscal laws and supervisory agencies are mainly continuing oblivious to crucial economic changes, retaining obsolete procedures and machinery, and manifest but a slight awareness of evolving and progressive financial techniques.

## BLEEDING POCKETBOOK NERVES

Immediately, a valid reason for considering financial relations is the impelling need for tax reduction—the pocketbook nerve is bleeding. But a warning should be sounded here—emergency needs too often result merely in emergency remedies. If and when prosperity returns, the complacency of a fat pocketbook will soften the sting of wastes and more serious losses in social values. The year 1932 witnessed four states, Michigan, Indiana, Washington and West Virginia, turning to legal prescription to lower taxes. Michigan adopted a constitutional amendment limiting taxation to one and one-half per cent of the assessed valuation with certain provisions, Indiana ordered a fifteen per cent reduction in all local districts by blanket mandate, and West Virginia instituted a tax limit of \$1.50 to force reductions willy-nilly. Regardless of the merits of these proposals for the states which adopted them, these desperate remedies betrayed an attitude of mind which, if it is widespread in 1933 legislative sessions, will result in a miscarriage of reform without permanent solutions.

Solace to tax reformers is furnished by the imprint of proposals, often advanced but rarely adopted, contained in the measures in all four states. The tax limits of Michigan and Washington avoid the extreme of arbitrary uni-

formity and follow Ohio in introducing a degree of home rule by allowing local units to exceed the tax limit upon a popular referendum which in Washington requires a three-fifths majority and in Michigan a two-thirds vote of the electors. West Virginia and Indiana inject state administrative review in their schemes by permitting localities to exceed the limitations upon approval of the state tax office. A painstaking examination of these measures, however, discloses that no thoroughgoing review of local expenditures was instituted, the review merely being incidental to the tax limits upon which reliance was placed. Nor was the intention to allow municipalities to vote higher levies under the compulsion of urgent need carried out in Michigan, whose limit, inclusive of debt service for all obligations hereafter incurred, practically prohibits borrowing in many districts at the same time that it makes impossible payment of improvements from current revenues.

State control of localities, as with other devices, will be advanced as a panacea to cure all sorts of ills. No form of fiscal relations, whether of state control or otherwise, constitutes a panacea. Nothing that the state can do will take the place of local initiative and effort for improved government. Indeed, a factor, never properly realized, is that a major trouble with supervisory plans is the difficulty if not the impossibility of state supervision performing its work and accomplishing its aims when local communities are improperly organized and when the local fiscal structure is archaic. State supervision, to be effective, must be based upon a reorganization of local structure and rest upon capable local communities which will permit supervisory laws and agencies to function adequately. In state after state supervisory plans run into a labyrinth of local disorganization which has seriously crippled the state's

efforts to obtain adequate fiscal procedure and an honest and efficient local administration. Consequently, two conclusions, seemingly paradoxical, hardly can be successfully challenged. First, state supervision has as one major object assistance to the smaller districts whose lack of technical equipment renders state help advisable. Secondly, reorganization of localities into capably run governments does not obviate the need of supervision but produces a situation in which it can function best with the maximum of results.

#### DISREGARD PRECONCEIVED THEORIES

The consideration of fiscal relations between states and localities has been and will be vitiated and misinterpreted by preconceived legal and governmental theories. Take, for example, the theory of the sovereignty of the state as a legal guardian of its wards, the municipalities. A restatement of the legal precedents to prove that, in absence of constitutional provisions expressed or implied by the courts, the state may order its local agents to perform state functions will possess slight efficacy in curing financial diseases. The question is not what the state legally can do in exerting constitutional prerogatives but what, as a matter of public policy, it should do. How far, as a matter of practice, should it go in delegating fiscal powers to localities, in retaining powers to itself, or in exercising them concurrently with communities?

Conversely, the valuable belief in local home rule, a term describing one way of procuring efficient government, will probably be abused on the legislative floors of the 1933 sessions as a means to safeguard local vested interests or to protect abuses which derogate the value of home rule. When the theory of local self-government, allowing communities to work in cooperation with each other and the state, is severed from the doctrine of extreme local autonomy, the

growth of efficient local self-government is more apt to result. Coming legislatures will do better to disregard preconceived notions and ask themselves two questions whose very simplicity will lead more to remedial action than any compilation of precedents or doctrinal exhortations. First, what action is necessary for the healthy functioning of local finance? Second, in apportioning responsibility for the financial job, what part can the state best do and what part can local officials and citizens best perform?

For the center of the problem consists in apportioning responsibility for the performance of duties deemed necessary for the healthy functioning of finance. At this point must be rejected the conception that the entire responsibility is the state's, with the communities merely acting as state agencies, or that the responsibility is the community's, with the state an uninterested spectator. Demonstrated experience is pointing to a relationship in which (1) the state exercises its duty, now shirked by many states, of clearing the statutes of the numerous obsolete legal provisions now cluttering the statute books, which hinder the orderly local exercise of budgeting, borrowing, accounting, and other powers. Fiscal laws must be re-drafted into consistent municipal finance codes and their interpretation must be made plain by a state supervisory agency equipped to be of practical and continuous service to localities in administering local fiscal processes and in unraveling knotty and technical problems. (2) The locality utilizes the opportunities for financial reform accorded to it by the state fiscal code, of applying improved procedures to fiscal activities, of ascertaining the facts and examining the conduct of local administration, and of benefiting from the experience of other units through a state-wide agency. (3) The citizen acquires and exercises the opportunity,

often denied to him now, of participating effectively in local affairs by obtaining access to information upon which the results of local administration may be appraised and of sharing in decisions as to future local plans.

#### CLUES TO ACTION

The financial relationship must accord to the municipalities tools and instruments by which improvement can be attained by the communities, acting under their own decisions, with the state conducting the examining, inspectional, advisory, and correctional functions which only can be performed by a state-wide organization. The allocation of the responsibility for healthy local finance would provide (not as a stereotyped program for platform cries but as clues for developing the following facets of a complex problem) that:

1. The communities must know the facts of administration, a requirement calling for a state-wide reporting mechanism that will ensure reports of administrative operations for practical local use as well as for filing with the state office.

2. The municipalities must obtain the accounts to record the facts, a requirement for the improvement of accounting standards. Once adequate accounts now are becoming obsolescent and many localities do not even record the facts necessary to know and appraise local administration.

3. The facts as to the conduct of administration must be checked as to efficiency and fidelity, a requirement for periodic auditing as an accepted part of local administration. A suprisingly large proportion of localities do not accept and use the audit as a regular instrument for administration; and more districts and states have not as yet developed the audit as a tool for testing efficiency and of recommending improvements.

4. The facts as to fiscal administra-

tion must be related into a locally controlling plan, a requirement for budgeting. That only a minority of states has requirements for local budgeting points unerringly towards a reordering of local budget processes.

5. The facts must be ascertained as to debts and borrowing methods in order to forestall illicit practices and exorbitant burdens militating against the community's development. That only a small minority of states possesses respectable debt codes points unerringly towards a reordering of local borrowing processes.

6. The facts as to a community's economic capacity to indulge in borrowing, as well as to the business practices of bonding, may be subject to competent state review without going to the unnecessary extreme of vesting decision in the state agency as to whether a locality should or should not borrow. Not a single state has worked out a satisfactory system for review of local borrowing.

7. The facts must be brought together to relate tax burdens to economic resources and civic needs by local machinery for the review of budgets and improvement projects in addition to state assistance by meaningful reports, thoroughgoing audits of administration, surveys of operative costs, and continuous technical assistance. Neither states nor localities, except for isolated exceptions, reveal any appreciation of review of expenditures and administrative operations which would provide local agencies for regular review and state agencies for appellate review to pass upon disputed cases, suspicious circumstances, or allegations of misconduct.

8. The facts must be investigated and reported to all localities regarding salaries, wages, and living costs by state assistance in the standardization of salaries and equalization of public compensation, the largest single item of cur-

rent expenditure. Hardly a state pays attention to the local personnel records and devices for personnel administration, rather retaining vicious stipulations for mandatory local salaries.

9. The facts of administration should be made available to local citizens who should be equipped with definite authority to obtain any desired type of examination, audit, and review and a hearing and consideration for their views. American states expect citizens, without facilities for learning the facts as to local administration from a dispassionate and non-partisan source, to exercise a control over administration that is possible only when they have access to authoritative and informative analyses of administration and facilities for obtaining a full consideration of the developed facts and of their views.

#### AVOID MISCARRIAGE OF REFORM

These clues for discussion are susceptible of translation into maturely considered action and definite plans. The obstacles in the way do not consist in any inherent defects in these modes of readjusting financial relationships but in the precipitate action on ill-considered schemes by panic-stricken officials or the lethargic disregard of the urgency of needs.

Without desiring to assume the rôle of a prophet, the writer ventures the assertion that the obstacles to reform by the 1933 and subsequent legislatures will arise from the basic misapprehension of three factors. First, permanent reform is likely to be diverted by hasty plans or gestures for half-way improvements that do not utilize the best developed modern techniques. Many of our state budget and debt laws are crippled because they are gestures to redeem campaign measures, or isolated and piece-meal measures to rectify individual abuses without a well-rounded consideration of the subject by a codification of fiscal statutes to ensure coherency and consistency.

Second, the cost of starting or maintaining administrative agencies may imperil, if not prevent, the creation of the very agencies upon which permanent progress depends. The cost and even extravagance of bureaucratic control agencies is a possibility which the writer not only admits but unreservedly protests against. The remedy is not in entirely abolishing agencies whose need is admitted but of so organizing them and apportioning their costs as to forestall and prevent any possible excessive costs. A small corps for a state agency, whose limit in size is guaranteed by the nature of its functions, and the distribution of auditing and field costs among the localities served, renders fiscal supervision the most economical and most equitable in costs of governmental functions.

Financial reform is likely to miscarry, third, because of the fallacious belief that the mere transfer of political controlling power from one division of government to another division is in itself the only avenue for reformation. Transfer of political control, so as to deprive communities of decisions in financial programs and to vest control in state agencies, constitutes an invitation to deaden local initiative and efficiency. It loads upon the state tasks which it is illy equipped to perform. The states can be of too much constructive help—by developing the previously mentioned clues for action—to permit the jeopardizing of their functions by imposing upon them duties of unreserved control over the entire functioning of local finance.

#### UNEMPLOYED SUPPORT THEMSELVES IN SEATTLE

(Continued from Page 15)

election, the funds from which may be used in a relief work program. In the meantime the right wing of the Unemployed Citizens' League has withdrawn

and formed a separate organization—the Economic Security League. It disclaims all interest in welfare relief and has a program of coöperative industrial enterprises.

The past experience of the commissary system, both under unemployed management and under the county, has been unsatisfactory. The commissaries will probably be discontinued as soon as some other feasible method can be worked out. The self-help-program has been disrupted and will be difficult to restore.

#### POLITICAL STRATEGY NULLIFIES HOME RULE IN NEW YORK

(Continued from Page 18)

Even if the power was thus granted to the people of a city to initiate the drafting of a new charter, however, the optional city government law would still serve a useful purpose in providing simple, ready-made forms of charter which could, if desired, be adopted and put into effect, with details to be subsequently filled in by local law or ordinance as required, without resort to the painful and tedious process of drafting and putting to vote a complete and detailed new charter.

To sum up: the only means at present available to the people of any city to make changes in their form of government not desired by the local machine is the presentation of a petition under the optional city government law. No better evidence of its actual necessity and of its potential benefits is required than the strenuous efforts which have been made by the professional politicians to thwart its operation by resort to the courts and to the legislature. Municipal progress will be best served by maintaining it in force, and by supplementing it by an amendment to the city home rule law, extending to all cities the power of initiating a new charter by petition.

# Annual Appraisal of Municipal Reports

No adequate picture of administrative activity presented by most local governments to their taxpayers

BY CLARENCE E. RIDLEY

The University of Chicago

DURING the year 1932 municipal officials in the United States labored and brought forth a grand total of ten annual municipal reports which were considered as having sufficient merit to justify space for review in the columns of this journal. This is an indictment that should bring shame to the chief administrator of every American city. Many of these same officials who so woefully neglect to keep their citizens informed of their public affairs are at this moment in a quandary as to why the taxpayers of their communities are now following blind leadership for indiscriminate slashing of municipal budgets, with utter abandon as to the social and economic consequences on the future of their cities. Of course one may counter that there are more effective methods of informing the public than by means of the annual report, and this may be true. The fact is, however, that those cities which are issuing the best annual reports are also the very ones that are sending out information leaflets periodically with utility bills, and using the radio, and other effective means of public education.

The reports appraised in this article were reviewed in the following issues of the REVIEW: *July*—Albert Lea, Minnesota; Cincinnati, Ohio; and Two Rivers, Wisconsin.

*November*—Auburn, Maine; Milwaukee, Wisconsin; and Wichita, Kansas.

*December*—Austin, Texas; Fort Atkinson, Wisconsin; Kenosha, Wisconsin; and Staunton, Virginia.

## BASES OF THE APPRAISAL

The twenty criteria upon which the grading is based and their application to the ten reports follow:

### I. DATE OF PUBLICATION

1. *Promptness*.—The report will have little value unless published soon after the end of the period covered—six weeks as a maximum.

### II. PHYSICAL MAKE-UP

2. *Size*.—Convenient for reading and filing, preferably 6" x 9".

3. *Paper and type*.—Paper should be of such a grade and the type of such size and character as to be easily read.

4. *Important facts*.—The more important facts should be emphasized by change of type or by artistic presentation.

5. *Attractiveness*.—The cover, title, introduction, and general appearance should aim to attract the reader and encourage further examination.

### III. CONTENT

#### A. *Illustrative Material*

6. *Diagrams and charts*.—Certain established rules should be followed to insure an accurate and effective presentation.

7. *Maps and pictures*.—A few well-chosen maps to indicate certain improvements, and a liberal supply of pictures, pertinent to the report, should be included.

8. *Distribution*.—Great care should be exercised in placing the illustrative material contiguous to the relevant reading material.

#### B. *Composition*

9. *Table of contents*.—A short table of contents in the front of the report is a great aid for ready reference.

10. *Organization chart*.—An organization chart or table indicating the services rendered by each unit, if placed in the front of the report, will help the reader to a clearer understanding of what follows.

11. *Letter of transmittal*.—A short letter of transmittal which either contains or is followed by a summary of outstanding accomplishments and recommendations for the future should open the report.

12. *Recommendations and accomplishments*.—A comparison of past recommendations with the progress toward their execution will serve as an index to the year's achievements.

13. *Length*.—Fifty pages should be the maximum length.

14. *Literary style*.—The text should be clear and concise, reflecting proper attention to grammar, sentence structure, and diction.

15. *Arrangement*.—The report of the various governmental units should correlate with the organization structure, or follow some other logical arrangement.

16. *Balanced content*.—The material should show a complete picture, and each activity should occupy space in proportion to its relative importance.

17. *Statistics*.—Certain statistics must be included, but wherever appropriate, they should be supplemented by simple diagrams or charts.

18. *Comparative data*.—The present year's accomplishments should be compared with those of previous years, but only with full consideration of all factors involved.

19. *Financial statements*.—Three or four financial statements should be included, show-

ing amount expended and the means of financing each function and organization unit.

20. *Propaganda*.—It is unethical and in poor taste to include material for departmental or personal aggrandizement. Photographs of officials, especially of administrators, seem out of place in a public report.

#### CONCLUSION

It seems clear from the following table that either the economic depression or inertia of public officials—doubtless both—has resulted in a decline in the number of reports issued—1932 with but ten, established a six-year low record. We discern that the report writers continue their prolific writing quite regardless of the interest and endurance of their readers. As to promptness it is encouraging to note that whereas the average tardiness was 4.5 months six years ago, it is now but 3.2 months. The very definite improvement for 1932 in make-up, illustrative material, and composition over any previous year is clearly evident. I cannot conclude, however, without viewing with alarm the indifference which most public officials display toward public reporting, and add a keen note of disappointment over the fact that most of those who do issue reports fail almost completely in displaying data that are either comparable with their own reports for previous years or with reports of other cities.

## I. TABLE OF COMPARATIVE RATINGS OF MUNICIPAL REPORTS

*Explanation.*—The number "5" denotes approach to an acceptable standard, while "0" indicates the value on that particular criterion to be practically negligible. Intervening numbers denote the degree of variation between these two extremes. A total of 100 would indicate a perfect score.

Criteria	Albert Lea, Minnesota	Auburn, Maine	Austin, Texas	Cincinnati, Ohio	Fort Atkinson, Wisconsin	Kenosha, Wisconsin	Milwaukee, Wisconsin	Staunton, Virginia	Two Rivers, Wisconsin	Wichita, Kansas
I. Date of publication										
1. Promptness	4	4	3	4	1	1	4	5	4	3
II. Physical make-up										
2. Size	2	5	5	5	5	5	5	5	5	5
3. Paper and type	4	4	5	5	5	4	5	5	5	5
4. Important facts	3	2	4	4	3	3	2	5	4	5
5. Attractiveness	4	4	5	5	4	4	4	5	5	5
III. Content										
A. Illustrative material										
6. Diagrams and charts	4	4	3	4	1	3	3	4	5	4
7. Maps and pictures	4	4	4	5	4	4	3	4	4	5
8. Distribution	4	5	5	5	4	5	5	5	5	5
B. Composition										
9. Table of contents	5	5	5	5	5	5	5	5	5	5
10. Organization chart	5	5	5	5	5	5	0	5	5	5
11. Letter of transmittal	5	5	5	5	4	4	3	5	5	4
12. Recommendations and accomplishments	4	4	4	4	4	5	3	3	5	4
13. Length	5	4	3	4	5	1	0	5	4	4
14. Literary style	5	5	5	5	5	5	5	5	5	5
15. Arrangement	5	4	5	4	4	4	5	5	4	5
16. Balanced content	5	4	5	5	4	4	5	5	4	5
17. Statistics	5	4	4	5	4	4	4	4	5	5
18. Comparative data	4	4	4	4	4	4	4	5	5	4
19. Financial statements	5	4	4	5	4	4	4	5	4	4
20. Propaganda	5	5	5	5	5	5	5	5	4	5
Totals	87	85	88	93	80	79	74	95	92	92

## COMPARISON WITH APPRAISALS OF PREVIOUS YEARS

It is encouraging to note from Table II the steady improvement of the consecutive reports of the same cities for the past five years.

TABLE II

	1928	1929	1930	1931	1932
Austin, Texas	54	65	81	82	88
Cincinnati, Ohio	83	87	89	89	93
Kenosha, Wisconsin	79	68	79	79	79
Staunton, Virginia	76	89	90	92	95
Two Rivers, Wisconsin	65	78	84	86	92
Average rating	71	77	84	85	89

Further satisfaction can be gained

from Table III which compares the appraisal of all the reports reviewed for the past six years according to certain characteristics.

TABLE III

	1927	1928	1929	1930	1931	1932
Number of Reports Reviewed	12	17	20	16	14	10
Average Length (pages)	90	78	90	60	72	75
Promptness in Issuing Report (in months)	4.5	3.7	4.7	4.1	3.7	3.2
Physical Make-up (per cent)	78	78	82	86	81	82
Illustrative Material (per cent)	62	58	65	74	74	83
Composition (per cent)	64	66	72	79	85	89



# Taxpayers Strike in Washington

As a result the state adopts a tax limit initiative and an income tax; services will be curtailed seriously

BY JOSEPH P. HARRIS

*University of Washington*

THE voters of the state of Washington, responding to protesting taxpayers groups, adopted two tax initiative measures at the November election, one providing for a forty mill tax limit, and the other providing for an income tax upon personal and corporate incomes. These measures will greatly affect the tax system of the state, and unless new sources of revenue are found by the state legislature next year, many units of government in the state will have to be drastically curtailed.

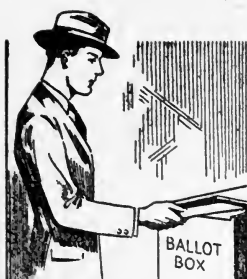
## THE FORTY MILL TAX LIMIT BILL

The tax limit initiative sets up a maximum limit of the general property tax of 40 mills upon city property, and 25 mills upon rural property upon an assessed valuation which is legally presumed to be 50 per cent of the true value. Actually, the assessment rate varies from as low as 10 per cent of the real value to 100 per cent, or even higher. In perhaps a majority of counties the going rate of assessment is from 20 to 35 per cent of the true value. The present millage for cities within the state ranges from 60 to 80 mills. The 1932 tax levy in Seattle is 72.53, and the 1933 levy will be increased to 74.47. This measure provides for a maximum levy of 5 mills by the state, 10 mills by the county, 10 mills by the school district, and 15 mills by the city, making a total of 40 mills allowable

for cities, or 25 mills for rural districts. It is further provided that an additional levy may be made to meet the interest obligations and to pay off the principal of outstanding debt obligations. A special election may be called to authorize a larger levy by any unit of government, but a 60 per cent favorable vote is required.

The state levy for 1932 is slightly over 11 mills, of which approximately one mill is for debt charges. This levy will have to be lowered to five mills plus one mill for debt charges. Because of the lowered assessments throughout the state, which was 15.49 per cent less in 1932 than in 1931, the revenue of the state from the general property tax will be lowered to approximately 40 per cent of that at present. This revenue has been used almost exclusively to support the state institutions of higher learning and to provide state support of the local schools. For several years no levy has been made for the general fund of the state for the operation of state departments, this fund being supported by special taxes, principally an inheritance tax and a tax upon insurance receipts. Because of a decline in these revenues, however, it is anticipated that a levy will have to be made for the general fund in the future thus further reducing the revenue for school purposes. It is hardly practicable for the state to increase its levy by a special election

(Continued on Page 39)



# PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

## Continuing the Proportional Representation Review

**Prospects Bright in Michigan.**—The unexpected capture of both houses of the legislature as well as the governorship by the Democratic party of Michigan practically assures a popular vote on the party's P. R. constitutional amendment. As reported in earlier issues, the party proposes to have the state House of Representatives elected by proportional representation and to legalize P. R. for cities. Governor Comstock is a firm believer in the proposal and passage of the amendment at this session of the legislature is confidently expected. After that a non-partisan committee will undertake the campaign for approval at the polls.

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**The Fight is On in Pennsylvania.**—The campaign of the Municipal Charter Committee of Pennsylvania to make proportional representation and the city manager plan optional for Pennsylvania cities and boroughs, referred to in this department last June, is now in full swing

A Municipal Charter Committee of Pittsburgh has been organized under the leadership of a group of the city's foremost business men and a special Pittsburgh bill prepared. It is hoped that the change can be adopted in the legislature and at the polls in time to have the council elected by proportional representation next fall and the first city manager appointed next January.

The Philadelphia City Charter Committee is also submitting its P. R.-manager bill again as a necessary step in the salvation of the city from its dire financial plight. Bills covering the other cities and boroughs will be introduced with strong state-wide backing.

The legislature which meets this month has an unprecedented number of new faces, the slaughter of old members having commenced in the Republican primary and continued in the Roosevelt landslide which gave nearly a third of the lower house to the Democrats. Many of the new members of both parties had answered questions on optional P. R.-city manager government in the affirmative during their campaigns for nomination, and the number of present members who either have promised support or gave support last time considerably exceeds the number remaining who voted against last year's legislation.

The number of important citizen organizations supporting the program has likewise increased. Among these is the newly organized Pennsylvania Taxpayers' Association, with constituent bodies throughout the state. The Pennsylvania Council of Republican Women voted active work for the bills at its December convention. And in October the annual convention of the State Federation of Pennsylvania Women passed a resolution which "calls upon the women's clubs of the state to make a study of the city manager plan and proportional representation with reference to their utility as means of securing better government in cities, boroughs, townships, and counties." The executive board of the Federation approved last session's legislation.

The support of the Pennsylvania Federation of Labor, the Pennsylvania State Grange, the Pennsylvania State Association of Boroughs, the Pennsylvania League of Women Voters, the Republican Women of Pennsylvania, the Pennsylvania Federation of Democratic Women, and the many local Chambers of

Commerce and other organizations has been reported in earlier issues.

The campaign address of the Municipal Charter Committee of Pennsylvania is Hotel Penn-Harris, Harrisburg. Pennsylvania readers are invited to offer their coöperation.

The editor of this department, who is executive secretary of the Committee, has been released by the National Municipal League for work in Pennsylvania until the fate of the Committee's bill is decided in the legislature which convenes this month. Dr. J. Horace McFarland of Harrisburg, the Committee's chairman, has recently sent out a letter to all its members in which he gives his opinion that "the best time in a generation for insisting on the legislation which will permit Pennsylvania municipalities to cut governmental waste by adopting the city manager plan and its safeguard, proportional representation, will be this winter."

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**Further Progress in New York City.—**

Recent hearings of the Hofstadter legislative committee investigating New York City's government have continued to emphasize P. R. as a necessary part of any constructive program of permanent reform.

The *New York Times* of December 14th states that Judge Samuel Seabury, counsel to the Committee, has reiterated "his previous announcements that he would advocate proportional representation for the city government and the creation of a single municipal council."

Acting Mayor Joseph V. McKee recommended P. R. to the committee on December 8th in his plan for a single-house legislative body and complete reorganization of the city government. Former Governor Alfred E. Smith said it was something to be thought about. Former Commissioner of Accounts Leonard M. Wallstein told the committee it was "worthy of the most careful consideration."

Leaders of the New York City Republican and Socialist parties, which polled 442,901 and 249,887 votes respectively for mayor in the recent election, are pretty well united in support of P. R. Last July the state Socialist party in its annual convention at Utica adopted a platform plank introduced by the Nassau and Westchester County delegations calling for the application of P. R. to "village, town, city, and county governments."

In a report of the New York Committee of One Thousand, endorsed by the City Club, the Citizens Union, the New York State Civil Service Reform Association, and members of the City Affairs Committee, P. R. was stressed as a prime essential. The report quoted the findings of the committee on charter revision of the Committee of One Thousand, beginning as follows:

The joint legislative committee to investigate the affairs of the city of New York has brought out in public hearings that there is widespread waste and corruption in the present city administration.

The disclosures of this investigation have aroused sufficient public indignation to support proposed changes which will attack the source of that waste and corruption.

The present charter and our complicated organization of governmental functions thereunder, while unwieldy, are not the chief causes of the conditions we would cure.

In the past reform spasms have accomplished changes in the mechanics of city administration; consolidation of departments, reorganizations and similar mechanical changes have been tried in vain. The replacing of old machinery with new has proved of little avail while the same type of engineer continued to hold the throttle. At the same time substitution of individual officeholders and appointive officials for those shown up by an investigation of this character has proved also in the past to be only a temporary cure.

Our present political system has made possible control of government by a political machine over a long period with only brief interims of reform. The basis of such control lies in the monopoly obtained by a party in power over the dispensation of patronage and favor, which is too often fostered by "respectable" business interests. The dispensation of this patronage and favor by a corrupt organization makes possible increasing pluralities from year to year and is an important source of our distress.

A solution of this problem must insure the full representation of minorities in the government hereafter, and must substantially reduce the amount of patronage and the opportunity for favor which now exists.

Government under a council chosen by

some form of proportional representation, which in turn controls the administrative function of the city, is the most likely means of achieving the first end.

Assurance in the council of full representation of minorities will go far to destroy the monopoly of privilege. Voters who, at present, do not trouble to cast votes which will be ineffective, will take their part in electing such a council. Even if a corrupt party secures control of the council at a given election, the minority groups, on the basis of past voting in New York, will have a substantial influence, the mere existence of which will check the more vicious type of excess that now goes virtually unchallenged.

The report recommended legislation to allow voters to initiate charter changes by petition and to remove all doubt as to the constitutionality of P. R. for local elections.

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### Greece Has Second Election Under P. R.

—For the second time since 1926, Greece adopted proportional representation in its general election of September 25, 1932.

The system adopted was the same as that of November 7, 1926 [a party list system], although in the 1932 election it was applied with greater ease, the voters having little if any difficulty in registering their choice. Less than one per cent of the ballots were thrown out for irregularities.

Close to 90 per cent of the registered vote was cast, the total being one million, four hundred thousand in a total population of six and a half millions. There is only adult male suffrage in a general election, although women vote in the municipal elections. Their number, however, was very slight in the first election of 1929, about ten thousand women voting as against a million, three hundred thousand men.

The vote of 1,400,000 of September 25, 1932, was divided among nine parties and some independent candidates with no party affiliation.

The division was as follows:<sup>1</sup>

Party	Votes	Seats
Liberal (led by Venizelos) . . . . .	394,466	102
Popular (Tsaldaris) . . . . .	391,176	91
Progressive (Kafandaris) . . . . .	96,320	15

<sup>1</sup>The slight variations from true proportionality for the country as a whole are undoubtedly explained by the districting.—Ed.

Agrarian (Hadjiyannis) . . . . .	71,088	11
Farmer Labor (Papanastassiou) 68,802		10
United Front (Communist) . . . . .	56,035	10
National Radical (Kondylis) . . . . .	44,855	5
Free Opinion (Metaxas) . . . . .	18,518	3
Conservative (Michalacopoulos) 7,150		1
Independent (special districts) . . . . .		2

The total number of seats in the Greek Chamber is 250. The main division was between the time-honored camps of Liberals and Populists or, as they are better known in Greece, Venizelists and anti-Venizelists. However, in this election such parties as the Progressive, National Radical, Farmer Labor, and Agrarian, who formerly were more or less leaning towards the Liberals, cooperated with the anti-Venizelist forces in a more or less loose coalition of the opposition forces.

When the question of the formation of a cabinet came to be considered, two solutions offered themselves, one being a coalition of the two major parties under Messrs. Venizelos and Tsaldaris, and the other a strictly coalition ministry under the leadership of Mr. P. Tsaldaris, supported by the Progressive, Agrarian, Farmer Labor, Radical, and Free Opinion parties, and the two independents. Such a cabinet would command 127 votes, against the 102 Liberals of Mr. Venizelos and Mr. Michalacopoulos, the Communists not considered. This arrangement failed of materialization on account of minor disagreements between the opposition leaders.

In the end a partial coalition cabinet was formed under Mr. P. Tsaldaris, with the active support of the Agrarian, the Free Opinion, the Radical and independent elements, and with the so-called goodwill support of all the other parties including that of Mr. Venizelos. Confidence in the new cabinet was voted by acclamation, and the Chamber was allowed a two-months leave, during which time the Government will prepare its legislative program, mostly of an economic character. One may say without exaggeration that Greece today is governed by a National Cabinet, Mr. Venizelos and his Liberals promising a non-aggression policy, until the new bills are presented in the Chamber.

The system of proportional representation as applied this time in Greece gained many friends, especially when it is remembered that in the election of August 19, 1928, only a slight majority of votes, given to Mr. Venize-

los under the plurality system, resulted in his overwhelming victory of 218 against the 18 of the Popular party, 14 other seats being scattered among the other parties, with the Communists not represented at all.

The Popular party, which was the staunchest opponent of P. R., seems to have been won over, and the next election, scheduled for next year, will in all probability be held under P. R.

The main argument against this system remains in the fact that under it no single party can assume responsibility for running the government alone. This fact will necessitate a new general election within a few months, so as to bring about a better division of power among the various parties that will have to cooperate.

The Greek people as a whole prefer such a cooperation of political parties to the omnipotence of a single party, because in actual practice the most powerful Liberal Cabinet, that held power from 1928 to 1932, not only failed in the application of the major planks of its platform, but also became too autocratic, too arbitrary, very little responsive to the suggestions of a numerically insignificant parliamentary opposition, until it lost touch with public opinion to the extent of losing more than one-half of its seats in the recent election.

It should be noted in passing that the greatest service that P. R. has rendered Greece, both in 1926 and in 1932, is that it brought together all the political leaders in a spirit of mutual cooperation for the good of the country, and it also has softened considerably the political and factional animosities that had divided Greece during the Great War and after, when the country went deep into civil war and revolution. That the Greeks are once more united and cooperating politically is in no small measure due to proportional representation.—ADAMANTIOS TH. POLYZOIDES.

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**South Australia Debates P. R.**—Early in October the legislature of South Australia took under consideration two bills to prescribe P. R. for its future elections. One, introduced on behalf of the Labor Government by Attorney General W. J. Denny of Adelaide, decreased the size of both houses and provided for a House of Assembly of 35

members and a Legislative Council of 15, all elected from five-member districts by the Hare system of P. R. The other, introduced by one of the opposition party leaders, Mr. Dawes of Sturt, was similar except that for tactical reasons it did not propose to change the Legislative Council. Both were modeled on a bill introduced by Mr. Denny in 1924, which passed the House at that time and was defeated by one vote in the Council.

Mr. Dawes announced in debate that he had introduced his bill "to goad the Government into an activity on a reform on which they were elected" and that he hoped the Government would prove his charges of insincerity untrue by passing their own bill "because in the process they will give the people the electoral reform I consider so necessary."

Both bills were given a second reading. We have no report of final action.

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#### **Fourteen Years of P. R. in Boulder.**—

During the past summer I had the pleasure of addressing the Lions Club and invited guests in the university town of Boulder, Colorado, the P. R. city which stands first in the United States in priority of adoption and next to Calgary on the American continent. Calgary adopted proportional representation in 1916, Boulder a year later.

It was a satisfaction to learn that the P. R. councils in Boulder and the city managers whom they have chosen have uniformly stood in high esteem and that the dissatisfaction with P. R. which was expressed a few years ago because of an unusual number of invalid and blank ballots has largely subsided.

At the last election only 57 ballots were spoiled out of a total of 1,391 (blank ballots this time being unrecorded). Of the 1,334 that were valid, 978, or 73.3 per cent were effective in electing candidates for whom their voters had voted.

A still higher percentage could be made effective if all nine councilmen were elected at once, as has often been suggested by prominent Boulder citizens, instead of three at a time for overlapping terms. In Cincinnati, where the nine councilmen are elected together by P. R., 90 per cent of the valid ballots have regularly been effective in electing members.—G. H.



## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

*Municipal Administration Service*

**Housing America. Editors of Fortune, New York: Harcourt, Brace & Co., 1932. 159 pp. \$2.00.**

The housing problem, like the poor, we seem to have with us always. In country and city, in Megalopolis as well as on the small farm, the question of adequate housing is a most pressing one. The slum areas of cities like New York, Philadelphia, Chicago and New Orleans are more notorious but hardly less desirable than the backwoods home largely devoid of such fundamental equipment as running water, and inside waterclosets.

Much has been written about this problem—in reports of various governmental agencies such as the New York State Board of Housing and the earlier Tenement House Commissions—in popular and sentimental works such as Riis' *How the Other Half Lives*, and in more sober and scholarly works such as Dr. Edith Elmer Wood's *Recent Trends in American Housing*. To these, the collection of essays by the editors of *Fortune* is a most timely and useful addition.

In their treatment of the need for better housing, the authors show no tendency to depart from older works. Conditions in various slum areas are described interestingly but with no particular novelty. The significant contribution of the writers is in their discussion of such questions as land costs, promotion costs, the wastes of subdivision, racketeering in the building industry, taxation and the burden of municipal indebtedness, etc. These questions while perhaps the most vital to any discussion of housing are usually almost completely ignored and the authors have done well to include them.

The conclusions are that there is a very considerable shortage of adequate housing in

the country; that the existing over-supply is in a price range far beyond the means of most of the people suffering from deficient housing. The remedy, it would appear, lies in the more scientific organization of the building industry so as to eliminate the waste and reactionary tactics which make of that industry a medieval rather than a contemporary institution. Such an organization together with the willingness to experiment with new types of housing would solve the problem satisfactorily.

The urban reader will miss some things such as a discussion of large scale operations and a treatment of the role of government in housing. Without these, no book on housing can claim to have covered the whole field.

EMANUEL STEIN

New York University.

**Report of the New York State Commission for the Revision of Taxes.**—Submitted February 15, 1932. Robert Murray Haig, Executive Secretary and Director of Research.

This Report of more than one thousand pages presents an exhaustive, almost encyclopaedic, treatment of issues and problems involved in a revision of the tax laws of the state of New York. Part I summarizes and explains the recommendations and conclusions of the Commission; Part II is a report to the Commission prepared by Mr. Haig in which he analyzes the various factors involved in tax law revision, summarizes the data gathered by the staff, and considers the probable effects of the several possible courses of action; Part III consists of thirteen technical memoranda on individual topics which were made the subjects of intensive study by

members of the research staff; Part IV presents drafts of bills that incorporate the proposals and possibilities suggested by the Commission.

According to the mandate of the statute authorizing its creation, the task of the Commission was to suggest a revision of the entire tax system which would "provide for New York State a system of taxation which shall reasonably distribute the tax burden as widely and evenly as possible and thereby relieve those present sources of revenue, particularly real estate, which now bear a disproportionate part of the whole tax burden of the state." The following recommended changes in fulfillment of this purpose received the unanimous support of the members of the Commission: a readjustment of the motor vehicle license fees; an increase in the motor fuel tax from two to four cents per gallon; a special tax on motor common carriers; a special license on other motor vehicles for hire; a reduction of the personal income tax exemptions; the exemption of such personal property as remains in the property tax base and the imposition of a tax on the net income of incorporated businesses; a tax on billboards; a readjustment of the rates of the tax on estates in excess of \$500,000; a tax on savings and loan associations; the repeal of the mortgage recording tax. Other changes recommended but supported by only a majority of the Commission and still others are discussed without recommendation.

The Commission also recorded its conviction that the adoption of its proposals for additional revenue by the state and the transmission of such additional revenue to the local units for the relief of real estate would have to be accompanied by the adoption of measures for increased state control of local finances designed to insure that the money is devoted to the purpose in view. Accordingly, the Report outlines plans for the distribution of the revenues, the control of local finances, and the improvement of tax administration.

The recommendations of the majority plan on the control of local finances are of special interest to students of municipal government, since they are indicative of the trend of thought, at least in certain quarters, on this important issue. The plan urged that every local authority with power to raise or expend public funds should prepare a budget, and the fiscal calendar should be revised to place in

their proper relationship all of the steps of estimating expenditures, making appropriations, levying taxes and collecting revenues. The state under this plan was to set up a local government board with an imposing array of powers and functions, included among which were the following: prescribe and install budget and accounting systems; provide periodic audits of all local accounts at the expense of the municipality; examine all local budgets with special reference to their provisions for debt service, deficiencies and delinquencies, with power to issue orders binding upon local authorities with reference to those items; approve all local bond issues in excess of certain percentages of assessed value of taxable property; approve tax rates for all purposes, including debt service, in excess of certain percentages of the assessed value of taxable property; prescribe local assessment procedure and check local assessments; approve budgets of all school districts obtaining more than one-half of their revenues from state funds and of all other local units obtaining more than one-third of their revenues from state funds; gather, edit, and publish statistical material dealing with local finance; make efficiency studies at the request of local units of government. A minority of three members opposed that part of the plan outlined which gave to the local government board power to approve tax rates and local bond issues above prescribed limits.

Space does not permit a summary of other portions of the Commission's recommendations. It is important, however, to call attention to the able analysis by Mr. Haig and the series of intensive studies on individual topics by the highly qualified experts on the research staff. While the all too bulky and formidable character of the Report will likely deter many legislators from giving it more than a cursory examination, the document on the whole is a most valuable repository of data on governmental and tax problems of the present period.

MARTIN L. FAUST.

**Jobs, Machines and Capitalism.** By Arthur Dahlberg. New York. The Macmillan Company. 252 pp. \$3.00.

By the thirty-fourth page it is evident that this book is founded upon the Marxian theory that unemployment occurs when the capitalists have "frozen purchasing power," because they

cannot invest their profits wisely and cannot be induced by high pressure salesmen to expend them in sybaritic luxury. But unfortunately for the author, "frozen purchasing power," is a myth.

All monetary incomes are spent, practically speaking. Sometimes an extra large amount of currency is hoarded, but usually not by capitalists. Nowadays everybody who receives and disburses fairly large sums does so through banks and there necessarily keeps any unused purchasing power. The bank lends at least, note words "at least," as much money as its bonafide depositors normally have on deposit. So some one else spends vicariously that part of our incomes when we do not. The capitalist is ordinarily a greater borrower than he is a depositor and the loans the banks make to him enables him to invest before he saves. As he saves he amortizes the loan thus wiping out that much purchasing power which the bank legally created when it made the loan. Unemployment thus results until the bank makes new loans or the price level falls to fit the new volume of purchasing power.

Failure to recognize that it is not "frozen purchasing power" but the melting away of purchasing power through savings or bankruptcies cancelling bank loans is what causes depressions, has led to the printing of a well-intentioned but useless book whose pretty diagrams in five colors add one more thing to the author's category of "not spontaneously wanted commodities."

WALTER J. MILLARD.

**Urban Land Uses: Amounts of Land Used and Needed for Various Purposes by Typical American Cities.**—Harland Bartholomew, Cambridge. Harvard University Press, 1932. (Harvard City Planning Studies, Vol. IV.) 174 pp. \$3.50.

This valuable research is based on a careful survey and analysis of the various land uses in twenty-two American cities of less than 300,000 population. The net acreage actually devoted to each of the following uses has been carefully determined: single family dwellings, two-family dwellings, multi-family dwellings, stores, light industry, heavy industry, railroad property, streets, parks and playgrounds, public and semi-public property. The percentage of total *developed* area devoted to each of the above uses is shown

for each city, as is also the number of acres so devoted per hundred of the population.

Mr. Bartholomew has made an important contribution to the science and art of zoning and city planning. At present the apportionment of land area in zoning ordinances is influenced too largely by gross exaggeration in the minds of property owners as to the amount of land that will be required for business and industry. Such exaggeration gives much land a speculative value for prospective business use and thus makes its restriction for residential use quite difficult or even impractical. This authoritative study will make the task of the zoning consultant easier in his attempt to convince real estate interests and municipal councils of the folly of zoning all lots on traffic streets for business. It will also facilitate a better zoning of the blighted areas that are increasing so rapidly near the centers of all large cities. These areas are too large to be completely absorbed for business and industrial uses. If they can be zoned for residential uses the problem of rehabilitation will be facilitated. Land inflation and distortion of zoning has also been caused by exaggerated notions of the probable increase in population and especially of the amount of land that will be required for apartment house construction. This research indicates that even with the garden type of apartments the percentage of the total area that will normally be devoted to apartments will be quite small.

ROBERT WHITTEN.

**The One-Room Schools of Illinois.**—By H. S. Hicks, Springfield: Illinois State Tax Commission, 1932. 20 pp. mimeo.

The large share of local taxes which is required to support schools justifies careful analysis of the school system. The author shows how the one-room school plan, existent in most of Illinois, results in high and inequitable school taxes. He suggests that the legislature pass a law permitting, but not requiring reorganization of school districts so that County Boards of Education could supervise and plan for one-room schools, somewhat fewer in number than at present.

**Group Problems of Wisconsin Cities and Villages.**—Frederick N. MacMillin, Madison, Wisconsin: League of Wisconsin Municipalities, 1932. 8 pp. mimeo. 25 cents.

The many devices used by Wisconsin mu-



nicipalities to meet special situations in which group action seems superior to individual effort are summarized in this bulletin. Among the most important are special districts for schools, sewage, power, water, flood control, drainage, parks and community centers. Two or more municipalities have acted together to provide utility service, fire service, airports, breakwaters, and certain officers such as attorney, health officer, engineer and others. Voluntary uniformity is practiced in some sections in traffic control, poor relief and street numbering systems. Some municipalities have been granted extraterritorial control in such matters as land-plotting, smoke regulation, regulation of offensive industries, annexation and eminent domain.

There are many problems which a municipality cannot control without the coöperation of neighboring territory, and there are a number of essential services which it is difficult for a small city or village to maintain adequately without inordinate expense. The description of how some are meeting these problems is valuable and interesting.

**Report of the Committee on Reduction of Governmental Expenditures.**—Des Moines, 1932. 147 pp.

Aroused by the need of retrenchment the Iowa legislature in 1931 appointed a special committee to study for a year the possible economies which might be effected. With Ed. R. Brown as secretary and C. A. Crosser as part-time research staff, the committee has conducted study and presented conclusions and recommendations expected to save the taxpayers of the state \$20,000,000. The economies proposed involve assessment methods, budgeting, road taxes, mandatory reductions in tax levy, state printing, travel and mileage allowances, annual audit, postage, salary reductions, county budgets, purchasing and licensing, recording, school expenditures, school consolidations and other school problems, pension allowances and various aspects of court procedure such as reducing size of juries. A number of other lines of possible economy also receive comment in the report. The legislation necessary to effect the recommendations is included in the volume.

**Work Relief of the City of Milwaukee, 1931-32.**—Ovid B. Blix. City Service Commission, 1932. 50 pp. mimeo.

The work relief program of Milwaukee has been centralized in the regular personnel department of the city. Mr. Blix, the assistant secretary of the department, known as the City Service Commission, here presents the report of the work done last year. Statistical reports, forms used and statements of work accomplished are included.

**Emergency Relief Administration.**—First Annual Report to the Governor. Trenton, N. J., 1932. 159 pp.

The problem of relief continues and the methods and program of new agencies are valuable and suggestive. After its first year of operation the New Jersey State Commission reports on its policies, procedure and operation. Nearly \$14,000,000 was dispensed, primarily through local governments, for relief work. The major part of the report is devoted to tables showing how the expenditure was allocated. Forms used are included.

**Report of the Westchester County Park Commission.**—White Plains, N. Y., 1932. 88 pp.

The nation-wide reputation of Westchester County's parkways, parks and comprehensive recreation facilities makes this report, the tenth of the Commission, of particular interest. Special attention should be given the fact that the maintenance and operation expenditures, including general overhead, but not debt charges or capital outlay, are covered by receipts. Also of importance are the many phases of development which have during the past year been speeded by the use of emergency workers.

**The Judicial System of Metropolitan Chicago.**—Albert Lepawsky. Chicago: University of Chicago Press, 1932. 265 pp. \$3.00.

The metropolitan district, a social and economic fact, presents governmental problems which must be solved from numerous angles. Dr. Lepawsky has analyzed the judicial problems in order to discover how far the courts may be incorporated into a planned regional government. He describes the present practice in Chicago as to structure, relationships between the courts, the judicial profession, personnel, supervision, and offers suggestions for reconstruction. His conclusions and recommendations are applicable to courts throughout the country.



## NOTES AND EVENTS

**Installment Tax Deposit Plan a Success in Portsmouth, Va.**—The tax deposit plan or installment tax collection system which was inaugurated in Portsmouth in March of this year has proved a success. The plan was brought about by "Mother Necessity." The market for municipal paper had been practically closed to most cities, and Portsmouth was no exception to the rule. Yet, essential city services had to be financed somehow.

The present method of tax collection by American cities had its origin in Colonial days when the farmers gathered their crops in the fall of the year. The economic picture is entirely different today and even the farmers endeavor to conduct their affairs in such a manner as to insure more frequent, if not more certain returns upon their labors. In the cities, workers of all classes are paid weekly, semi-monthly or monthly.

Observing the popularity of installment buying, as well as the Christmas savings and building and loan plan of weekly or monthly payments, as city manager of Portsmouth it occurred to me that citizens would welcome a plan which would permit them to pay taxes weekly or semi-monthly, or in fact, in any manner they desired, while the taxpayers at the same time would receive in return a fair rate of interest on their payments.

The plan I introduced is a pre-payment tax plan by which taxes may be paid in weekly, semi-monthly, or monthly installments. Also, business men might make deposits at any time, the amount paid immediately starting to earn interest. No one, however, is permitted to pay more than the amount of the tax bill, credit for interest being given on the last payment.

The plan has been in effect in Portsmouth since March 7, and up to November 1, 1932 approximately \$170,000 had been collected.

Several large taxpayers have taken advantage of it and have paid their taxes in full ahead of time.

This method of tax collection will save \$25,000 annually and return approximately \$28,000 to the taxpayers of the city, which is equivalent to a reduction in the tax rate of eight cents per \$100, should it continue to meet with public favor as it has been doing the eight months of 1932.

Portsmouth banks have coöperated in the plan and have taken advantage of the saving offered them by the city and have paid their taxes under this plan. The plan has been carried out with no added payroll cost and bids fair to become a permanent institution in Portsmouth that might well be copied elsewhere.

FRANK C. HANRAHAN

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**Defending the Manager Plan in East Cleveland, Ohio.**—In an advertisement on the writer's desk appears "He is safe from danger who is on guard even when safe." Although the quotation was used by an insurance company it well applies to municipal affairs in manager plan cities. Unless the citizenry is organized in a militant way to protect and perpetuate their charter it will sooner or later be on the defensive in a campaign to destroy it.

Since January 1, 1918, when the manager plan charter went into effect in East Cleveland, the people of that city slipped deeper and deeper into a repose of complacency concerning their municipal government. Their first manager was C. M. Osborn, who served until 1923. Since then Charles A. Carran has been the manager. Each has been president of The International City Managers' Association and under them the city has enjoyed an efficient and economical administration of af-

fairs. The city commission for the most part during those years has been composed of capable people, devoted to the city's interests and the manager plan charter. The people had a good government and hence were little concerned about it.

Then one morning early in the summer citizens awoke to find a brand new mayor plan charter on their doorstep. Its mother was the general political unrest, but it was fathered by disappointed job seekers, those hungry for city contracts, the politically ambitious and the malcontents.

The friends of the manager plan promptly former the Charter Defense League and the writer was selected to organize and manage the campaign in opposition to the proposed mayor plan charter.

The proponents of the mayor plan charter desired a special election in August. The folly of burdening the taxpayers with the cost of a special election was pointed out. If the mayor plan people sincerely desired to reduce taxes, as they said, a special election was a poor way to begin. The public and the city commission sided with us and the new charter was placed on the ballot at the general election in November.

Although legal technicalities could have been raised against the proposed "amendment" in that it was in reality a complete new charter, that possibility was waived and the contest welcomed. It was hoped to defeat the proposed charter so thoroughly that its proponents would be discouraged from making their attempt an annual affair.

An educational campaign to acquaint the people with the practical and theoretical advantages of the manager plan was soon begun. The accomplishments of the city administration under the manager plan charter were broadcast. The secret and private method of preparing the proposed mayor charter was compared to the elected charter commission method used in preparation of the manager plan charter. Our educational campaign was carried on through the summer months. At the same time a complete ward, precinct and street organization was being formed.

On Friday, October 14, our headquarters were opened and the real campaign began. Feeling that personal contact was the best method of getting our story to the voters, a house-to-house canvass was undertaken. The

work was divided so that it would not be onerous. In some precincts there were as many as seven or eight League workers.

To every signer of the mayor plan charter petitions and to property owners a letter was sent, together with carefully prepared arguments in defense of the manager plan charter and against the mayor plan charter.

Our opponents attacked the record of the administration and claimed that under their charter "lower taxes" would result and to have an elective mayor would "return the government to the people." Their issues were met and an offensive attack against the proposed charter was maintained at all times. A favorable comparison of the operating costs under manager government with those of mayor cities was made. It was shown that under the mayor plan charter, taxes would undoubtedly increase. The slogans, "Defeat the Mayor Plan and Prevent Higher Taxes," and "Keep the Manager Plan and Good Government in East Cleveland" were effectively used. The fallacy of their argument about returning the government to the people was exposed and it was shown that by their limitations on the initiative, referendum and recall and by other provisions in their charter substantial rights now held by the people would be taken away.

The opposition was met in only two public debates to avoid giving it undue publicity. In one comprehensive pamphlet distributed city-wide the Saturday before election, the charges against the administration were answered. The pamphlet also included a summary of our attack on the proposed mayor charter.

The results were gratifying. The total vote cast at the election was 14,397, of which number 13,357 voted on the proposed mayor plan charter, 9441 against it and 3916 for it; a little better than 2½ to 1 against the mayor plan; or, to put it differently, approximately 70 per cent of those who voted thereon were in favor of retaining the present manager form of government.

The campaign was a perfect example of the wisdom of the old saying that the best defense is a vigorous offense. And if the people of manager plan cities wish to perpetuate their charters they must maintain an active and vigorous citizen organization that will be on guard even when it appears that all is well.

**Free Employment Service Organized by Engineers' Club.**—To meet the unemployment problem, as it affected the professional technical worker, The Engineers' Club of Philadelphia is sponsoring the Philadelphia Technical Service Council, a group consisting of representatives from twelve national engineering societies, and the association of the State Employment Commission of Pennsylvania. All requests for technical men are handled through the Council for the Philadelphia metropolitan area.

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**Portland Franchise Removed from Ballot.**—The Portland service-at-cost franchise described in the November issue of the NATIONAL MUNICIPAL REVIEW was placed on the ballot by the city council under the following heading:

Service at Cost Franchise—Act Amending Charter—granting franchise to Portland Traction Company for street and motor coach transportation system, fixing initial token or ticket fares 7-1/7 cents each when purchased in quantities of 14 for \$1; tokens or tickets 8-1/3 cents each when purchased in quantities of 3 for 25 cents; single cash fare 10 cents; weekly pass \$1.25 each; school tickets 4 cents in books of 25; authorizing tax levy of one mill.

This ballot title was obviously misleading, and brought a storm of protest from various civic organizations, demanding that the ballot title be changed. But it was too late to change it, and the city council finally removed the measure from the ballot entirely.

One subsequent development is of interest. On November 15, the manager of the street car company petitioned the state public service commissioner for permission to inaugurate a five-cent fare on certain lines for a 90-day period. The company evidently sees the need for reducing fares for short hauls despite its inability to secure favorable franchise provisions. It has in mind instituting five-cent zones in different parts of the city.

HERMAN KEHRLI

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**Michigan's Tax Limit Amendment.**—Michigan has recently enacted by a popular vote an amendment restricting taxation to 1½ per cent of the assessed valuation of property. The amendment is so loosely drawn and is so conflicting in its wording, that

there is grave question whether it is enforceable and it is believed by many that the forthcoming legislature will be compelled to submit a repealing amendment and possibly a new amendment which will undertake to accomplish the same purpose in an orderly fashion.

The amendment reads as follows:

The total amount of taxes assessed against property for all purposes in any one year shall not exceed one and one-half per cent of the assessed valuation of said property, except taxes levied for the payment of interest and principal on obligations heretofore incurred, which sums shall be separately assessed in all cases; provided that this limitation may be increased for a period of not to exceed five years at any one time, to not more than a total of five per cent of the assessed valuation, by a two-thirds vote of the electors of any assessing district, or when provided for by the charter of a municipal corporation; provided further, that this limitation shall not apply to taxes levied in the year 1932.

In attempting to interpret this proposed amendment a number of serious questions immediately arise:

1. Which governmental units will have priority of levy since the limitation is for all purposes?
2. Does it apply to cities? Proponents insist that it does not. Others argue that it does. Will it be possible for cities to issue bonds since the additional taxes required on such bond issues can only be voted for five years?
3. Can refunding bond issues be issued without a vote of the people?
4. What is meant by a two-thirds vote of the electors in any assessing district? It is possible to count voters voting or registered voters, but electors is another question.
5. What is meant by an assessing district? Michigan school districts raise taxes but are not assessing districts in a sense that they fix assessments.
6. And perhaps most important of all, how are many school districts going to operate that now collect anywhere from \$40 to \$70 per \$1000 of assessed value? The average tax rate in Michigan is more than \$33.

LENT D. UPSON

## TAXPAYERS STRIKE IN WASHINGTON

(Continued from page 27)

throughout the state, but it is quite probable that new forms of taxation will be adopted.

### SEATTLE MUST CUT RATE IN HALF

The 1932 tax levy of King County (in which Seattle is located) is 16.5 mills of which approximately two mills is for debt service. This will have to be reduced to approximately 12 mills at present, and eventually to 10 mills as the existing debts are paid off. The millage rate for other counties is somewhat comparable. The city levy in Seattle for 1932 is slightly over 32 mills. By the provisions of the tax limit bill, this will have to be reduced to 15 mills, plus the debt service costs. School districts are limited to a levy of 10 mills, plus debt charges already incurred. The present levy for school purposes varies greatly in the state. In Seattle the levy for 1931 was over 14 mills, and for 1932 it is higher. In other municipalities in the county it runs considerably higher, going over 20 mills in half of the cities. The date upon which a special election may be called to raise the levy is fixed for the first Monday in October, after the schools have been in operation for a month, and with contracts and other plans for the year made some months prior. It will not be practicable for school boards to increase the levy by a special election, held after the start of the fiscal year.

Special districts of one kind and another will not be affected by the law. This applies to port districts, draining and improvement districts, and road districts. Each county commissioner has charge of the road district in which he resides, and separate highway organizations are maintained by each district. It is significant that the road levy is not curtailed, though it is commonly known that the road districts are politically managed, with much favoritism and waste. The road district levy amounts to about half the total costs of the schools.

The forty mill tax limit bill was placed upon the ballot by the Seattle Real Estate Board, and other real estate organizations throughout the state. The principal arguments made for the bill were that taxes upon real estate and tangible personal property are

too high, that tax delinquency and tax abandonment are mounting because of this heavy tax load, that these forms of wealth now constitute only about 35 per cent of the wealth, but bear 85 per cent of the taxes, that the costs of government must be forced down, and that the legislature must be forced to reform the tax system of the state. The message to the voter carried upon large bill boards was simply "Vote For Initiative 64—The Forty Mill Tax Limit Bill—and Lower Your Taxes."

### SCHOOLS FIGHT MEASURE

The opposition to the measure was confined to the school organizations of the state, particularly the Washington Education Association. The teachers themselves took no active part in the campaign which was waged on their behalf by these organizations. In opposition to the bill it was pointed out that the schools would be crippled by these fixed limits, that the time for a special election to raise the levy was such as to make its use impracticable, particularly with the 60 per cent favorable vote requirement, that the school funds coming from the state, the county, and the school district would all be sharply reduced, and that many schools would be forced to close. Speakers opposed to the bill pointed out that school budgets had already been reduced in all districts, and in some by as much as 50 per cent, and that salaries had been reduced proportionately. No provision was made in the law for union high schools, or for districts which levy a special tax to pay the cost of high school education of their pupils in other districts. It was prophesied that many of the poorer districts would be forced to reduce the school term or to discontinue altogether.

In a pamphlet published by the Seattle Real Estate Board in favor of the measure it was pointed out that there are at present \$6,000,000 outstanding warrants in King County, of which approximately one-half represents teachers' salaries. How this financial stringency will be remedied by lowering the tax levy was not indicated.

The forty mill tax limit bill was adopted by a large popular vote—nearly two to one—as had been foreseen. The tax collected from general property within the state, which now amounts to approximately \$73,000,000, will be reduced to about one-half of that amount,

taking into account the lowered tax levy plus the lowered assessments. At the same time that this tax limit measure was being adopted, many units of government in the state were voting bond issues to provide emergency unemployment relief. The same groups which strongly supported the tax limit bill advocated the approval of the bond issues, unmindful of any inconsistency. There will be a strong movement in the next legislature to adopt a state program of public works and unemployment relief, which may cost, it is estimated, from ten to twenty million dollars. Doubtless a bond issue will be used to provide funds, but this program, if adopted, will make the problem of state finance even more difficult in the future.

The 1933 legislature will grapple with the problem of new forms of revenue. It is quite probable that some form of a sales tax will be passed, as well as a number of special revenue measures, though the Seattle Chamber of Commerce and other business groups have served notice that they will oppose any new form of taxation. It is generally conceded that the assessment system of the state badly needs a thorough revision and reorganization, with a complete new reassessment of general property through the state, but it is unlikely that any movement in this direction will get far at the coming legislative session. Every indication points to a period of drastic retrenchment in governmental activities all along the line, except for welfare and public works financed by bond issues, which will pile up financial troubles for the future.

#### WASHINGTON ADOPTS AN INCOME TAX LAW

At the general election in November the voters also approved an income tax measure likewise by a substantial vote. This measure provides for an income tax upon personal and

corporate incomes, ranging from one per cent for the first thousand dollars of income to seven per cent on incomes over \$12,000. The measure also provides, however, for a general property offset of 100 per cent for the first \$50 taxes paid upon homes, and 50 per cent of all other general property taxes. The effect of this liberal general property offset cannot be forecast, but it is generally believed that it will practically destroy the income tax measure as a revenue producer. It cannot be amended until two years has elapsed after adoption by popular vote. The estimates of the revenue which it will produce range from one to three million dollars. It will not aid materially in providing revenue for that lost through the tax limit bill. This income tax will hamper the state in enacting other forms of taxation, such as an intangibles tax, or a gross earnings tax, which might have produced greater revenue. The tax upon corporate income provided by the measure is graduated and at the same rates as for individuals—a questionable provision.

In the meantime, it may be noted that another tax measure narrowly escaped being placed upon the ballot, providing for tax exemption of all homes occupied by their owners up to \$4,000 of the assessed valuations. This measure, had it been placed upon the ballot and passed, would have wreaked havoc with the tax system and various units of government of the state. It may be revived.

These are various manifestations of the taxpayers' strike in Washington. For years an attempt has been made to reform the tax system of the state, without success. An income tax, which in its present form will yield little revenue, and an arbitrary tax limit bill have been enacted by initiatives adopted by popular vote. The struggle from this point will be taken up by the legislature.

Supplement to the  
**NATIONAL  
MUNICIPAL  
REVIEW**

JANUARY -- 1933

**The Best Practice  
under the City  
Manager Plan**

• • • RICHARD S. CHILDS

A discussion of the original ideals sought in the city manager plan of municipal government and of the practical evolvement of those ideals as disclosed in the course of experience with the plan over twenty years.

A summary of the inter-relationships of the voters, the press, the council and the manager.

Published by the

**NATIONAL MUNICIPAL LEAGUE**

309 EAST 34th STREET, NEW YORK, N. Y.

Volume XXII

No. 1

## FOREWORD

The city manager plan of government, now established in one city out of every five above 10,000 population in the United States, was originated in the now commonly-accepted form by the National Short Ballot Organization (1911) and was developed on paper by the National Municipal League (1915) in the form of the *Model City Charter*<sup>1</sup> to which most city charters have closely adhered in principle,<sup>2</sup> and often in actual text. The National Municipal League has been the clearing house for information as to the working of the plan ever since it originated.

This study of the best practice is fortified by abundant information from councilmen and city managers, disclosing that the actual day-to-day practice under the plan is gratifyingly close to the original theories—closer indeed than the pioneer students dared to hope. This pamphlet, then, happily reports not only ideal practice but an actual practice in conformity therewith which is so universal as to constitute already a solid tradition.

The pamphlet was initiated by Richard S. Childs, chairman of the council and chairman of the Committee on New Municipal Program of the National Municipal League.

In the preparation of this pamphlet Mr. Childs has been assisted by John N. Edy, city manager of Dallas, Texas, who rewrote portions of the original draft; R. W. Rigsby, city manager of Asheville, North Carolina; C. A. Dykstra, city manager of Cincinnati; Clarence E. Ridley, executive secretary of the International City Managers' Association; Louis Brownlow, director of the Public Administration Clearing House; and Murray Seasongood, president of the National Municipal League.

—RUSSELL FORBES, *Editor*

<sup>1</sup>*Model City Charter*, published by the National Municipal League, 309 East 34 Street, New York, N. Y., price 50 cents.

<sup>2</sup>cf. *Loose-Leaf Digest of City Manager Charters*, by Robert T. Crane, published by the National Municipal League, price \$7.00.



# The Best Practice under the City Manager Plan

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BY RICHARD S. CHILDS

*Chairman of the Council, National Municipal League*

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## THE VOTERS

THE voters are responsible for bringing the new government into existence. They owe it to themselves to give it a fair trial. Even the minority who opposed the plan will serve their best interests by showing a sporting attitude. Neither the council nor the manager is responsible for defects in the charter or for provisions of the state law which prevent the government from doing some things some of the people think it should do.

The voters who place self-interest above the welfare of their city will harass the new regime because the traditions and customary performance of city manager government are clean and non-political. Politicians who crave power for spoils' sake, vice rings, gangsters and grafters of all kinds will use every means to discredit the administration, its officers and its efforts. The charter will be called undemocratic, and it will be said that the government has been taken away from the people. The manager will be referred to as a dictator, and his salary will be pointed to as evidence of the waste and extravagance of the new government. This is the common formula. Politicians are notorious for their lack of ingenuity in devising new methods and forms of attack.

The voters should not adopt the city manager plan if they want political or

party government. Politics and this plan will not mix. The history of the plan records an insignificant number of failures, and politics has been in every case the chief cause.

The voters sponsoring the plan should organize promptly and permanently to preserve the principles of non-political, representative and efficient administration, and to support and defend the new officials as long as they adhere to such principles. Evidence of successful effort in this direction is found in Cincinnati, Ohio, in Berkeley, California, and in other cities.

The voters in a city of any size normally cannot give enough time to know all the details of what the government is doing, for government today is a complex thing. They can, however, know the records of those whom they elect to council, and they can satisfy themselves as to the integrity, capacity, fairness and public-mindedness of these officials.

The voters should give the manager a chance to do his work and a chance to sleep; being a conspicuous public servant is no sinecure in any town.

## THE PRESS

The press should encourage the mayor and council (rather than the manager) to do the talking since the mayor and council determine all policies.

The press should refrain from over-

dramatizing the city manager, who, because he is an individual, is easier to dramatize than the council as a body. Let the manager keep out of the limelight, particularly at contentious moments, so that he will not be unfairly crucified on policies which are perhaps not of his creation.

The press should not seize the chance to magnify every controversy in the administration to make a Roman holiday for the citizens. There is good news in orderly, uneventful cooperation and progress, if the reporter knows how to write!

The press should remember that serving the public is a thankless job anyway. Citizens of a superior type, who never sought public office before, can be enlisted to serve ably and unselfishly on the council under the city manager plan; but a reckless, sneering press can drive them out.

#### THE COUNCIL

The council should get together informally after election to begin consideration of the selection of a manager so that the manager can be installed at the beginning of their term of office.<sup>1</sup>

The council should seek the manager; the best candidates often will not make application for the job.

The council should not be deterred from choosing an out-of-town man for manager by the cry "we have plenty of good men right here," etc., for most cities do pick out-of-town managers. The answer is "we want the best man to be had if we have to go to Madagascar to get him." School boards think nothing of picking superintendents from out-of-town and nobody complains of the practice.

The council as the representative body should take pains to be repre-

<sup>1</sup>In this connection, the council should read *The Qualifications and Selection of a City Manager*, a committee report published by the International City Managers' Association, 923 E. 60 Street, Chicago, Illinois.

sentative by continuously ascertaining the sentiment of the voters of all classes and sections, getting around town, ferreting out centers of dissatisfaction and anticipating criticism by showing sympathetic interest and concern.

The council as the representative body, with wide local acquaintance and knowledge of the town's traditions, must find the right balance between the demand for service and the demand for economy and inform the manager what the town will stand for and what it won't. The council is to exhibit the composite viewpoint of the voters, plus information on what the city is doing.

The council should distinguish between its function as a board of directors, and the functions of the old board of aldermen and board of commissioners. Individual members of council should never give orders to the manager or to any of the manager's subordinates; only the composite council, in public session and voting as a group, has authority to determine policies of administration.

The council must learn to deal with the administrative service through the manager, who is the council's executive officer, adviser and consultant. Unless the manager has the integrity and ability to justify this relationship, the council has erred in its selection. The manager is the one officer whose business it is to know all that one person can assimilate about everything the city does or plans to do. It is proper for the manager to know what the council is doing or planning to do, and he has a right to expect council members to draw upon his experience and information in any matter before the council.

The council through the mayor should act as spokesman for its policies, make the speeches, and give out the interviews, and should leave its agent, the city manager, out of controversies.

The council should let the city manager prepare its agenda and require him to provide all facts needed for decisions.

A councilman should adopt the practice, when he wants to bring up a new matter or complaint in council meeting, of telling the manager in advance by phone or letter to place the subject on the agenda, thereby giving the manager the chance to collect the pertinent facts. Otherwise the public hears of a complaint or a project and, for want of the facts, the subject lies over until the next meeting and meanwhile a half-truth gets all over town and never is fully corrected.

The council should not permit its members to interfere in the administration of departments or to seek to exercise individual authority in operations under the manager, because of the division of responsibility that readily develops under such circumstances, and because such action is contrary to the spirit of this plan of government. If the manager carefully prepares the agenda, the work of the council can be handled at weekly meetings, with all members of the council on an equal footing as to information and preparedness for discussion.

The council may hold informal non-voting sessions in private, of course, but should not give the public ground for believing that the public sessions are formal recitations of decisions already arrived at in private rehearsals.

The council should not attempt to dictate appointments or even adopt a practice of making formal confirmations of appointments since that would start lobbying by aspirants and leave doubt in the minds of appointees as to who is their real superior. No council member should allow himself to serve as a go-between to importune the manager on matters of appointments, contracts or favors. If a member of council takes up the cause of a candidate for an appointive position the other councilmen will soon have their candidates, too. The councilman's best answer to pressure from his constituents seeking

positions in the city service is: "Go right to the city manager on your merits; if I endorsed you, or introduced you, it might do you more harm than good because I would be interfering with the proper prerogatives of the manager as laid out by the charter, and he might resent it." Such practice, when once understood, suits everybody, including the aspirants.

The council and the manager, it must be remembered, are working toward the same objective; namely, that of clean, non-political and efficient representative government. There should be complete frankness and understanding between them. The manager, if as experienced as he should be, will know his duties; yet he should not be compelled frequently to remind council members of his position in the government.

The council and the manager must understand and appreciate the importance of the mayor's office. On the other hand the council should not encourage any encroachment upon the duties of the manager by referring to the mayor administrative matters discussed in informal meetings. The mayor is the city's ceremonial head, and he or someone delegated by him should represent the city on all public occasions.

The council, and particularly the mayor, should not form the habit of answering complaints and criticisms by saying that the thing complained of is in the jurisdiction of the manager and not the council. Such a reply is a weak evasion striking at the principle of unified government. In such a situation it is proper to suggest that the complaint be placed before the manager whose familiarity with the administrative service will enable him quickly to explain or adjust it. The councilman could with equal propriety suggest his willingness to bring the matter to the attention of the manager.

The council should adopt the practice of taking no action on any impor-

tant matter until the manager has had an opportunity to supply information he may have acquired upon the subject, or to submit an opinion. Members of the council should realize that before the manager has been on the job very long he will have some information upon nearly every proposal that can be brought to the council.

The council can make or break the manager in the public mind. This does not mean that the council must go around pinning medals on the manager; but an occasional expression of confidence in the manager's integrity and judgment, and an expression of general satisfaction with the manner in which he is doing his work will do much to overcome the ever-present whispered criticism directed at the manager and instigated by those who want to hamper him.

#### THE CITY MANAGER

The city manager should, by the orderliness of his procedures, make it easy for the council to understand the city government and its operations, and should never make a mystery of anything he does.

The city manager should provide the council with facts for determining policy and should encourage the council to decide the policy positively instead of passively accepting his recommendations. He should then leave to the council the defense of the policy if it is criticized and should keep off the firing line, so far as possible.

The city manager should see the press representatives frequently, and inform them fully, but should resist being incessantly quoted or pictured.

The city manager should never speak in election campaigns, support candidates or identify himself with any party or faction.

The city manager should leave to the mayor the welcoming of distinguished visitors, the opening of conventions, the laying of cornerstones and the making of after-dinner speeches.

The city manager should be watchful to prevent encroachments by the council on his authority over departmental personnel or of any interference with his right to discipline or discharge employees.

The city manager's most difficult task is to keep his organization "lined up," so that employees will always observe proper channels in reporting and seeking instructions. While most manager charters permit the council members to deal directly with department heads in seeking information, the maintenance of proper organization morale requires that this direct dealing be avoided wherever possible. Committees of council should secure information from the manager's office rather than direct from department officials.

The city manager should prepare the annual budget, recommend a long-term program of improvements, control expenditures, patrol every operating unit and every contract job, know the employees and what they are doing, develop *esprit de corps*, and keep abreast of the advancing art of municipal administration in other cities.

The city manager should let the townfolk discover his merits for themselves.

# NATIONAL MUNICIPAL REVIEW

FEBRUARY • 1933

American Cities Face 1933

• • • F. L. BIRD

The Aims of a Low-Cost Housing Law

• • • LOUIS BROWNLOW

State Succeeds in Highway Business

• • • PAUL W. WAGER

Municipal Crisis in An Earlier Depression

• • • VERA N. MATTESON

Maine Reorganizes and Saves Money

• • • WILLIAM TUDOR GARDINER

Elements of a Low-Cost Housing Law and Its  
Administration

A Supplement

• • • CHARLES S. ASCHER

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# NATIONAL MUNICIPAL REVIEW

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# THE LEAGUE'S BUSINESS

## AUDITOR'S REPORT NATIONAL MUNICIPAL LEAGUE

STATEMENT OF ASSETS AND LIABILITIES, DECEMBER 31, 1932

ASSETS			
Cash:			
In bank .....		\$ 604.44	
On hand .....		7.90	
Accounts Receivable:			\$ 612.34
Sales .....		\$ 217.61	
Accrued interest on bonds—Portland Prize Fund .....		5.38	
			222.99
Furniture and Fixtures .....		\$ 2,526.06	
Less—reserve for depreciation .....		1,323.60	
			1,202.46
Portland Prize Fund:			
Investments (at cost):			
\$100.00 City of Lyons 6% bonds due Nov. 1, 1934 .....		\$ 99.20	
\$500.00 Continental Oil Company 5¼% debenture due Nov. 1, 1937 .....		487.50	
Uninvested cash .....		13.30	
			600.00
<b>Total Assets</b> .....			<b>\$ 2,637.79</b>

LIABILITIES			
Accounts Payable .....		\$ 2,499.16	
Reserve for Portland Prize—1932 .....		25.00	
Portland Prize Fund .....		600.00	
			\$ 3,124.16
<b>Total Liabilities</b> .....			<b>\$ 3,124.16</b>
Deficit Account (excess of liabilities):			
Balance—Jan. 1, 1932 .....		\$ 3,096.45	
Decrease for year .....		2,610.08	
Balance (Deficit)—Dec. 31, 1932 .....			\$ 486.37

### STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED DECEMBER 31, 1932

Income:			
Contributions .....			\$24,806.35
Dues:			
Annual .....		\$ 7,118.33	
Sustaining .....		4,427.73	
Contributing .....		424.50	
			11,970.56
Sale of publications .....		2,096.78	
Sale of outside publications .....		64.35	
Services .....		60.00	
Royalties .....		41.64	
Advertising .....		40.00	
Interest on bonds—Portland Prize Fund .....		32.25	
Interest on bank balances .....		5.22	
<b>Total Income</b> .....			<b>\$39,117.15</b>
Expense:			
Salaries:			
Administrative .....		\$ 8,790.75	
General .....		8,852.85	
Proportional Representation League .....		3,721.73	
Printing:			
NATIONAL MUNICIPAL REVIEW .....		4,510.95	
Supplements to REVIEW .....		688.77	
Books and pamphlets .....		482.72	
Miscellaneous .....		188.10	
Rent .....		2,266.68	
Postage and express .....		1,558.21	
Postage—NATIONAL MUNICIPAL REVIEW .....		357.22	
Traveling .....		1,015.60	
Convention expense .....		116.26	
Moving expense .....		952.90	
Stationery, office and mimeographing supplies .....		894.62	
Telephone and telegraph .....		549.17	
Depreciation on furniture and fixtures .....		300.62	
Clippings .....		259.10	
Books and subscriptions .....		179.06	
Baldwin Prize .....		100.00	
Portland Prize (reserved for) .....		25.00	
Auditing .....		75.91	
Multigraphing .....		39.80	
Interest on accounts payable .....		45.00	
Stencils (addressograph) .....		21.83	
Tax on checks .....		4.24	
Sundry expense .....		509.98	
<b>Total Expense</b> .....			<b>\$36,507.07</b>
Excess of Income over Expense .....			<b>\$ 2,610.08</b>

80 Broad Street, New York, N. Y., January 17, 1933

MILLER, DONALDSON AND COMPANY.



## Abolish the Fee System

CONSIDER the delinquent tax collector of Allegheny County, Pa. Receiving a fee of 10 per cent on collections, his net commissions in 1930 were shown by a recent audit to have totalled \$106,265.

Consider the town tax collector of New York state who receives a fee of one per cent if he collects taxes within 30 days of the due date, a fee of five per cent on taxes he collects after 30 days, and a fee of two per cent of taxes he does not collect at all!

Consider, too, the town supervisors of New York state most of whom are paid a fee of one per cent of the money they spend. On permanent improvements, they get two per cent, since they collect one per cent when the money is spent and one per cent when the bonds are retired.

These are examples picked at random to illustrate the operation of the fee system of compensation in local government in this country. State law after state law puts a premium upon inefficiency and extravagance through provisions for compensation on a fee basis. Pennsylvania and New York state are no worse than many others. Today, when economy in government is a necessity, it is essential that such provisions of law be subjected to critical scrutiny.

There was at one time justification for the fee system of compensation—it is, of course, a relic of pioneer days when all public officers were part-time officers and when the work of government was largely a matter of individual services to neighbors or passersby. The increased complexity of government as it relates to the fee system has had the following results: 1. overpayment of most officials and underpayment of some; 2. inefficiency in administration; 3. expansion of the spoils system; 4. development of the commercial attitude in public office.

The first two points are sufficiently obvious so that elaboration is unnecessary. The fee system has contributed to the increased distribution of political spoils through the pyramiding of fees under provisions of state law. The list of fees received by various local officials in most states would fill pages and pages. Relatively unimportant administrative positions have been converted into important political jobs through the piling of new fees on top of new fees. The commercial attitude in public office has been fostered by this system, naturally enough. A local official receives a fee every time he makes a move of any kind; and he is not likely to make a move unless he does receive a fee.

(Continued on page 63)

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## New York's Governor Speaks Out

*Inefficient Local Government Must Go, Colonel Lehman Declares*

OUR local rural governments are still struggling along with machinery two hundred years old. They are now attempting to render forms of public service which were never dreamed of when they were first set up as units of administration. Even the most rural and sparsely populated have long since outworn the wheels of government with which they were equipped. And as we come to the more densely populated, the more suburban counties, towns and villages, it becomes obvious how hopeless, how futile, it is to try to make them function economically with their present administrative equipment. The wonder is that they can perform what they do, even with their extravagant and wasteful costs.

During the days of false prosperity taxpayers paid insufficient attention to their tax bills. While money was plentiful, the extravagance or wastefulness of local government was looked upon with comparative complacency. Times are now different. Taxpayers now appreciate the fact that every cent of direct tax which they pay goes to the support of local government alone—that none of it goes to Albany, and that none of it goes to Washington.

Much is to be desired, too, in the structure of city government generally in this state. The city of New York is not alone in this respect. The size of the metropolis, and the extent of its financial operations may unduly emphasize the defects of its administrative machinery, but equally grave defects exist in many of the other cities of the state. While the problems of the smaller cities are not so spectacular, they are equally important to their own citizens and taxpayers.

What are the important objectives for which we strive? What are the principal results which we seek in this movement toward the improvement of local rural and city government? Certain fundamentals lie at the basis of reform. They are:

1. The consolidation of the various agencies and functions of local government.
2. The reduction of all operating expenses made necessary by these times.
3. The rearrangement of local financial agencies in order definitely to fix budgetary responsibility.
4. The precise and complete fixation of administrative and executive responsibility.

These form the goal for which we should work.

HERBERT H. LEHMAN

*(Inaugural address, 1933)*

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## HEADLINES

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Tax collections in Baltimore in 1932 reached 87.46 per cent of the total or 46 per cent more than the amount anticipated when the 1933 budget was drawn up. In these days of heavy delinquency, that's *news*.

\* \* \*

At last some use has been found for "the law's delay." Judge Ira W. Jane of Detroit announces that the circuit court will aid home owners facing eviction or foreclosures by not taking up land contract cases for ten or twelve months and mortgage cases for six months providing the owners are living in their homes.

\* \* \*

The Philadelphia Real Estate Board has taken a leaf from the experience of North Carolina and is advocating state maintenance of the public schools in order to relieve real estate of the burden of school taxation.

\* \* \*

A ten per cent cut in salaries of municipal employees would be required before municipalities are entitled to state aid under the terms of a measure introduced into the Massachusetts legislature. State aid used to be an instrument for encouraging local expenditures—the gears are being shifted into reverse.

\* \* \*

Detroit is one city that has learned the value of non-partisan elections. The city election commission recently unanimously rejected the plea of the Democratic party that city election boards be organized on the bi-partisan instead of on the non-partisan basis.

\* \* \*

More than 1,500 bills were filed in the Massachusetts legislature under the petition procedure which permits anybody to propose legislation. Keeping government close to the people sometimes becomes a bit involved.

\* \* \*

Economy bills which would save \$3,500,000 a year in salaries alone have been introduced into the Missouri legislature at the instigation of Governor Park who was elected on an economy program. This is somewhat different from the popular method of economy which replaces two Republicans with one Democrat.

\* \* \*

A constitutional convention to revise the constitution and to pave the way for basic reorganization of local government is being urged by the Kansas State Chamber of Commerce. Abolition of the township, county consolidation, school redistricting and improvement of assessment of property and tax collection procedure are objectives of the movement.

More than 50,000 Ohio school teachers are not receiving their full salaries and many of them have not been paid at all this year. The remedy, according to Professor Paul R. Mort of Columbia who made a survey of the situation, is to support the schools from revenues other than the general property tax which is breaking down. Public school revenues in Ohio this year are reported to have declined about thirty per cent.

\* \* \*

Lobbyists are barred from the floor and halls of the two houses of the Indiana legislature under the new regime led by Indiana's new governor, Paul V. McNutt, former national commander of the American Legion. The Hoosier capitol must be well nigh unrecognizable.

\* \* \*

Fifty-two administrative agencies of the state of New Hampshire would be consolidated into sixteen departments under the recommendations of the Institute for Government Research of the Brookings Institution which has just completed a survey of the state government.

\* \* \*

Will Rogers and future generations of American humorists have lost a sure-fire hit. Effective October, 1933, there will be no more "lame ducks," at least in a technical sense. On January 23, Missouri—the thirty-sixth state to act—ratified the "lame duck" amendment to the constitution for which veteran progressive Senator Norris has been fighting lo, these many years.

\* \* \*

City councilmen and other local legislators literally are between the devil and the deep blue sea these days. Take Rochester, N. Y. Faced with taxpayers' demands to cut the budget, the council slashed health service, libraries, schools, the museum. Such a storm of protest arose as has not been heard for years. Back went the items in the budget.

\* \* \*

New York state's first relief loan from the Reconstruction Finance Corporation under the emergency relief act has been authorized by the directors of the corporation. The amount of \$6,100,000 will be made available for current relief needs in February. Even the proud Empire State bows before the gale.

\* \* \*

Reorganization of county government in Texas has been recommended by the County Judges and county commissioners association. Under the plan proposed, the chairman of the county board elected at large would serve as county manager. The board would be composed of four commissioners besides the chairman who would be nominated by precincts but voted on at large.

\* \* \*

Proposal for a state legislative council, composed of representatives of the senate and the house, to be charged with the responsibility of preparing legislative programs for the biennial session through meeting periodically during the interim, has been recommended by the Kansas Chamber of Commerce.

\* \* \*

A general sales tax of two per cent which is expected to provide \$50,000,000 for relief purposes, is recommended by a legislative committee for Illinois. Sales tax proposals are sweeping the country these days. It's no longer a question of where the burden falls but how money can be raised.

\* \* \*

Movement for the manager plan will at once be renewed in Utica, N. Y., according to announcement by local leaders following a court decision which held invalid the election which resulted in adoption of the plan. Failure of the local administration to comply with the law regarding publication of election notices was the reason. A case of "heads, I win, tails you lose."

# American Cities Face 1933

Huge Tax Delinquencies and Debt Burden Present Serious Problems of "Depression Financing"

F. L. BIRD

*Director of Municipal Research, The Bradstreet Company*

A DISTURBING amount of financial uncertainty marks the opening of the new year for municipal governments—uncertainty as to how far budgets balanced in prospect will become unbalanced by unanticipated demands for unemployment relief and by increasing tax delinquency; uncertainty, in some instances, over what to do with embarrassingly mounting floating debts; uncertainty, in not a few cases, as to where funds are to be conjured from to meet the bare necessities of payrolls, basic services and debt charges.

The municipal situation throughout the country is a veritable jig-saw puzzle, the pieces so varying in dimensions and color that it seems almost impossible to fit them into a complete picture. Here are cities with streets unswept, school terms curtailed, payrolls in arrears; there are cities with prosperity salary scales still in effect and mayors smugly condoning the latest increase in the tax rate. On the one hand are city administrations whose estimates of 75 per cent tax collections constitute the rashest kind of optimism; on the other are officials who may be forced to adjust themselves to a five or ten per cent tax delinquency. A New York City comptroller faces a \$200,000,000 deficit with the statement that there is no cause for concern, while across the continent in Los Angeles city officials view with alarm the possibility that the cash surplus may be somewhat

reduced by the end of the year. Cities caught napping, cities alert, cities facing insolvency, cities almost depression proof; cities with improving prospects for 1933, cities with no prospects worth mentioning—shuffle the pieces, apply a few commonplace principles of classification, and the municipal picture assumes recognizable outlines.

Never before has the intimate relation of the economic and social status of the community to the degree of stability of the local government been so clearly apparent. Many of the previously coveted signs of prosperity, such as real estate booms, mushroom industrial development and marvelous population growth, have proven themselves serious elements of weakness. Steady growth, settled population and wide diversity in the sources of income are among the stabilizing factors which go far in explaining the comparative ease with which some cities have met the problems of the depression. On the other hand, it is necessary only to mention the unprecedented recession in lumber and shipping in Seattle or Portland or the drastic decline in automotive production in Detroit or Toledo to explain much of the governmental troubles in cities largely dependent on single industries.

#### MANAGEMENT VITAL FACTOR

But the widely varying scale of financial difficulties in which cities now

## TREND OF TAX LEVIES AND COLLECTIONS, FIFTY REPRESENTATIVE CITIES

Municipality	1930 Census	1929 Tax Levy Excluding Special Assessments	1932 Tax Levy Excluding Special Assessments	Percent End of Year of 1929	Uncollected Year of Levy 1931	Percent Decline for Comparable Periods 1929-1932
Albany, N. Y.	127,413	7,064,291	8,680,450	6.4	8.2	10.2
Allentown, Pa.	92,563	1,203,877	1,327,987	2.0	15.5	13.1 <sup>1</sup>
Altoona, Pa.	82,054	741,989	738,000	16.8	24.1	7.3
Baltimore, Md.	804,874	29,802,444	31,013,319	5.2	8.3	8.5
Boston, Mass.	781,188	55,196,591	67,574,773	15.2	18.1	2.9 <sup>1</sup>
Bridgeport, Conn.	147,716	7,556,231	7,723,670	3.7	4.0	.3 <sup>1</sup>
Buffalo, N. Y.	573,076	32,634,428	27,204,460	.8	6.9	3.7
Cincinnati, Ohio	451,160	10,214,426	9,375,389	4.0	7.3	4.0
Dallas, Texas	260,475	6,728,012	6,902,652	11.5	12.9	1.4
Dayton, Ohio	200,982	3,768,438	4,662,195 <sup>4</sup>	10.3	20.7	33.5
Denver, Col.	287,861	6,623,885	6,640,875	3.3	4.3	4.8
Detroit, Mich.	1,568,662	76,045,508	72,632,990	10.8	25.0	16.9
Elizabeth, N. J.	114,589	5,356,258	5,736,526	24.5	32.6	6.0
Fort Wayne, Ind.	114,946	5,145,390	5,592,004	2.8	5.3	2.4
Harrisburg, Pa.	80,339	1,407,245	1,446,344	7.3	11.0	9.3
Houston, Texas	292,352	5,935,084	6,361,378	10.3	17.7	12.4 <sup>2</sup>
Indianapolis, Ind.	364,161	20,398,495	20,888,753	.7	1.2	1.9
Jacksonville, Fla.	129,549	2,288,467	1,820,593	11.9	12.3	.4 <sup>1</sup>
Jersey City, N. J.	316,715	22,890,565	26,157,056	27.8	33.3	9.5 <sup>1</sup>
Kansas City, Mo.	399,746	6,351,021	7,306,408	13.7	15.5	5.8
Knoxville, Tenn.	105,802	3,225,606	3,352,362	35.1	43.8	8.7 <sup>1</sup>
Los Angeles, Cal.	1,238,048	29,269,828	22,098,340	4.8	8.1	4.3
Louisville, Ky.	307,745	8,650,541	8,282,266	8.3	10.2	2.1
Memphis, Tenn.	253,143	5,992,093	6,507,146	10.3	16.8	4.2 <sup>1</sup> <sup>2</sup>
Miami, Fla.	110,637	3,586,191	3,306,314	12.2	18.7	11.26 <sup>5</sup>
Milwaukee, Wis.	578,249	27,550,876	28,077,716	14.2	48.3	18.4
Minneapolis, Minn.	464,356	20,095,720	20,115,487	4.7	6.6	6.2
Newark, N. J.	442,337	34,052,086	34,388,528	23.4	28.3	10.8
New Haven, Conn.	162,655	7,625,226	8,386,443	8.4	12.7	6.3
Oakland, Cal.	284,063	5,301,103	4,960,302	4.0	7.1	3.1 <sup>1</sup>
Paterson, N. J.	138,513	8,840,530	7,965,684	25.2	30.5	6.1
Philadelphia, Pa.	1,950,961	65,113,977	61,742,223	13.0	21.3	7.9
Pittsburgh, Pa.	669,817	21,431,432	20,642,073	8.5	13.5	12.2
Portland, Ore.	301,815	5,439,546	5,941,424	14.6	22.3	7.3
Racine, Wis.	67,542	2,357,980	2,819,084	9.4	33.7	37.1 <sup>5</sup>
Reading, Pa.	111,171	1,677,262	1,714,041	7.4	12.4	10.4
Richmond, Va.	182,929	6,001,578	6,513,728	7.1	9.5	2.4 <sup>1</sup>
Rochester, N. Y.	328,132	17,337,438	19,779,709	5.7	10.4	9.0
Sacramento, Cal.	93,750	2,082,644	2,079,459	2.1	3.5	3.8
Saint Louis, Mo.	821,874	34,616,938	30,930,026	8.2	10.8	2.6 <sup>1</sup>
Saint Paul, Minn.	271,606	9,135,479	9,138,494	6.6	7.5	3.3 <sup>5</sup> <sup>6</sup>
Salt Lake City, Utah	140,267	2,070,681	2,001,741	16.1	16.1	1.4
San Antonio, Texas	231,542	4,957,752	5,039,650	18.3	32.9	22.6 <sup>1</sup>
San Francisco, Cal.	634,394	32,510,227	31,748,000	1.5	2.4	.9 <sup>1</sup>
Seattle, Wash.	365,583	11,156,029	10,018,410	12.2	17.6	18.0
Shreveport, La.	76,655	1,369,058	1,384,605	1.9	3.3	7.9 <sup>1</sup>
Spokane, Wash.	115,514	1,884,038	1,751,638	6.2	12.3	15.7
Tacoma, Wash.	106,817	1,678,635	1,362,915	16.4	25.8	9.4 <sup>1</sup>
Tampa, Fla.	101,161	2,394,936	2,490,993	13.4	33.2	19.8 <sup>1</sup>
Youngstown, Ohio <sup>3</sup>	170,002	7,762,464	6,381,367	9.1	15.5	.2 <sup>2</sup>

<sup>1</sup>1929-31<sup>2</sup>Increase<sup>3</sup>Collections include prior delinquencies<sup>4</sup>Includes annexed territory<sup>5</sup>1930-32

find themselves is not to be explained solely by the unevenness with which the business recession has fallen. The element of management is fully as important. While some of the smaller single-industry cities have suffered so severely that the best of management could not have saved their governments from financial chaos, and while a number of municipalities are muddling along with a fair degree of success under mediocre administration because of large reserves of tax-paying capacity, in the great majority of cities it is the management, past and present, which is the controlling factor.

Many cities are weathering the depression, despite problems of more than average difficulty, solely because they entered the present period with a background of sound financial practice and took reasonably prompt steps to continue to live as far as possible within their incomes. Others, some of them with fundamental conditions more in their favor than the average, are facing embarrassing financial predicaments in 1933 solely or partially through mismanagement and absence of planning in years of plenty and failure to heed the signs of the times until too late. A decade of deficits left Philadelphia in no position to face lean years; the arrogant refusal of Tammany to retrench, except under banking coercion in the fourth year of the depression, is primarily responsible for the decline of New York City's credit; operating deficits and an unmanageable floating debt in Detroit have not been conducive to stability in the face of rapidly declining revenues; the widespread practice in New Jersey cities of heavy borrowing against large delinquent taxes for current operating revenue has placed the majority of them in the fair-weather class.

On the other hand, cities with consistently balanced budgets, or, like Denver, required by charter to allow a margin of safety between appropriations

and anticipated revenues, are in a position to withstand reverses. Los Angeles may be cited as an illustration of how the building up of cash reserves in prosperous years and the forthright slashing of budgets to the level of normal years may offset a somewhat unsatisfactory real estate situation. Cincinnati serves as an excellent example of how constant planning and research enables orderly retrenchment.

#### THE FRUITS OF RETRENCHMENT

Retrenchment has become a word to conjure with. For three years it has been the increasingly popular slogan of taxpayers, civic and business organizations and candidates for office. What have been the net results in terms of benefit to the taxpayers' pockets?

Fifty cities of over 50,000 population have been chosen, more or less at random but representing all sections and types, and a check-up of their tax levies made to discover how much relief the 1932 tax bills afforded over those for the peak prosperity year of 1929. We find, disconcertingly enough, that the combined 1932 levy was only 0.26 per cent below that for 1929—\$690,722,990 as compared with \$692,530,540. Even when adjustment is made for population increase in the period considered, it is apparent that the average taxpayer has been accorded little relief in terms of dollars and is actually paying more for local governmental services when the increased value of the dollar is taken into account.

Lest these rather discouraging figures be seized upon as evidence of the financial impotence of municipal administration, it is only fair to accompany them by the reminder that the emergency burden of unemployment relief has offset the results of many operating economies; that the fixed and quasi-fixed charges which comprise so large a part of every city budget seriously limit the scope of retrenchment pro-

grams; and that increasing tax delinquency, with the corresponding shrinkage of actual revenue, has retarded the lowering of tax levies generally. The net result, therefore, is by no means hopeless, and such figures as are available for 1933 give promise of more concrete accomplishment.

Total and average figures, moreover, conceal the true picture, which varies greatly from city to city. Twenty of the fifty cities considered levied more taxes in 1932 than they did in 1929, Boston heading the list with an increase of 22.4 per cent. Thirteen cities succeeded in returning to the basis of 1929. Seventeen of the fifty, on the other hand, were able to reduce their tax bills below the 1929 level, Los Angeles most successfully with a decline of 24.5 per cent.

#### TAX DELINQUENCY A FAIR TEST

In a period of financial stringency like the present there is no better test of a city's financial stability than its ability to collect its taxes. While by no means an exclusive index of a local government's financial status, it goes far in indicating its ability to continue solvent and maintain fundamental services unimpaired.

A comparison of the percentage of the 1929 tax levies uncollected at the close of the fiscal year, in fifty cities, with the results for 1931, the last year for which complete figures are available, shows an average delinquency for the former year of 10.3 per cent and for the latter, of 16.4 per cent. The median delinquency for 1929 was 10.2 per cent and for 1931, 15.5 per cent. Because of the lack of complete data for 1932 a comparison has been made of collections to the latest available dates with collections for corresponding dates in 1929, the results indicating that collections were, on the average, running 8.55 per cent less satisfactorily. If this figure be taken as an indication of the

final results for 1932, it shows a probable average delinquency of 18.85 per cent. As many financial authorities consider 15 per cent to approximate a reasonable margin of safety, it is apparent that the average city has entered precarious territory.

Again, when individual cities are considered, an amazing variety of results appears. Tax delinquency in 1931 ranged from 1.2 per cent to 43.8 per cent, sixteen cities collecting more than 90 per cent of their taxes and eleven securing less than 75 per cent of the amounts levied. In 1932 while four cities were improving their collections, eight were finding them over 15 per cent less satisfactory.

#### INEFFICIENT COLLECTION SHOWS UP

Lest this diversity in tax collection results be considered exclusively a product of the varying severity of hard times, attention is directed to the astonishing fact that in 1929 tax delinquency in these cities ranged from 0.7 per cent to 35.1 per cent, a condition explainable primarily by the widely varying degree of efficiency in tax collection provisions and administration. While reforms have been and are being instituted in many cities, a period of declining tax-paying capacity is an unsatisfactory time in which to correct bad habits and to overcome the laxity of prosperous years.

All but a dozen cities of over 30,000 succeeded in maintaining their solvency through 1932. What the situation will be at the close of 1933 depends not only on the general economic trend and on continued and more effective operating economies, but on the facility with which cities are able to borrow for relief purposes, fund accumulating floating debts and refund heavy bond maturities which are the result of short-sighted planning or inadequate sinking fund provisions in the past.

(Continued on page 66)



# The Aims of a Low-Cost Housing Law

Magnet to large capital at low interest rates needed if purpose of statute is to be accomplished.

LOUIS BROWNLOW

Director, Public Administration Clearing House

I HAVE been asked to introduce briefly the subject matter of the supplement to the current number of the REVIEW, on the *Elements of a Low-Cost Housing Law and Its Administration*. I think it would be profitable to set forth in a few words some of the problems of policy which lie between the lines of such a law, an understanding of which will make clearer, perhaps, the specific proposals in the supplement.

In the last year two states (Ohio<sup>1</sup> and Texas<sup>2</sup>) have passed state housing laws. Bills were introduced in Alabama, Indiana, Pennsylvania, and Illinois, meeting with varying degrees of success short of enactment; groups are known to be organizing in New Jersey, Minnesota, Michigan, Massachusetts, and elsewhere to present similar bills to forthcoming sessions of their legislatures, and certainly fresh attempts will be made in some of the states where the first trials fell short.

This current widespread public interest in the problem of low-cost housing has, of course, burgeoned from a sub-paragraph of the Emergency Relief and Construction Act of 1932, authorizing the Reconstruction Finance Corporation to:

make loans to corporations formed wholly for the purpose of providing housing for

families of low income, or for reconstruction of slum areas, which are regulated by state or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operations to aid in financing projects undertaken by such corporations which are self-liquidating in character.

The Act provides further that all such loans shall be fully and adequately secured, and may be made for a period not exceeding ten years.

## A NEEDED SOCIAL SERVICE

This congressional recognition that the construction of low-cost housing, quite as much as the building of bridges and post-offices, might provide a needed social service and also act as a brake on the down-swing of the depression has encouraged groups in the states mentioned to try to qualify enterprises in their states to receive help from this quarter.

At the same time, it is worth pointing out that the social problem of low-cost housing had been of concern long before Congress recognized officially that it might be bound up with re-employment in the building trades; indeed, it was a group who had long worked on the problem who held up the hand of Senator Wagner of New York in getting the provision on housing into the Act. By the same token, the problem is likely to survive the present depression; and any state legislation now

<sup>1</sup>Third Special Session, 1932, House Bill No. 8.

<sup>2</sup>Third Special Session, 1932, Senate Bill No. 29.

adopted should have a long-range view, as well as a short-range view.

In my judgment, the law already passed in Texas, which provides rather simply for the creation of corporations which shall have the power to borrow from the Reconstruction Finance Corporation, and which shall be regulated by the governing body of the city or county in which they are to operate, does not have an adequately long-range view.

One other historical factor which has influenced action to date should be brought out clearly. It is obvious that the section on housing in the Federal Act is framed with reference to the New York State Housing Law. This is not because most state-assisted housing has been done in New York; according to Dr. Edith Elmer Wood, both relatively and absolutely, more families have been so taken care of since the War in California, under the Veterans' Farm and Home Purchase Act.<sup>3</sup> The Federal Act is so framed largely because the impetus to include the subject matter came from a New York group, who naturally worded the clause with reference to their own experience. The result has been to make the New York State Housing Law a "model," in the sense that any group starting to draft a proposal elsewhere has first written to the secretary of the New York board for a copy of that law, and has sometimes gone little further than to substitute the name of its state for "New York" here and there in the bill.

#### NEW YORK LAW NO MODEL

*This procedure will not do* for two reasons: first, because the proposal to create a new kind of corporation, with peculiar privileges and limitations, to regulate its activities, to confer upon it the power of eminent domain, or tax

exemption, and to create a new administrative agency, cuts athwart the whole existing body of constitutional and statutory law of the state. The tax laws, blue-sky laws, general corporation laws, administrative code, civil practice act, laws governing the relations between administrative tribunals and the courts, the planning and zoning laws, the laws regulating the exercise of eminent domain, as well as the state constitution and the state courts' interpretation of these instruments all must be considered before it is safe to say that a clause in the New York Law (or any other "model") however choice, can safely be taken over.

The second reason for not copying the New York Law directly is that, far from being a model, it was so disjointed a set of remnants after an unfriendly legislature had lacerated the organized and unified proposals of the governor's commission of housing, that the governor hesitated long before signing the act.

The New York commission in 1926 proposed a state housing bank, really not a bank at all, but an agency which would own projects, lease them to limited dividend companies for supervised operation, and which would issue bonds secured by liens upon the properties. These bonds, stated to be instrumentalities of the state, were to be tax exempt, and were expected to sell at low rates of interest.<sup>4</sup> The New York Law, as passed, preserved a skeleton of regulation and administration; but it cut out the heart of the bills—credit.

Other proposals have been made from time to time, and will certainly be made again, for the creation of housing districts or housing authorities—all, like the housing bank, devices to get large amounts of capital at low rates of interest for low-cost housing without pledging the public credit.

<sup>3</sup>*Recent Trends in American Housing*, (1932) p. 287; see also p. 253.

<sup>4</sup>See report of the commission of housing and regional planning, February 22, 1926, legislative document No. 66, 1926.

## LARGE CAPITAL AT LOW RATES NEEDED

Now, at the moment, the device for extending credit to low-cost housing is the Reconstruction Finance Corporation. But as our increasing urbanization forces into more general public consciousness the century old housing problem; as the need for stimulating construction activity as a device for distributing purchasing power is better understood; as our growing sense of the insupportable waste of our present methods of city growth urges us to large-scale neighborhood reconstructions; and as students and analysts, by painful iteration, get us to see that the low-cost housing problem is basically economic<sup>5</sup>—a problem of getting tremendous amounts of capital at low rates for long terms—as all these forces bend public opinion and legislatures, other credit devices will be proposed.

The long range view in preparing a low-cost housing bill should accordingly extend beyond New York's by no means conclusive experience, and beyond the credit device now rather falteringly proffered. Specifically, a law now to be enacted, while it should, of course, enable one of its creatures to receive help from the Reconstruction Finance Corporation, should be framed flexibly and broadly enough to meet the other needs of the situation.

The primary purpose of a low-cost housing law is to provide adequate dwellings at the lowest possible cost to the mass of the population having the lowest family incomes. Simple as this sounds, it is the only true touchstone by which to test the soundness of the provisions of the law.

Up to the present, for whatever reasons, private enterprisers under *laissez-faire* have not met this need. Instability and its consequent risk have led the investor to put a high premium

upon his contribution whether money or land. With relation to private capital, then, the objective of a housing law is either to frame a picture of stability or to hold out some compensating attraction so as to induce a large flow of capital which will accept a low return—not in order to provide new channels for safe investment, but to provide low-cost housing.

## HOUSING AS A PUBLIC UTILITY

Accordingly, if the public policy to be expressed in the bill is that of offering special inducements to private capital, then only such limitations will be placed upon the enterpriser as are (a) necessary to bring about low-cost housing, or (b) correlative to the privileges conferred.

This policy is sometimes called putting housing upon a public utility basis. Those who use that phrase seek to evoke a type-picture which will make regulation of housing fit the emotionally acceptable pattern of regulation of other activities, with which they seek to establish an analogy. There is, of course, one important difference between housing and other utilities: in consideration of tax exemption, the right of condemnation, the extension of public credit, or other special privilege, the state is to set the maximum return of the investor in housing and regulate his operations. But the state does not propose to guarantee him a minimum return by granting him an exclusive franchise or by requiring a certificate of necessity for all prospective competitors. If the rents of unregulated buildings go down, so will his, and no ukase of a housing board can keep them up. It is for these reasons that I stress the point that the terms offered the enterpriser must be made as attractive as possible, if the problem of low-cost housing is to be approached by an appeal to private capital. The purpose of the law is not

<sup>5</sup>See page 1, line 1 of Mrs. Wood's book above cited.

only regulation; it is to induce building operations.

#### STATE HOUSING ACT NEEDED

At the moment, the chief inducement offered to capital is the proffer of federal funds, available by the terms of the Act only to regulated corporations. This offer is now open only to January 23, 1934; and as the Act is being administered, the offer is being half-heartedly extended. I can think of nothing so effective in bringing about a change in attitude on the part of the federal authorities, in bringing about a liberalization of the terms of the federal law as the passage of a dozen state housing acts, the establishment of a dozen strong housing boards, with the resultant massing of data to show Congress that housing loans cannot be made for ten years only (as the Act now provides) and still permit low rents to the occupants, and the organization of public opinion and coördination of present sporadic private efforts which would come from the creation of these official agencies.

The federal law can be changed; other devices can be invoked. That is why I say that the long-range view should guide us even in our first steps. Eventually, it may become public policy for states and municipalities to make a frontal attack on slums and housing; and the stress of the next few years may hasten a change in public thinking about the relations of government and housing. Such a policy will call for different agencies and different powers. In our eagerness to meet the needs of the day—to conform to the dictates of the Emergency Relief Act—let us not foreclose future advance.

In these days of governmental econ-

omy, there is an entirely proper desire to make any newly created housing boards self-sustaining, by charging fees for their services of approval and supervision. These services are perfectly fairly part of cost of construction of a housing project, and should be paid for by the enterpriser. But to create a housing board, and to give it no source of income but such fees, as has been proposed in several states, is to misunderstand the basic functions of such an agency. Its most important duties are performed *before* projects come before it, and therefore, before it receives fees. A housing board is not another building permit bureau, where an official sits before the plans with a code in his hand to check conformity.

A housing board must be prepared to advise with promoters before plans are drawn; it must know local needs, local opportunities—land prices, existing structures, rents, vacancies, ownerships, mortgages, population trends, building costs, the state of the industrial arts as they affect economy, safety, and amenity of building. All these studies it may not have to initiate, but I know of no community where any private agency has brought all these relevant facts together. Unless a housing board can afford to have an energetic, trained, imaginative, and forceful staff, however small in number, it is safe to say that little low-cost housing will be built. And, what is quite as significant, later legislatures, seeking to find out why so little has been done and what remedies should be invoked, will not have before them the data and analyses, the accumulation of experience which should be available as the result of continuous fact-finding and inquiry on the part of the boards now to be created.

# State Succeeds In Highway Business

North Carolina plan popular with citizens after eighteen months operation

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PAUL W. WAGER

*Professor of Rural Sociology, University of North Carolina*

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THE day after Christmas a professor at the University of North Carolina at Chapel Hill loaded his family into his car and set off for the home of the children's grandparents 70 miles distant. For 60 miles they sped along comfortably over hard-surfaced roads—roads that are a part of North Carolina's justly-famed state highway system. Then the professor had to put on his chains, and, with his car in second gear most of the time, plow through red mud that in places was almost hub deep. Holding jealously to the ruts that his predecessors had made because the slopes of the road were slick (southern term for slippery) as grease, he slowly, fearfully but successfully negotiated the last 10 miles. These 10 miles are a part of the 46,000 miles of county roads whose maintenance was assumed by the state in July, 1931. Ordinarily this stretch is a first class dirt road; but five days of continuous rain, followed by snow, a freeze, and a thaw had done the mischief. Eventually it will be graveled, but 46,000 miles are a lot of roads and the state's resources are not unlimited.

Ordinarily the professor could have traveled within three miles of his destination over a state highway, but he was detoured over the county road because the last few miles of the state road had been given an oil treatment just ahead of the rains and had to be closed to traffic.

This incident is related, first, to illustrate the size of the task which the North Carolina state highway commission has assumed, and, second, to explain why North Carolina taxpayers seem willing to sacrifice everything else, even schools, for roads. Northerners, whose roads freeze in winter, may fail to appreciate how bad southern roads get in winter as a result of constant freezing and thawing, and especially the red clay roads of the Piedmont area. Perhaps North Carolina has been extravagant in building roads but it can be said in defense thereof that improved roads were the *sine qua non* of progress in any other direction.

## NO ROAD BETTER THAN ITS MUDHOLE

Again, state maintenance of all roads in North Carolina and Virginia has been assailed as dangerous and unwarranted centralization and a violation of the spirit of local self-government. Yet the citizens of these states—even the Virginians, loyal to the memory and precepts of Thomas Jefferson—understand that the first element of freedom is freedom of movement. They esteem the much vaunted right of local self-government less than the very practical privilege of getting to town when they want to. They have tried both a local free labor system of road administration and a county-wide tax-supported system and have found both unsatisfactory. The

same perennial mudholes have persisted, and no road is any better than its worst mudhole. Even the state doesn't seem to have fully profited from this observation, but it has at least introduced more science in road grading, surfacing, and draining than has ever been displayed before. Finally, and probably the most potent factor in winning support for state maintenance, is the fact that under the new plan all road taxes are lifted from property and placed on gasoline and motor vehicles.

Because of the nation-wide interest in North Carolina's road experiment, already copied by Virginia, the editor of the REVIEW has asked for a brief description of the plan of organization, and a statement of accomplishments during the eighteen months it has been in operation. In furnishing such a description and review the writer takes no credit, the material being mainly abstracted from written statements and reports of the state highway officials.

#### UNDER THE OLD REGIME

When the general assembly of North Carolina met in January, 1931, it, like the legislatures of other states, clearly understood that it must reduce the burden of property taxes. Two years earlier the state highway commission had been forced to yield to the insistent demand of the counties to share in the gasoline tax, and had set aside one cent out of five for this purpose. Anticipating a further raid on the state highway funds in 1931, Governor Gardner had caused a survey to be made of the county road systems. With the assistance of the United States Bureau of Public Roads the facts relative to the organization, equipment, and finances of the local road systems had been assembled and were available to the legislature.

This report showed an expenditure by the counties for the preceding year (1930) of approximately eight and one-

half million dollars for road maintenance and improvement. This sum unquestionably represented a contraction over former years, due to the depression and the curtailment of bond issues. More than a hundred million dollars in county and district road bonds were outstanding, and many of the counties had little to show for these outlays.

Only about one-third of the counties were able to employ a full-time engineer, and in many instances his time was almost completely absorbed in the details of supervision and administration. Several counties still had township road commissions. A few of the wealthier counties had elaborate organizations and were maintaining county roads more intensively and more expensively than the state was providing for the state highway system. At the other extreme, one small mountain county had a road force consisting of a one-armed man and a wooden drag.

Of the total 46,000 miles of county roads only about 800 miles had been paved, and only 14,000 miles had a surface of topsoil, gravel, or shale. Much of the latter was in poor condition. Approximately 19,000 miles had been graded and had drainage provided, but much of it in an inferior manner. The remaining 10,000 miles were unimproved.

In addition to their road burden, the counties were supporting nearly 4,000 short-term prisoners. A few counties were employing their prisoners profitably on the county roads, but the majority of them were not. In some of the smaller counties the prisoners were lying idle in the county jail.

When the general assembly weighed these facts against the efficiency and general satisfaction with which the state highway system was being maintained, it became convinced that more relief could be given to the taxpayers by trans-

ferring to the state the absolute control of all public roads than by increasing the subsidy to the counties. Consequently, it enacted legislation which re-organized the state highway commission, and vested it with responsibility for the maintenance and construction of all the public roads of the state, except the streets of cities and towns, and the care of all able-bodied male prisoners whose terms were 60 days or more.

The new act went into effect on July 1, 1931, on which date there were transferred to the highway commission's care and custody about 3,700 prisoners and approximately 46,000 miles of local roads. The counties were required to turn over to the state, without pay, such road machinery as the state could use. On the other hand, the state leased from the counties 45 of the more suitable prison camps.

#### ADMINISTRATIVE SET-UP

For purposes of administration the state has been divided into five divisions, and each of these in turn into five districts. An experienced engineer is located in each division with the necessary office force and equipment and given large discretionary power in the management of affairs in his division. Each district is also under the supervision of an engineer. These engineers were recruited largely from the personnel of the old highway commission and the former county organizations. Ordinary maintenance work is performed by patrol outfits consisting of a section foreman and one helper, supplied with a truck, a tractor and a grader. The sections on the state or primary road system average about 50 miles, and on the county or secondary roads about 90 miles. The sections are so arranged that a section foreman is rarely required to operate more than six or seven miles from the center of his territory. Float-

ing crews with special machinery are available to perform work for which the patrol outfits are not equipped, and the prisoners are drawn upon to do the routine hand work such as cutting brush and cleaning out ditches and also to aid in any reconstruction work. Floating crews are also available for bridge repair work.

The road law required that special attention be given to the improvement of the roads over which school buses travel. These buses travel 104,000 miles daily and transport about 230,000 children. Since the state took over the county roads, 5,033 miles have been surfaced or re-surfaced with top soil, gravel, crushed stone, or other material, and some of the roads have been given an oil treatment. Practically all of the county mileage has been improved and given maintenance attention. It should be understood, however, as the incident related at the beginning of this article disclosed, that a clay road, no matter how well graded and drained, becomes pretty bad in a rainy season. It will take time and money to convert all of North Carolina's 46,000 miles of local roads into all-weather highways.

The state has practically ceased building new roads, and its reconstruction projects are limited to those which can command federal aid. The state is provided with a splendid network of hard-surfaced highways; the need now is dependable all-weather tributary roads, suitable for light traffic, that can be built at a moderate cost. The physical and chemical testing laboratories maintained by the commission have been largely responsible for the splendid results obtained in the higher type of roads and may prove equally valuable in solving the present problem.

#### MODEL PRISON CAMPS

As stated before, the 1931 highway law provided for the transfer to the

state of all county prisoners sentenced to serve 60 days or more. At the present time, the state is giving employment to about 4,500 such prisoners. They are housed in 69 camps, 45 of which were leased from the counties and remodeled and 24 of which were built new. These camps have been built or renovated according to specifications submitted by the state board of health and the state board of charities and public welfare, and there is a physician employed at each camp to look after the health of the prisoners. Gardens or farms have been established at each camp to raise vegetables and other food supplies. General supplies are furnished all camps from a central warehouse in Raleigh. The prisoners are so distributed as to give every camp an adequate working force for all roads adjacent thereto, and they are carried to and from work in groups of about twenty.

Since every department is placed on its own responsibility as far as possible, the prison department is charged with all costs incident to the housing, feeding, clothing, guarding, disciplining and general management of the prisoners, and it, in turn, is credited on the basis of the prevailing wage scale with the labor that it furnishes to the maintenance department. These figures indicate that the highway commission gains nothing by employing convict labor but it does provide a means by which the prisoners become self-supporting. Not only are the counties saved a large amount of money, but the prisoners are provided wholesome outdoor work, and are comfortably lodged, adequately fed, and humanely treated.

North Carolina's primary road system now consists of approximately 10,300 miles, and the secondary systems of 46,500 miles. On December 1, 1932, they were classified according to character of surface as follows:

	PRIMARY (MILES)	SECONDARY (MILES)
Hard surfaced	6,871	860
Topsoil, sand clay and gravel	2,296	14,012
Earth-graded and drained	1,150	20,723
Earth-unimproved	0	10,930
	<hr/> 10,317	<hr/> 46,525

It is impossible to measure with exactness the saving which has been effected by shifting maintenance of the local roads from the counties to the state. The financial records of the counties were not kept in a manner to permit a precise classification of road expenditures, but the best estimate of the surveyors as to maintenance costs alone in 1930 was \$6,567,000. Total expenditures, including construction and reconstruction, was \$8,233,000. The first year under state administration the cost of maintenance, including a small amount of reconstruction and over 5,000 miles of re-surfacing, was \$6,380,000. Considering the decline in price level the reduction is not at all striking. Indeed when it is remembered that the latter figure includes no "overhead" it is not certain that there was any actual reduction in road expenditures below what the counties would have spent. The real gains lie (1) in the saving to the counties in the care of their prisoners, (2) in the improved quality of road maintenance, and (3) in the conditioning of the roadbeds so as to reduce future maintenance costs. The maintenance costs for the current year will probably not exceed \$4,500,000. But here again the lower figure is partly a product of a falling price level and partly due to the exigencies of budget balancing.

#### THE HIGHWAY FUND

When the state took over the county roads all property tax levies for road



purposes, except the liquidation of existing debt, were discontinued. The income for the highway system comes principally from two sources: automobile licenses and the gasoline tax. The license fee is 55 cents per hundred pounds of weight and the gasoline tax is 6 cents per gallon. The actual revenues and expenditures for 1931-32, the first year that all roads were under state maintenance are given below:

*Revenues:*

Balance July 1, 1931	\$ 1,577,997
Automobile licenses	5,480,705
Gasoline tax	14,941,181
Title registrations	80,316
Federal aid	473,850
Sundry revenue	126,721
	<hr/>
	\$22,680,770

*Expenditures:*

Administration	\$ 166,651
Motor vehicle bureau expenses	355,357
Highway police patrol	151,474
Interest on bonds	4,760,053
Redemption on bonds	2,700,000
Sinking fund contribution	500,000
County loan repayments	423,663
Maintenance state highways	3,515,635
Maintenance county highways	6,380,601
Construction state highways	2,656,068
Construction prison camps	900,000
	<hr/>
	\$22,509,502

Exclusive of the balance at the beginning of the year and federal aid, the revenues last year were \$20,628,923, and expenditures, exclusive of state highway construction, \$19,853,434. Hence there was a favorable balance of \$775,489. This year, however, because of the smaller number of automobiles in use and reduced consumption of gasoline, it is estimated that the revenues will be only \$17,566,315, or a decrease of over \$3,000,000. In 1929 the number of auto-

mobiles registered in the state was 503,190; in 1930 the number was 474,081; in 1931 it was 442,448; and the registration for 1932 (up to December 1) was 396,266. Despite the anticipated decrease in revenue and an increase of \$528,384 in debt service, a determined effort is being made to divert some of the highway revenues to other purposes. Left with its revenues intact the highway commission can continue to meet all debt obligations, give proper attention to the upkeep of the \$175,000,000 primary road system, and gradually give the 46,000 miles of local roads at least a graveled surface. If the revenues are diverted, even for causes equally worthy, the state highway commission cannot fill the order which it has been given.

The farmers, the mail carriers, the school authorities are all well pleased with state maintenance. Even the university professor, who got his car muddy, has no complaint to make. Probably under county maintenance he could not have driven over the road at all. At least, he will not condemn the state for failing to discover and fix within a year all the bad spots that the county authorities have neglected for 40 years.

### ABOLISH THE FEE SYSTEM

(Continued from page 47)

The fee system of compensation for public officers should be abolished. Without exceptions save those dictated by constitutional provisions and temporary expediency, all officers should be put on a salary basis. When part-time positions are not sufficiently important to warrant salaries, these positions should be abolished and the functions transferred to other officers. The legislatures of 43 states are meeting at the present time. In their efforts to reduce the cost of government, they would do well to give serious thought to this matter.

# Municipal Crisis In An Earlier Depression

History repeats itself  
in Providence when  
economy in govern-  
ment is again the cry

VERA N. MATTESON

*Providence Governmental Research Bureau*

AMONG some critics of the current movement for municipal economy there is a fear that the methods applied are harmful rather than helpful. These critics condemn efforts to curtail the issuance of bonds for improvements, protest against the consolidation or elimination of bureaus and activities, and minimize the efficacy and wisdom of many measures proposed to stabilize municipal finance. The soundness of some of the procedures in the present movement in American cities to bring their financial programs into harmony with the depressed condition of the people was proved in Providence over fifty years ago, in the depression of 1873, which followed the Civil War by almost the same number of years as the present depression followed the World War. Coupled with the ordinary economic forces set in motion towards the end of any such abnormal period these measures assisted in the restoration that followed.

In 1873 a post-war period of more or less fictitious prosperity was brought to a very sudden conclusion by an industrial and commercial depression. Economy, which had during the period of prosperity been approved in theory but ignored in practice, became as now the by-word in private, industrial, and municipal affairs.

Leading up to the depression in Providence was an era of almost revolutionary

change. From 1856 to the end of the Civil War the expenditures of the city showed no yearly increase. After the war, however, unprecedented programs of municipal improvement were inaugurated. Some of the projects entered upon justified their existence almost immediately, while others had little immediate effect except to increase the burden of the city. Among the former was a water system, constructed from 1870 to 1876, and costing almost \$4,500,000. After completion this system brought in increasingly large revenues each year.

#### PROVIDENCE EXPANDS RAPIDLY

Annexation of surrounding towns increased the area of the city almost 200 per cent within a few years. The city was growing in prosperity as well as in size, and need for more as well as better public services was felt. Highway and sewer costs increased steadily. New streets were laid out, and old ones improved. New highway projects were approved by the city council before old ones had been completed, and with utter disregard for the condition of the highway appropriation. A poor system of assessing land for proposed highways, failure to have estimates prepared, and the use of improper materials were important factors in making some of the increase in costs unnecessary. Later, appointment of a highway board brought

about less costly and more efficient operation of the highway department.

As in other cities, the number of public schools in Providence was rapidly increasing. School construction costs per pupil varied from \$81.00 to \$238.00 within a period of four years. A survey in 1878 was followed by corrective measures. The city was given the power to take land, not exceeding one acre, for school purposes. This minimized the tendency of property owners to demand exorbitant prices for land chosen by the city for school sites. It was made unlawful for members of the school board to be interested in concerns furnishing supplies to, or constructing, the schools. By 1880 the per capita school costs had dropped 40 per cent.

#### POOR RELIEF CREATES PROBLEM

Support of the poor, due to the depression, became a large item of municipal expense each year. The establishment of a workhouse, charity building, and woodyard, to replace an inadequate system of out-door relief, resulted in economies in this item. Further decrease in expense for this purpose was made by the coupling of two projects, relief of the poor and highway maintenance, by the employment of the needy on the city's highways.

The per capita costs in the police, fire and lamp departments increased steadily up to 1875. A study of operating expenses in each of these departments brought about a reduction of salary in some cases, the elimination of needless items of expense in others, and in all a general decrease in expenditures.

Current per capita income of the city increased slowly through the decade 1870-1880. The valuation of real estate increased 58.7 per cent from 1870 to 1875, and 9.8 per cent more from 1876 to 1880. However, an increase of 52 per cent in the population of the city during the decade made the per capita

increase in valuation only 10.2 per cent. Personal property valuations, moreover, decreased greatly during the period. Meanwhile, the total per capita expenditures were increasing rapidly. Thus, though the tax rate was increased one dollar per thousand in 1874, the added income was insignificant. The reductions in expenditures carried out in the latter part of the period, when income was still slowly rising, were effective. In 1880, per capita income, exclusive of borrowed money, was nearly 20 per cent greater than per capita expenditures other than those arising from the payment of debt.

#### HUGE BURDEN OF DEBT

The most significant increase of the period was that in the city's indebtedness. All of the construction projects entered upon were expensive, and since it was impossible to budget construction on each one over a period of years, and thus make payments out of current revenue, borrowing was a necessary measure. The ease with which this was accomplished led to its being done more readily each year. In 1878 the funded debt of the city had increased 457 per cent and the unfunded debt 236 per cent over 1870. This, of course, meant an immediate increase in city expenditures. Per capita interest payments increased almost 200 per cent from 1870 to 1873. In that year it became necessary for the city to pay from 6 per cent to 18 per cent interest on money borrowed on new notes.

In 1878 alarm at the increase in the city's indebtedness brought about state action. An act was passed limiting the indebtedness of any city in the state to 3 per cent of its assessed valuation. Since the debt of Providence at this time was 8.1 per cent of its assessed valuation, the act was of little value except as a curb on further borrowing. The city debt was decreased, however, from 1880 to 1885.

A reform school which had been an item of expense to the city was taken over by the state in 1879. Since nearly all of the offenders placed there were sent by the state, this was a logical measure.

New tax laws passed in 1876 limited tax exemptions and resulted in the addition of nearly \$8,000,000 worth of property to the tax rolls in Providence. This, of course, made a substantial increase in the city's income.

No one factor can be held responsible for the improvement in the city's condition which took place during the latter part of the decade 1870-1880. General business conditions were improving. A curb had been placed on the city's tendency to reckless borrowing. Elimination of waste and duplication of expense, curtailment of operating expenses, improvement in methods of departmental operation, removal of opportunity for personal gain, and assumption of part of the city's burden by the state, all contributed towards placing the city on a firmer footing than had been possible at the time of the depression. Obligations incurred for capital outlay on large projects could not be decreased without repayment, but current expenses could be, and were, reduced.

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#### AMERICAN CITIES FACE 1933 (Continued from Page 54)

Long-term municipal borrowing dropped to 39 per cent in 1932 from the peak of 1927 to the lowest figure in over a decade. Temporary borrowing, however, rose to the highest amount in

American municipal history—to over one billion dollars, or approximately twice the figure of ten years ago. There is no better indication of inability to secure revenue funds promptly for operations or of inability to balance budgets.

#### REFUNDING TO BE POPULAR

While there will be comparatively little borrowing for tax-supported public improvements in 1933, the year will be characterized by efforts on the part of many financially embarrassed cities to avoid defaults and to extend part of the burden of emergency relief costs, floating debt obligations and maturing bonds into hoped for, more prosperous years by bond issues. When such a policy is accompanied by forceful and intelligent effort to balance current budgets it has much justification, not only in its recognition of present abnormally low tax-paying capacity but in its stabilization of weakened municipal finance.

The facts presented, with many others, point to a most critical year in municipal administration and finance. Some cities, only beginning to feel the full benefits of drastic economy programs, should improve their financial status throughout the year; a few seem destined to lose their last struggling hold on solvency; the great majority will pull through but with the scars of battle evident. Those able to keep their credit good, and at the same time able to maintain essential services unimpaired in the face of shortsighted propaganda for destructive over-retrenchment, will be fortunate indeed.

# Maine Reorganizes and Saves Money

Even skeptics convinced that greater centralization of control has worked better than traditional methods.

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WILLIAM TUDOR GARDINER

*Governor of Maine, 1928-1932*

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MAINE can testify to the effectiveness of reorganization of administrative departments as a measure of economy.

On January 21, 1931 an administrative code prepared by A. E. Buck of the Institute of Public Administration under the direction of the Committee of Seventeen,<sup>1</sup> was presented to the legislature. As originally presented, the code was a comprehensive act providing a plan of reorganization affecting all the administrative departments of the state. It soon became evident, however, that the act presented too many difficult problems for consideration at one session of the legislature and the legislative committee therefore decided to shorten the bill by omitting all except what appeared to be the most necessary features of the proposed reorganization. Among the omissions was provision for a personnel officer in the executive department. The most essential features of the original bill were retained, and the new draft received a unanimous report from the special joint committee of twenty-two, on which the sixteen house members represented the sixteen coun-

ties of the state. The measure passed the house by a vote of 116 to 24 and the senate 24 to 23. The opponents of the measure invoked a referendum. Friends of reorganization mustered a non-partisan organization and the matter received a good deal of publicity. At the election on November 9, 1931, the measure was accepted by a vote of 41,077 to 30,368, and the act became effective January 1, 1932.

Two new consolidated departments were created by the act, the department of finance and the department of health and welfare. These embodied the features considered most important from the beginning of the movement towards reorganization of state government. In Maine, as in all other states, methods of public finance had not kept pace with modern conditions and financial administration was very much decentralized. Auditing and accounting had been mingled in the same department and there was no real post-audit.

The department of finance consists of three bureaus, accounts and control, purchasing, and taxation. A budget officer is provided to assist the commissioner of finance, the governor and council. The scope and form of the budget, the form of the appropriation bill, and the method of operating the budget continuously are provided in detail.

Maine's first budget law was enacted

<sup>1</sup>For details of the original recommendations of the Institute of Public Administration following its survey see NATIONAL MUNICIPAL REVIEW, March, 1931, article by Professor Orren C. Hormell, who was one of the Committee of Seventeen that backed its recommendations in a state-wide program of publicity.

in 1919, and had been improved from time to time, but did not provide anything more than committee meetings and hearings for a period of two or three months before the convening of the legislature. The committee served as a fact-finding agency for the legislature but was handicapped by lack of means for checking up on the needs and requirements of the many departments and other state agencies. The budget officer under the new law is a permanent full-time official of the department of finance who with the governor, or governor-elect, is to prepare the state budget document and is to be assisted by an advisory committee of three members of the legislature. The means and methods of operating the budget continuously are provided in the law and the budget officer is given authority to formulate plans for better management of departments and agencies in order to avoid duplication of work.

In the original financial plan was included a constitutional amendment setting up a budget provision and abolishing the office of state treasurer. This measure was reported unfavorably on account of a prejudice against altering the constitution, but the treasurer's office can be closely coordinated with the department of finance.

#### MACHINE ACCOUNTING INSTALLED

The chief functions of the bureau of accounts and control are to keep the general accounts for the entire state government, prescribing and installing whatever subsidiary accounts are necessary; to do work now done in the auditor's office in connection with receipts, claims and collections, that is, the pre-auditing; and to furnish monthly reports of the financial status of all departments. In connection with the centralization of accounts, tabulating machines were leased and all the accounts of the state are handled in this

manner. Checks are also made by punch card machine. It has been found that this installation has reduced very greatly the time spent in clerical work and also information can be produced in great detail and at great speed in various ways. It is conservatively estimated that we have reduced the time consumed in getting out the pay roll to about one-third of what it was formerly.

The code provided for a system of quarterly allotments of the legislative appropriations to be approved in advance by the governor and council. These are prepared by the budget officer and have been the means of controlling expenses and effecting great economies.

The bureau of purchases, with some exceptions, does all the buying for state departments and agencies. The provisions as to purchasing allow sufficient flexibility for practical purposes, and the use of comparatively small petty cash accounts has been found helpful. A previous issue of the REVIEW (Nov., 1932, p. 659) contained a note by Russell Forbes as to the successful operation of the bureau. Large savings have been effected, better goods obtained and unnecessary purchases avoided.

The bureau of taxation has two divisions,—property taxes and gasoline taxes. There is provided a board of equalization consisting of the head of the bureau and two associate members who shall devote as much time as is required to their work.

#### PUBLIC HEALTH AND WELFARE MERGED

In the establishment of the department of health and welfare we expect ultimately to find a partial solution of many of the problems which have become increasingly difficult and costly. The consideration of our health and welfare problems more than any other phase of the state's activities led me to have the survey made, for they are con-

cerned with the conservation of our human resources. Eighteen different agencies have been spending 27 per cent of our legislative appropriations for these purposes. A critical examination of the organizations dealing with our dependents and our mentally and physically ill, showed that a point had been reached where we must have more efficiency or must make up our minds to spend more money without commensurate returns. The governor, in theory, has been supposed to coördinate all these activities and separately managed institutions and bring about coöperation among them, but the task was an impossible one.

The department of health and welfare consists of three bureaus, health, social welfare, and institutional service, each of which has a technical expert as director. The function of the commissioner is to allocate the powers and duties of the department among the three bureaus, to coördinate their overlapping work, to promote coöperation among them and between local organizations and the appropriate bureau or institution. The bureau of health carries on the work of the former department of health and the director will be of assistance in developing local health work and encouraging coöperation. The bureau of social welfare includes all the welfare work of the state formerly scattered through various departments and agencies. The bureau of institutional service administers the 13 state institutions in place of 8 boards of trustees. It has been found that the opportunity for coöperative work among these three bureaus has been most helpful. Repeatedly, the bureau chiefs have after consultation promptly come to a decision on a case with which all three of the bureaus are concerned and which under the old system might have waited many months for a solution.

In the bureau of institutional service

improvement has already come in the system of farm supervision, in the interchange of services and of products and in the formulation of plans for the employment of inmates. The management of physical property has improved and uniform systems of inventory control have resulted in the stopping of many leaks. Commitment laws and provisions for transfer and segregation of inmates are being studied, free from the jealousies of separately managed institutions, and suggestions along this line will doubtless be made to the next legislature. In short the institutional work has been much improved at the same time that economies have been effected.

The act provides that the department of sea and shore fisheries be administered by one man rather than by a commission of three. The department of education has added to its present duties the supervision of the state library and of the museum.

The new department of audit is headed by an auditor elected by the legislature instead of by the electorate of the state. His duties are to conduct a continuous post-audit of all departments, institutions and agencies of the state government; to install accounting systems and conduct audits of local governments; and to serve as a staff agency to the legislature and to the governor in making investigations of any phase of the state's finances. It is believed that election of the auditor by the legislature is logical, since he is to act as a check on the administration and to see that legislative appropriations are expended in the amount and under the conditions specified by law. It also seemed wiser not to have such an official elected on the same ticket with other state officials.

#### THE REORGANIZED GOVERNMENT

Our state government, as altered by this act, includes 12 administrative

departments, headed by single commissioners with the exception of the departments of highways and public utilities, which are headed by commissions of three. All of these officials are appointed by the governor with the advice and consent of the council with the exception of the commissioner of agriculture who is elected by the legislature as formerly. There are additional units under the secretary of state, the attorney general and the state treasurer, all of whom are elected by the legislature. The superintendent of buildings and grounds and the adjutant general, who is also the chief of state police, serve at the pleasure of the governor and in practice function as a part of the executive department. The Maine development commission, the trustees of the University of Maine and the industrial accident commission remain unchanged. There are one or two boards dealing with local affairs and a few single officials, such as the state geologist.

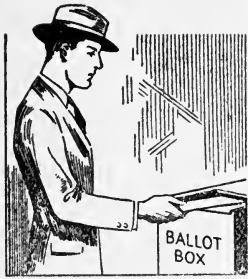
This substantial result of our state survey was not attained without the usual opposition from various groups who were fearful that the changes would mean too great centralization, or that their personal interests would be adversely affected. The 44 trustees of the state institutions had become interested in them and felt that full-time paid employees of the state might not administer the institutions as efficiently as they had. Of the 28 agencies abolished, four were obsolete, nine were replaced by new units or officials in departments, and the functions of 15 administrative boards, committees, commissions and councils were allocated to

the department of health and welfare. Among the opponents of the measure was the usual group of citizens who are content to let well enough alone so long as they are not personally inconvenienced and can pay their tax bills without too much self-sacrifice. There was a great amount of opposition from those who believe in the sacredness of traditional office. Maine is one of the three states which have an executive council and it seemed difficult to persuade some of the councilors that the changes would not lessen their powers, duties, or prerogatives. Some opposition was voiced because the survey had been made by an agency from outside the state. Among state employees there was a strong opposition because of fear of loss of positions.

The naming of these various opposing groups will have a familiar sound to the ears of citizens of any state which has attempted any degree of governmental reorganization. However, in the brief time of a year many of these fears have proven groundless and many citizens who opposed the reorganization have already expressed themselves as acknowledging the benefits of the action. The closer check that is afforded on all activities and expenditures has brought a pronounced improvement in the conduct of state affairs. While it was estimated that the act would save \$250,000 a year, this was altogether too conservative a figure. It is difficult to attribute with exactness the savings due to the legislation but is plainly apparent that the measure has been responsible for savings of more than double that figure in the first year of its operation.







# PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

## Continuing the Proportional Representation Review

**Judge Seabury and Hofstadter Committee Urge P. R. for New York.**—While our last issue, referring to recommendations of proportional representation by prominent citizens before the Hofstadter Legislative Investigating Committee, was still in the hands of the printer, Judge Samuel Seabury issued his final report as counsel to the committee and made proportional representation his outstanding recommendation for the civic salvation of New York City. The report included a draft of a complete new city charter, providing for a single-chamber council elected by P. R. and a mayor and controller elected by the Hare system of majority preferential voting—the P. R. rules applied to the election of a single official. Elections of all city officials would be non-partisan.

This report, made public on December 28th, was followed on January 10th by the report of the Hofstadter Committee to the New York legislature. The committee—or rather, its Republican majority—also recommended a new charter based on a single-chamber city council elected by proportional representation with a non-partisan ballot. The committee, however, recommended no change in the method of electing the mayor and controller, who would, under its plan, have seats in the council as now in the board of estimate and apportionment, but with one vote each.

The two reports differ in various details in their method of applying P. R., though both stress its prime importance. Judge Seabury describes his plan in general terms as follows: "I would have the members elected from the boroughs at large, each member elected being the representative of fifty thousand separate

voters of his borough who have indicated their desire to be represented by him, and the total representation of each borough being determined each time by the number of such quotas of fifty thousand that its actual vote contains. This plan will obviate the necessity of periodic reapportionments, will guarantee representation to any borough minority made up of as many as fifty thousand voters and will assure representation to larger groups in proportion to their voting strength. I would have the borough of Richmond assured of one member whether any candidate receives the support of as many as fifty thousand voters or not. On the basis of recent votes in city elections, this plan would probably result in a council of approximately twenty-five members."

The committee report recommends fifteen councilmen, in addition to the mayor and controller, and proposes two districts, one composed of Manhattan and the Bronx, the other of Brooklyn, Queens, and Richmond. The fifteen members would be apportioned between the two districts each time in proportion to their last preceding votes for governor. The present apportionment would be seven members for the first-mentioned district, eight for the second.

The committee also recommended P. R. for separate borough councils, which would have no place in its distinguished counsel's scheme for a centralized government with separate borough governments abolished. Each borough council would consist of six members elected by the borough at large, to act with an elective borough president.

Judge Seabury's explanation of the need for proportional representation is quoted at some

length later in this department. The campaign to rally public sentiment behind it got under way at a mass meeting in Town Hall, called by the City Affairs Committee on January 4th, under the chairmanship of Rabbi Stephen S. Wise. The meeting was addressed by Judge Seabury, Democrat, Charles H. Tuttle, candidate for governor in 1929, Republican, and Norman Thomas, Socialist.

This record would hardly be complete without referring to the testimony of two distinguished citizens of New York who appeared before the committee at one of its last hearings, on December 7th. In discussing the Smith plan for a city legislature, Dr. Nicholas Murray Butler, president of Columbia University, said: "Personally I should not like to see a local legislature of two houses established. I should greatly prefer to see a single municipal assembly chosen at large by the voters of the city, with provision for minority or proportional representation, so that different localities, different points of view, could find representation; and I would entrust to that body the supreme power over the city's business." And Norman Thomas, presidential candidate of the Socialist party, told the committee that "no charter change that leaves out proportional representation is worth the trouble that it will take to get it."

**Pennsylvania Teachers.**—The Pennsylvania State Education Association, including most of the public school teachers of the state in its membership, used P. R. for the twelfth successive year at its convention in Harrisburg during the Christmas holidays. It uses P. R. to elect its committees and delegates to the National Education Association convention and the Hare system of preferential voting for the election of its president, second vice-president, and next convention city.

On December 29th the Association adopted the following resolution in support of the program of optional legislation referred to in our last issue:

Whereas the present difficulties of securing adequate funds for public education would be lessened if waste and inefficiency were eliminated in other units of government,

And Whereas over four hundred municipalities throughout the country have now adopted the city manager plan, which corresponds to the administration of schools under appointive superintendents, and have in most cases experienced notable economies in government as a result,

And Whereas bills will be presented to the 1933 session of the Pennsylvania General Assembly to permit all cities and boroughs to adopt by petition and popular vote the city manager plan and its safeguard, the proportional representation method of electing the council which chooses and controls the manager,

And Whereas this organization has used the proportional representation method in its own elections each year since 1921 and found it a satisfactory method of securing representation for nearly all voters,

Therefore Be It Resolved that the Pennsylvania State Education Association gives its approval in principle to the program of legislation referred to and urges the General Assembly to enact suitable measures to give it effect.

**South Australia.**—The proposal of the South Australian Labor Government to apply proportional representation to both houses of parliament, referred to in our last issue, was defeated in the house of assembly on November 16th for lack of a constitutional majority. Twenty-two votes were cast in its favor and thirteen against, but twenty-four votes were required for passage. It was supported by both branches of the recently split Labor party and by some others, including the leader of the Country party and the lone Single Tax member, Mr. E. J. Craigie, who is parliamentary vice-president of the Proportional Representation Group of South Australia, and who gave a very lucid explanation of the advantages of the proposal in the course of the debate.

## JUDGE SEABURY ON P. R.

### Quoted from his Final Report to the Hofstadter Legislative Investigating Committee

I propose that the Council which is to take the place of the Board of Estimate and Apportionment, the Board of Aldermen, and the Sinking Fund Commission, shall be elected under a system of proportional representation. . .

Certainly, as I have said, one fundamental difficulty in securing decent and adequate government for the City of New York may be traced to the fact that the government is almost wholly in the hands of a single dominant political party. There is no minority representation to raise even a mild voice of protest. Hundreds of thousands of voters in the city are completely unrepresented in the conduct of the government. Proportional representation cannot fail to shatter the completeness of this domination.

#### A WELL-TRIED SYSTEM

Proportional representation—the representation of all groups of like-minded citizens in proportion to their voting strength—is a principle which has now been recognized and adopted in a very large part of the civilized world. In our own country it has been used with strikingly beneficial results in the last four municipal elections in Cincinnati. It was used for five elections in Cleveland until the recent close defeat of the city manager plan in that city brought with it a reversal to ward elections. It has been used with satisfying results over a period of years in some smaller American and Canadian cities also. In the Irish Free State it has been used for all important elections, including those of the Free State Parliament, since the country's constitution was adopted, and there are notable examples of its use in each of the other great English-speaking communities of the world. In the countries of Northern and Western Continental Europe—not including France—the principle is now recognized almost universally, although the particular methods used for putting the principle into effect in most cases give less freedom of choice to the individual voter than the method used in English-speaking countries, which I am recommending for New York.

#### MINORITY REPRESENTATION IS NO NEW PROPOSAL FOR NEW YORK CITY

Most people of this generation do not know that the Board of Aldermen in the City of New York were for a period of ten years elected under a system of voting which, though unsatisfactory, was deliberately designed to secure minority representation in the Board. Under the Charter of 1873 three aldermen were elected in each of seven districts, no elector being permitted to vote for more than two, and seven aldermen were elected at large, no elector being permitted to vote for more than four. Under this system some minority representation was secured though not in proportion to the strength of the minority electorate. The system was abolished in 1882.

The Commission which framed the First Charter of the Greater City in 1896 declared its regret that, "under the Constitution of the State as it now stands, it has appeared to be impossible to provide for minority or proportional representation in the Charter of Greater New York without making a vital part of the Charter depend upon a provision of uncertain constitutionality." The Charter Commission of 1900 concurred in this view and advocated a constitutional amendment to eliminate the possible uncertainty. The Charter Commission of 1907 repeated the request for a constitutional amendment to this end. The Charter Commission of 1923 favored a similar amendment and went on record as being strongly in favor of the system.

The report of this Commission said: "A majority of the Commission believe that a system of proportional representation, if applied to the election of aldermen in the City of New York, may tend to improvement in at least the following respects: (1) representation in the Board for any group of voters, adhering to some common program of municipal action, provided it is so numerous that its views should be afforded an opportunity for expression in the determination of the policies of the community, even though it may not be sufficiently powerful to prevail

in an election under the present system as against either of the established political parties; (2) a *fair* representation, and no more, for each group; (3) hopeful candidacies sponsored by groups independent of the control of the organizations which ordinarily direct the activities of established parties; (4) selection by the minority groups of their best available candidates, chosen solely with relation to municipal issues, which in time, almost necessarily, should force like selections by the major parties; (5) closer relations between an alderman and those who have elected him, between whom in the case of a minority group no national political organization will intervene; (6) a vigilant and an active-minded criticism by every group in opposition to the party in power in the board of estimate and apportionment; (7) vastly increased public interest in the selection of members of the board and in its debates and decisions; and, consequently, (8) a greater security against hastily conceived, unconsidered, or one-sided, enactments."

To these views I fully subscribe.

#### THE QUESTION OF CONSTITUTIONALITY

I am personally of the opinion that the points upon which the arguments for unconstitutionality are based are extremely labored. I believe that the courts would sustain the system. Lest, however, I should be in error in this, I propose that the question be submitted to the courts in advance of the first election thereunder and that if the system is held invalid the members be chosen, one from each state senatorial district, until such time as the constitution can be amended.

#### WHAT THE SYSTEM MEANS

There are innumerable schemes or plans of proportional representation. That which has appealed to English-speaking countries and the only scheme that has been tried in Ameri-

can cities is known as the "single transferable vote" . . .

The system is deliberately designed to measure and assure the success of every substantial minority among the voters. The features of marking preferences and transferring votes in the count accomplish that purpose. They assist every substantial minority in electing a representative and of course they enable a large minority or a majority to elect more than one representative. If any large organized group, whether a political party or not, overvotes upon one of its candidates, the surplus thus created is simply transferred to one or more of its other candidates.

I freely admit that the method of counting the votes under proportional representation appears to the rank and file of the voters to be complicated, and that it will be laborious and time consuming. The voter's task in the system is, however, extremely simple; it requires him only to number his choices "1", "2", "3", etc. With the mechanics of the count he is no more concerned than he is with the mechanism of his electric light or his radio. It is sufficient that he presses the button and the desired result ensues.

The experience of other communities, however, shows that there are no real practical difficulties, and the result would be a share in the government of the city on terms of equality for the entire electorate instead of the travesty on representative government that we have at the present time.

I do not believe that a system which promises so great an opportunity to secure a better and more representative membership in the governing board of the city should be thrust aside and refused a trial because the counting of the votes appears to be difficult, or because the public will not know the final results of the election until several days after it has been held. It is more important to be represented at the city hall for four years than it is to celebrate one night in Times Square.





## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

*Municipal Administration Service*

**German Cities: A Study of Contemporary Municipal Politics and Administration.**—By Roger Hewes Wells. Princeton: Princeton University Press, 1932. 283 pp. \$3.00.

This book is the initial step in the building of a comprehensive, analytical, and scholarly literature on post-war developments in German local politics and administration. The need of such a treatise has been apparent for several years—increasingly so since the publication of Maxwell's volume in 1928. For his courage in attempting a comprehensive survey of the most complicated and dynamic local government system in existence, at the time of its greatest stress, Dr. Wells will be applauded. But, in addition, *German Cities* stands at present as an even better book than any German has been able to write in general survey of his local institutions.

Readers of the REVIEW require no introduction to Dr. Wells' compact style or his thorough technique. His introductory chapter on "Storm and Stress" gives us German local government in the tenseness of its post-war perspectives. The ensuing chapters on geographical structure, administrative structure, popular government, *Reich-* and state-local relations, metropolitan government, and local administrative methods keep always in view the economic and social realities of the new Germany. And without presuming to forecast the future, Dr. Wells' general argument seems fairly well to indicate the fundamental, as opposed to the expedient, developments in crisis government.

It is, in short, a grand book. The adequacy of its documentation, the entirely satisfactory nature of its bibliography, and the excellence of its index go without saying. While the re-

viewer distinctly disagrees with Dr. Wells' views regarding the government of Berlin, it is equally apparent from a legalistic viewpoint, Berlin is, as he maintains, a "unitary" city. In any case, no student of comparative government, and no critical student of American local government, can afford to let Dr. Wells' book go unread.

ROWLAND EGGER.

University of Virginia.

**Money In Elections.** By Louise Overacker. New York: The Macmillan Company, 1932. 459 pp. \$3.50.

Sketching the use of money in elections in Greece, Rome, medieval Europe and modern England, the author of *Money In Elections* proceeds to treat in the first half of the study why money is spent, how much is spent, the expenditure problem, sources of and methods used in obtaining campaign funds, why people contribute, the contribution problem, and an analysis of campaign funds. The second half deals with campaign finance legislation in foreign states, the legislation of the United States and its effects, and similarly the scope and effect of state legislation. A final chapter summarizes the author's conclusions.

The inquiry covers campaign financial operations in pre-convention, primary and final election activities involving mayoralty, gubernatorial, congressional and presidential contests. The existence and financial operation of parties other than the Republican are recognized. While chief concern centers on activities in the United States, those in foreign states are included in the survey.

An extensive range of material is used, both general and special. Seldom do we find a work so securely grounded on the sources.

Especially extensive has been the reliance of the author on findings of the recent Senate committees investigating election funds, in some of whose hearings the author gained first hand information as a participant. The work also profits from much material collected and correlated by the late Professor Victor J. West, an able student of election legislation.

The author's viewpoint is neither that of a cold realist nor that of an indefensible idealist. She reveals throughout the work that there must be recognized in campaign funds moral values for both the political party and the body politic. Penetrating analysis, and critical appraisal have produced significant findings which are set forth in a simple but stimulating style, thereby adding readability to a scholarly work. An effective use of charts in the first half of the book serves to vitalize necessary statistical material which would otherwise appear dull.

The comprehensiveness of the study, the marshalling of such ample source material, penetrating analysis, critical appraisal, fairness of interpretation, and independence of judgment entitle *Money In Elections* to first place among works now available on campaign finance.

JOHN J. GEORGE.

Rutgers University.

**Operation of Debt and Tax Rate Limits in the State of New York.** By Frank Le Roy Spangler. Albany: New York State Tax Commission, 1932. 247 pp.

The New York State Tax Commission is to be congratulated for its fifth special report, which like the previous ones describes the practice in New York State on an important phase of taxation, and suggests improvement possibilities. The fact that the studies are primarily for New York does not markedly decrease their general usefulness to students of public finance.

In days when state legislatures are attempting to reduce taxes by arbitrarily fixing tax limits or to check borrowing by prescribing maxima, there is more than ordinary interest in the story of how these policies have affected municipal finance where they have been, for some years, constitutional requirements. Mr. Spangler devotes the major portion of his book to debt limits, giving their history, detailed analysis of their operation

in New York, Buffalo, Rochester and a group of smaller cities. He concludes that debt limits do not prevent unsound borrowing, nor do they bolster credit standing nor discourage municipal extravagance. On the other hand, he says, they are likely to retard normal development in the construction of capital improvements. Practically, however, there is much evasion of the constitutional limitations on debt, and little is actually achieved.

The chapter on tax limits gives its keynote in its title, "the iniquity of tax limits." Forty-seven years of trial have resulted in evasion, waste and unsound budgetary practice.

The tables and appendices are interesting,—but the reader who wishes to make general use of the volume may be disappointed to find most of the statistical data stopping at, or before, 1929. And, perhaps, there is justification for asking the author's suggestions as to the possible effect of declining assessed valuation. Cities are slow-moving, to be sure, but the book was not published until 1932, when the possibility of such a trend, in a number of cities, was clear.

**Comparative Tax Rates of 277 Cities, 1932.** By C. E. Rightor, New York Municipal Administration Service, 1932. 16 pp. 20 cents.

Readers of the NATIONAL MUNICIPAL REVIEW may be glad to know that this valuable article on the tax burdens of the cities of the United States, with its comprehensive tables, has been reprinted.

**The Extension of Municipal Liability in Tort.** By Charles W. Tooke. Reprinted from *Virginia Law Review*, December, 1932. 24 pp.

As Professor Tooke explains in his introductory paragraphs, there seems to be a legislative movement to charge municipalities with liability for the negligence of their officers and agents, and several state legislatures will consider enactments on the subject at 1933 sessions.

**Uniform Traffic Laws.**—Washington, D. C.: National Conference on Street and Highway Safety, 1932. 54 pp.

The essential features of the Uniform Vehicle Code recommended by the National Conference on Street and Highway Safety, have been adopted in whole or in part, in a number of states, with convincing evidence of

their utility and effectiveness. This pamphlet is a convenient presentation of the Code which offers an opportunity for checking its main provisions with existing laws. Officials may thus readily see what changes may be needed to bring their regulations into harmony with accepted standards and to hasten uniformity in traffic control.

**Readings in Public Finance and Taxation.** By Carter Mills and George W. Starr. New York: The Macmillan Company, 1932. 823 pp. \$3.50.

The authors have divided their subject into the fields of public expenditures, public revenues other than taxes, taxation, public credit and financial administration and offer sixty-one readings. Many of the sources one looks to are here collected, so that the volume is a convenient reference, with excerpts from the publications of many of the outstanding figures in the field of public finance. Professors Mills and Starr have included some good recent material, but as always in such compilations, the choice rests with those who prepare the book and since it must be limited in size, readers are likely to find their own choices not always included. Some readers of the REVIEW, for instance, may be disappointed to find so little consideration given municipal financial problems.

**State Government in Virginia.** By James E. Pate. Richmond: The Appeals Press, 1932. 270 pp. \$2.00.

Professor Pate has prepared this volume primarily for the use of his classes at the College of William and Mary. It is a practical description of the history and operation of Virginia state government under the not unusual classifications of constitution, electorate, executive, finance, education, regulation of business corporations, public welfare, labor and industry, agriculture, highways, conservation and administration of justice. The author's first-hand contact with the state officers responsible for the several departments and his use of personal references suited to informal class work increase the readability of the

volume. It is a worthy addition to the small shelf of authoritative books dealing comprehensively with the government of a single state.

**Housing Objectives and Programs.**—Report of the President's Conference on Home Building and Home Ownership. Vol. XI. Washington, 1932.

This study is the last volume of the report of President Hoover's conference on housing held at Washington in December, 1931, and contains the reports of the correlating committees on Technological Developments, Legislation and Administration, Standards and Objectives, Education and Service, Organization Programs, and Housing Research. The volume seems to have had a dual purpose: first to act as a sort of summary of the reports of the various conference committees and, second, to lay down in some detail a policy and tactics to be followed in years to come.

The reviewer is struck by the fact that the underlying theme of this summary volume, like that of the whole conference, is home ownership. Multiple dwellings and the problems attendant thereon are either entirely ignored or else briefly dismissed in an aside as hardly worthy of notice. It may very well be that home ownership is desirable for all Americans. Nevertheless, the facts are that a considerable portion of the low-income groups live in multiple-dwellings; that they are likely to do so indefinitely, and that the discussion of their problems in their present homes ought not be shunted aside so thoroughly for a more visionary discussion of the one-family house and its place in society.

In general, the reports in this volume are interesting and instructive. The report on technological developments and that on standards and objectives are particularly worth mention, the former serving as a ready manual on new housing methods, the latter as an attempt to define and codify good practice in housing and home ownership.

EMANUEL STEIN.

New York University.



## NOTES AND EVENTS

**Revising New York's Charter.**—To date there have been at least seven plans presented for the reorganization of the government of the city of New York through revision of its charter. For the first time since the Mitchell administration, reform in New York's government is as popular a topic as the weather.

With the legislature in session at the present writing, and with the probability that several at least of the various proposals to revise the charter will be presented to it for action, there is still little but speculation to give any clue as to the probable outcome. Of the Smith plan, the McKee plan, the McAneny plan, the O'Brien plan, the Seabury plan, and the Moffat plan, the betting seems to favor the Moffat plan or the Smith plan. With reference to the O'Brien plan, Mayor O'Brien has appointed committees to work on the problem of charter revision. Pending their reports he has made a number of specific suggestions for reorganization which need not be considered here.

Practically all the critics of the present system are agreed that improved budgetary procedure is essential—that opportunity must be provided for definite executive responsibility for the budget. They also see the necessity for establishing a legislative body that is representative and functions in a legislative capacity. They differ considerably as to ways and means of departmental reorganization although agreeing as to the necessity for such reorganization.

Most of them admit there is no necessity for the five county governments that at present exist within the area of New York City and two of the plans—the Smith plan and the Seabury plan—would do away with the borough presidents and transfer their adminis-

trative functions to the department of public works. The reason for this change is the feeling that "borough autonomy" is at the root of many of the evils complained of. Former Acting-Mayor McKee on the other hand would enlarge the functions of the borough presidents in the interests of further decentralization but would not permit them to have a vote in the deliberations of the municipal council thus altering the present system under which the borough presidents in their legislative capacity vote to appropriate money they later spend in their administrative capacity.

Much was heard concerning the city manager plan as applied to New York City about a year ago. To the outsider it may seem strange that none of the numerous plans presented for charter revision provides for the manager plan—even that of Judge Seabury, who came out so vigorously in endorsement of the manager plan some time ago, has no reference to a manager.

The reason is that even vigorous adherents to the manager plan agree there would be no chance of the manager plan functioning satisfactorily unless a representative legislative body could be guaranteed. Under the present system Tammany has absolute control of the legislative body without even a critical minority having representation. If proportional representation were adopted—as is recommended in the Moffat and Seabury plans—this would considerably change the complexion of the legislative body and pave the way to permanent and thoroughgoing administrative reorganization.

There follows a sketchy analysis for comparative purposes of the present form of government in New York and the principal plans for its alteration:



### Present Form

*Legislative Body.*—Three legislative bodies: (1) the board of estimate and apportionment composed of the mayor, comptroller, president of the board of aldermen, each with three votes, the borough presidents of Manhattan and Brooklyn with two votes each, and the borough presidents of Bronx, Queens and Richmond with one vote apiece; (2) the board of aldermen composed of its president, the five borough presidents, and 65 aldermen; and (3) the municipal assembly composed of both the board of estimate and apportionment and the board of aldermen acting as a bicameral legislature on certain matters.

*Other Elective Officers.*—Mayor, comptroller, president of the board of aldermen, borough presidents, and principal county officers.

*Administrative Organization.*—Thirty departments and agencies. The borough presidents within their respective boroughs have the chief responsibility for public works and in that connection preside over the local improvement boards of which there are 24 in the city.

*County Governments.*—There are five county governments within the city limits; each of them with its full complement of elective and appointive officers. The elective officers are: sheriff, clerk, district attorney, judge, surrogate, and register (this latter office does not exist in Richmond County).

### The Smith Plan of Reorganization

*Legislative Body.*—Bicameral with senate and assembly similar to state government.

*Other Elective Officers.*—Mayor, vice-mayor, comptroller and district attorney.

*Borough Presidents.*—Would abolish.

*Administrative Organization.*—Consolidate into 11 departments.

*County Governments.*—Would abolish.

### The Moffat Plan

*Legislative Body.*—City council composed of mayor, comptroller and fifteen members elected by proportional representation from two districts; the first to consist of Manhattan and the Bronx; the second, Brooklyn, Queens and Richmond.

*Other Elective Officers.*—Mayor and comptroller.

*Borough Presidents.*—Borough government would consist of president elected by majority vote and the borough council of six members chosen by proportional representation.

*Administrative Organization.*—Functions would be consolidated under the mayor in 13 single-headed departments and three departments headed by boards. The latter are education, civil service and elections.

*County Governments.*—Consolidated with city departments.

### The Seabury Plan

*Legislative Body.*—Council of about 25 members elected by boroughs on a non-partisan ballot under proportional representation.

*Other Elective Officers.*—Mayor and comptroller (nominated by petition and chosen under a system of preferential voting).

*Borough Presidents.*—Would abolish.

*Administrative Organization.*—Consolidate into 10 single-headed departments exclusive of education.

*County Government.*—Would abolish.

### The McAneny Plan

*Legislative Body.*—Council of not less than 17 nor more than 50 members elected at large by boroughs under proportional representation.

*Other Elective Officers.*—Retained.

*Borough Presidents.*—Would retain seats on board of estimate, but would be relieved of all administrative responsibilities.

*Administrative Organization.*—Consolidate into nine departments under the mayor.

### The McKee Plan

*Legislative Body.*—City council of from 15 to 30 members.

*Other Elective Officers.*—Present elective officers continued.

*Borough Presidents.*—Would enlarge administrative functions and permit them to sit in municipal council without a vote.

*Administrative Organization.*—Reorganization and consolidation of administrative departments.

*County Governments.*—Would abolish.

**Long Beach, California, to Vote on Mayor Council Charter.**—The biggest problem facing Long Beach, California, at the present time is whether to return to the mayor council form of city government. The political opposition to the city manager plan has prepared a charter on which the citizens will vote April 7. The draft of the proposed charter was filed with the city clerk by the board of freeholders on January 16. However, a minority of the board refused to sign the charter.

If the proposed charter is adopted, mayor council government will replace the present managerial form which has been effective since July 1921. Seven councilmen will be elected by wards and be subject to recall by their respective districts. The mayor will be chosen at large. There are appended to the proposed charter five alternative propositions; namely, civil service, fire and police pensions, a tax levy for the recreation commission, a tax levy for the municipal band and one dealing with the possession and sale of liquor.

FRANCES W. AHL.

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**Survey of State and Local Government in Alabama.**—On June 11, 1932, the voluminous report on the survey of the government of Alabama, made under the authority of an act of January 30, 1931, by the Institute for Government Research of the Brookings Institution, was submitted to Governor B. M. Miller. The report occupies five printed volumes, totalling 1898 pages, and treats organization and administration of the state government, taxation, financial administration, and county government. A large part of the report consists of the presentation of facts, statistics, explanations, and interpretations. The survey was a very complete one, and, while recommending a comprehensive administrative reorganization, numerous other recommendations are made.

The principal recommendations regarding administrative reorganization are as follows: (1) adoption of the integrated type of organization, (2) consolidation of the existing 92 agencies into 19 departments, (3) concentration of administrative power and responsibility in the chief executive, (4) creation of a service of general administration to aid the chief executive, including budget, personnel, and purchasing divisions, (5) abolition of all

boards and commission unless their functions are of a legislative or judicial nature, and (6) abolition of forty wholly or partly ex-officio bodies.

Extensive recommendations are made for almost all departments, reallocating functions of some agencies and abolishing others, so as to group related functions in the same department and to prevent the unnecessary duplication of activities existing among the different organization units.

Among the other recommendations made are the following: (1) adoption of an executive budget, (2) reorganization of the tax system, (3) abolition of all ear-marked funds and continuing appropriations, (4) adoption of a unicameral legislature of small size meeting biennially, (5) creation of a legislative reference service, (6) adoption of new constitution, eliminating many provisions which may better be left to legislative determination, (7) adoption of a short ballot, and (8) general reorganization of county government.

Meeting in a special session last September, the legislature adopted an executive budget to become effective October 1, 1932. Up to the present time this is the only recommendation that the legislature has acted upon.

WILLIAM V. HOLLOWAY.

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**Uniform Tri-State Sales Tax Plan Defeated.**—Abandonment of a plan for a uniform sales tax in three states of the Pacific Northwest—Oregon, Washington and Idaho—was the result of the special session of the Oregon legislature which refused to levy a sales tax. The legislature repealed the three-mill levy on real property and then adjourned without providing substitute revenue. The regular session is expected to attempt to solve the problem through economies instead of seeking new sources of revenue. What Washington and Idaho will do is problematical.

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**Reorganization of Jackson County, Missouri.**—A bill has been drafted by the subcommittee of the local government committee of the Chamber of Commerce of Kansas City providing for complete reorganization of Jackson County. Under the terms of the proposed law, the offices of assessor, county collector, treasurer, surveyor, highway en-

gineer, recorder of deeds and all officers appointed by the county court would be abolished. The bill sets up in their stead departments of revenue, public works and welfare, and the offices of director of personnel, auditor, purchasing agent, county counselor, and comptroller. The county court (the legislative body of the county composed of three judges) and county clerk continue to be elected but all other officers except the constitutional officers are to be appointed. Without a constitutional amendment, the sheriff, coroner, prosecuting attorney, constables and judicial officers cannot be touched in Missouri.

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**Governmental Research Association to Make Award for Best Work.**—An annual award, in recognition of the most outstanding piece of research work during the year, will be made by the Governmental Research Association, the executive committee decided at a meeting held in Chicago under the auspices of the Public Administration Clearing House on January 20 and 21.

Revision of the sections of the constitution of the G. R. A. governing admittance to membership was considered at the Chicago meeting and will be submitted to the members. Proposals call for a system of election of members by the executive committee upon nomination by an active member, eligibility being based on actual performance in the research field. The new proposals make it possible for anyone interested in research to become an associate member. All privileges and services are extended alike to active and associate members except voting privileges which are limited to active members.

Through the aid of the Public Administration Clearing House, a monthly news bulletin of activities in the field of research and a weekly digest of current literature will be sent to all members.

It was also decided to submit for the approval of the membership, a new plan of electing the executive committee. An executive committee of six was recommended—three members elected each year for a term of two years, no member of the executive committee to be eligible for reelection.

The association will aid cities interested in the establishment of new citizen agencies by providing packet libraries with publications

used by bureaus of research, taxpayers associations and kindred organizations in various cities. Plans were also made by which the exchange of staff men specializing in various lines can be facilitated. A panel will be prepared showing those who are available for consulting and advisory service in various lines of local governmental activity. Two pamphlets will be published—one of which is designed to enlist a large associate membership in the organization and the second to assist interested cities in the establishment of new citizen research agencies.

ROBERT M. GOODRICH.

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**Michigan Commission Urges County Home Rule.**—The authorization of the appointment by the governor of a state commission of inquiry into county, township and school district government by the Michigan legislature of 1931 was inspired by a small group of civic-minded individuals interested primarily in bringing about a simplification of county government, preferably through constitutional permission for county home rule. This group placed before the governor the alternate proposals of a county home rule, amendment to the constitution or a study of local government throughout the state to be followed by such constitutional and statutory changes as might seem desirable. The governor strongly favored the latter course and threw his influence back of legislation to that end.

Accordingly, a commission of five members was appointed to undertake the inquiry, financed by a small state appropriation, supplemented by donations of money and services from the Detroit Bureau of Governmental Research, the University of Michigan, Michigan State College, the Spelman Fund of New York and interested individuals.

Dr. Lent D. Upson, director of the Detroit Bureau of Governmental Research, was placed in charge of the inquiry. The study was broken up into about a dozen sections dealing with particular subjects such as social and economic backgrounds to local government, county and township organization, rural school organization, public welfare, public health, public works, public finance, government in the metropolitan area, schools in the metropolitan area, etc. These studies were

placed in the immediate charge of competent persons connected with the university of Michigan, Michigan State College and the Detroit Bureau of Governmental Research. The reports on these subjects covering largely all of the important phases of local government in Michigan are being published as separate studies. It is upon these studies that the report of the commission is based.

The preliminary report of the commission issued about nine months after the research studies were actually under way, dealt only with the more important phases of local government. Additional reports will be made to the governor and the legislature as the research reports are finished, and the whole will be incorporated in a final report of the commission.

#### COUNTY RECOMMENDATIONS

The principal recommendation of the preliminary report had to do with county and township government. This subject has been a controversial one in Michigan for more than ten years and all previous proposals to re-vamp county and township government have been defeated because they embodied a drastic change in the representation of the rural and urban populations in the county legislative body. For this reason the commission recommended that the matter of representation and the form of the legislative body be left for future consideration, thus retaining the large board of supervisors that is characteristic of Michigan county government.

On the administrative side, however, the commission recommended that this board of supervisors be authorized to reorganize and consolidate that branch of the government by ordinance, such ordinance to be approved by the people. Or such an ordinance might be initiated by the voters. The commission discussed the various types of county executives that might supplant the present loosely organized system of administration, but named as its choice the selection of a county mayor or president who would be made responsible for the appointment of all subordinate officers. This would give the counties of Michigan the same centralized control that has characterized modern city government.

Unfortunately, it seemed necessary to continue the townships as they now exist with the proviso that if there was an overwhelming de-

mand for their elimination these might be transferred to the county government. Township government is deeply entrenched in the Michigan system and in some of the sparsely settled communities the large proportion of the township population that benefits from public office makes it difficult to change. In spite of this, township roads were recently eliminated by state statutes, the same to become county highways over a period of five years. The commission suggests that similar action should be taken with respect to public welfare, public health and the administration of justice, but is not unmindful of the difficulties that stand in the way of these changes.

#### MORATORIUM ON DELINQUENT TAXES

The other preliminary recommendations of the commission had to do with a moratorium on delinquent taxes, a centralization of rural school administration, a centralization of public welfare and public health administration, and the introduction of something akin to the Indiana plan for state control of local finance. This last suggestion will be resisted vigorously by city and county governments.

Some twenty bills have been drafted and have been presented for introduction into the legislature covering the more important of the commission recommendations. Additional bills will be presented as the final report of the commission develops.

LENT D. UPSON

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#### New York State Hunts New Revenues.

—Having slashed the state budget 23.7 per cent, Governor Lehman of New York still faces the necessity for raising some \$84,000,000 in order to make ends meet. In his annual budget message to the legislature, he recommended the following new taxes and alterations in existing taxes:

1. Increase in personal income taxes through lowering of exemptions and establishment of a new 1 per cent emergency tax on gross income without exemptions but with some deductions. Estimated yield, \$46,000,000.
2. Retail sales tax of  $\frac{3}{4}$  of one per cent. Estimated yield, \$23,000,000.
3. Increase of one per cent per gallon in the state gasoline tax. Estimated yield, \$15,000,000.

If and when Congress legalizes the sale

of beer, New York state is certain to realize revenue through a tax on beer. One dollar a barrel has been suggested as a tax which would bring in substantial revenue without increasing the retail sale price to such an extent as to encourage bootlegging. Those who have made an analysis of the problem say that a tax will be collectible which does not force the retail price of a glass of beer beyond five cents. The point at which protection becomes cheaper than taxation is vague, but, considering the fact that the illegal machinery is now functioning and the legal machinery is not, the advocates of a beer tax are inclined to recommend a fairly low rate at least for the near future. A substantial percentage of the revenue should be returned to the local governments to encourage enforcement.

Even with beer legalized, the problem of taxing the illegal income received from the sale of hard liquor remains. One of the suggestions is a license tax on those places which sell beer, on the theory that they all will also sell other liquor which cannot be reached directly by taxation but can be reached indirectly through licensing any establishment which sells beer.

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**Savings of Fourteen Million Dollars Recommended in New Jersey Survey.**—Economy recommendations totalling more than fourteen million dollars for the fiscal year 1933-34 are contained in the survey of the government of New Jersey by Princeton University recently carried on under the direction of Professor H. W. Dodds. The recommendations of the University survey staff have been accepted by Governor Moore and included as an integral part of his legislative program.

The highlights of the recommendations which were concerned solely with immediate economies which might enable the state to balance its budget and avoid financial collapse may be summarized as follows: (1) creation of a department of fiscal control to act as the direct agent of the governor in exercising executive power over state expenditures; (2) abolition of the four-man highway commission, making the state highway engineer the responsible executive; (3) discontinuance of training more teachers than can find place in the state educational system; (4) alteration of the state salary sched-

ule with a graduated pay cut averaging 10 per cent to be put into effect at once; (5) inauguration of a pay-as-you-go policy for highway construction with cancellation of highway bonds as yet unissued; (6) repeal of law which limits interest on state deposits to 2 per cent; (7) new revenue proposals: higher license fees for commercial motor vehicles to bring in an estimated amount of two million dollars; more efficient collection of state taxes and removal of exemptions from gasoline tax, three million nine hundred thousand dollars; transfer of money in certain special funds to the general treasury, one million one hundred thousand dollars.

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**Proposed Reorganization in Georgia.**—A comprehensive scheme for reorganization of the governmental structure in Georgia has been worked out by Orville A. Park, member of the legislature from Bibb County, and professor of law at Mercer University. Professor Park points out that in the current tax-saving crusade little can be expected by reduction in state expenditures in Georgia through curtailment of services inasmuch as these are stated to be the lowest per capita in the country. He, therefore, places emphasis upon such improvements as consolidation of local units of government including the merging of counties, provisions for counties to unite in carrying on institutions, the encouragement of city-county mergers, the abolition of district and independent school systems and installation of a uniform system of county audits by the state auditor.

The legislature could be relieved of local legislation by establishing a large measure of home rule in counties and cities, he points out. State activities instead of being diminished would be increased by the taking over of the entire penal system, public schools, public health and a reorganized judicial system. Public budgeting of state finances is recommended and likewise a reform of the tax system.

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**High Incomes from Fees Stir Pennsylvania.**—Proposed reduction of salaries of state officials in Pennsylvania has encountered an embarrassing psychological obstacle in the fee system under which various county officers "earn" extremely comfortable emoluments. For example, the register of wills

in Philadelphia received fees aggregating \$37,654 in 1931, with the corresponding officials of Montgomery and Allegheny Counties receiving \$20,183 and \$16,714, respectively. In each of these three cases the fees were in addition to a \$5,000 salary.

The most notable instance of high returns is the delinquent tax collector of Allegheny County. With a fee of 10 per cent on collections his net commissions in 1930 were found to be \$106,265. Various other local tax collectors are said to receive up to \$30,000; and it is estimated that by placing the tax collectors on salaries, principally under the direction of county treasurers, the saving in Pennsylvania would be over \$3,000,000.

Any such move encounters vigorous opposition not only from the officials affected but from the political machines; for the bulk of these swollen incomes are regarded to be political funds. In Allegheny County the organization is reported to be willing to compromise by cutting the fees in half!

**Municipal Miracles in Fredericksburg, Virginia.**—The final meeting for 1932 of the city council of Fredericksburg, Va., a city of 6,819 people (1930), resulted in a very unusual combination of governmental achievements, according to the Richmond, Va., *Times-Dispatch*.

The 1933 budget, passed at this time, called for the continuation of a tax rate (\$1.50 on 50 per cent assessment) said to be the lowest in the state; continuation of water rates that claim the same distinction; and reduction of the rate for gas furnished by the municipal plant. It was found unnecessary to cut any city salaries or to curtail city activities. Besides approving this budget, the council unanimously reelected L. J. Houston, Jr., as city manager for the fourteenth successive year—seemingly a highly appropriate action. During Mr. Houston's fourteen-year incumbency, Fredericksburg has undergone an extensive program of public improvements, at the same time reducing its debt \$200,000.



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## Elements of a Low-Cost Housing Law and Its Administration

• • • CHARLES S. ASCHER

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# Elements of a Low-Cost Housing Law and Its Administration

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## INTRODUCTORY NOTE

IMMEDIATELY upon the enactment of the Emergency Relief and Construction Act of 1932, various local groups started campaigns to qualify housing enterprises in their states to borrow money from the Reconstruction Finance Corporation.<sup>1</sup>

The first impulse of a number of these groups—to copy the New York State Housing Law—produced most unsatisfactory results. The governor of Pennsylvania, on the advice of the attorney general, felt compelled to veto such a housing law there enacted,<sup>2</sup> because it violated the requirement of the Pennsylvania constitution (common in state constitutions, but absent in New York) that each public bill deal with only one subject, and that clearly expressed in the title.

The most reasoned proposal yet put forward of "principles to be embodied in a housing law" has come from a group of such eminence in the field of housing, law and administration, that it seems brash even to tread the ground they have traversed.<sup>3</sup> On the other hand, other authorities of equal eminence have commented upon these proposals, added to them, or presented other points of view.<sup>4</sup>

These comments, taken together, at least establish that there is not necessarily

<sup>1</sup>Title II. Sec. 201 (a) "The Reconstruction Finance Corporation is authorized and empowered . . . (2) to make loans to corporations formed wholly for the purpose of providing housing for families of low income or for reconstruction of slum areas, which are regulated by state or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation, to aid in financing projects undertaken by such corporations which are self-liquidating in character."

<sup>2</sup>(In 1931.)

<sup>3</sup>The proposals came from a sub-committee of the committee on economics of site planning and housing of the American Institute of Architects, comprising Messrs. Robert D. Kohn, past-president of the A. I. A., Clarence S. Stein, former chairman of the governor's commission of housing and regional planning of New York, and Dr. Carol Aronovici, city planner and housing publicist. Working with them were Messrs. George Gove and Carl Stern, secretary and counsel of the New York State board of housing. The proposals were published in *The American City* for August, 1932, and in *The Architectural Forum* for August, 1932, p. 113, and may be obtained in the form of a six-page mimeographed pamphlet from Robert D. Kohn, 54 West 45 Street, New York.

<sup>4</sup>See, for instance, comment by Dr. Edith Elmer Wood and Harold S. Buttenheim in *The American City*, August, 1932, p. 83; and the programs of Dr. Wood and John Ihlder of Pittsburgh in vol. 1, no. 10, of *Millar's Housing Letter* (December 17, 1932) published at 440 South Dearborn Street, Chicago, Ill. The writer has also had the benefit of correspondence with Walter Kruesi, secretary of the Brooklyn Garden Apartments, Inc., and Alfred Bettman, Esq., of Cincinnati, president of the National Conference on City Planning, and of free consultation with Coleman Woodbury, secretary of the Illinois housing commission; and has drafted a state housing bill in collaboration with Walter F. Dodd, Esq., the well known authority on state constitutional law, and former legislative draftsman for Illinois.

one right way to organize for public action on housing; and lead to the belief that a useful purpose will be served in presenting not just one set of principles, but in posing the alternatives, and indicating some of the bases for choosing between them. The problem will be handled differently in different states.

These suggestions begin in *medias res*; the public policy behind them, which is their justification, is expounded by Louis Brownlow, director of Public Administration Clearing House, in his article in the February, 1933, issue of the NATIONAL MUNICIPAL REVIEW.

## I. BEFORE DRAFTING A LOW-COST HOUSING LAW

### A. *Check the state constitution for provisions concerning:*

- (1) The form of bills, limitations on their subject-matter and titles; cf. Pennsylvania's experience, above noted;
- (2) Limitations on the grant of the power of eminent domain and the methods of its exercise; must there be a jury trial, and on what issues must the jury pass?
- (3) The scope of tax exemptions authorized;
- (4) The creation of corporations and limitations upon their types of organization; in Illinois, for instance, a law could not provide that every housing corporation have a member of the official board as a director, because the constitution prescribes that the directors of corporations must be elected by the stockholders;
- (5) Municipal home rule; to what extent can cities help themselves?
- (6) Loan of state credit.

### B. *Check the corpus of statutes (compiled laws plus recent session laws):*

- (1) Tax laws.
  - (a) Organization fees and taxes.
  - (b) Corporation income, franchise or capital stock taxes.
  - (c) Real estate taxes.
  - (d) Grants of tax exemption, and their scope; as a basis for deciding whether and to what extent it will be possible or desirable to grant exemptions to low-cost housing projects.
- (2) Corporation laws.
  - (a) Limitations on ownership of real estate by corporations.
  - (b) Classifications of corporations; types of organizations permitted. Some states may provide for more fancy varieties of series of stocks than it will be wise to permit housing corporations, divorced from high finance, to issue.
  - (c) Powers of corporations to retire stock.
  - (d) Power to mortgage property.
  - (e) Form of certificate of incorporation called for: does it give all the information needed concerning a housing corporation?
  - (f) Authorized purposes; cf. the purpose specified by the Emergency Relief and Construction Act for corporations to which the Reconstruction Finance Corporation is authorized to lend.
  - (g) To what extent will housing corporations fit into the general framework of the existing system: must a special classification be created for them? Preferably not, if it can be avoided.

- (3) Condemnation laws. These will frequently be found scattered all through the compiled statutes, in the cities law, the railroad law, laws creating sewer districts, authorizing toll bridges; and the procedures prescribed will vary with the several grants of power. If there is a choice, pick as your precedent the one which gives speediest action. Is a jury trial obligatory: must a jury pass upon the public purpose or necessity of the taking or only upon the damages to be assessed? Is there any provision for entry into possession before the conclusion of the proceedings? cf. New York, Consolidated Laws, ch. 73 (Condemnation Law) sec. 24.
- (4) Blue-sky laws. Will the bonds and stocks of housing corporations have to be approved by the secretary of state or blue-sky law commission? Are existing provisions, calling for the filing of statements, etc., applicable to housing corporations; should they be?
- (5) Laws regulating buildings. California has a housing act (Laws of 1923, ch. 386) but this is not the act under which the state has helped over 7,500 families to acquire their own low-cost homes.<sup>5</sup> It is, instead, a code of dwelling construction standards, plumbing code, building code, tenement house law and multiple dwelling act rolled in one.
  - (a) In any state which already has a law called a "housing" act, law or code, be sure to find a name for the *Low-Cost Housing Law* which will not conflict or cause confusion.
  - (b) Study the existing standards set up by such laws for maximum land coverage, minimum room sizes, light, and air, etc.
  - (c) What agencies have already been provided by such laws (state or municipal) for the supervision of building design, construction, and maintenance?
- (6) Planning and zoning laws.
  - (a) State enabling acts. Is there authority for cities to regulate the location of dwellings, their bulk, the density of population, maximum land coverage, minimum size of lot? Is there authority for continuous fact finding by municipal planning commissions as to population trends, character of existing structures, rents paid and other determinants of areas needing reconstruction; and for planning of future uses of land, future open spaces, location of future schools, future transit provisions, as a basis for approving or disapproving the location of proposed low-cost housing projects, and advising upon their desirability with reference to the needs of the municipality as a whole?
  - (b) To what extent have cities in the state availed themselves of these powers? Which cities have effective zoning, master plans, official maps, active planning boards?
- (7) Municipal home rule laws.
- (8) Mechanics' lien law and mortgage foreclosure law. Should they be modified in any way in their applicability to the property of housing companies?

<sup>5</sup>Veterans' Farm and Home Purchase Act, Laws 1921, ch. 519; Veterans' Welfare Act, Laws 1921, ch. 590. See Edith Elmer Wood, *Recent Trends in American Housing*, 1931, p. 252.

- (9) State administrative code, and civil service law.
- (a) If a new state administrative board is to be created, in what department shall its secretariat be placed? Shall board members or secretary be subject to civil service laws, and if not, must they be expressly exempted by the terms of the housing law?
  - (b) Under existing law may the housing board without express authority, or even with it, retain expert consultants (architects, counsel) and pay them either per diem or by contract?
  - (c) Finances. May the board fix the salaries of the secretary and staff, or must they, or any of them, be stated? If the board is authorized to charge fees, must they be covered into the general fund? Who is to approve vouchers, issue drafts or warrants for board disbursements? Is there an executive budget, into which the board's appropriation must fit?
- (10) Code of civil procedure or civil practice act. Forms of action appropriate for (a) application by the administrative board for sanction for its rulings; (b) appeal by a housing corporation, tenant, or other affected individual from the rulings of the board. In what court should actions arising under the law be brought? Can injunction or mandamus be helpful or hinder efficient administration?
- (11) Decedents' estates law, insurance law, banking law, civil code. Will the mortgage bonds or other securities of housing corporations qualify as legal investments for trust funds, guardians' funds, savings banks, insurance companies? (These provisions will often be scattered through half a dozen laws.)

C. *Check the decisions of the high court of the state:*

- (1) Does the court take a broad or narrow view of "public purpose?"
- (2) In the somewhat analogous field of public utilities, has it held up the hand of the legislature in supporting regulatory measures, or does it stress private proprietary rights and the sanctity of individual initiative?
- (3) What is the attitude of the court toward administrative tribunals?
  - (a) Will it be bound by findings made as a result of administrative hearings, or will it insist upon the right to enter into the facts *de novo* on an appeal? Would it declare unconstitutional a law which purported to make such findings either conclusively or presumptively final?
  - (b) Is it willing to permit the legislature to entrust wide administrative discretion to an administrative agency, or will it invalidate such an act on the ground that there is an improper delegation of legislative authority, or that no sufficient standards have been laid down to prevent the board's actions from being arbitrary<sup>6</sup>

<sup>6</sup>cf. *Welton v. Hamilton* (1931) 344 Ill. 82, criticised by the late Ernst Freund in the NATIONAL MUNICIPAL REVIEW, September, 1931.

## II. FORMAL ASPECTS OF DRAFTSMANSHIP

- A. Be sure to make the title of the bill explicit enough not to offend against a state constitutional provision requiring that the subject matter of every bill shall be clearly expressed in its title.
- B. Beware of state constitutional provisions limiting each bill to one subject. State courts differ in their liberality of construing what shall be deemed "one subject"; and an alleged violation of this requirement would be an easy way for an unsympathetic tribunal to invalidate the law.

If necessary, draft a series of bills—one creating the administrative agency, one creating the class of housing corporations, or amending the corporation laws as necessary, one relating to each general statute amended or supplemented. Avoid a multiplicity of bills unless they are needed for this reason.

- C. Provide a short title: "This Act may be known as the *Low-Cost Housing Law*."
- D. Incorporate a legislative finding or declaration of public interest. The New York form,<sup>7</sup> substantially followed in Ohio, is a comprehensive statement:

*"Sec. 2. Legislative finding.* It is hereby declared that congested and unsanitary housing conditions which exist in certain areas of the state in low priced dwellings are a menace to the health, safety, morals, welfare and reasonable comfort of the citizens of the state. The correction of these conditions in such areas being now otherwise impossible, it is essential that provision be made for the investment of private funds at low interest rates, the acquisition at fair prices of adequate parcels of land, the gradual demolition of existing unsanitary and unsafe housing and the construction of new housing facilities under public supervision in accord with proper standards of sanitation and safety and at a cost which will permit monthly rentals which wage earners can afford to pay and not in excess of the rates hereinafter provided. Therefore, there are created and authorized the agencies and instrumentalities hereinafter prescribed, which are declared to be the agencies and instrumentalities of the state for the purpose of attaining the ends herein recited, and their necessity in the public interest is hereby declared as a matter of legislative determination."

The influence of this declaration upon the courts, at which it is chiefly aimed, will be much increased if the legislature has made its determination upon some facts put before it. If there is no official fact-finding body which can submit a report as a basis for action, it will be helpful to hold a hearing at which experienced individuals can testify, and put into the record the relevant basic facts.

- E. Organize the material in a logical order, bring together all provisions relating to the board, its powers and duties, all provisions concerning the incorporation of housing corporations. This sounds like a gratuitous suggestion, except that so many laws are not logically arranged, and therefore defy ready understanding.
- F. Give each paragraph of the law a caption, indicating generally the scope of its subject matter. Numbers alone are no index to content. Another seemingly gratuitous suggestion.

<sup>7</sup>Laws 1926, ch. 823, amended by Laws 1927, ch. 35, Laws 1928, ch. 722, Laws 1930, ch. 872; Laws 1931, chs. 557, 558.

## G. Use the device of definition freely.

- (1) It is an excellent substitute for runic formulas still sometimes considered essential to give magic efficacy to laws. " 'Person' includes, individual, partnership, association and corporation" disposes of that once and for all in the statute. " 'Use' includes commence, erect, construct, maintain, alter, occupy" makes possible a simple and forceful prohibition: "No one shall use. . ."
- (2) It avoids confusion in the presentation of substantive matter and the burying of important concepts in subordinate phrases. Thus, in the New York law, Section 14 purports to deal with the execution of projects, and provides for approval by the board of housing, conditioned upon the submission of certain data about financing. At the end of a long paragraph on this subject is a sentence: "Wherever reference is made in this act to cost of projects . . . such cost shall include . . ." This is a concept of major importance; yet one might easily read other sections of the law containing the word "cost" without even knowing that its meaning had been specifically limited. (For a better definition of "cost" see VII, B below.)
- (3) Put all the definitions in one section *at the beginning* of the law, so that the reader knows which words have been given a special or limited meaning, before he starts reading the law.

H. I have the high authority of the National Conference of Commissioners on Uniform State Laws to support me in urging the suppression of "provided that . . ." Either it is time to start a fresh sentence, or your original statement was too broad. In either case, "provided that" is not the cure.

I. Always use the same word for the same idea. The aim of legislative draftsmen is the opposite of teachers of English composition: it is no sin to repeat; it is a sin to confuse by synonyms. "If the legislature had meant the same thing, it would have used the same phrase" is a terrible indictment of a draftsman.

J. Be careful in repealing other laws that you are not repealing more than you intend. In some states, quite properly, a clause merely repealing "all laws inconsistent herewith" is given little effect by the courts.

K. Conclude with a clause declaring that the various sections of the law are severable, and that the invalidity of any one phrase shall not be deemed to invalidate others. There is probably a standard form for this declaration in your state.

L. If, in your state, laws do not take effect until the following first of July, or until ninety days have elapsed, unless there is an emergency clause, and if you desire the law to take effect sooner,<sup>8</sup> add an emergency clause.

### III. OBJECTIVES OF A LOW-COST HOUSING LAW

As a framework for the substantive suggestions to follow, may I quote with slight paraphrasing the succinct statement of the Architects' committee:

The purpose of the law is to obtain substantial housing at the lowest possible

<sup>8</sup>As, under the present Federal Law, the Reconstruction Finance Corporation may make housing loans only until January 23, 1934, any unnecessary delay in commencing operations of a state or municipal housing board may preclude getting money from the R. F. C.

rental or charge, planned, constructed, financed, and operated by non-speculative housing corporations under public control.

The low rentals are assured by: efficiency of design; prevention of excessive land costs; large-scale building operations; elimination of waste; reduction of financing charges; exclusion of speculative profits; and the regulation of overhead expense.

Sound values, sanitary and safe construction and design, and appropriate location are assured by providing for official approval, supervision, and control of the plans, specifications, construction, financing, and operation of the projects.

#### IV. CREATION OF AN OFFICIAL ADMINISTRATIVE AGENCY

##### A. State or Municipal Board.

The Federal Act says merely that housing corporations shall be "regulated by state or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operations." In New York there had been, prior to the enactment of a housing law, a governor's commission of housing and regional planning which had no administrative duties of any kind. It was a fact-finding agency, which furnished the legislature factual reports as a basis for policy in enacting and extending the emergency rent control laws; and it was a propaganda agency which, in its desire to promote sound planning, stimulated the organization of local, regional official planning bodies (Niagara Frontier, Albany Capital District, Mid-Hudson District). It also prepared the recommendations for the state low-cost housing legislation, calling for a state board of housing.

The New York State board of housing has five members, of whom four are residents of Manhattan or Brooklyn (one is from Buffalo). The secretary and his staff are Manhattanites; the counsel is a Manhattanite: the office of the board is not at the capital, but just behind the Municipal Building in Manhattan. All of the eleven projects built under the law are in Greater New York.

The fact that the state board stood in the shoes of a governor's commission somehow made the late mayor of New York feel that he must have a housing program of his own, necessarily different, which produced no results in brick or concrete, but (more important for his purpose) for a number of years weakened the effectiveness of the state board wearing the trappings of the governor.

In its detailed studies of the lower East Side of Manhattan; in its constant analysis of rental and vacancy trends in the city (based in part upon the statistics prepared in normal routine by city departments, such as the tenement house and health departments); in its certification that a proposed project is in an appropriate area, the New York State board of housing seems to be doing what a well organized city planning commission of the city of New York should do. There is, alas, no such agency in that city.

Does it then follow that in states (1) where there is more than one city in which low-cost housing is recognized as a crucial problem; and (2) where there are active city planning commissions in the leading cities, the example of New York should necessarily be copied, framed as it was to meet what seem to be rather special circumstances?

"The present situation (in New York) with a state board functioning to all intents and purposes only in one city and completely at loggerheads with the municipal administration, is certainly far from edifying and not a thing to be copied intentionally. On the other hand, in this particular case, had it started

as a city activity, it would have been engulfed in Tammany graft and inefficiency and we have at least had a clean, efficient, six-year demonstration of what is possible," says Mrs. Edith Elmer Wood.<sup>9</sup>

What, then, of the well-administered cities, where the standards of local government have outstripped those of state administration? I can think of more than one city under the council-manager plan, where inspectional services are consolidated, where the city plan commission works hand-in-hand with the administration, where the heads of health, welfare, and recreation departments take a broad view of their fields of interest, and where the manager is able, and free, genuinely to coordinate and direct, in which low-cost housing would go further and be better regulated under the auspices of the existing municipal agencies than under any state board that might be injected.

In such a community, the function of a state board would not be administrative at all: it would not check plans, approve locations, inspect properties, or fix rentals. Its purpose, like that of a state planning board—with which it should be united—would be to propose standards, make available to local boards the accumulated experience of others, promote the organization of local boards in communities where public opinion was not yet mobilized, and help newly created and inexperienced local boards understand their duties.

Let there, then, be a state board—if for no other reason, because at the present time it will be easier to find the seven interested and qualified men and women to man it, than to find ten times that number for ten local boards. But frame its duties and powers in such terms that, as an administrative agency, it will give way to a local board wherever one can be set up; and see that the state laws clearly enable a municipality to create for itself whatever administrative machinery it deems necessary to promote low-cost housing.

## B. Organization of a Board

(1) *Number.* There should be not more than seven (or at the most nine) members. Five is even better, unless there are some ex-officio members. (See "C" below).

(2) *Method of Appointment.* By the governor, with or without the consent of the senate, as legal or political considerations may dictate. Consider providing for appointment from panels of nominees proposed by such bodies as architectural or city planning societies, structural engineering societies, welfare conferences, building trades congresses.

(3) *Qualifications.* Consider providing that members be either an architect, a lawyer, an engineer with building experience, a person acquainted with the finance of public and private construction, a person experienced in social service or welfare work with a knowledge of housing problems, a city planner, or a representative of organized labor.

(4) *Term of office.* The term should be from four to six years; and the expiration dates should be staggered. In this way a continuing policy can be developed.

(5) *Compensation of members.* The members should receive only necessary expenses. These expenses should include the cost of attending housing, city planning and social work conferences, and the inspection of projects in other communities; and, if in your state it is necessary explicitly so to provide, include an appropriate provision.

<sup>9</sup>Miller's Housing Letter, December 10, 1932, vol. 1, no. 9, p. 2.



The problem of arousing interest in housing and supervising housing companies is one of the type which, classically, under our American system, calls for a volunteer commission, receiving only compensation for expenses, with a paid administrative secretariat. The work of a conscientious board is onerous; but somehow better results are obtained by enlisting the civic enthusiasm of \$50,000-a-year men who will spend their evenings and holidays on the work (and gradually more and more of their days) than by having the governor appoint a complement of \$3,000-a-year commissioners. It is better to plump all of the available funds on a first-rate administrator as secretary or executive officer and on his necessary assistants.

(6) *Secretariat.* The keystone of the edifice is the right full-time paid director, who must have organizing ability, enthusiasm, and experience with housing and community planning. If the civil service system in your state will produce such a man, it is better practice to have the entire secretariat under civil service. But it is so important to have the right man, that you may consider expressly exempting the post.

The director should preferably be appointed by the board; but the administrative code of the state may require that he be appointed by the head of the department in which the secretariat is placed.

In addition to necessary clerical help, the board will need the consulting (probably not the full-time) services of specialists.

- (a) An accountant, to prepare uniform accounting classifications and systems for companies under the board's supervision, to inspect, if not audit, the construction and maintenance accounts of the companies.
- (b) For the fact-finding aspect of the board's work, a statistician familiar with social problems.
- (c) If the board is to undertake to pass upon plans and supervise construction, a supervising architect. (See below on this point).
- (d) Legal counsel.

The Architects' committee proposes that the architect, accountant, and counsel may be employed on a part-time basis or a per diem basis when needed. You will have to watch the law in your own state on this point. In Illinois, it has been ruled that the attorney general is the official legal adviser to all state agencies, and no money may be spent for independent counsel.

### C. Relation of Board and Secretariat to State Administration.

The Architects' committee states: "The Commission, including counsel, should be independent of other state departments." They would presumably make the same proposal for a municipal commission.

This is the point of view of every group which feels that it has a special problem which will not receive sympathetic understanding from routine administrative officials. The tendency today is, I think, soundly, in the other direction: whether it be a state or city commission, it must be responsible to the executive, whether governor, mayor, or manager, so that its policies can be coördinated with the other branches of government. In a number of states where there is an administrative code, the board must find a place somewhere in the structure of government, under a statutory department.

This leads directly to the proposal that certain department heads be made ex-

officio members of the housing commission, as an effective device for tying in the work of the board to the rest of the administration. Thus, in the Ohio law, out of seven members three are ex-officio, the director of public welfare, the director of public works, and the director of commerce.

In practice this means that the non-official members of the board will do most of the work, since the official members will be busy with their own departments. But it means informed support for the work of the commission in other related branches of government. It may mean, too, that a statistician in the welfare department or an architect in the department of public works or an accountant in the department of commerce can more readily be detailed to the work of the commission. Such an arrangement will be particularly effective for a municipal commission. In fact, in a well integrated city administration, the chief work of the board will be to coördinate the activities of the city engineer, the city plan commission, the bureaus issuing building permits, supervising construction and enforcing standards, and the departments of health, recreation and education.

#### D. Functions of a Housing Board.

(1) *Research, fact finding and promotion.* "The Board shall have power to study housing needs and conditions throughout the state, to determine in what areas there exist the conditions described in Section—— of this act (i.e., the section containing the legislative determination quoted in II, D, above), to prepare programs for the correction of such conditions; to collect and distribute information relating to housing; to study means of lowering rents and charges for dwellings by securing economy in the construction, arrangement and financing of buildings; to assist in the preparation of legislation and regulations concerning housing throughout the state; to coöperate with local housing and planning boards in the political sub-divisions of the state, and to stimulate the creation of such bodies; to make recommendations for the enactment or amendment of building codes or ordinances concerning the construction of buildings; to promote the re-planning and replacement of areas of dwellings that are socially detrimental or economically blighted; to study the distribution of population as a guide to the location of housing of industrial workers. The board shall make an annual report to (the governor) (the director of the —— department) which shall contain any information in the possession of the board which it shall deem of value to the people of the state. The board may also recommend the enactment of such legislation with respect to any matter within its jurisdiction as it deems wise and necessary in the public interest."

(a) *Enlistment of aid in fact finding.* The New York board had the help of students of sociology at the College of the City of New York in making a survey of occupancy, rentals, etc., in blocks on the lower East Side of Manhattan. The Illinois (temporary) housing commission's fact finding surveys were made in part by the Social Service Administration School of the University of Chicago, which had over a number of years collected information on housing in Chicago as a part of its own studies. Other reports of the New York board show compilations and interpretation of figures furnished in regular course by the municipal health and tenement house departments. In Illinois the commission was able to organize an advisory group of architects who met frequently and for long hours with the architect member of the commission in discussion of technical standards. In short, the enumeration of activities in the law does not envisage the creation of a great and expensive bureaucracy to carry them on.

(b) *Relation to city plan commissions.* Every one of the above listed activities, so far as they relate to facts within a city, is legitimately within the field of the city planning commission; if there is any doubt about statutory authority, the planning enabling act should be broadened accordingly. Indeed, where there is an active city plan commission, it seems definitely undesirable to introduce another agency into the city to do work which the municipal body can better integrate with other relevant considerations already before it.

The fact finding of the state board should in such cases be limited to bringing together data from various localities to observe state-wide trends. A state board of housing and planning will be better oriented to bring together all the necessary data than a state board of housing.

The state board, too, will in any case be the agency to propose legislation and promote the understanding of the housing problem throughout the state.

(2) *Supervision and regulation of housing projects.*

(a) *Design and Construction.*

(i) If this is to be done by any housing board, it should be done by a municipal board, rather than a state board, since the standards by which the plans and construction are to be measured will properly vary with local conditions and traditions both of site planning and organization of the construction industry.

(ii) Should design and construction be supervised by a housing board? There are already the owner's architect, the mortgagee's advisers, and the municipal inspectional forces exacting compliance with existing ordinances. The justification for adding another agency must be that it represents an interest not already provided for. In cases in which the mortgage money is being supplied from public sources, as the Reconstruction Finance Corporation, the housing board may be said to act as the mortgagee's consulting architect.

In other cases, the board is presumably acting to impose certain standards not already required by the general building code or accepted by the usual mortgagee's adviser. Building codes notoriously lag behind technical progress; and zoning ordinances (in their requirements of open space) frequently compromise the desirable with the practicable.

Site planners have for some years made studies and actual demonstrations to substantiate the cry raised many years ago by Sir Raymond Unwin: "Nothing Gained by Overcrowding."<sup>9a</sup> Housing has been built only two rooms deep, covering less than fifty per cent of the plot, producing accommodations with vastly superior light and air and allowing provision for play spaces and gardens, and still, because of the smaller investment in structure, the net return on the project is not substantially reduced (vacancies are fewer too).<sup>10</sup> Since land cost (outside of Manhattan) should not exceed one-fifth of the total cost of a project, it should not be hard to calculate the financial effect of decreasing the coverage from seventy per cent to fifty or thirty-five per cent; yet the paradox of high return from low land coverage has proved as difficult

<sup>9a</sup>Garden Cities and Town Planning Association, London, 3d edition, 1918.

<sup>10</sup>See articles by Henry Wright in the *Architectural Record*, March, 1929, and March 1930.

to adjust to most builders' preconceptions as the paradox of the evil of excessive thrift in a surplus economy.

There is every reason, then, for concentrating an attack on existing building and zoning regulations so as to provide a maximum ground coverage of fifty per cent or less for all multi-family dwellings. If in the absence of such general raising of standards, it is desired to provide more intense restrictions upon low-cost housing, *and to attract private capital*, it seems essential to offer some special consideration for the special limitation. Some extra inducement must be offered for conformity to extra standards.

There is, in the field of low-cost housing, one interest to be represented which is not adequately cared for by owner, mortgagee, or municipal inspector; that is the financial interest of the prospective occupier. The basic principle behind a housing law is that rents shall be as low as is consistent with a fair return on a prudent investment. One of the clear duties of the housing board is to squeeze all water out of the capitalization of a project, so that the fair return will be calculated only on the sum actually expended.

There are devices for evading this requirement which, alas, it is not always to the interest of the mortgagee to prohibit, and over which the municipal inspector, who is concerned with health and safety only, has no control. One such trick consists in obtaining the approval of the authorities for specifications of construction to cost  $x$  dollars, and then in the actual building to trim, and substitute a type of construction costing  $y$ , less than  $x$  dollars. The builder will then, without any corresponding investment, be entitled to a perpetual return on  $x-y$  dollars, at the expense of the tenants. While there are certain arguments in favor of permitting a builder to profit by his own efficiency and enterprise, so long as he furnishes adequate accommodations within the rent limits prescribed, tricks like this are not examples of the enterprise to be encouraged.

(b) *Financial Structure of the Project.*

(i) If the state, in order to promote low-cost housing, holds out special privileges to groups ready to accept the provisions of a housing law, the housing board must have control over the financing of these projects. Those unfamiliar with building finance are seldom aware how powerfully interest rates and capital structure affect rents. No economies of construction have yet been invented which will lower the rent per room per month as much as will a few per cent reduction in the interest rate, and elimination of all financing bonuses.

Even if capital is to be attracted by the opportunity for a liberal return (see V, D, below) that return should be received openly, and not by way of bloated contracts with sub-contractors providing for secret rebates, by contracts with affiliated companies yielding multiple profits to the builder, by bonuses to financing agencies purporting to cover "investigations of title."

The experience of the last few years in New York indicates that for every promoter legitimately seeking the benefits of the law to build desirable housing at the lowest possible rent, there are four specula-

tive builders presenting proposals which the board is forced to turn down, the disingenuousness of whose financial schemes is either transparent or only revealed after careful study. At the moment, there are numberless builders faced with the complete wiping out of equities to whom a promise of a limited return, rendered possible by the special privileges offered by the state, seems manna. I am not suggesting ethical standards of administration, so that "good" builders may be sifted from "bad." I am merely pointing out that in order to produce low-cost housing the board must have the power to see that all builders live up to the same standard.

(ii) The board should also bring its critical judgment to bear on over-optimistic proposals which minimize expenses and over-estimate income in order to make a showing of coming within the limits of the law. Otherwise the board may approve the extension of special privileges to a project which will reveal, as soon as it has begun operation, that it cannot furnish accommodations at the prescribed range of rents.

(iii) Finally, the board, as a condition of certifying the legitimacy of extension of special privileges, is entitled to assurances of financial stability. It is entitled to know that the necessary capital is definitely committed to the project so as to insure completion, before, for instance, it authorizes the acquisition of land by condemnation, or certifies the propriety of extension of public credit, whether by the Reconstruction Finance Corporation or other agency.

(c) *Supervision of Operation and Management.*

The purpose of this activity is three-fold. As in the case of capital financing, watchfulness is necessary lest operating expenses be padded by unwarranted salaries, lest unwarrantably costly contracts for supplies or repairs be made with affiliated companies.

The power to compel uniform systems of accounting will help the board in its fact finding, and will help reveal wastes and inefficiencies in management in individual projects.

"In the case of cooperative companies made up of persons of small means without much building or business experience, this supervision is invaluable. It literally saves them from themselves."<sup>11</sup> At the same time, the board should not try to duplicate inspectional activities with reference to safety, fire hazards, and health, already being conducted by other city departments. It is administratively desirable that all such activities be consolidated, not that another agency be added. The board's supervision should be over finances and management.

(d) *Fixing of Rents.*

This should be one of the functions of the board. It is discussed in detail under VII below.

(e) *Conformity to Provisions of Federal Act.*

In setting forth the functions of the housing board it is important to remember that loans by the Reconstruction Finance Corporation are, by the terms of the Federal Act, available only to corporations "which

<sup>11</sup>Wood, *Recent Trends in American Housing*, p. 263.

are regulated by state or municipal law as to rents, charges, capital structure, rate of return, and areas and methods of operation." I know of no official construction of the last phrase, and in the absence of such construction I cannot find any unanimity of opinion among experts as to what it is supposed to mean. Nevertheless, it is advisable at this time to use the exact words in the grant of power, which might well read: ". . . to approve or disapprove the incorporation of housing corporations; and except in municipalities in which municipal housing boards have been organized,<sup>12</sup> to approve or disapprove projects for the provision of housing accommodations by such corporations, to supervise and control the rents, charges, capital structure, rate of return, and area and methods of operation, and the affairs of such corporations in the manner provided by this act."

#### E. Powers of a Housing Board.

The law should confer upon the board the power to supervise generally and to investigate the affairs of housing corporations, and the dealings and relationships of such corporations with third persons. As this power is so much like that of the state utilities, railroad or commerce commission in its relation to the utilities under its jurisdiction, there is great advantage in copying closely the language of the state utilities law, and thereby getting the benefit of the body of court decisions that have grown up interpreting that law. Among the powers which will be found in such a law and which should be adapted to a housing law are:

- (1) The power to adopt a seal, of which judicial notice shall be taken in the courts of the state, and which, together with the secretary's signature shall be enough to authenticate any writ or process of the board, or certify the genuineness of any copy of an order or other document.
- (2) The power of the board, or any member, or the secretary, or other designated agent thereof, to administer oaths, take affidavits, subpoena, and require the attendance of witnesses and the production of papers, and to issue commissions for the examination of witnesses, in the course of any investigation.
- (3) The power to conduct hearings and investigations without compliance with technical rules of evidence.
- (4) The power of members, officers, and employees of the board to inspect lands, property, buildings, equipment, offices, and apparatus of housing corporations and to enter upon and inspect all places to which their duties relate; to examine all books, contracts, records, documents and papers of such corporations.
- (5) The power to adopt reasonable rules and regulations for the exercise of its power and governing its procedure.

The act should prescribe a penalty for failure to comply with a subpoena or order of the board, fix the manner of service of subpoenas or orders, and provide for recourse to the courts to enforce attendance or obedience by attachment for contempt, or otherwise. It may be possible to incorporate by reference some general statute on this point.

<sup>12</sup>Insert this phrase only if your plan calls for the organization of such boards.

## V. CREATION OF A CLASS OF CORPORATIONS

## A. Choice of a Name.

The Architects' committee proposes that housing corporations shall be called "public utility societies." The purpose, I believe, is to gain for such undertakings a standing similar to that of a railroad company or electric power company, so that their regulation in the public interest, or the grant to them of the power of eminent domain will be acceptable alike to courts and public. This is a point to weigh in each state. I know of at least one state where dissatisfaction with the maladministration of the utilities-regulating body is so rife that it would discredit a housing board *ab initio* to suggest such a comparison.

The tag "limited-dividend" corporation involves the difficulty that nobody knows what it means, and when it is explained nobody believes it. (Like the man on Westminster Bridge offering to give away gold guineas with no takers.)

The very word "housing" imports something so dismal, so virtuous but unattractive, so wholesome and dull, that the entire movement for providing livable surroundings for two-thirds of the population is retarded thereby. Whether or not one is charmed by the architecture, certainly the conception behind the great mass rehousing of the working populace in Frankfurt and Vienna, Manchester and Amsterdam, is nothing short of thrilling. The person who can invent a phrase or slogan which will capture some of that thrill will do more than seven architects or lawyers to speed housing laws and housing progress. I lay the problem at the feet of public relations counsel and analysts of pressure groups.

At least "housing corporation" has the merit of brevity.

## B. Purposes.

The Federal Act authorizes loans to corporations "formed wholly for the purpose of providing housing for families of low income or for reconstruction of slum areas." Under the words here quoted, there is no limitation upon the use to which reconstructed slum areas are to be put; they need not be used, apparently, to rehouse the dispossessed slum dwellers, and, indeed, there are many such areas which under the local city plan should be put to other uses (perhaps retained as open space) in preference to anything else.

I suspect, however, that the Reconstruction Finance Corporation would not be likely to make loans for projects the net result of which would not be to provide low-cost housing accommodations.

On the other hand, although the Federal Act does not expressly authorize it, I do not believe that the Reconstruction Finance Corporation would stand in the way of letting a housing corporation capture the store rental value created by its own housing project. In a comprehensive project the revenue (at market rents) from rental of stores necessary to serve its own occupants might be enough to make possible a substantial reduction in the dwelling rents or charges. A clause to this effect should therefore be included: "Subject to the approval of the housing board having jurisdiction thereof" (or, if no municipal boards are proposed, "subject to the approval of the state housing board") "a reasonable part of any property owned by a housing corporation and devoted to housing accommodations may be used for stores, offices, and community facilities appurtenant and incidental to the housing accommodations."<sup>13</sup>

<sup>13</sup>This provision seems wiser than Sec. 38 (7) of the New York law, copied in Sec. 19 (7) of the Ohio law.

“Community facilities” may be defined, for purposes of the law, to “include land, buildings, and equipment for recreation, for social assembly, for educational or health or welfare activities, for the use primarily of occupants of housing accommodations of a housing corporation.” I need not elaborate the importance of providing full neighborhood facilities of this character in any comprehensive housing scheme of the kind which the act is intended to promote. If they are to be granted no further value, experience has shown that they produce satisfied tenants, and decrease losses through vacancies and turn-over of occupants.

### C. Powers and Limitations.

The framing of these sections of the law will differ so from state to state, that no generally applicable wording can safely be proposed. It will be necessary to study carefully the general corporation laws; and it may be that the special provisions needed for housing corporations can be stated as exceptions or modifications of those laws. Elsewhere, it will be necessary to create a wholly new class of corporations, and specify in detail their powers and limitations.

The following are the points of differentiation between a housing corporation and others:

- (1) The housing board should approve its incorporation.
- (2) Where it is legally possible, a designee of the housing board should be a director.
- (3) Every housing corporation should remain at all times subject to the supervision and control of the board having jurisdiction thereover.
- (4) All real estate acquired by it and all structures erected by it should be deemed to be acquired for promoting the public health, safety, and welfare, and should be held subject to the provisions of the law.
- (5) Every stockholder, by the subscription to or acceptance of stock should be deemed to have agreed that he will at no time accept or receive from the corporation in repayment of his investment in its stock any sums in excess of the par value thereof, together with cumulative dividends at the rate authorized by the housing board, and that upon dissolution of the company, any surplus in excess of such sums should revert to the state.
- (6) The certificate of incorporation should preferably contain statements of the foregoing limitations.
- (7) The following powers should be exercised only subject to the approval of the housing board:
  - (a) The acquisition of real property or any interest therein.<sup>14</sup>
  - (b) The sale, transfer, lease, or mortgage, or pledge of any property.
  - (c) The issuance of secured or unsecured obligations and stock.
  - (d) The acquisition of property by eminent domain.
  - (e) The increase or decrease of its authorized capital stock, or amendment of its certificate of incorporation.
  - (f) Dissolution, merger, or reorganization.

<sup>14</sup>It should be clearly understood that this does not prevent a promoter from procuring options, or entering into contracts, in the name of a dummy. Certainly, anyone attempting to assemble a large tract of land would be hopelessly handicapped if prior public announcement of his purpose were required. All that this provision calls for is approval by the board before title is finally vested in the housing corporation, so that the terms and prices (which will profoundly influence the rents to the occupants) may be controlled.



- (g) The making of a guaranty.
- (8) Contracts for construction, for the payment of salaries or for the purchase of materials, equipment or supplies should be subject to the revision of the board having jurisdiction and subject to regulations prescribed by the board.
- (9) Stock of a housing corporation should have a par value; the board should approve the issuance of stock for considerations other than cash.

#### D. Limitation on Return.

There were limited-dividend housing companies a generation before there were housing laws authorizing limited-dividend companies. The self-imposed limitation was an expression of social purpose, and a declaration, to which stockholders could be deemed to assent by the purchase of shares, that the directors were not to be held to the usual legal duty of making the greatest possible profit for their shareholders.

It may be said broadly that only semi-philanthropic capital has been attracted to the purchase of stock limited to a six per cent return which was not guaranteed, when secured senior obligations of the same enterprise could be bought yielding five or five and one-half per cent.

If the purpose of a housing law is to attract capital freely, then if the law establishes a maximum scale of rents or charges, if the financial structure is scrutinized so that there are no bonuses and excessive financing charges, if construction is supervised so that there is no trimming, if operation is watched so that the property is not milked by padded salaries or contracts, and if speculative profits on resale or liquidation are eliminated, there is sound argument against limiting the return on the stock. The management may well be offered the inducement to increase its return by efficiency and ingenuity.

Again, if the analogy of the public utility company be pressed, no court has limited the fair return of a utility to six per cent. And the return of the utility stock is "guaranteed" in a way which is not possible in the case of a housing company: by practical monopoly, supported by exclusive franchise or by control of possible competition. Incidentally, the great scandal of utility finance has not been the high rate of return, but the watered base. Every proposal is for rigid control of that factor in the case of housing.

The Reconstruction Finance Corporation is authorized by the Federal Act to lend only to corporations which are regulated by law as to "rate of return." Since for this reason there must at this time be a limitation, let it be either reasonably high, or if possible, let it be the function of the supervising board to fix the limit.

An example of a safeguard other than dividend limitation is the suggestion of Harold S. Buttenheim, editor of *The American City*, and long active in promoting housing.<sup>15</sup> He proposes the loan of public funds in an amount equal to the entire construction cost of a project, to be secured by a second mortgage, subject to a first mortgage loan to be obtained from the regular lending companies limited to half of the previous assessed valuation of the land (or land and demolished buildings). The company would be compelled to issue stock for the other half of the land cost. Under this scheme the company could make a profit only after amortizing the public loan, but thereafter would not be limited to a fixed dividend.

<sup>15</sup>*The American City*, August, 1932, p. 83.

Incidentally, Mr. Bутtenheim points out, the evil of high land cost, which is now the chief stumbling block in the way of low-cost housing, would thereby be mitigated.

## VI. APPROVAL OF HOUSING PROJECTS

The approval of specific housing projects, both as to acquisition of land and construction of buildings, seems more appropriately a function of a local board than a state board. The factors to be approved include:

### A. Elements of Site and Design.

- (1) It should appear that the project is in an area within which, under conditions existing at the time, housing accommodations are not being provided through the ordinary operation of a private enterprise to conform with reasonable standards of health, sanitation and safety to rent within the maximum rents prescribed; and that any acquisition of land involved is necessary for the public purposes defined in the act.

A certification to this effect by the board should be conclusively, or if this is not possible, presumptively, binding on this issue in any court action. One of the purposes of introducing an administrative board into the scheme is to provide an agency better fitted than a court to assemble and pass upon the facts basic to such a determination.

- (2) Plans of site development and plans and specifications of buildings should be submitted, showing compliance with all state or local laws or ordinances, establishing standards of health, safety, sanitation and provision of light and air. I have already discussed [under IV D (2) above] whether the board should exact higher standards than those currently required of other buildings of the same type. It seems to me that higher standards can only reasonably be imposed if some special privilege is offered in return, if the purpose is to attract capital to this field.
- (3) The plans and specifications should be submitted to the city plan commission of the municipality, if there is one. The Ohio law provides that such commission shall return them to the housing board within fifteen days with such statements and recommendations as it may desire to make; the housing board in its discretion may adopt or reject any or all such recommendations.

This may seem a weak-kneed gesture, and may lead one to wonder why the entire control of housing should not be vested in the planning board. I have already explained that the fact finding and survey work basic to housing control can properly be done by the planning board: I believe, further, that the planning board is equipped to give the certification called for under (1) above.

The argument for asking only fact finding, and not administration, of the planning board comes from leaders of the planning movement, themselves experienced executives of planning boards. The draftsman of the clause quoted from the Ohio act, for many years chairman of a planning board in an exceptionally well administered city, and now president of the National Conference on City Planning (Alfred Bettman, Esq.,) sums up the argument thus:

"The reasons for not enlarging the planning commission into a legislative and administrative body do not relate specifically to housing, but are for the protection of planning bodies or planning; for when these cease to be planning bodies and become constructing and supervising organs, then they become interesting to and gradually absorbed by what we will call 'politics', using that term generically to cover all things which are the contradiction of cool, detached and scientific motivations."

(4) Estimates of cost should also be submitted which appear to be proper.

#### B. Financial Plan.

The New York law requires that a plan be submitted for raising one-third of the cost as equity capital and two-thirds by mortgage. It is hard to see the basis for so inflexible a scheme, except for the purely adventitious circumstance that mortgages not exceeding two-thirds of the value of the property are legal investments for trustees, insurance companies and banks in New York.

It is perhaps legislation such as this which has inclined the Reconstruction Finance Corporation to propose to limit its loans to 66 per cent while European governments safely lend up to 85 per cent and more. It is the earnest hope of those who want to see building begin that the Reconstruction Finance Corporation will liberalize its loans, in which case the New York law would prove a stumbling block.

The following clause is suggested:

"There shall be presented to the board, in such form and with such assurances as it may prescribe, a financial plan for the provision of the cost of the lands and improvements such as shall assure the successful completion and operation of the project."

The provisions in the New York law [sec. 14 (1) ] and the Ohio law [Sec. 5 (b) ] relating to the authorization of working capital not to exceed three per cent of the total cost seem also to cover a matter better left to the administrative discretion of the board. The objects to be attained by financial control are:

- (1) Assurance of sound backing, to avoid fly-by-night, shoe-string ventures.
- (2) Assurance of a well-proportioned financial structure, so that the enterprise will not be swamped by fixed charges.
- (3) Determination of a rate base upon which return is to be calculated, which shall be absolutely free of water.
- (4) Assurance that there are no hidden leaks serving to increase the return of mortgages or investments beyond the rate set by the law.
- (5) Assurance that the enterprise will have some working capital to start with.

#### C. Range of Rents.

It should appear practicable to the board to rent the proposed housing accommodations at prices such that for the entire project the average shall not exceed the maximum prescribed.

#### D. Control of Building Funds.

The following clause is fifty words shorter than Section 14 (4) of the New York law, or Section 5 (e) of the Ohio law:

"As a condition of approval, the board may require the acceptance by a housing corporation of the designation by the board of a banking corporation author-

ized to administer trusts<sup>16</sup> to act as trustee in receiving the proceeds of obligations and securities sold by a housing corporation to meet the cost of a project, and in making payment therefrom for the acquisition of lands, costs of improvements, other costs of the project, or to the housing corporation only upon a voucher or order of the housing corporation countersigned by the duly designated agent of the board.”

## VII. CONTROL OF RENTS

### A. Relation of Rents and Return.

“For the housing accommodations in each project operated by a housing corporation, the board shall prescribe a schedule of maximum rents (not to exceed the sums prescribed by the law, except as otherwise permitted by the law.)<sup>17</sup> Such rents shall be calculated to provide, together with all other income of the housing corporation, an income to the housing corporation sufficient to meet the following charges:

- “(a) All fixed charges, and all operating and maintenance charges and expenses, including taxes, benefit assessments, insurance premiums, amounts approved by the board for the amortization of indebtedness secured by mortgage upon the project, reserves and corporate expenses essential to the operation and management of the project in amounts approved by the board, and depreciation reserves, if any, approved by the board;
- “(b) A dividend at a rate not exceeding the maximum permitted by law upon the capital stock of the housing corporation allocated by the board to the project.<sup>18</sup> The amount of capital so allocated shall in no case exceed the final cost of the project plus the working capital authorized by the board, after deducting the obligations of the corporation secured by mortgage upon the project and debentures, certificates of indebtedness or other obligations, the proceeds of which have been applied to the cost of the project.
- “(c) When feasible in the judgment of the board, amounts approved by the board as a reserve for the retirement of the stock, securities and obligations of the corporation not secured by mortgage.
- “(d) When feasible, in the judgment of the board, amounts approved by the board to be carried to surplus. Such surplus shall not exceed \_\_\_\_ per cent<sup>19</sup> of the outstanding stock, securities, and obligations of the housing corporation not secured by mortgage.

“In cases where the tenants of the project own stock, securities or obligations of the corporation not secured by mortgage, the board may permit and establish regulations for the creation of a reserve<sup>20</sup> for the purchase at not more than their face value plus accrued interest or

<sup>16</sup>Use the formula current in the banking laws of your state indicating that the institution is qualified to act as a trustee.

<sup>17</sup>Insert the parenthetical phrase only if the law fixes a schedule.

<sup>18</sup>This has reference, of course, to corporations operating more than one project. But it also covers cases in which the corporation might initiate undertakings which should not be charged to the tenants in its buildings.

<sup>19</sup>Eighteen per cent is suggested as enough to secure dividends for three years ahead. If the return is limited and not guaranteed, the management is entitled to give the enterprise stability to this extent.

<sup>20</sup>Incorrectly designated a “sinking fund” in Sec. 16 of the New York law.

dividends of such stock, securities or obligations held by tenants ceasing to be occupants of the premises; and stock, securities and obligations so purchased may be resold by the corporation.”

### B. Definitions of Terms Used.

In order to make the calculations called for by the above formula, the following terms need definition. These definitions should appear at the beginning of the law, as previously suggested:

“‘Project’ shall mean all lands, buildings, and improvements acquired, owned, managed, or operated by a housing corporation, designed to provide housing accommodations and community facilities, stores, and offices appurtenant or incidental thereto, which are planned as a unit, whether or not acquired or constructed at one time, and which ordinarily are contiguous or adjacent to one another.”

“‘Cost’ of land shall include all of the following items paid by a housing corporation in connection with the acquisition thereof when approved by the board: all amounts paid to the vendor on account of the purchase price, whether in cash, securities, or property; the unpaid balance of any obligation secured by mortgage remaining upon the premises or created in connection with the acquisition; all amounts paid for surveys, examination and insurance of title; attorneys’ fees; brokerage; all awards paid in condemnation and court costs and fees; all documentary and stamp taxes and filing and recording fees and fees of the board and other expenses of acquisition approved by the board; and shall also include all special assessments for benefit upon the premises approved by the board whether levied before or after the acquisition.”

“‘Cost’ of buildings and improvements shall include all of the following items when approved by the board; all amounts, whether in cash, securities or property, paid for labor and materials for site preparation and construction, for contractors’ and architects’ and engineers’ fees, for fees or permits of any municipality, for workmen’s compensation liability and fire insurance, for charges of financing and supervision, for property taxes during construction and for interest upon borrowed and invested capital during construction, for fees of the board, and other expenses of construction approved by the board.”

### C. Prescription of Maximum Rents Permitted.

The objective of the law is to provide adequate housing for those income levels for whom no adequate provision is made by the operation of private capital in the ordinary way. The lowest level at which private capital will operate varies from place to place and time to time. Furthermore, the legitimate cost of providing accommodations in one or two-family houses may be more than that of large multi-family buildings, and yet there may be a proper social purpose served in encouraging the less dense occupancy at certain times and places. Again, the monthly charges to be allowed to the developer who sells homes will necessarily be greater than to the builder of apartments for rent.<sup>21</sup>

There is, therefore, every reason to refrain from setting forth a schedule of maximum rentals in the act. Even in New York, the schedule was modified after

<sup>21</sup>The Architects’ committee reflects the opinion of many who have actually been engaged in housing projects that in large urban centers rental is preferable from the standpoint both of the investor and occupant. But one of the legitimate criticisms of the proposals of the Architects’ committee is that its point of view is exclusively urban.

a few years, because it was seen to be impossible to build within the figures set for certain parts of the state (namely, every part except Manhattan and the Bronx).

Another reason for not fixing the rates in the law is that the schedule must necessarily be followed by elaborate provisions for raising and lowering the rents, which in effect negative the force of the schedule, the mathematical appearance of which will, as a result, be deceptive.

If, however, the legislature in your state is unwilling to write what they may feel is a blank check for the housing board, there are better ways of fixing the maximum than that used in the New York law, which has already suffered accretions of modifications and exceptions as experience showed that a simple formula per room per month would not work.

The difficulty is that every apartment must have the mechanical equipment of bath and kitchen and bear its share of the cost of the halls, boilers, etc., whether the apartment has two or seven rooms: the addition of bed- or living-rooms involves proportionately less cost. Ernest A. Grunsfeld, Jr., architect member of the Illinois housing commission, has computed the following typical scales based on four-story projects of the type built in Chicago.

Number of rooms	2	3	4	5	6	additional (each)
Rent per month	\$25	\$32	\$39	\$46	\$53	\$7
	\$21	\$27	\$33	\$39	\$45	\$6

Such a schedule eliminates questions of counting dining alcoves as half rooms in apartments of more than four rooms, etc. (See New York Law, Sec. 13).

Since the amount which can be paid for rent is a function of income and purchasing power, a fixed schedule of maxima loses significance with changes in price levels. It has several times been suggested, accordingly, that the maximum rent schedule should be in terms of some price index—either of commodity prices or wages, so that maximum rents will vary, for instance, with the cost of building materials or wages in the building trades.

#### D. Maximum Rents Must Be Average.

Since location, exposure, and height, affect the desirability of apartments all of which may have the same lay-out, the prescription can only be that the *average* rentals throughout the project for two-room apartments shall not exceed x dollars, etc.

#### E. Increase and Decrease of Rents.

The economics of rent regulation of housing companies seems to me entirely different from rate regulation of utilities. Theoretical questions of rate-base (prudent investment vs. reproduction less depreciation, etc.) do not enter. The rate base is fixed by the actual cost of the project, completely dehydrated by supervision, on which the investor is entitled to a reasonable rate of return. Even if rents go up in the neighborhood and building costs increase he will not be entitled to more (except in so far as inflated operating costs may increase his expenses). If rents go down in the neighborhood, or building costs come down, the investor will have to bring his rents down, and there is no way the board can peg them for him. At most, the board will have to see that his rents do not lag too far behind lowered operating costs.

There are two type situations which would legitimately call for action by the board to authorize rents in excess of the statutory maximum.

- (1) Before leases have been made, it may appear that costs will exceed the bonafide estimates to such an extent that the statutory maximum will not yield a fair return. Foundation troubles, strikes, or other contingencies beyond the control of the corporation and which could not reasonably have been foreseen may require a lifting of the rent limit, in order to protect not only the stockholders but creditors, mortgagees, and other lien or security holders.

The law should provide that upon application of any of these classes of interested parties or of the corporation, the board may hold a public hearing, and if the facts warrant, authorize an increase to the extent only necessary to meet the charges specified under VII (A) above.

- (2) If the problem arises after leases have been made to tenants, the hearing should be on notice to the tenants, who should receive copies of the application setting forth the proposed increased rents so that they can appear in opposition. Other factors which may create difficulty will be unexpected special assessments or "changes in economic conditions affecting the project." There should be provision for appeal to the courts from the determination of the board upon such a hearing, either by the tenants or the applicant. The procedure here should be assimilated to that of appeals from other administrative tribunals in your state. The utilities law will again be a helpful guide.
- (3) The decrease of rents is a simpler matter. The statute may provide that any surplus after meeting the charges specified in VII (A) above shall be applied pro rata to reduction of rentals for housing accommodations, unless the board agrees that the balance is too small for effective application to that end.

#### VIII. MISCELLANEOUS ASPECTS OF CONTROL

**A.** "Letting, subletting, or assignment of leases of housing accommodations in any building owned or operated by a housing corporation at a rental greater than that prescribed by order of the board are prohibited, and all such leases, subleases, or assignments shall be void for all purposes."

#### **B.** Consolidation of Projects.

Section 14 (a) of the New York law, embodied in Section 8 of the Ohio law, giving the board discretion to permit or disallow the operation of more than one project by one company, and accordingly to permit the averaging of rents throughout a consolidated project, is a useful administrative device.

#### **C.** Approval of Transfer of Properties.

Since one of the purposes of the law is to prevent realization of capital increments (which are to revert to the state) the board should have supervision over all conveyances or leases (other than routine leases of individual housing accommodations) of properties of housing corporations.

**D. Control of Accounting; Reports and Information.**

The board should have power "to prescribe uniform forms and methods of keeping accounts, records and books for such corporations, and prescribe accounts to which particular outlays and receipts shall be entered, charged or credited" and "to require every such corporation to file with the board at such times and in such form as it may prescribe reports containing such information and in for such periods as it may prescribe to be verified on oath of an executive officer." "Every housing corporation shall furnish to the board all information required by it to carry into effect the provisions of the act, and shall make specific answer to all questions submitted by the board."

**E. Summary Proceedings.**

The board should be given power to apply to the courts for summary relief whenever a housing corporation shall omit or threaten to omit, or do or permit anything in violation of the law or of any proper order or rule of the board, or anything which is improvident or prejudicial to the interests of the public, its tenants, lien holders, mortgagees, creditors, or the holders of its securities. The procedure, venue, etc., should be adapted to the practice in your state. Mandamus and injunction will undoubtedly be among the available remedies.

**F. Fees for Services of Board.**

It seems entirely proper to make the board self-supporting, so far as possible, by authorizing the collection of fees, in accordance with rates to be established by rules of the board, for the examination of plans and specifications, the supervision of construction, the holding of public hearings (including the cost of advertising and transcript of testimony) or for other examination or investigation. In turn, the board should be authorized to permit housing corporations to include such fees as part of the cost of a project, or as part of the charges to be met out of rentals.

However, if the board is to have no income but such fees, it will be altogether unable to serve its equally important function of fact finding, surveying, and promotion. These activities must go forward before the first application for approval comes before the board, or else the board will have no intelligent basis for acting on the application.

**G. Foreclosure.**

There is a difficult problem in the case of the housing project which does not meet its mortgage obligations. If the purchaser at the foreclosure sale is allowed to own the property free of control, there is an easy opening for chicanery in using the special privileges offered as an aid in the acquisition of property, and then in a collusive default, permitting friendly interests to buy in the property free of restrictions. The New York law (Sec. 43) requires first of all that the state board be made a party to a foreclosure action.<sup>22</sup> It gives the judge in that action power to enter an order raising rents, and states that sale shall not be decreed unless the judge is satisfied that there is no other way to protect the interest

<sup>22</sup>Sec. 45 provides that no judgment can be entered against a housing corporation upon a non-mortgage indebtedness except upon sixty days notice to the board, which shall take such steps as it may deem necessary to protect the rights of all parties. I am not clear what the board can do except mediate; and I do not see why housing corporations as a class are entitled to a moratorium, which is likely to affect their credit adversely.



of the lien holder. Only if the property cannot meet its charges within the rent limits of the law, and only if the action is brought in good faith, may the property be sold free of restrictions.

It is at least questionable whether the foreclosure laws should be tinkered with in this piecemeal way; moreover, if the property cannot meet its fixed charges, it must be because it is not receiving sufficient rent income. If this is due to vacancies or to a lowering of rentals in the neighborhood, no order of a court increasing rents or release from restrictions will help. On the other hand, if the rents are genuinely too low, the law already gives the board power to raise them to a point which will meet the charges.

Section 44 of the New York law seems explicable only on grounds of expediency. This provides in effect that a bank or insurance company as mortgagee shall be entitled to foreclosure without any ifs or buts. This certainly is class legislation; it is probably due to a fear that mortgages subject to the provisions of Section 43 might not be legal investments for banks or insurance companies—or possibly to a fear that such institutions would not lend. It seems hard to justify.

#### H. Selection of Tenants.

The secretary of the New York board states that he consults with the manager of each project subject to the law upon each application for a lease. This seems to become administratively unworkable as soon as there are more than a handful of projects. The only social objective to be served is that people of high income should not flow into low cost housing to the detriment of the poorer people who should occupy it and of the landlords who provide higher cost housing.<sup>23</sup> It does not seem that board control should go beyond the establishment of general rules.

### VIII. PUBLIC LANDS FOR HOUSING CORPORATIONS

#### A. Surplus City Lands Made Available to Housing Corporations.

The Ohio law provides (Section 14) that the governing body of a municipality may by ordinance determine that specified real property of the municipality is not needed by the municipality, and may, after due advertisement of the terms of the contract, sell or lease such lands to a housing corporation without complying with the general statute calling for public bidding.

Such a device is likely to be particularly useful in communities where substantial areas of land are falling in for non-payment of taxes,<sup>24</sup> and where the routine otherwise would be to sell the tax title for a fraction of the value of the land. The municipality will be better served if the land is made available at a low price for low-cost housing.<sup>25</sup>

The New York law goes further (Sec. 22, added by Laws of 1931, ch. 557) and permits the housing corporation which has leased city property to mortgage the fee title, thus subordinating the city's interest to that of a mortgagee. At the same time, the law provides that all improvements shall under the lease become the property of the city; and gives the city the right at any time to recapture

<sup>23</sup>This is not a merely theoretical difficulty; the low-cost projects in New York offer light, air, and amenity, because of their low ground coverage, which occupants of many Riverside Drive rear apartments might envy.

<sup>24</sup>Provided that under the statutes such land falls into the municipality, and not to some state department. An amendment may be needed to the tax law on this point.

<sup>25</sup>See Tracy B. Augur, "Delinquent Tax Lots a Blessing," *Michigan Municipal Review*, August, 1932, p. 117.

the property by paying off all indebtedness, and the face value plus accrued dividends of all stock of the corporation.

This amendment of the law arose out of the desperate attempts of the city of New York to find some way of putting to use the Forsyth-Christie Street property acquired by excess condemnation in the course of a street widening (really a backhanded way of condemning for housing purposes, never contemplated when the excess condemnation amendment to the state constitution was adopted). As yet the power conferred has not been used. While the Architects' committee recommends this provision, Harold S. Buttenheim fears "that the general adoption of such legislation might lead to abuses not justified by the benefits to be secured."<sup>26</sup>

### B. Surplus Housing Lands to be Taken Over by the City.

The Ohio law also authorizes the governing body of a municipality by ordinance to determine that any part of the land included in a housing project should be maintained as a public park, and to purchase such lands for that purpose and so maintain them. This is undoubtedly an attempt to capitalize the decision of the New Jersey Court of Errors and Appeals in *Simon v. O'Toole*.<sup>27</sup> Under special legislation applicable only to insurance companies (Laws of 1929, ch. 201) the Prudential Insurance Company undertook some slum clearance and low-cost housing in Newark, N. J. It soon appeared that its land and building costs would run up so high that it would not be able to earn an adequate return upon its investment. The buildings were only two rooms deep, along the long sides of the blocks, leaving a wide strip open down the center. The city thereupon purchased this strip as a public playground, thereby reducing the insurance company's investment in land from \$1,800,000 to \$600,000. A taxpayer's suit to prevent this action was resolved in favor of the city and the insurance company. The decision is discussed by Mr. Buttenheim in *The American City*<sup>28</sup> and by Professor Tooke in the NATIONAL MUNICIPAL REVIEW.<sup>29</sup> The chief objection to the scheme is that it distorts sound municipal administration and is a concealed housing subsidy. Playgrounds are something different from housing. The city must have a comprehensive policy for the development of playgrounds, which may not coincide at all with the needs of housing companies. If the city is to help housing it is in all respects better that it should do so directly, not under the guise of opening playgrounds which do not (and probably should not) serve the general public.

## IX. CONDEMNATION

He would be a bold man who would undertake to say in which states a court would at this time uphold the constitutionality of condemnation for purposes of low-cost housing. There is no space to write a brief on that subject here. Certainly if the forces of social control are to make any headway against planless anti-social speculation, the time must come when the courts will sanction the use

<sup>26</sup>*The American City*, August, 1932, p. 83; see also Walter Kruesi in *Housing*, December, 1931, p. 304.

<sup>27</sup>(1932) 108 N. J. L. 549, 158 Atl. 543; affirming on opinion below, 108 N. J. L. 32, 155 Atl. 449.

<sup>28</sup>July, 1931, p. 129.

<sup>29</sup>October, 1931, p. 607.

of this tool; and one factor in hastening the day may well be a declaration by a large number of legislatures that they deem it essential.

Its effects in the field of low-cost housing are often misunderstood. It will not operate to throw poor people out of the simple homes for which they have saved for a lifetime. A neighborhood predominantly developed with small owner-occupied homes is presumptively not the place to start a housing project. Private treaty will continue to be the usual mode of acquisition of land.<sup>30</sup> But I do not know any clause in the constitution guaranteeing one lot-owner the right to receive \$5,000 for the last piece on the block when twenty of his neighbors have been ready to sell identical pieces for \$2,000.

The real need for the power of condemnation is in the case of the keyplot to which no living person can give good title, because of minority or insanity, or cloud of some sort. Every public official is familiar with this problem, whether it involve a site for a fire house or a school or a playground.

No model phraseology can be offered for a condemnation provision.<sup>31</sup> Condemnation is one of the dark continents of municipal law. There may be ten different grants of the power in one state under ten different statutes, and probably none will be useful for housing. Unless the state constitution prohibits, a certificate of the housing commission, after hearing on notice to all parties in interest, should be determinative of the necessity of the taking.

The other important element of a condemnation provision, to make it of any help, is that the court should be able to authorize entry before the determination of the action, upon the posting of proper indemnity.<sup>32</sup>

### Condemnation by the Municipality

The New Jersey insurance company housing law above cited provides that where the company is unable to acquire an approved tract at a fair price, the city may exert the power of eminent domain on its behalf. Indeed, an earlier New Jersey statute, under which no action seems ever to have been taken, broadly authorizes "any city, for the purpose of housing and caring for the poor of such city, to acquire lands, within or without such city, by purchase or condemnation, to improve such lands, to erect, reconstruct, enlarge and furnish buildings and to sell lands and buildings used for said purpose."<sup>33</sup>

I do not understand that there is any magic in having the city rather than the housing corporation condemn. Railroad companies and utility companies are granted the power freely; the ultimate question is whether the purpose is a public one.

The true significance of a broad grant of power to the municipality is the possibility which it opens up of the demolition and replanning of slums—the alternative purpose recognized by the Federal Act as a legitimate object of loans

<sup>30</sup>The Westchester County Park Commission, in assembling \$30,000,000 of land, acquired nine-tenths of it by private contract—because it had the power to take it.

<sup>31</sup>See "Principles Recommended for Acquiring Properties by Eminent Domain" Appendix II. Report of committee on large scale operations, President's Conference on Home Building and Home Ownership, vol. III, p. 66.

<sup>32</sup>See New York, Consolidated Laws, ch. 73 (Condemnation Law) Sec. 24. An even more summary method is that of "appropriation," set forth in the New York Conservation Law, Sec. 59, and made available to the Long Island State Park Commission for the acquisition of parks and parkways by Sec. 777 (8) of the Conservation Law. Here the filing of a map constitutes the taking and authorizes entry; the adjustment of damages follows upon application of the owner.

<sup>33</sup>See Wood, *Recent Trends in American Housing*, pp. 244-5.

by the Reconstruction Finance Corporation, whether or not the land so cleared be used entirely for re-housing of workers.

Indeed, one of the familiar phenomena of American cities is the crowding of poorly housed workers upon centrally located land, the high price and assessed value of which reflect its accessibility and its greater suitability for a higher use. At the same time, the rooting out of the slum, the breeding place of delinquency and disease, is the great social need, whatever the eventual use of the land. With slum elimination can come widened streets in central areas, relieving traffic congestion, and greater open spaces, enhancing land values and creating finer cities.

The time seems ripe for some state boldly to grant its cities the power to make a frontal attack upon this problem.

It is only fair to mention that the grant of the power of condemnation seems highly charged emotionally, and in some communities will raise a sufficient protest to obscure the merits of other elements of the housing program. It is in recognition of this that the New York law created two kinds of housing companies, one "public" with the power of condemnation, and correspondingly more severely restricted, and the other "private" without. To date there have been no "public" companies in New York. The high voltage of this idea is not necessarily an argument against its use, but does urge caution.

## X. HOW TO MAKE HOUSING LAWS EFFECTIVE

A. I have tried throughout this discussion to stress the need for substantial inducements to private capital if it is to be asked voluntarily to submit to the rigorous regulation imposed by these schemes. The state can offer special privileges or exemptions, or it can offer funds or credit.

(1) Among the privileges and exemptions are:

- (a) The power of condemnation.
- (b) Exemption from the payment of organization fees, mortgage recording taxes, franchise, capital stock, and corporate income taxes.
- (c) Exemption from taxation of the income from securities of housing corporations as "instrumentalities of the state."
- (d) Exemption from general property taxes of either the improvements or the land of housing projects or both.

The New York law contained a clause enabling cities to adopt ordinances exempting the improvement only, and providing that in such cases the improvements should be similarly exempt from state property tax. (Sec. 39.)<sup>34</sup> This provision was not adopted in Ohio because it was deemed to violate the state constitution.

The Architects' committee says that "New York does not offer any direct subsidy." While it is perhaps not "direct," the remission of about 2.5 per cent per annum on the capital invested in the improvements is certainly a subsidy; there are many who deplore the indirection of it as obscuring the fact and the need.<sup>35</sup>

In the same way, under the guise of opening a public playground, the city of

<sup>34</sup>New York City eventually adopted a local law extending this exemption for twenty years only.

<sup>35</sup>As to the need, i.e. the effect of the remission on making it possible to carry on projects under the law which would otherwise be impossible; and as to the effect on the city's tax revenues, see the annual report of the New York state board of housing for 1932, legislative document No. 84.

Newark contributed about \$1,200,000 to the low-cost housing project of the Prudential Insurance Company. The only justification for such roundabout methods can be that a court will apparently sustain them where it might not sustain a direct grant for housing.

- (2) Direct grant of public funds or credit. The Emergency Relief and Construction Act of 1932 is not the first recognition by either federal or state government of the propriety of the loan of governmental funds for housing. This story is succinctly and graphically told in Edith Elmer Wood's *Recent Trends in American Housing*<sup>36</sup> and it is impossible to try to cover the ground within the limits of this pamphlet. I recommend strongly a reading of her chronicle, to see what Massachusetts, Milwaukee, Wisconsin, New Jersey, and California, in varying degrees, have already done. The federal government, in addition to its war-time housing, has made millions available for homes on farms under the Federal Farm Loan Act.
- (3) Provision of governmental machinery without pledge of public credit. Under this head would come the devices like the housing bank proposed in New York in 1926, or the housing authorities or districts suggested on the analogy of the Port Authorities of New York or Portland, Oregon. This may still be a step short of direct building by the government, while helping to make credit available at low rates, because of the interposition of the governmental agency.

B. If all these schemes fail to attract private capital for low-cost housing and slum clearance (purposes for which the free market has provided only insignificant sums) the issue will have to be faced squarely, whether we must continue with slums and without low-cost housing of acceptable modern standards, or whether the government shall address itself directly to the problem. That issue is not within the scope of this pamphlet.

<sup>36</sup>Especially ch. I, IX (pp. 197-205) and XIII.



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# THE LEAGUE'S BUSINESS

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**H. W. Dodds Resigns as Editor of the National Municipal Review** — On January 6, H. W. Dodds, editor of the NATIONAL MUNICIPAL REVIEW, submitted his resignation in the following letter to the Honorable Murray Seasongood, president of the National Municipal League:

"The time has come when, because of increasing responsibilities at Princeton and for the good of the National Municipal League, I should withdraw from the editorship of the NATIONAL MUNICIPAL REVIEW . . .

"In severing a connection of more than twelve years' standing, I cannot refrain from expressing my sincere appreciation for the loyal support of the officers and members of the League throughout the entire period in which I have been connected with it. I feel that I profited more than the League from this association. The opportunity for forming lasting friendships was one for which I shall always be grateful."

The president refused to accept Dr. Dodds' resignation, pending a conference. On January 26, Mr. Seasongood held a conference with Dr. Dodds in New York City in an attempt to dissuade him from his decision. Since Dr. Dodds insisted upon withdrawing from the editorship, his resignation was submitted to and accepted with regret and sincere expressions of appreciation of his work by the executive committee at its meeting on January 27. At the same meeting Howard P. Jones, public relations secretary of the National Municipal League, and recently managing editor of the REVIEW, was appointed as editor and Dr. Dodds was appointed chairman of the editorial council.

Although Dr. Dodds' services to the National Municipal League are well known, your secretary cannot refrain from giving a brief review of his career. After serving as a member of the faculty of Western Reserve University, Dr. Dodds became secretary of the National Municipal League in 1920 and served in that capacity until July 1, 1928. He has been editor of the NATIONAL MUNICIPAL REVIEW continuously since 1920. Upon his appointment as professor of politics at Princeton University in 1927, he resigned the secretaryship of the League, but retained the editorship of our magazine. Since its organization in 1930, Dr. Dodds has been chairman of the administrative committee of the School of Public and International Affairs at Princeton. His latest outstanding accomplishment is the survey of the state government and administration of New Jersey recently completed by a staff of faculty members of Princeton University under Dr. Dodds' supervision. This survey and report will in all probability lead to a rather complete reorganization of the state government and to economies for the taxpayers of New Jersey.

Dr. Dodds has also achieved an international reputation as an expert on electoral methods and as a conciliator in the settlement of international disputes. From 1922 to 1924 he was electoral adviser to the government of Nicaragua and helped to conduct the first national election in that country under the supervision of the United States government. In the fall of 1925 he assisted General Pershing as technical adviser of the Tacna-Arica Plebiscitary Commission and in 1928 journeyed again to Nicaragua, this time as chief adviser to General McCoy of the National Board of Elections.

Your secretary is as fully informed as any member of the League regarding Dr. Dodds' services to the organization. We cannot bid him adieu without this expression of appreciation for his long continued efforts in our behalf, and without wishing him continued success in his future career.

RUSSELL FORBES, *Secretary*

## The Profession of City Management

A NEW profession—that of city management—has now been in the making for more than twenty years. While two decades or so is a short span in which to judge the building up of a profession, it is not too brief a time in which to make a few observations as to the trail that has been so far blazed through the wilderness of political privilege.

It is possible for municipal government to be run without graft, without the spoils system, without partisanship in the administrative service and without special interests profiting at the expense of the public interest. If that statement had been made a generation ago, the speaker would have been hooted. Today its proof is at hand. One has but to make an unprejudiced examination of the experience of almost any of the 445 cities operating under the manager plan to discover its truth. The statement is no longer open to question. The manager plan to that extent is no longer on trial.

Time was when the election of a new council in a city was the signal for a clean sweep of officeholders, the replacement of experienced men by novices. This is still true in many cities. It is not true in manager cities.

One of the most interesting series of statistics published recently is that with

regard to the city manager profession published in the *City Manager Year-book* for 1933. It should naturally follow that if the city manager plan is actually producing non-partisan government, and city management is really maturing into a profession, the length of the average term of city managers in office should tend to increase (barring too rapid growth of the plan); also there should be a substantial number of promotions from one city to another within the profession. These theorems have been borne out in practice. The average length of service of 424 city managers holding office at the end of 1932 was five years, six and one-half months. This figure represents an increase of seven and one-half months as compared with the average length of service of city managers holding office at the end of 1930.

Eight city managers were promoted from one city to another during the year which makes a total of 214 promotions in the city manager profession since 1908, 58 of them occurring within the last four years. One manager is serving his seventh city, two are serving their sixth cities, three are serving their fifth cities and 54 are serving their second cities.

Naturally enough, there has been a

(Continued on page 132)

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## Why Throttle One of Our Most Profitable Industries?

BY HAROLD S. BUTTENHEIM

*Editor, The American City*

ANY industry is socially profitable which yields benefits of greater value than the costs it imposes. Tested by this criterion, the organized services *by* all of us, *for* all of us, which we call government must be placed at or near the very top of America's profitable enterprises. And yet we are being beaten almost into insensibility of this fact by a constant bombardment of anti-government propaganda.

Compare government in its many ramifications with another of our most profitable and useful industries—that of the automobile. It has been estimated that the expenditures of the American people for the purchase, upkeep and operation of passenger cars in the year 1930 amounted to more than \$11,800,000,000. For the same year the total tax payments to all units of government—national, state and local—are estimated by the National Industrial Conference Board at \$10,266,000,000. Which vast expenditure was the more profitable?

One way of answering this question is to analyze the value of the resulting services and satisfactions. On the one hand we have the tremendous benefits to personal convenience and enjoyment resulting from the use of some 26 million transportation units. On the other hand we have the manifold services of government—not merely its protective and regulative functions, without most of which a society of 122,000,000 individuals could not long exist; but also the educational and constructive functions, without which all other industries would stagnate. The very schools where we train a citizenship intelligent enough to demand and to use automobiles; the highways without which our automobiles could not operate at all; and the police protection and traffic regulation without which they could not operate with safety, are major items in our allegedly intolerable tax burden.

But, it may be said that the spending of 10 or 12 billions annually on automobiles is desirable not only because of the benefits to the spenders, but also because almost all of this tremendous sum is poured by its recipients into the broad stream of the common economic welfare, through wages and salaries, purchase of materials, payment of rent to land-owners and other disbursements. Conceding the general validity of this contention, is it not equally true of the 10 billions of tax money spent by our governmental units? Is the payment of wages or rent or the purchase of materials out of the tax pocket any less beneficial to their recipients than similar payments out of some other pocket? If the passenger automobile industry costs the American people 10 or 12 billion dollars annually and contributes about that same amount to the national income, is this not equally so of governmental receipts and expenditures? It is no more true that government drains immense sums annually from the national income, leaving that much less for all of us to spend on other things, than it would be to allege that the automobile industry or the construction industry or the agricultural industry performs a similar disservice to the public.

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Still another point of view is possible. It may be argued that private industry—in normal times at least—not only pays its own way but makes substantial profits; and that these profits, distributed in interest or dividends to many thousands of security-holders, add to the general wealth and welfare. Government, on the other hand—aside from a comparatively few “self-liquidating” services—is an unprofitable enterprise as business men understand that term.

But suppose we were to turn over our governmental activities to a group of profit-making corporations, and that instead of our present tax payment we were to be charged a fee for every governmental service and facility—ranging from a fraction of a cent for each time we came within view of a traffic officer to a hundred dollars for each year’s tuition of our children in the schools. Such corporations—if we allowed them also to charge us profits for conducting elections and holding legislative sessions and fighting wars and pensioning veterans—would no doubt be willing to replace our ten-billion tax bill with eleven billions in collections for these manifold services, thus earning a profit of 10 per cent on their gross business. Government—local, state and national—would then become a dividend-paying enterprise; but would the average citizen be any more healthy, wealthy or wise? Wiser, perhaps yes!

It may be said that this is not the whole story; that our 10-billion-dollar tax bill includes too large a percentage of wasteful expenditures—that if all of our public servants were thoroughly efficient and impeccably honest, we might cut 10 or 20 per cent from our taxes without serious detriment to our governmental services. Granting that this may be true, does anyone imagine that similar savings might not also be made in private industry? Again selecting the automotive industry for comparison, where can we find more socially wasteful examples of governmental overbuilding than are evident in the erection of manufacturing facilities vastly in excess of the economic needs of even the late-lamented boom period? And where is there any such overlapping of governmental activities as is to be found in the excessive duplication of the automobile sales forces, show rooms and service stations? And where is there such negligent use of public property as is to be seen every day in the criminally careless operation of passenger automobiles on our streets and highways? By all means let us eliminate waste and inefficiency and graft wherever possible. Let us get rid of public services that do not serve and of functionaries who do not function. But let us not assume that government is a voracious monster whose activities as a whole are costly rather than beneficial, and that private industry alone is wealth-producing.

These times call for a reappraisal of values; for more careful consideration of what is really worth while in life; and for a rejection of the false philosophy that sees in mere budget-slashing a cure for our present economic ills. What the patient needs, as someone has well said, is the application not of a meat-ax but of a surgeon’s scalpel. And for convalescence he needs no blood-letting by witch doctors, but invigorating food and healthful activity prescribed by specialists who are living and thinking in the twentieth century.

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## HEADLINES

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Removal of the "joker" in the city home rule law of New York State whereby only in cities with the commission form of government may citizens force the calling of an election to vote on the question of a new charter, is provided in a bill just introduced into the legislature by Assemblyman Moffat of the famed Hofstadter committee which sponsored the Seabury investigation. The "joke," of course, has been that in New York State there are no cities with commission government!

\* \* \*

A series of bills has also been introduced into the New York State legislature by the same author which hits at the rich patronage enjoyed by Tammany in the offices of the five county governments within the limits of New York City. The bills would abolish the offices of commissioner of records, public administrator, commissioner of jurors and pave the way for a constitutional amendment to get rid of the county officers at present protected by the constitution.

\* \* \*

Speaking of constructive economy in government, there is a little item of \$8,000 spent by the federal government for senatorial shaves, haircuts and massages in the senate barber shop. Seems a bit odd, amid all this talk of "rugged American individualism."

\* \* \*

Rolling up huge majorities for the manager plan in all four wards, citizens of Oklahoma City by a four-to-one vote registered their emphatic disapproval of partisan amendments to the charter which would have altered the form of government through making the department heads elective, returning to a partisan ballot, and the ward system of representation.

\* \* \*

Demand for a return of the city manager plan with a small council chosen by proportional representation has been made publicly by the League of Women Voters of Cleveland.

\* \* \*

Even the unemployment relief problem is not free from religious complications. Detroit has been forced to open a special feeding station for Mohammedans, whose religion forbids them to eat food cooked in lard.

\* \* \*

In Chicago, Cook County Treasurer McDonough is threatening to invoke an ancient statute which permits him to sell the personal property in cases in which a real estate owner fails to pay his taxes.

And on the other side of the ledger we have the Michigan legislature refusing to permit the sale of homes for taxes and considering the banning of mortgage foreclosures during the emergency.

\* \* \*

Local pride and prejudice combined with the anxiety of officeholders to retain their jobs, constitutes the chief obstacle to consolidation of governmental units. Vigorous opposition is being manifested to the proposed merger of thirty-six municipalities in Camden County, N. J.

\* \* \*

Consolidation of Macon and Bibb County, Georgia, on the other hand, appears likely to go through, a bill having been introduced in the legislature with the support of the county delegation.

\* \* \*

Some clever newspaper editor should have taken advantage of the present furor over repeal of the eighteenth amendment to write a headline something like this: "Dry Law Repeal Throws Legislators into Ferment." Like the *Detroit News* copyreader who headlined the sheriff's eviction of a tenant of the Abstract building, "From the Abstract to the Concrete."

\* \* \*

Mayor Bright of Richmond made one mistake in ordering out of his office communists appealing for relief for the unemployed. He promptly followed it with another, severing relations with the critical press through barring reporters from access to police records. If ever municipal government needed understanding and appreciation of its work in editorial chairs, that time is now. Hasty tempers won't help.

\* \* \*

Deficits are beginning to be common guests at the table of state government. California faces a possible deficit of \$50,000,000, Texas one of at least \$14,000,000 and New York State is seeking new revenues of nearly \$100,000,000 to fill the prospective gap between present income and future outgo.

\* \* \*

Prices of farm products have slumped again. Pressure from rural areas for tax reduction and scaling down of public and private indebtedness will be well nigh irresistible as the legislatures of 43 states wind up their sessions. It's the chance of generations to squeeze out the waste in local government.

\* \* \*

A complete public works cost accounting system has been installed by City Manager Clyde E. Wallingford of Newport, Kentucky, in coöperation with the Committee on Uniform Street and Sanitation Records. Cost analyses can be as effectively employed in public as in private business as a basis for checking efficiency of operation, preparing budget estimates and costs of proposed improvements. More and more will be heard from cost accounting in municipal finance.

# Scrapping Useless Governments\*

Larger areas for local units advocated to eliminate waste and increase efficiency

FRANK O. LOWDEN

*Former Governor of Illinois*

WE are all interested in the federal government. We give a good deal of thought to our state government. Our cities are more and more engaging the attention of the citizen. In the realm of rural local government, however, it is only in recent years that students of political science or our people generally have felt any concern. And yet it is precisely these governments which affect the lives of the country population most frequently and most intimately. It is to support these governments that the larger part of our taxes go. It is to these governments that we look largely for our protection. It is upon these governments that we depend for the maintenance of our poor, for the custody of our petty evil-doers and those awaiting trial charged with more serious crimes. It is these governments which administer our schools. Other important functions also rest upon the local governments. No student of the situation contends, I think, that these bodies, under present conditions, are either economical or efficient.

Our county jails have been a disgrace to our country for more than a hundred years. One eminent writer says

\*The first of a series of radio talks over the Farm Forum hour of the National Broadcasting Company, on the subject "Cutting the Cost of Rural Government," sponsored by the National Municipal League. Governor Lowden is honorary chairman of the League's Committee on County Government.

that to find a parallel it is necessary to go back to Turkey and to the thirteenth century. Our county almshouses have been a reproach to our civilization since they were first established. This is not the fault of the officials who, in the main, are humane and considerate men and women. It is the system which is to blame. The inmates of the county jails and the inmates of the almshouses are too few in number for modern or humane or economical administration of either. They should be abolished altogether and in their place should come either regional or state institutions. In some parts of New England where the state has partially relieved the counties of the care of the poor, they are more comfortably housed and better cared for at less than half the cost than where the counties perform this function. Virginia recently has substituted for the county almshouse ten for the entire state. We are told that the inmates are better cared for than ever before with an average cost per capita of but little above one-half of the original cost.

## COUNTY IS OUT-OF-DATE

It is evident, I think, that the county no longer functions as a successful government. How, then, you ask, did this form of government come about? Were our fathers so much less wise than we that they devised wholly inadequate units of government? By no means.



When counties were first established they met the needs of the times. The functions performed by the county were simple and few. They were chiefly concerned with the administration of justice and an official record of title deeds. In the early stages of the counties even education was a private matter and there were no public schools. Road construction was simple and largely a township matter.

Transportation was slow and difficult. Hence the county must not be so large that all the residents could not reach the county seat with reasonable convenience. The county, therefore, as thus established, while admirably suited to those earlier conditions, is wholly unsuited to those of the present day. For now the county seat, for all practical purposes, is as accessible to the remotest resident as the nearest district school was a century ago.

Not only was the county small geographically to meet the needs of the time, but a genuine organized government seemed unnecessary because of the few and simple functions which it then performed.

#### COUNTY IS HEADLESS

How different the present picture! Within the space of a hundred years the county government has undergone a complete transformation. As the county gradually took on new functions, it created new offices to discharge those functions. These offices were generally filled by popular vote. Each office was independent of all the others and there never has been an actual, coördinating head of the county government.

In the realm of state government, revolutionary changes have been effected in recent years. There, too, until recently the larger and more complex duties of the state were performed through scattered, uncoördinated and independent boards and commissions. In the most progressive states there has

been substituted a unified, cohesive and responsible government with the governor actually at its head. This has resulted in economy, and above all, in increased efficiency. In the cities, likewise, there have been noteworthy reforms in recent years. There, too, the trend has been toward a more unified and therefore better coördinated government.

Rural government, however, has been largely untouched by this modernizing movement. It seems appropriate, therefore, to inquire into the principles upon which state and city governments have been organized and to see if these principles cannot be made to apply to county government.

No organization of any kind is possible without an actual head. We recognize this fact in every other human institution except in rural government. No business or civic or charitable organization would long survive without a chief executive. In the realm of national and state and municipal government we recognized this principle in the beginning. For our county government, however, we have never had a head. As I have pointed out, this practice was unnecessary in the simpler days when the county was hardly more than a political unit of the state. With the new duties, however, assumed by the county, there is the same need for an executive head here that there is elsewhere. Efficiency and economy are idle dreams without a strong directing hand at the head of any enterprise, whether private or public.

#### AN EXECUTIVE BUDGET NEEDED

The executive budget has come to be regarded as indispensable to an economical government. An executive budget, however, is an impossibility unless there be a chief executive to make it.

The evils of the long ballot have in recent years been clearly shown by our foremost students of government. No-

where are these evils more manifest than in county government. And yet we have done less to correct them there than in any other field.

Self-government, locally, has been regarded from the earliest days as the cornerstone of our political structure. Unless the people of the several communities are able in the main to take care of their own affairs, too great a strain is placed upon the central government, and a highly developed bureaucracy is inevitable. We have already gone too far in this direction. The present tendency will continue unless local government becomes more efficient. It is sometimes urged that to consolidate counties is a move away from local self-government. Quite the reverse, I think, is true. If counties are so small that their revenues will not support an adequate county government, the state will be more and more inclined to take over duties that can be better performed by the county. If we would check the encroachment of the state upon the functions now exercised by the county, we must make the county government so efficient that there will be no reason for such a change.

I realize the practical difficulty in effecting the consolidation of counties. Without such consolidation, however, contiguous counties to a large extent can be united to administer revenue, schools, highways, health, charities, and other subjects of state concern.

#### ABOLISH THE TOWNSHIP

The town, or township, as it is sometimes called, is a still smaller unit of government which has largely survived its needs. No one but the town assessor now knows what its boundaries are. In the earlier days of slow and difficult transportation to the county seat the township had real significance. Now, with the coming of swift and easy transportation, the reason for town government, outside of New England, seems

largely to have disappeared. Gradually its functions have been taken over by the county. The roads are being constructed and maintained more and more by the county and state. Even where the township road commissioner survives he is under the supervision of the county authorities. In Illinois we formerly had town collectors of taxes. These officials did little or nothing and were rewarded with 2 per cent upon the taxes paid. During my service as governor of Illinois we abolished these township collectors. The result has been a direct saving to the state of more than two million dollars annually, with the taxes collected more efficiently than before by the county officials. Competent authority estimates that the indirect saving has been at least another two million dollars. Even the township assessor, the last of the town officials who is really active, seems on the way to extinction, as county assessment of all property is now regarded a more equitable method than township assessment.

It may be that the township can be reconstructed so as to become a self-conscious community. The closely knit community, wherever it has been established in rural America, has contributed greatly to the well-being of the members of the community. These communities, however, no longer follow township lines. If, then, something can be created to take the place of the present township which shall be in fact a rural community, it will be of immense benefit not only to the community itself, but to the country at large.

#### REDUCING SCHOOL TAXES

The heaviest tax burden upon our rural citizenship is the school tax. Isn't it possible to lighten this burden and at the same time improve the quality of the country schools?

A very notable survey of the one-room schools of Illinois has been made

(Continued on page 136)

# A Million Men Return to Barter!

Self-help movement seen as way out of unemployment relief labyrinth for desperate municipalities

BY RICHARD A. LESTER

*Princeton University*

A NEW movement is sweeping across this country, leaving nearly a million men employed in its wake. The barter-exchange and scrip self-help movement, originating on the Pacific Coast, where they have more of the pioneer spirit and fewer funds for unemployment relief, is spreading rapidly toward the Atlantic. Already nearly 300 separate exchanges have been set up in 30 states of the Union—even Hollywood, California, has one; yet it is barely a year ago that the first exchange began to operate.

## THE UNEMPLOYED WORK FOR THEMSELVES

Today California, Washington, and the Rocky Mountain region are literally alive with such emergency exchanges, by which the unemployed pay one another in the goods they themselves produce. Los Angeles County alone has more than 80 of them. By means of a wireless system set up by the unemployed and trucks rescued from junk heaps, the exchanges in California communicate, swap, and borrow from each other like housewives.

Every day or so word is received that a new emergency exchange has been set up. From all over the country come letters by governmental officials, business men, relief administrators, and newspaper men, requesting data about such exchanges and with good reason.

Listen to this California correspondent: "At this date in Los Angeles County alone we are caring for over 40,000 families at a total cost to the taxpayer of less than 20 cents per month per family as against 10 to 12 dollars per month per family through the regular county relief methods of direct relief, thereby saving the county taxpayers millions of dollars." In California, the governor, the relief administrators, and business men, have assisted the emergency exchanges both with counsel and funds.

Already four states, California, Washington, Utah, and Colorado, have state-wide organizations, and in the West bills are being introduced into state legislatures to coordinate such local exchanges into more compact organizations under more competent direction, so that their economic effectiveness may be increased and relief costs can be cut down accordingly. Two bills, along somewhat the same lines, have been introduced into Congress.

At the hearings on the Costigan-La-Follette relief bill before the senate committee, it was suggested that such emergency exchanges be studied, that their activities be aided by counsel, and that a part of the federal funds designated for unemployment relief might be reserved for furthering their activities. Recently a number of well-known economists and some welfare workers petitioned the President and governors of

the various states to investigate, and, if deemed advisable, to lend assistance to the barter-exchange and scrip self-help movement.

#### COÖRDINATION OF UNITS

Meanwhile a number of economics professors have independently worked out programs or plans for alleviating the burden of unemployment—plans based essentially upon principles that are being put into practice in Los Angeles, Salt Lake City, Minneapolis, Dayton, New York City, and some 200 other communities. By means of these plans, such local exchange units would be co-ordinated into a state- and nation-wide system, so that large cities, distant from food producing areas and having highly specialized industries and services, could be brought into the exchange circle without upsetting the balance of production or forcing a reversion to small-scale methods. All that is needed in order to put the unemployed back to work at occupations for which they are trained, according to the authors, is an emergency exchange organization covering a territory wide enough, so that the various needs of the members can be met from the goods and services that they, the members, have to offer. Professors Frank D. Graham of Princeton, Hornell Hart of Bryn Mawr, Emil Lederer of Berlin, Edgard Milhaud of Geneva, Howard O. Eaton of the University of Oklahoma, Ernest J. Wolfe of Columbia, Jacob Baker of the Emergency Exchange Association of New York, and numerous others have drafted such plans.

Until recently, those who inhabit swivel chairs had looked upon these barter- and scrip-exchange activities with tolerant indifference. Such swap exchanges seemed to them to be about on par with bringing back prosperity by having each family take in another family's washing. Now that the movement is growing by leaps and bounds, and

economists and relief officials are encouraging it, many business men are still somewhat at a loss to explain the meaning of the movement or the reason for its rapid rise.

The reason is implied in the very name of some of these organizations set up by the unemployed, namely, exchange. Normal exchange relationships have broken down. There may be a wide variety of opinion as to what caused the depression, but there can be no doubt that the difficulties of exchange are prolonging and intensifying it.

#### SALES REQUIRE BUYERS

What has happened both locally and internationally is that each person, each industry, and each country, is trying to increase its sales and decrease its expenses and purchases, little realizing that there cannot be sales without buyers, or exports without imports. A sale is only one side of an exchange, and if one side stops, the other side must stop. The result is that producers do not buy because they cannot sell, and they cannot sell because they do not buy.

With each individual and community trying to remain solvent by cutting down on purchases and expenses, which in turn undercuts the market of other producers, even the wisest of producers are sucked into a vicious circle of declining demand, falling prices, and distress selling with real debt burdens increasing faster than the debts can be liquidated. Under such conditions, almost any production becomes over-production.

In our highly specialized exchange economy, where people produce for sale and not for use, such a vicious spiral, leaving markets glutted though production be only 50 per cent of normal, causes some economic activities to be short-circuited from the cash nexus—men are laid off and factories lie idle. The thought occurs quite naturally, as it occurred to Professor Graham and

many others, why not bring idle men and idle factories together so that the idle can support themselves and do so in a way that will not interfere with customary trade and production? They saw that the chief requirement to put unemployed back to work at jobs for which they were trained—of course some capital and coöperation are necessary—was an organization large enough to get a balanced production and a method of exchange which assures that exchange will take place.

#### SCRIP

Some have asked why a supplementary medium of exchange is necessary for the operation of these plans. Obviously the unemployed cannot, at present, sell their goods and services for dollars on the regular glutted markets. In fact, drawing them off into a self-contained exchange unit of their own takes part of the selling pressure off regular markets.

The unemployed could not be put back to work and paid in cash (even if such cash were available), for the producer would not be sure that the cash expenses he paid out would eventually buy back the products he produced with those whom he reemployed. By paying the workers in barter coupons or warehouse receipts, which are good for purchases only at the Emergency Employment Corporation, as Graham calls his central exchange, a market is assured for the increased production and, consequently, overproduction is impossible. The purchasing power of such coupons or certificates is adjusted to the total product that the unemployed turn out. Since, in most localities where scrip exchanges have been set up, the certificates are issued only against goods actually produced, the market can be cleared; the new production is balanced by new purchasing power. The greater the quantity produced, the greater is the relative de-

mand, for, at the very time the goods and services are ready for sale, the effective demand that provides for their distribution to the consumers is supplied.

For this reason, the certificates paid out are of the nature of warehouse receipts and not fiat money. In fact, they are not currency at all, but rather of the nature of street-car tokens. They are a claim only to the goods that the unemployed have produced and, moreover, to speed up spending, a time limit is put upon their use. When the transaction is completed, the certificate is cancelled. In other words, these plans attack the very root of the problem of unemployment and under-employment, namely, the lack of effective demand.

Such a scrip plan is being operated with a remarkable degree of success by the Natural Development Association, which began in Salt Lake City, October 1931, with an exchange of Idaho potatoes for Utah shaves and haircuts, and right now is doing between five and ten thousand dollars worth of business daily. The Association operates two canning factories, a tannery, a small oil refinery, a coal mine, a sawmill, a soap factory, a fruit-drying plant, a sewing department, and a newspaper. Its scrip, accepted in many theaters, banks and retail stores, is non-transferable and good for only one exchange transaction. With it one can buy anything from life insurance and electric washers, to sand and gravel, radios, and swimming lessons. Incidentally, this group has induced Senator Smoot to introduce a bill asking that federal funds be used to further "barter exchanges."

#### THE MUNICIPAL RELIEF PROBLEM ACUTE

It seems probable that such emergency exchanges will spread and thrive during the depression. More and more, with relief costs mounting and local governments facing wholesale tax delinquencies and payless paydays, the

unemployed must be put to work producing goods and providing services that they themselves can consume. A program of public works construction alone will not solve the problem. Most localities and states have found that work relief (made work), under which 80 per cent or more of the expenditures are paid out directly in money wages to the unemployed, is too expensive a method of relief to continue on an extensive scale. Gradually, with the financial or cost factor becoming more and more important, relief administrators have been forced to put the unemployed to work at jobs which provide goods and food that the unemployed themselves can consume. Thrift gardens have been encouraged; commissaries manned by the unemployed have been set up; in a number of cities, cobblers, barbers and tailors have been moved, machinery and all, into donated or rented buildings and used for the repair of the shoes of the unemployed, for cutting their hair, for rehabilitating second-hand clothes, and for making Red Cross cloth into new wearing apparel. In Elizabeth, New Jersey, for example, the Singer Sewing Machine Company donated a number of machines with which relief-receiving women make and repair clothes for the others on relief, and in numerous other cities much the same thing has happened.

#### WORK FITTED TO THE WORKER

But if the unemployed are to be put to work providing goods for their own consumption, which, as the report to the legislature by the State College of Washington points out, is the only intelligent thing to do, that should be done in an intelligent manner. They should not be transplanted, on a wholesale scale, into the unorganized occupations, like farming, which have been hardest hit by the depression—hardest hit because they, the farmers, have not been

able to control production and prices as large-scale industrialists have. Those who encourage thrift gardens and advocate turning some-time factory workers into full-time farmers, should be made to realize that they are really further unbalancing the relation between agricultural and industrial production and prices, which, in part, helps to explain our present difficulties. It is not farm, but factory production, that has fallen off 50 per cent or more since 1929. Farm production is still at a pre-depression figure. The unemployed and their families number more than our total farm population. To move even a small part of them from the sidewalks to the soil, would mean a further increase in farm production, whether that production was for sale or home consumption, and a further unbalancing of price relationships.

The thing to do if food orders, paid out of the public purse and doled out to the unemployed, are to be done away with, is for the unemployed to be put to work producing goods and providing services for which the farmers will be willing to exchange a part of their excess crops. In other words, instead of public funds supplying food orders, the unemployed buy their food from the farmers, paying them with manufactured products or special services, such as medical and dental care, shoe repair, haircutting, tailoring, plumbing, and what not. That is the way to build up the farm market for the products of industry, and that, by the way, is just about what the unemployed in Los Angeles and vicinity have done.

If we are to put the unemployed to work at self-help projects, we should do so with understanding, so that existing exchange relationships do not become more distorted. The question is whether such emergency exchanges shall thrive like patches of weeds, or be directed with intelligence.

# Reorganizing of Local Government in New York State

Abandonment of self-government in some areas and increased home rule in others considered by state commission

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PROPOSALS for the reorganization of local government are not by any means new. They have been made by every state commission which has sought to reduce the tax burdens upon real estate. The necessity for such action, however, has not been fully appreciated until this present emergency. During the years of prosperity, even though the costs of local government mounted year after year, the resources of citizens were such as to permit them to accept their increasing tax burdens without great complaint, and lacking such citizen protest, the great majority of our county, city, town and village governments continued to expand and expend, not only for the current operation of government, but for improvement projects which laid upon taxpayers heavy burdens of debt, which in many localities now prevent an adjustment of taxation to the capacity of the people to pay.

It is this critical situation, as highly aggravated in wealthy New York State as in any state in the Union, that led the New York State Commission on Revision of the Tax Laws, of which Senator Seabury C. Mastick is chairman, into the problem of local governmental reorganization. The commission, having drafted a long-range taxation program for New York State which would relieve the tax burden on real estate to a considerable degree, and

having suggested a number of additional sources of revenue for emergency purposes, turned to the other side of the shield in pursuance of instructions from the legislature "to consider possible economies consistent with efficiency in the collection and expenditure of public monies."

## REORGANIZATION VITAL

It would appear that no substantial permanent reduction of tax burdens can now be effected by local governments throughout New York State without either the drastic curtailment of necessary services for welfare, health, police, fire protection, highways or education, or an intelligent readjustment of local government functions and their relations one to another and to the state. Curtailment of essential services for the protection and well-being of the people would, it is believed, serve only to increase immediate distress, and would ultimately mean a much greater future tax demand. The only solution of the problem is a reorganization of local government which will permit not only a reduction in the number of local government units, but also a better division of administrative responsibility between the local governments themselves and between the local governments and the state.

Under modern conditions of transportation and communication many public

services now administered by small units of local government could be administered more efficiently and economically by larger units, as the county or the state. By broadening the base of administration of such services as highways, health, welfare, police, education, etc., personal service costs could be reduced to the minimum, higher qualifications for public officers more readily guaranteed, duplication and overlapping of services eliminated, and more adequate budgetary and fiscal control provided. Furthermore, such reorganization would permit the creation in many parts of the state of administrative units of local government with populations sufficient in numbers and resources to reduce the burdens of the individual taxpayers. This in turn would make it possible for the state to administer state aid to local communities with greater economy, and with greater certainty that such state aid would not be wasted.

The government of the state of New York is twofold, namely, state government and local government. Each is complementary and supplementary to the other. Until local government with its multiplicity of small city, town, village and special improvement district units has been so reorganized that it is capable of serving the people efficiently with the minimum of waste, the state government is utterly incapable of reducing its own cost substantially or of maintaining adequate supervision over local government activities and finances. As long as local government continues to operate under the present system, the tendency toward economic decline already apparent in many agricultural regions of the state will go on and at an increasing pace. As long as this decline continues, the state will be called upon more and more to contribute state aid in such sums as are necessary to support needed local services and institutions which the localities can no longer maintain from their own resources.

#### SUMMARY OF PROPOSALS

The Commission recognized that this problem of state aid to local communities is one which cannot possibly be solved except through a reorganization of local government which will reduce its cost to such a point that it can be met in greater measure by the localities themselves and that it is economically unsound for the state to continue to bolster up through state aid, many small local governments whose people could be adequately served and at less cost either by the state or county. In other words, the Commission's proposals in its report to the legislature just made public are designed: first, to reestablish county government with a fully competent executive; second, to transfer from the cities, towns, and villages to the county such administrative functions as can be more efficiently and economically administered by the latter; third, to transfer from the counties, cities, towns, villages to the state those administrative functions which can be best administered by the state on the basis of local administrative districts, which may include one county or several depending upon local conditions and needs.

With respect to county government, the Commission offers two optional plans of reorganization without constitutional amendment. Plan A provides a county president plan under which the county executive, i.e., the county president, is elected by the people for a four-year term, and serves as chairman of the board of supervisors. The county president under this plan would be responsible for the general administration of all branches of the county government, and would prepare the county budget for submission to the board of supervisors. Plan B provides for a county executive to be appointed by the board of supervisors without fixed term, to function in much the same way respecting ad-



ministration and budget as the county president under plan A.

Neither of these plans affects the make-up of the board of supervisors which is tied up by constitutional clauses. Each provides, however, for considerable centralization of administrative responsibility in the hands of a single competent executive, and through him for greater coordination of town and county activities and relations. Nevertheless it is appreciated by the commission that adequate reorganization of the counties or other local government units cannot be provided except through constitutional amendment which will permit the electorate much greater latitude in establishing local government in such form as best satisfies local interests, as for example, the establishment of county manager government, under a small county commission and appointive manager, comparable to city manager government.

#### OBJECTS OF AMENDMENT

Briefly stated, such constitutional amendment should place in the hands of the legislature the power, subject to local referendum:

To prescribe optional forms of county government, including county manager government.

To transfer functions from the towns to their respective counties, and from the towns and counties to the state.

To zone the state for local government; prescribe optional forms of local government suitable to the several zones; and permit the complete withdrawal of local government from forest areas, where it is incapable of efficient self-maintenance, such forest areas to be administered directly by the state.

To consolidate counties where necessary in the interest of more economical administration of special functions, such as health and welfare.

To provide for city-county consolidations where desirable.

To permit by contract or agreement, the transfer of functions from one unit of local government to another.

Throughout this proposed amendment for reorganization of local government the Commission has sought to preserve the home rule principle. The Commission insists, however, that no material improvement in local government, nor worthwhile economies in its administration can be effective until the constitutional barriers to intelligent legislation respecting local government reorganization are cut away. The state should be free to make such adjustments in local government from time to time as may be necessary to adapt local government to the needs and economic resources of the localities.

#### PROPOSAL TO ZONE THE STATE

No blanket amendment of statutory provisions respecting any local unit of government can provide satisfactorily for the basic differences in the social and economic life of such units scattered throughout the state. About one-half of the total area of the state lies in highly elevated hilly to mountainous regions which are steadily declining in population and resources. To meet this situation, a plan of zoning for local government is proposed which will define in accordance with basic economic conditions within these areas the forms of government desirable.

It was not the purpose of the Commission to offer a plan of immediate and drastic reorganization of local government, but merely to suggest a new approach to this problem which has now been before the New York legislature for more than ten years. Adequate reorganization of local government is, in any case, contingent upon a constitutional amendment, the procedure of which gives ample time for a more extended study of local government problems along the lines indicated in the Commission's report. The chief ob-

jective of the Commission with respect to local government reorganization is to promote legislative action in preparation for it. Certain readjustments possible without constitutional amendment can, however, be made by the legislature during the present session, and if made as recommended, will prepare the way for the more basic readjustments desirable.

Throughout the state there are many local governments which, because of their favorable social and economic status, and the coöperation of their citizens and public officials, have produced excellent results in providing efficient public service at reduced cost. Many in such situation have been able to make important reductions in their budgets through elimination of waste and the curtailment of over-expanded public services, the reduction of salaries and the consolidation of offices. But the more important wastes of public money and loss of efficiency through faulty organization and unsatisfactory division of responsibilities between local governments and the state have not, and cannot be reached through local action alone.

The Commission does not propose to hinder any local community from providing such governmental services as its people want, nor from maintaining any form of government which meets its own peculiar requirements, provided it is capable of doing so. On the contrary, the Commission seeks merely to make it possible for any such community to do these things with the greatest efficiency and the least possible waste. But it is high time that the people of these strong, self-reliant, resourceful communities of the state appreciated the fact that they are being taxed more and more heavily each year to continue grants of state aid so that many of their

neighboring communities can maintain their governmental existence regardless of the most elementary principles of business efficiency and economy. No local government of the state of New York is sufficient unto itself. The greater its own resources, and its own capacity for self-government, the more it is handicapped by its less resourceful and less competent neighbors. The Commission proposes to equalize the tax burdens of local governments throughout the state by equalizing their governmental obligations so that each community may have as much government as it needs at a price it is able to pay, with the least possible draft upon the resources of the state as a whole.

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### THE PROFESSION OF CITY MANAGEMENT

(Continued from page 117)

tendency during the past depression year for cities to select local men as managers. Of the 81 appointments in 1932, two had been assistant managers, five were former managers, eight were promotions from one city to another and 66 were from outside the profession, presumably most of them local men. However, of the 20 cities and counties in which the plan became effective in 1932, the first manager in 15 of them was an outside man. This, of course, is peculiarly significant at a time when pressure to appoint a local man to such an important municipal office might readily be justified.

These straws in the wind are encouraging. They carry a message of potential municipal achievement in this country that should not be overlooked, either by observers of trends or hard-pressed taxpayers weary of the struggle for economy and efficiency in local government.

# California's Labor Camps For Itinerant Unemployed

Successful last year  
in caring for unem-  
ployed at low cost,  
camps have been re-  
newed in 1933

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TODAY, with relief problems pressing on all sides, the labor camps set up by the governor of California last winter and continued this winter, are attracting attention from persons interested in new methods of relief. California's relief agencies were overtaxed in 1931, because of an influx of single unemployed men who drifted westward in search of better conditions and finally ended up in the larger cities of the state. The authorities had to find ways to give relief to the men already in the state, to prevent further demoralization by overcrowding of the labor markets of the several cities, to deter the idle and hungry men from committing petty crimes, and, if possible, to prevent any further aggravation of the situation by incoming men.

The creation of camps to relieve the situation was discussed during the summer by state and local officials, and a few counties opened camps. These, however, were neither numerous nor large enough to reduce materially the pressure on the relief agencies. Finally, toward the middle of November, a few men precipitated action that resulted in the establishment of camps on a large scale by the state. These camps,<sup>1</sup> con-

ducted by the California Labor Camp Committee, eventually numbered twenty-eight, including nine operated by the United States Forest Service. They were open between 12 and 133 days each, and had a combined capacity of 2,752 men. The first opened December 2, and the last to close discontinued operations April 23, after 200,399 man-days' relief had been given to single men at a cost to the state of \$109,-982.87, exclusive of the regular salaries of the state and federal rangers who conducted them. No wages were paid the men, who were volunteers recruited from the central charity agencies of the larger cities. There were men in the camps from every state in the Union, but about 29 per cent gave California as their residence. California's policy was new in the type of relief, but it allowed a more extensive development of the camps than otherwise would have been possible.

## RELIEF COST LOW

The camps varied in capacity from 15 to 325 men, and gave relief at an average cost of 54.9 cents per man-day. Each was under two or more forest rangers. In the southern California camps the men were housed in tents,

<sup>1</sup>This description is based on S. R. Black's, *Report on the California State Labor Camps*, *passim*, hereafter cited as *Report*. This paper does not discuss the two highway labor camps which were maintained by the division of highways. There is reason to believe that

these camps were not under the control of the Labor Camp Committee. They gave 44,132 man-days' relief at a cost to the state of \$99,678.71, or \$2.26 per man per day. See, *Report*, 28-33.

except at Camp Kearney, where army barracks were used, and in the central and northern California camps they were housed in wooden buildings. The food served in the camps was about the same as that served in lumber and prison camps in the state, costing an average of 25.4 cents a man per day. Some clothing was distributed, and tobacco was furnished to the men three or four times a week. In exchange, the men worked six hours a day five days a week, weather permitting, and put in 97,664 days of labor in the field in addition to work done around camp. They built fire trails, cleared fire breaks, removed fire hazards, built check dams, and worked on state park improvements.

The camps were opened with much publicity, in which snow, rock piles, and vagrancy laws were prominently mentioned in an effort to discourage itinerants. The establishment of the camps and this publicity have been credited with diminishing the flow of men into the state.<sup>2</sup> This probably strengthened the labor markets and relieved the increasing demands on the relief agencies. Responsible observers are of the opinion that the camps reduced the number of petty crimes committed,<sup>3</sup> both by furnishing hungry and idle men in the cities with food and occupation in the country and by discouraging the entry of "bums" along with other unemployed men.

When the camps closed, each man in them was given \$5, in order to prevent a sudden and undue strain upon the local relief agencies by enabling the men to feed themselves for a few days while they moved out of the vicinity of the camps.

The idea of the state camps for itinerant unemployed was developed and

<sup>2</sup>*Report*, 34. The average number of indigent itinerants was 608 per day in October, 373 per day in November, and 251 per day from December 1 to 20, after the opening of the camps.

<sup>3</sup>*Report*, appendix, pp. 45-47.

carried into operation mainly through the efforts of three men: S. Rexford Black, a representative of the lumber interests of the state, as organized in the California Forest Protective Association; W. B. Rider, deputy state forester, and Rolland A. Vandergrift, director of finance. They discussed a vague plan for camps as early as May, 1931.

After various efforts to get action had failed, the unemployment commission was interested, and the governor, upon its recommendation appointed an advisory committee, consisting of eleven members, but enlarged later to nineteen. The advisory committee met with the governor and others on November 24, to complete, ratify, and make public the plans that had been drafted and had already been approved by the governor and director of finance.

#### FINANCING THE CAMPS

The financing of the camps was a transaction which throws some light on the operations of the emergency fund. Without it, the governor could have created the camps only if he could have borrowed from bankers on the presumption that the legislature would reimburse them, or called a special session of the legislature to vote funds, obviously a costly procedure.

The emergency fund for the biennium 1931-33, consisted of \$1,000,000, and could be drawn upon at will by the director of finance for any lawful purpose.<sup>4</sup> At first the division of forestry supported the camps from what remained of an appropriation of \$110,000 for fire trails, fire breaks, and cooperative work for the biennium. On March 12, when this money was almost gone, it was supplemented by \$40,000 from the emergency fund, and later by a second grant of \$70,000.<sup>5</sup> By inducing

<sup>4</sup>Stat. 1931: 318.

<sup>5</sup>Department of finance, *Executive Orders*, Nos. 171, 198.

the division of forestry to spend money on the camps it would need later for its regular activities, the director of finance, who alone could replenish the division's funds, put himself in a position to exert pressure on it to conduct the camps as he desired.

#### ORGANIZATION MACHINERY

The machinery<sup>6</sup> set up by the action of the governor was very complex, directly involving several federal, state and local agencies. There was no merging of personnel or of organizations, but each governmental unit maintained its own identity and hierarchical discipline. The superposition of the special camp organization created a system of coöperating units bound together by peculiar and confusing lines of responsibility. The advisory committee was reorganized as the California Labor Camp Committee, but held only one poorly attended meeting after its reorganization. It was practically superseded by its executive committee, consisting of Mr. Black, the director of finance, the deputy state forester, and the director of public works. Mr. Black, the chairman of the committee, was *de facto* head of the organization, and assumed authority to give orders or make suggestions wherever he felt them needed.

Under this direction, two separate organizations functioned side by side. The United States Forest Service operated nine forest camps and the division of forestry operated nineteen. Each camp was in the charge of from two to five rangers or foresters. The camps were grouped into three districts, southern, central, and north coast, and each dis-

trict was placed under a forestry official to whom the rangers were responsible, in addition to being responsible to their normal superiors.

Three temporary district purchasing agents supplied the camps with food, in addition to the regular purchasing agents at Sacramento. These men were given credit allowances of several thousand dollars at a time and were allowed to buy as they thought best, for both state and federally operated camps, provided they paid less than current prices paid by the state purchasing agent.

The local relief agencies recruited the men, were supposed to have had them examined medically for health and fitness to work, transported them to the camps, and guaranteed medical care for them if they became ill there. The department of institutions, the California Forest Protective Association, the Red Cross, and some counties furnished first aid and rudimentary medical facilities to each camp. Other equipment was borrowed, so far as was possible, from the army, navy, national guard, and private individuals, in an effort to reduce the capital outlay needed for the camps.

The smooth operation of such a loose organization, marked as it was by no centralized responsibility, would have been impossible without intelligent leadership and the whole-hearted coöperation of the several agencies involved, which a recognition of an unusual need evoked.

#### CAMPS A SUCCESS

The officials of the state felt that the camps were a success, and since the conditions that led to their establishment still existed, camps were opened again this winter. Aside from some modifications of the methods of financing the camps made necessary by the financial condition of the state, the procedure and organization of the pro-

<sup>6</sup>The division of forestry feels that a new organization was not created and that the governor acted only in strict accordance with legislative enactments. I believe that the governor sufficiently rearranged the organizations involved, in addition to superimposing an entirely new head, to have set up a new administrative unit in fact, if not in law, and I feel that he acted beyond the possible contemplation of the legislature.

ceding year were copied without significant change.<sup>7</sup>

In the establishment of the labor camps we see that the power of the governor to create new governmental agencies has been greatly increased by the emergency fund, that this fund can be managed in such a manner as to enable the governor to retain control over any agency he may set up with its aid. When the existing officials are called in to serve such an agency, of course their coöperation is essential. And while it is within the power of the governor to create an entire organization *de novo*, the need for economy in such undertakings will probably lead him, as much as possible, to use men whose salaries are provided from regular legislative appropriations.

The power to set up new agencies of government remains an emergency

power, even should its creations endure to become regular organs of government.

### SCRAPPING USELESS GOVERNMENTS

(Continued from page 124)

recently by Herbert S. Hicks, of the Illinois Tax Commission. There are now almost ten thousand independent school districts in the state, each governed by a board of its own. The average attendance is under fifteen pupils per school. About four thousand of these schools have fewer than twelve pupils, running down all the way to one. Mr. Hicks proposes that these four thousand schools be closed and their pupils transported at public expense to the next school. He estimates that a saving of approximately 50 per cent can be made in the school tax, with better qualified teachers provided for those remaining open.

It is often said that we have too much government. Whether this be true or not, it certainly is a fact that we have *too many governments*.

<sup>7</sup>On January 20, 1933, 40 forestry camps with a combined capacity of 5,870 had a population of 4,793. For a detailed account of these, see Department of Natural Resources, *Report to the Governor's Council*, January 31, 1933, pages 2-7, and 12.



# Indiana Puts Its Faith in Governor

Legislation just passed confers extensive powers of reorganization upon chief executive

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A FAR reaching and thorough reorganization of the administrative system of the state of Indiana has been inaugurated by the general assembly of 1933 with startling promptness and practically no general popular discussion. The statute effecting this, signed by Governor Paul V. McNutt on February 3, 1933, constitutes a portion of the constructive program of legislation undertaken by the incoming administration. The act just passed is not only more comprehensive in its application than any act of its kind hitherto enacted, but it confers upon the governor greater powers of reorganization and future control than have heretofore been conferred upon any state executive.

The "dollar-and-a-half tax law" enacted by the general assembly at its special session in the summer of 1932 fixed the maximum levy on property for all state purposes at fifteen cents on each one hundred dollars. This left a budget which could be balanced only by drastic reductions in governmental costs or by drawing upon new sources of revenue, or by both. The reorganization bill was presented, not only to promote efficiency in government, but as one step in the effort to meet the financial emergency.

## MANY INDEPENDENT AGENCIES

The administrative system of Indiana grew up in the fashion followed in

other states. Each new service undertaken saw a new and distinct agency created to administer it. Each such agency was constituted irrespective of others and without regard to existing forms or methods. The result has been that the state administrative system is made up of between seventy-five and a hundred legally distinct and independent agencies, exclusive of those local authorities which exercise state functions. This number has been kept larger than otherwise would have been the case by the existence of what has come to be known among social workers as the "Indiana system" of institutional control, whereby each benevolent, charitable and penal institution has been conducted under the management of a separate board of trustees, with a board of charities having only investigative and recommendatory powers over these institutions. A gathering of a number of related activities into a department of conservation in 1919, which proved very successful, is the only considerable development that has taken place in the integration of related functions.

As a result of a process of evolution extending over nearly half a century the state has attained, in some directions, a degree of administrative centralization distinctly in advance of that which obtained in most states prior to 1917. The governor's power of appointment, unlimited by the requirement of senatorial confirmation, has become ex-

tensive, and his removal power, though not coextensive, has been large. The tendency to centralization has been especially noticeable in the field of finance. Here it has shown itself in the prescribing of accounting forms for all public offices, state and local, and in the system of examination of the accounts of all officers. More notably, even, has this tendency shown itself in the setting up of the now widely-known "Indiana plan" of state control of local finance, the claims of which to excellence have been so hotly debated. It is to replace such a disintegrated, though moderately centralized system that the "executive-administrative act" of 1933 was enacted into law.

#### KEEPING WITHIN THE CONSTITUTION

The new act is carefully phrased to meet the requirements of an antiquated and especially rigid constitution. Under the act there are created eight "executive, including administrative" departments, viz.: executive, state, audit and control, treasury, law, education, public works and commerce and industry. Only the constitutional officers—governor, lieutenant-governor, secretary, auditor, treasurer and superintendent of public instruction are to be elected. The attorney-general, a statutory officer now elected is, at the expiration of the term of the present incumbent, to become appointive by the governor. Save for the officers above mentioned, the tenure of every officer and employee in the executive branch of government is to terminate not later than June 30, 1933, or earlier at the discretion of the governor. With the exception that each of the constitutional officers is authorized to appoint one deputy, the appointment of every officer and employee and his tenure of employment is placed without reserve at the will of the governor. The governor is empowered further, at his discretion, to assign, transfer and reassign any existing power

or function of any department or officer to any of the eight departments created.

The governor is made the head of the executive department, but at the head of each of the others is placed a board of which the governor is a member. These boards are constituted as follows: State—secretary of state, governor and lieutenant-governor; Audit and Control—auditor, governor and attorney-general; Treasury—governor, treasurer and one person to be appointed by the governor; Law—attorney-general, governor and auditor; Education—superintendent of public instruction, governor, lieutenant-governor and persons, not exceeding six in number, to be appointed by the governor; Public Works, and Commerce and Industry, each—governor, lieutenant-governor and three persons to be appointed by the governor. The governor, secretary of state, auditor, treasurer, attorney-general and superintendent of public instruction are made the "chief administrative officers" of their respective departments, but in the case of the departments of public works and commerce and industry one of the appointive members is to be designated as the administrative officer. In the cases of these two departments the governor is authorized to increase the membership of the board by the addition of other persons, not to exceed five in number. No details as to the subordinate personnel or the internal organization of the departments are included in the act.

The other sections of the act are concerned with making the transition from the old to the new order without cessation of activity or the disturbance of vested rights.

It will be observed that the benevolent, penal and higher educational institutions of the state fall under the appointing and removing power of the governor, though there seems no obvious place for these institutions in the scheme of the eight departments.



The act presents at once certain striking and novel features. It brings the lieutenant-governor into the administrative picture, though only in a somewhat formal way; this has not been done in other reorganization plans. The substitution of a board instead of a single individual at the head of seven of the departments, though adhering to precedent in Indiana, is not in accord with more recently accepted formulas of administrative organization. The plurality of departmental headship is, however, more apparent than real since there is a designated chief administrative officer in each department who will, without doubt, be the real acting head of the department for all practical purposes, while the ex-officio members, except in the case of the lieutenant-governor, will be fully occupied with the affairs of their own departments.

#### BOARD SYSTEM TO CONTROL CONSTITUTIONAL OFFICERS

An obstacle encountered in Illinois and in the states that have followed her lead has been the failure, without constitutional modification, to bring the constitutional officers under central control. Here this is accomplished by a set-up under which, except in the department of state, the governor, together with one or more persons appointed and removable by him, constitute a majority of the departmental board and thus may overrule the constitutional officer in such department.

Objection will be offered in some quarters to the sweeping power of appointment and removal vested in the governor. It is, indeed, true that unless tempered by subsequent legislation this power in the hands of a governor so disposed might become a mighty engine of spoils and political plunder. In the absence of a formal merit system, for which there has been no general demand in the state, there has developed in a number of departments, notably in

the benevolent, penal and educational institutions, and in the departments of health, charities, library and conservation, a working substitute for a formal system. This has been accomplished by placing at the head of each of these departments a bi-partisan continuing board which appoints the chief administrative officer and the professional, technical and clerical subordinates, and which acts as a buffer between the staff and the pressure exerted by the spoilsmen. So strong has been the sentiment that these, and at times other departments, should be "kept out of politics" that such pressure has been successful with surprising infrequency. It is to be regretted if under the new order there is not inaugurated some sort of personnel system to continue and perhaps extend the gains thus made toward security of administrative tenure.

#### RAPID-FIRE ACTION

Judged by the experience of other states it seems likely that the results of bringing into as few as eight departments the multifarious activities of the state will not be entirely satisfactory, and that it will be found desirable in the near future to increase the number of departments somewhat.

It is probable that the net effect of the statute will be not essentially different from that brought about in other states by other methods. It has been customary to delegate to a commission or other agency the task of formulating, after preliminary surveys, a somewhat detailed scheme of reorganization which is presented to the legislature for action. In this case the legislature has in advance approved the plan in general outline and left the details to be worked out by the governor by such a process as he may see fit, and put in operation by administrative ordinance.

The course of action thus followed, though unconventional, is probably no

# Conflicting Taxation: A National Problem

Interstate Legislative  
Assembly establishes  
permanent commis-  
sion to work out re-  
conciliation and sim-  
plification of tax  
system

HUBERT R. GALLAGHER

*American Legislators' Association*

WILL the well run dry? Many persons are apprehensive lest the sources of our government's revenues will not stand the strain of the depression. Others are concerned with seepage due to the inefficiency of our tax administrators. With the federal government dipping more and more frequently into the tax reservoir of the states, and with forty-eight legislatures searching for new ways to balance their budgets, problems of conflicting, overlapping, and duplicating taxes and tax machinery are more than irritating—they present a serious national problem.

A step in the direction of improving this situation was taken at the first Interstate Legislative Assembly in Washington, February 3 and 4. Delegates from thirty-one states and representatives of thirty-four governors, the latter conferring in an advisory capacity, attended this meeting which was called by the American Legislators' Association to consider the advisability of establishing a commission to study the problem of conflicting taxation between the states and the federal government and to negotiate with Congress on this subject.

President-elect Roosevelt, who as governor of New York State assumed the leadership in securing the attendance of representatives from governors at the Assembly, pointed out in a letter to Senator Henry W. Toll, director of the American Legislators' Association, that:

"In the past the federal government

has passed revenue legislation with too little consideration for state taxing systems, and on the other hand, the states have legislated with little reference to the federal revenue plan and with almost no consideration for the tax programs of other states. This is not as it should be. . . ."

The President gave the cause an additional "boost" when he gave it first place in the five-point program to be considered by the governor's conference which he has called for March 6.

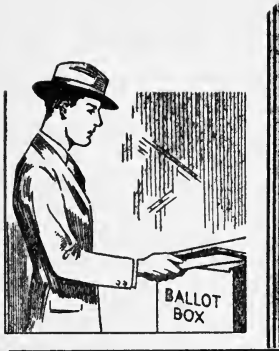
## MANY PUZZLING PROBLEMS

The first session of the Assembly, after being greeted by President Hoover, who declared that there is "now a perfect maze of overlapping, conflicting tax systems," was given over to formal addresses stating the problems to be considered.

Henry F. Long, Massachusetts commissioner of corporations and taxation, pointed out that the proper segregation of tax sources was an especially difficult problem for the states to solve because "the word 'state' in speaking of taxation comprehends not only the state itself but also political subdivisions. The federal government has but one pocket to fill. The states have many."

Clyde L. King, former secretary of revenue and finance of Pennsylvania, but now chairman of its public service commission, told the Assembly that,

(Continued on page 154)



# PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

## Continuing the Proportional Representation Review

**The National Elections in Ireland.**—The experience of the Irish Free State continues to belie the theory that proportional representation is sure to result in a disintegration of major parties and the establishment of what is known as the bloc system. The Free State is the one nation which has the freest form of P. R.—the same as that used for city council elections in Cincinnati and now being urged for New York, Philadelphia, and Pittsburgh—for all its elections. Yet for the last three elections of the Dail Eireann it has approached a two-party system and in the election of January 24, 1933, gave the largest party a majority of one over all other parties combined.

Irish experience, like the experience of Cincinnati with two municipal parties, lends strength to the contention that most people prefer to ally themselves with a large and effective party and will do so with enthusiasm so long as there is a major party which meets their needs and wishes. The very fact that the voters can turn away at any time without throwing away their votes tends to keep the major parties responsive to public desires and so gives them a genuine instead of a grudging choice-of-evils support.

In this election Mr. De Valera's Fianna Fail party won 77 of the 153 seats in the Dail and Mr. Cosgrave's Cumann na nGaedheal 48. Eight went to the Labour party, 11 to the Centre (farmers') party, and 9 to independents.

The *Irish Times*, Dublin, of January 30, contained the following account of the part played by proportional representation, written by a special correspondent:

"The present election furnishes new illustrations of the freedom that the system confers upon the electors. Appeals were made to the voters to support first of all the party nominees. The electors, free to do as they wished, generally did so. In the city of Cork, however, over 3,000 out of the 14,863 voters who gave a first choice to Mr. Cosgrave, gave a second choice to Mr. Anthony, the Independent Labour candidate. Similarly, in County Clare, over 3,000 out of the 18,584 voters who gave a first choice to Mr. De Valera, gave their second choice to Mr. Hogan, the Labour candidate. Other interesting examples of inter-party voting could be given...

### FULL REPRESENTATION

"Every county and borough in the Irish Free State has returned to the Dail representatives of the majority, and also a representative of at least one important minority. No single party monopolizes representation. In England, on the other hand, in thirty-one out of the forty counties, the minority, often polling more than a third of the votes, failed at the last election to secure any representation. In the Free State nearly every elector is conscious that one or more of his earlier choices have been elected. In County Dublin, 74,559 out of 90,452 voters saw their first choice elected; many of these and many of the remaining 15,893 voters saw their second choice elected; many saw their third choice elected. Few, indeed, failed to secure any share in the representation.

"It is instructive to compare the completeness of representation in the Irish Free State

with the incompleteness of representation in England. In 1925, the general election gave, for the eleven southern counties of England, the following result:

Parties	Votes	Seats Obtained
Conservative	1,500,000	84
Liberal and Labour	950,000	1

"In England nearly a million of electors secured one spokesman in Parliament. In the Irish Free State, in the four western counties of Kerry, Limerick, Clare and Galway, the Fianna Fail party has a large majority.

"In this election the proportional system gave the following result:

Parties	First Preferences	Seats Obtained
Fianna Fail and Labour	167,560	19
Cumann na nGaedheal and Centre	82,925	8

"Without proportional representation the result would have been as in so many counties in England—the minorities would have failed to secure any representation.

#### FAIR SYSTEM

"The election results, constituency by constituency, and for the nation as a whole, show how fair is the representation which the proportional system allots. Each quota of votes gained a seat. In Dublin City North, for example, Fianna Fail polled four quotas, with some votes over, and gained four seats; the Cumann na nGaedheal party, with the Independents, also polled four quotas, with some votes over, and gained four seats.

"The votes polled and the seats gained over the whole country were as follows:

Parties	Votes	Seats	Votes Per Seat
Fianna Fail and Labour	771,059	85	9,071
Cumann na nGaedheal, Centre and Independents	615,310	68	9,049

"In the foregoing table the votes for Mr. Larkin (Independent Labour) are included with the Fianna Fail party, as most of his votes, when transferred, fell to Fianna Fail candidates. The votes per seat, a little more than 9,000 for each member of the two groups, shows how closely representation in

the Dail will reflect voting strength in the country.

"If the university seats and the seat of the speaker, who was elected unopposed, are excluded from the above totals, the figures for the whole country, counties and boroughs, would be:

Parties	Votes	Seats	Votes Per Seat
Fianna Fail and Labour	768,980	82	9,378
Cumann na nGaedheal, Centre and Independents	613,618	64	9,588

"This close approximation to the fairest possible representation for all can be compared with the result of the last election in Great Britain, when each elected supporter of the National Government was elected, on an average, by 29,000 voters, whereas a member of the Labour party represents, on an average, 144,000 voters, or five times as many.

#### FEW INVALID VOTES

"Whilst the polling was very heavy, in several counties exceeding 80 per cent, the percentage of invalid papers was less than ever before. In many constituencies the number of papers spoiled is considerably less than 1 per cent. In the scattered constituency of Kerry, it is reported that less than 400 papers were spoiled out of a total poll of nearly 68,000; in Dublin City North, there were 507 papers spoiled out of a total poll of 79,314. In Donegal the number spoiled is a little more than 1 per cent. This election has demonstrated once more to the world that voting under a free system of proportional representation presents no real difficulties to the electors."

John H. Humphreys, secretary of the Proportional Representation Society of Great Britain, confirms this summary and adds from his personal observation of the election campaign, the polling and the counting of the votes:

"All the meetings that I attended—some very large—were orderly, the electors listening with interest. Incidents of violence were quite exceptional. . . Men and women voted with the same ease as in an English election. The number of invalid papers for the whole state was just 1 per cent. . .

"The parties in this election formed two

groups—anti-Treaty (De Valera and Labour) and pro-Treaty (Cosgrave, Centre, and Independents). Each of the allied parties within a group was able to nominate its own candidates in as many constituencies as it wished; the transferable vote enabled the allied parties to cooperate freely within each constituency and prevented losses through the splitting of votes. Independents also stood. There was freedom for parties and candidates; there was opportunity for electors to choose . . .

"The new Dail is representative not only in numbers but also in personnel. The leaders of parties and, with but one or two exceptions, their principal colleagues, have all been elected.

"The Ullswater Conference appointed by Mr. MacDonald's Government in 1930, resolved, by a majority, that any electoral reform in Great Britain should include proportional representation. Irish experience justifies this view."

## NEW YORK ELECTION FIGURES

Active agitation for a new proportional representation charter for New York City continues under the inspiration of Judge Samuel Seabury, though the chances of securing legislation for a vote on the question from the present session of the New York legislature do not seem bright.

Reference has often been made in recent months to the recommendation of P. R. for the Board of Aldermen by the New York charter commission of 1923. That recommendation was preceded by the submission to the commission of a memorandum urging P. R. signed by a number of prominent citizens including Judge Seabury himself. The memorandum contained tables of figures, dating back to the consolidation of the city in 1899, to demonstrate the shortcomings of the existing method of election. These tables have now been brought up to date and those for recent elections are set forth below. They show that the case against the present system is even more conclusive than it was in 1922.

## AN ANALYSIS OF ALDERMANIC ELECTIONS

1923-1931

(For an analysis of elections from 1899 to 1921 see the Proportional Representation Reviews for October 1922)

### WASTED VOTES

The votes cast for unsuccessful candidates in each aldermanic district are wasted. They obtain no representation and have no more effect on the result than if they had never been cast. Since the consolidation of the city (1899) the number of votes thus wasted has been from 35 to 50% in every election.

Year	Dem.	Rep.	Soc.	Others	Total Wasted	Total Vote	Percentage Wasted
1923	57,533	265,706	74,300	1,569	399,108	977,137	40.8% +
1925	24,708	341,467	47,095	1,706	414,976	1,117,028	37.2%—
1927	63,472	282,196	51,629	4,690	401,987	1,092,536	36.8%—
1929	21,315	402,070	77,962	4,422	505,769	1,353,720	37.4%—
1931	7,002	328,674	110,254	8,774	454,704	1,309,294	34.7% +

### DISPROPORTIONATE REPRESENTATION

The representation secured by the different parties often bears little relation to their actual voting strength. The following table compares the actual outcome of each aldermanic election since 1923, with a fair division of the members, based on the proportions of the total vote cast by the different parties.

Party	Votes Cast	Seats in Pro-	Seats Won	Percentage of Votes Cast	Percentage of Seats Won
		portion to Votes Cast			
		1923			
Democratic	562,904	37.4 +	56	57.6% +	86.2%—
Republican	332,316	22.1 +	8	34.0% +	12.3% +
Socialist	74,300	4.9 +	0	7.6% +	0. %
Fusion <sup>1</sup>	6,048	.4 +	1	.6% +	1.5% +
Others	1,569	.1 +	0	.2%—	0. %
<b>Totals</b>	<b>977,137</b>	<b>65.</b>	<b>65</b>	<b>100.0%</b>	<b>100.0%</b>

<sup>1</sup>Candidates endorsed by both Democratic and Republican parties.

1925					
Democratic	688,447	40.0+	61	61.6%+	93.8%+
Republican	372,859	21.7-	3	33.4%+	4.6%+
Socialist	47,095	2.7+	0	4.2%+	0. %
Fusion <sup>1</sup>	6,921	.4+	1	.6%+	1.5%+
Others	1,706	.1-	0	.2%+	0. %
<b>Totals</b>	<b>1,117,028</b>	<b>65</b>	<b>65</b>	<b>100.0%</b>	<b>100.0%</b>
1927					
Democratic	684,137	40.7+	58	62.6%+	89.2%+
Republican	352,080	20.9+	7	32.2%+	10.8%+
Socialist	51,629	3.1-	0	4.7%+	0. %
Others	4,690	.3-	0	.4%+	0. %
<b>Totals</b>	<b>1,092,536</b>	<b>65</b>	<b>65</b>	<b>100.0%</b>	<b>100.0%</b>
1929					
Democratic	842,686	40.5-	61	62.2%+	93.8%+
Republican <sup>2</sup>	428,650	20.6-	4	31.7%+	6.2%+
Socialist	77,962	3.7+	0	5.8%+	0. %
Others	4,422	.2+	0	.3%+	0. %
<b>Totals</b>	<b>1,353,720</b>	<b>65</b>	<b>65</b>	<b>100.0%</b>	<b>100.0%</b>
1931					
Democratic	851,216	42.3-	64	65.0%+	98.5%+
Republican	339,050	16.8+	1	25.9%+	1.5%+
Socialist	110,254	5.5-	0	8.4%+	0. %
Others	8,774	.4+	0	.7%+	0. %
<b>Totals</b>	<b>1,309,294</b>	<b>65</b>	<b>65</b>	<b>100.0%</b>	<b>100.0%</b>

### UNEQUAL VOTING POWER

Under an equitable system of election the votes of different parties would be sure to have approximately equal weight in electing aldermen. The table below shows how different the actual results have been. In the last five aldermanic elections Democratic votes have been worth from four to twenty-five times as much as Republican votes.

### VOTES PER MEMBER ELECTED

	Democratic	Republican	Socialist	Other Parties
1923	10,052	41,539	74,300 <sup>3</sup>	6,048 Fusion <sup>1</sup>
1925	11,286	124,286	47,095 <sup>3</sup>	6,921 Fusion <sup>1</sup>
1927	11,795	50,297	51,629 <sup>3</sup>	
1929	13,814	107,162	77,962 <sup>3</sup>	
1931	13,300	339,050	110,254 <sup>3</sup>	

### MINORITY CONTROL

It has frequently happened (see figures for 1899 to 1921) that a majority of the board has been elected by a party without a majority of the votes. But even when the controlling party had a majority of the votes, as shown for the years 1923 to 1931, it did not need its majority to control the board. In those years a majority of the board was elected for the controlling (Democratic) party by 24% or less of the total vote each time.

	Democratic Votes Which Elected a Majority	Total Vote of all Parties	Percentage of Total Vote Electing Majority	Democratic Votes Which Elected a Majority	Republican Votes Which Elected No One
1923	230,082	977,137	23.5%+	230,082	265,706
1925	241,779	1,117,028	21.6%+	241,779	341,467
1927	234,832	1,092,536	21.5%+	234,832	282,196
1929	265,605	1,353,720	19.6%+	265,605	402,070
1931	276,334	1,309,294	21.1%+	276,334	328,674

<sup>1</sup>A number of Republican candidates were endorsed also by the Square Deal Party.

<sup>2</sup>Elected no one.



## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

*Municipal Administration Service*

**Community Health Organization, A Manual of Administration and Procedure for Cities of 100,000 with Suggested Modifications for Larger and Smaller Units.**— Edited by Ira V. Hiscock. New York, Commonwealth Fund, 1932. 275 pp. \$2.50.

As stated in its foreword, this volume is sponsored by the committee on administrative practice of the American Public Health Association and reflects the judgment of that committee after twelve years of study of the scope and content of desirable municipal health services. It covers briefly but on the whole, adequately, the essential activities of municipal health organizations. And it will be found of real value as a guide to students and citizens generally in interpreting many of the vexing problems of community health organization, aims and relations.

Although this summary discussion of the elements and aims of community health planning, organization, technique, practice and financing is supported by ample references to the special reports of the committee which sponsors the volume, and to other official and unofficial reports, the value of the work as a student text would, in the reviewer's opinion, have been greatly enhanced by a well chosen bibliography. The footnote references supporting the text have been carefully selected, but on certain moot questions of community health organization which concern primarily official health services, more references and more pertinent ones might well have been offered. The extremely important issues of areas of administration for health and other related governmental activities, and the place of the city and county in this new planning for health administration, have scarcely been touched upon. The reviewer

feels that this failure to link up community health organization with the economic and social interests of the public within the areas to be served is a fair criticism of the work of the committee on administrative practice of the American Public Health Association, and of the editorial viewpoint expressed in this volume. In the light of recent studies in this field of health economics, it appears more than probable that the most significant gains in public health efficiency to be made in the next decade will be the result of a readjustment of areas of health jurisdiction to meet the conditions which modern community life compels. The brief discussion of community health units and their relation to government in general merely touches upon problems of administration and finance now pressing for solution in many states, but for which no satisfactory solution can be found except by readjustment of health administration to more satisfactory service areas and population groups.

An interesting feature of the book is its discussion of "financial aspects of community health work," wherein is summarized for the entire community organization the salary and maintenance cost of each of its various special functions: administration, vital statistics, communicable disease control, child hygiene, inspection of milk, food and drugs, and sanitation, laboratory service, public health nursing, communicable disease hospitals. Dr. Hiscock's estimates of cost which are based largely upon the standards approved by the committee on administrative practice of the American Public Health Association represent rather an ideal than a practical working basis of financing community health organization under present conditions. It is

assumed that the public health service of the community represented by this estimated budget is one in which all service elements are thoroughly coordinated and under skilled official direction and control. Such a service, he considers, can be provided in the given community at a per capita cost from \$1.97 to \$2.37. If nursing service for example, is provided by an unofficial visiting nurse agency, the health department budget would of course be reduced accordingly. Compared with what cities generally are now spending, even cities of 100,000 or more, these figures seem extravagant. They are not, of course, under present conditions, but they are certainly much higher than a majority of our communities will accept. The greater efficiency which Dr. Hiscock and all other public health workers desire, will not, in the reviewer's opinion, be most economically maintained merely by increasing health expenditure, but rather by so readjusting the areas of health jurisdiction and relations of the health organization with other important services of government that uneconomic expenditure will be minimized.

The use of per capita costs as a guide to public health administration is subject to many limitations. Per capita costs are valuable for the comparison of health units which are reasonably comparable in area, topography, distribution of population, character and composition of population, economic resources and all other factors which determine public health need and administrative responsibility, but it is obviously misleading to use a per capita figure as an indication of need without full information regarding the community to which the per capita figure is presumed to apply. Per capita cost reflects numbers of people only; it suggests nothing of the distribution of population, whether highly concentrated in the relatively restricted area of a city, or distributed over several hundred square miles of rural area. It gives no clue to facilities for transportation and communication or to the character and composition of the population which may be of basic importance in determining official responsibility. It recognizes no differences between communities with respect to their ability to support official or unofficial health services. In short, per capita cost ought never to be used as a measure of the amount

of public health service required for any given population unit, unless all the pertinent facts about that unit have been carefully appraised.

Public health workers generally have accepted, without analysis, the dictum that "public health is purchasable; within natural limitations any community can determine its own death rate." In a narrow sense this is perhaps true, but in this slogan, there is no recognition of the fact that there is any condition to be met except that of financial resources. No amount of spending will purchase health for any community, unless public health service is so organized and directed that its expenditure will be productive in health. It has been shown conclusively by many special studies of the relation of governmental costs to the efficiency of service that liberal spending is not in itself a guarantee of efficient public service.<sup>1</sup> This is as true for public health administration as for all other functions of government.

The question of how much a given unit of population should spend for health can be stated accurately only after a survey of its peculiar requirements has been made and a health organization set up which is designed to meet those requirements economically and efficiently. It is true, as Dr. Hiscock points out, that "health expenditures are obviously considerably out of proportion when compared with other municipal expenditures," but it is fair to ask: With what other municipal expenditures can public health expenditures be compared? Public health service is *sui generis* and comparable, therefore, neither in function nor expenditure requirement with any other governmental activity. In the reviewer's opinion, it is highly desirable that public health workers abandon the per capita cost argument in behalf of better health service and devote themselves rather to a solution of the more fundamental questions of what is really necessary to determine how much health service a community requires, and how that requirement is to be met most satisfactorily in view of the communities' social and economic resources.

The questions of the relation of voluntary health agencies to the official health depart-

<sup>1</sup>*Municipal Expenditures*, Mabel L. Walker, Ph.D. Baltimore, Johns Hopkins Press, 1930.

*Report of Commission of Housing and Regional Planning to Governor Alfred E. Smith and to the Legislature of the State of New York on Cost of Government, Land Value and Population, 1926.*



ment, and the relation also of public health and public welfare services, although of basic importance, are dealt with by Dr. Hiscock somewhat too casually. He relies for his community health program mainly upon the general principles enunciated by the White House conference committee on public health organization. It is realized that the relations of official and voluntary health service in a given community must be determined largely in accordance with local conditions and needs, but the advice offered on community health organization would have much greater force if specific illustrations of coördinated effort were offered. For example, Dr. Hiscock says: "It is unfortunate that greater strides have not been made in the amalgamation of nursing services in rural areas where such amalgamation is primarily logical and desirable." There are a number of such rural areas in which such amalgamations of nursing services are now functioning, and it would have been very helpful to other communities if Dr. Hiscock had discussed such services more fully and cited the necessary references.

With respect to the relations of health and welfare agencies, the book falls considerably short of adequate discussion. How these two groups of governmental agencies can be satisfactorily coördinated in administration without subordinating one to the other or over-emphasizing one at the expense of the other, is a question of interest to every student of government. It deserves also the special attention of experts in these two fields. Whether or not health authorities and welfare authorities are inclined to admit the desirability of integration of these public services, legislators as well as citizens generally are beginning to be aware that there is a great deal of lost motion in dealing with the problems of medical service where sickness prevention and sickness relief are not properly integrated in the governmental program. Commissioner Adie, of the social welfare department of New York State, estimates that in fully 25 per cent of the cases with which his department is concerned in state and local governments, there is both a health problem and a social welfare problem on which health and welfare authorities must meet for coördinated effort.

But after all, the omissions here commented upon discount but slightly the general merit of the book as a whole. They are no doubt

due in part to the editor's attempt to cover in 250 printed pages a subject of such wide scope and many phases.

We recommend the book as an excellent introduction to the subject of community health organization and trust that it will have a wide reading.

C. E. McCOMBS.

Institute of Public Administration.

**Report on a Survey of the Organization and Administration of State and County Government in Mississippi.**—By Institute for Government Research of the Brookings Institution. The Research Commission of the State of Mississippi, Jackson, Mississippi. 1932. 971 pp. \$2.50.

This survey covers the administrative structure of state and county governments, with special emphasis on taxation and financial administration. Only incidentally is judicial administration considered, a separate study of that subject being recommended.

The report pronounces the general property tax, as it operates in Mississippi, "a dismal failure." It recommends the centralization of tax administration in a state department of taxation, which would appoint, on the basis of merit, and effectively supervise the county assessors. It proposes a scientific basis of assessment, fewer exemptions to corporations, substitution of income taxes for those on intangibles, installment paying of taxes, elimination of numerous special taxing districts, and effective budget control for state and county governments. Income, inheritance, and business taxes are also considered and approved as a part of a permanent revenue system.

It is recommended that the eighty or more state agencies be reduced by appropriate consolidations to twelve departments—executive, taxation, treasury, justice, education, health, welfare, highways, conservation, banking and insurance, public service, and local government. The governor, as head of the executive department, would appoint a commissioner for each of the other departments, except education, health, welfare, public service, and perhaps local government, which would have a board. In addition, the legislature would select an auditor of public accounts.

Concerning local government, the report

suggests the abolition of various special districts, seventeen consolidations affecting half of the eighty-two counties, and county cooperation for certain activities. It also advocates the reorganization, coordination, and integration of county offices and functions; abolition of fee system; and thorough state supervision, through the department or commission of local government (or other appropriate department), over each local governmental activity.

Though in many respects a comprehensive survey, this 971 page reports shows scant evidence of field work. Too little attention is given to present methods of administration; too much to statutory provisions, many of which are obsolete and ignored in practice. Too many pages are devoted to direct quotations concerning other states. It is sometimes difficult to remember that this is a survey of Mississippi. Despite these shortcomings, the report contains much valuable information.

WM. L. BRADSHAW.

University of Missouri.

**University Training for the National Service, Proceedings of a Conference held at University of Minnesota, Minneapolis.**—University of Minnesota Press, 1932, 325 pp.

The report of this conference on University Training for the National Service is the first careful analysis of the opportunities offered in the national government for university graduates. The representatives of the United States civil service commission, of the administrative departments and of the universities, discussed with frankness the opportunities offered and the limitations under which the universities suffer in supplying men for government service. The special attention of the conference was devoted to the use of the university as a training center for the fields of agriculture, forestry, law, the consular and diplomatic service, physics, chemistry, engineering, social welfare, economics and statistics.

Although this report is a series of papers on more or less related subjects, the conference was so carefully set up that the report does not suffer in the least from this possible limitation. It is clear from the report that the university men have much to learn from the public administrators as to the growth and technical character of the public service.

It was made obvious that the universities have an opportunity and a challenge in the training of men and women who desire to enter the public service. The conference was set up with a general statement of the opportunities in the public service for university men. This was followed by a series of papers in which the public administrator outlined the personnel problem of his department and the university man indicated the training provided by the university. It must be said in this connection that the universities have lagged behind both in an appreciation of the problem and in a program of training. This conference rendered a great service in bringing together these two groups and the report is a contribution in the field of training for public service. A companion volume for state governments would be desirable.

F. G. CRAWFORD.

Syracuse University.

**City Manager Yearbook, 1933.**—Chicago International City Managers' Association, 1933. 356 pp. \$2.

The yearbook, edited by Clarence E. Ridley and Orin F. Nolting, has four sections, at least three of which are of genuine interest to anyone interested in municipal government. The section on municipal administration in 1932 offers a résumé of the especially significant events and developments in the several fields of municipal government. Brief articles on financial planning, budgeting, revenues, taxation and assessments, accounting, purchasing, personnel, administrative organization, court decisions, city planning and zoning, housing, recreation, welfare, education, health, police and fire administration, public works, utilities, council-manager government and county management, are all contributed by the outstanding specialists in those fields. The bulk of the volume is devoted to the proceedings of the 1932 city manager convention, at which attention was given to numerous problems of administration with some emphasis on retrenchment, police and other special aspects of city management. The up-to-date directories of manager cities are invaluable for reference purposes. The section on the business of the International City Managers' Association includes several items of general significance as well as the financial reports and routine information.



## NOTES AND EVENTS

**Constitutional Convention Proposed in Washington.**—All efforts to hold a constitutional convention in Washington have run up against an insurmountable object in the peculiar requirement of the present constitution that "a majority of all those voting *at the election*" shall vote for the holding of such a convention. This phraseology differs from that regarding ordinary amendments which include the usual phrase regarding approval by "a majority of electors voting *thereon*." In the history of the state, no constitutional amendment has carried by a majority of those voting *at the election*.

To pave the way for a constitutional convention, a committee of the Municipal League of Seattle has drafted a proposed amendment which would provide for the calling of a constitutional convention every twenty-five years.

JOSEPH P. HARRIS.

**New York League of Women Voters Urges Manager Plan.**—In the January issue of the NATIONAL MUNICIPAL REVIEW it was pointed out that none of the numerous plans presented for revision of the New York City charter provided for the manager plan. While this is true in the sense that no proposal for the manager plan will be considered by the legislature it should be pointed out that the New York League of Women Voters in its charter revision recommendations did urge the joint legislative committee to consider the city manager plan. Mrs. F. Steven McCarthy, speaking for the New York League, made four major recommendations: 1. a simplified charter setting up the city manager plan with proportional representation and non-partisan municipal elections; 2. consolidation of county government and reorganization of its present administrative departments; 3. reorganization of

personnel methods; and 4. an improved fiscal system.

"Of course, we in the League of Women Voters realize," Mrs. F. Louis Slade, vice-chairman of the New York League of Women Voters points out, "that there would be no chance of the manager plan functioning satisfactorily unless a representative legislative body could be obtained. For that reason we are staunchly urging proportional representation. We have sufficient faith in the integrity and intelligence of the citizens of New York City to believe that, given the opportunity and the leadership, we would be able to have the same type of splendid city manager government here that Cincinnati and other cities have had for the past few years."

**Seek Unit Costs of Public Works.**—The Committee on Uniform Street and Sanitation Records has just mailed to approximately one thousand cities four annual return forms for the purpose of collecting information concerning the expenditures of public works departments and the methods employed, work accomplished, and unit costs for refuse collection, refuse disposal, street cleaning, and catch basin cleaning.

In the past, officials have not known where to turn for accurate information about such matters. The tabulations of these returns will show, for example, whether garbage, ashes, or rubbish are collected by city forces or under contract and the frequency of collection. They will reveal the number of tons collected of each kind of refuse during the year and the pounds per inhabitant per year. They will show the total and unit costs of collection. Other pertinent information relates to the methods and equipment employed, special charges for refuse collections, whether all

refuse is weighed, and how dead animals are handled.

With respect to refuse disposal, the tabulations will indicate what disposal methods are in use in cities and the tons of refuse disposed under each method. The costs of operating, maintaining, and supervising each kind of disposal method as well as the total and net cost of disposal per ton will be available.

The annual return of street cleaning work and costs will tell how many miles of streets cities clean daily, six times a week, five times a week, etc., by each method. Similar data will be obtained for catch basin cleaning both by hand and machine methods.

The Ministry of Health of England has collected similar return forms of cleansing costs from all cities in England and Wales for several years. During this time, the refuse collection and street cleaning costs have been steadily reduced. J. C. Dawes, the inspector of cleansing of the Ministry of Health, estimates that over three million dollars is being saved annually in comparison to costs of ten years ago, which can be credited almost entirely to the installation of adequate cost accounting systems throughout British cities, and the collection and publication of annual return forms. The Committee on Uniform Street and Sanitation Records anticipates a corresponding saving in the United States from the collection of annual return forms because they will establish certain standards of performance and point the way toward more economical and satisfactory methods.

The information collected on these return forms will not be published for individual cities. Rather, the committee has agreed that this undertaking is to be a confidential matter between the various officials concerned. Individual cities, however, may obtain information concerning the work and costs of other cities having the same general problems and conditions, on agreement that no publicity will be given to the figures. However, summaries of the tabulations of groups of cities of similar size and conditions will be prepared and published.

The Committee on Uniform Street and Sanitation Records represents eleven nation-wide organizations of public officials and governmental research agencies, including the International Association of Public Works Officials,

the International City Managers' Association, the American Municipal Association (federation of state leagues of municipalities), the American Society of Municipal Engineers, the American Road Builders' Association, the Municipal Finance Officers' Association, the American Society of Civil Engineers, the National Municipal League, the American Public Health Association, and the Governmental Research Association. Alfred E. Roche, commissioner of public works of Troy, New York, is chairman of the committee, and William J. Galligan, assistant superintendent of streets, Chicago, is vice-chairman.

The Committee on Uniform Street and Sanitation Records expects that the collection of these return forms will stimulate improvement in the records and accounting systems of public works departments. The committee has found that large savings have resulted wherever its proposals have been installed. Manuals describing these practices can be obtained by writing to the committee at 923 East 60th Street, Chicago. The staff of the committee is also prepared to assist cities directly in making installations.

—DONALD C. STONE.

**Lucas County, Ohio, Appoints Finance Director.**—On January 1, 1933, the county commissioners-elect of Lucas County, Toledo, Ohio, appointed H. T. Shenefield, former secretary of the Commission of Publicity and Efficiency of the city of Toledo, to the newly created position of director of finance and purchasing. This is the first appointment of its kind in the field of county government and administration in Ohio in the history of the state.

Generally speaking, the creation of this position, filled by a governmental expert, is actually a pseudo-county manager appointment. Through control of the purse strings of the county, the county commissioners will be able to exercise a direct control and check on all county offices and it will be possible to effect various reforms now in contemplation, such as standardized and centralized purchasing, standardized personnel classification of positions and salaries, as well as conduct extended surveys of the various county offices with a view to promote greater efficiency and apply modern methods of service.

This recent development in county government in Lucas County is the most radical

change in recent years in the government of any county in this state.

G. BURMAN CURRY.

**City Manager Bills in Pennsylvania Legislature.**—Among the measures introduced in the Pennsylvania house of representatives this week were two bills to make the city manager plan of government optional by popular vote for third-class cities and boroughs and a bill to make the proportional representation method of electing councils, which is recommended with the manager plan in the Model City Charter of the National Municipal League, optional for third-class cities. The two bills were introduced by Representative Charles H. DeFrehn of Johnstown and the optional borough manager bill by Representative John L. Holmes of Centre County.

These bills, together with an optional proportional representation bill for boroughs which is expected to go in next week, complete the legislative program of the Municipal Charter Committee of Pennsylvania, which has the backing of fourteen important state-wide organizations. The other bills on the program are the Pittsburgh optional city manager bills introduced by Senator Frank J. Harris and Representative John J. Kane and the Philadelphia optional city manager bill introduced by Senator George Woodward. These bills are backed by strong local committees.

All the bills are optional. The question of adoption can be put on the ballot at any general or municipal election by petition or resolution of council. In the third-class city and borough bills the number of signatures required for a petition is 2 per cent of the population of the municipality according to the last United States census. If the experience with either manager plan or proportional representation is unsatisfactory it can be abandoned by the same procedure.

The manager bills provide that after adoption by the voters the council shall employ a manager "solely on the basis of his executive and administrative qualifications." The manager appoints all other administrative officers (with a very few permissive exceptions) and is responsible to the council for the entire administration just as the manager of a business is responsible to the board of directors. He may be removed by council at any time. The mayor or burgess continues to be the recog-

nized head of the municipality for political and ceremonial purposes, but neither he nor any member of the council has any administrative duties except that the burgess retains control of the borough police.

The whole program of the Municipal Charter Committee has the active backing of a formidable array of state-wide organizations, including the Pennsylvania Taxpayers' Association, the Pennsylvania Federation of Labor, the Pennsylvania Farm Bureau Federation, the Pennsylvania Real Estate Association, the Pennsylvania State Education Association, the Women's Legislative Council of Pennsylvania, the State Federation of Pennsylvania Women, the Pennsylvania League of Women Voters, the Pennsylvania Council of Republican Women, the Republican Women of Pennsylvania, and the Pennsylvania Federation of Democratic Women. The borough bills are endorsed by the Pennsylvania State Association of Boroughs. Optional manager legislation has been approved by the Pennsylvania State Chamber of Commerce, which has also referred optional proportional representation to a committee for study.

In addition the bills are supported by important local organizations in Philadelphia, Pittsburgh, Johnstown, Altoona, Beaver Falls, Butler, Hazleton, Jeannette, Lock Haven, Mt. Carmel, Oil City, Pittston, Tyrone, Washington, Wilkesburg and elsewhere.

—GEORGE H. HALLETT, JR.

### **State Reorganization in Texas Uncertain.**

—Based on the intelligent policy of formulating feasible plans for fundamental improvements giving promise for permanent economies rather than making arbitrary slashes in either vital or so-called non-essential services, the state reorganization proposals of the joint legislative committee on organization and economy have disappointed some of the most valuable advocates of drastic tax reduction. The complete report of the committee has just been issued and although portions of it have been out for some time, not much educational publicity has been created and the proposals have not received a great amount of attention.

The plan is not a fundamental remodeling of the government and its services but directs its effort to eliminating inefficiencies, duplications and overlapping services without calling

for a drastic reconstruction. It is assumed to be mainly the work of Griffenhagen and Associates, the experts for the committee. It provides for 19 administrative departments under the governor, in place of the present 131 uncoördinated units. Groundwork for the committee's activities has been laid in the last few years by Moore Lynn, the state auditor and efficiency expert under Governor Sterling's administration, who pointed out various ways in which public money was being dissipated. One recommendation of the report, the substitution of a state purchasing agent under the governor in place of the board of control, is thought to have an excellent chance of acceptance by the newly installed Ferguson administration but the rest of the plan is not so likely of adoption. The long-continued agitation for a constitutional convention in Texas appears to have a chance of producing such a gathering in 1935 with the prospect thereby of achieving a more complete state reorganization.

—H. M. OLMSTED.

**Achievements in Binghamton.**—Binghamton, New York, which with the close of 1932 concluded its first year under a council manager government, has shown a notable improvement in its finances.

The expenditures for all municipal purposes were \$302,912 less than the budget appropriations, this figure being exclusive of salary reductions and donations. Bonded debt was reduced \$580,237, and while short-term notes maturing in 1933 to 1935 were issued, chiefly for relief purposes, in the amount of \$394,142, the net reduction in outstanding city obligations was \$186,095. The operating budget for 1933 has been reduced 14½ per cent and the tax rate for this year has been reduced 11 cents per hundred dollars.

Under the new form of government, all city services have been reorganized with elimination of overlapping functions, the segregation of related activities and the creation of distinct channels of responsibility. Nonessential personnel has been cut out and improved methods of purchasing and distribution of material have been adopted. No municipal services, however, have been eliminated. Through the installation of modern accounting control methods, City Manager C. A. Harrell is able to tell every morning the financial condition of all city

funds as of the close of business the preceding day. Welfare activities have not been slashed but have been carefully supervised and financed and it is claimed that no one has been allowed to suffer.

—H. M. O.

**Monthly Sessions Recommended for Ohio Legislature.**—The general assembly of Ohio at present has one long session every two years, this practice dating from the days of primitive methods of transportation. A bill has been introduced in the House (No. 265) by Representative Bittinger, to substitute monthly meetings. Professor Howard White of the department of government and politics, Miami University, Oxford, Ohio, sets forth the defects of the present system and the advantages of the one proposed as follows:

Legislators now have only three or four months of preparation before the session, and for the remaining twenty months of their terms they have no further opportunity to utilize the knowledge gained unless in a special session called by the governor and limited to such subjects as he designates. The end of the legislative session is marked by a tremendous rush to pass hundreds of measures, frequently without adequate consideration, rather than wait two years for the next opportunity. Furthermore, the long session works hardship upon the private business and professional affairs of the members.

With frequent sessions legislative proposals can be considered in an orderly manner, permitting adequate deliberation—this system being effectively employed by city councils with their weekly or monthly sessions. The assembly can be expected to exercise much more intelligent and effective control over the business of the state, acting when the need is apparent but without undue haste. Expenses of frequent sessions would be no more, inasmuch as members now receive mileage for each week of every session, and a more efficient staff could be employed on full time at no greater expense than the present temporary staffs. Members would not be called upon to make as unreasonable a sacrifice of their private affairs as at present, as the total number of days would be approximately the same, with much more convenient distribution, and matters for constituents could be promptly looked after at the time of the monthly sessions.

—H. M. O.

**Detroit and the Michigan Bank Holiday.**

—The unprecedented action of Governor William A. Comstock in closing the banks in Michigan's southern peninsula for eight days ending February 23, with restricted permission for reopening, caused considerable inconvenience to the Detroit city government, but did not affect it vitally. At the city hall it was announced that payrolls would be met out of the cash receipts of the municipal street railway. The city became technically in default on \$611,000 interest due February 14, as its funds were tied up in closed banks—a situation that would be cured upon the banks' reopening. The welfare department carried on through the concerted coöperation of the private agencies.

—H. M. O.

**Municipal Government on the Air in Virginia.**

—Beginning February 21 a series of broadcasts entitled "Your Municipal Government" was started in Virginia, sponsored by the League of Virginia Municipalities. It is given over Station WRVA, Richmond (1,110 kilocycles), every Tuesday at 8:15-8:30 p. m. Subjects for March include municipal coöperation, the council's responsibility, unemployment relief and city planning and zoning.

—H. M. O.

**New England States Attempt to Aid Milk Industry.**

—Governors of the five New England states with the exception of Connecticut have again turned their attention to the problems of the milk producer, who a year ago was selling his product for less than cost. They appointed at that time a New England Dairy Advisory Board which evolved a plan for uniting the producers, controlling the supply and thereby obtaining a fair price for milk. A farmer-owned corporation, the New England Dairies, Inc., was formed and proceeded to make contracts with some eighteen corporations and about twelve private proprietary groups or producers, with the purpose of obtaining control of 95 per cent of the supply.

Although this was not achieved, the plan was put in operation with contracts expiring at the end of 1932. The Federal Farm Board is said to be ready to allocate a million dollars to New England Dairies to assist in the establishment of a farmer's milk distribution system, if the condition of 95 per cent control is ob-

tained. Governor Stanley C. Wilson of Vermont, a state with a milk production of some thirty million dollars per year, is particularly insistent that the plan should not be allowed to fail.

—H. M. O.

**Shifting Local Assessments to City Opposed in New York.**

—A survey by the Citizens Budget Commission in New York City has revealed that city and borough assessments for street improvements increased more than tenfold from 1922 to 1931 while local property owners paid only about twice as much at the end of the same period.

In 1922 local assessments accounted for 19.4 per cent of street improvement costs, with 9.6 per cent laid on city and boroughs. In 1923 local owners paid even more, but from then on the costs were progressively being shifted to the larger areas so that in 1931 the city and the boroughs together paid 37.3 per cent against 62.7 per cent for local owners. For street and park openings the 1922 percentage for local owners was 69.7 per cent; by 1931 this had shrunk to 25.3 per cent, the city and boroughs carrying the rest.

The Citizens Budget Commission is strongly opposed to this trend. That it is an important matter is evidenced by the fact that more than \$122,000,000 for these improvements remain to be charged against taxpayers in 1933 and succeeding years, the 1933 amount being \$19,605,458. The commission recommends that where the local owners are entitled to relief, the borough should assume this rather than the city. For the immediate benefit of the taxpayers the commission makes the extreme recommendation that no further local improvements be authorized excepting those of urgent necessity, and that the 1933 city-wide assessments amounting to some \$8,000,000 be charged against the surplus in the improvement funds or otherwise removed from the budget.

For permanent improvement of procedure, the commission recommends the adoption of the proposals of the Mayor's special assessment committee, which in 1931 suggested that the cost of acquiring property for and the construction of new streets up to eighty feet in width be assessed against the local area; the next twenty feet against the borough; and all additional width against the city as a whole; that all sidewalk costs be assessed directly against the frontage benefited, and that sewer assessments be levied 100 per cent against the tributary drainage area.

—H. M. O.

## CONFLICTING TAXATION

(Continued from page 140)

"tangible property such as homes and farms still pays over half, 53.5 per cent, of the total tax burden," and that, "if we are going to keep this a nation of homes we must take a greater share of the tax burden from the homes and place it elsewhere."

Professor Robert Murray Haig of Columbia University, and former director of research for the New York State Commission for the Revision of the Tax Laws, expressed the opinion that the time was ripe for the trial of a system of federal administered state-shared taxes.

President Franklin S. Edmonds of the National Tax Association told the Assembly that "from the standpoint of taxation government is a *trinity*, consisting of a federal government, state governments, and local governments—which have been duly constituted by the state governments, and entrusted with certain taxing powers," and that "the effort must be made to stabilize taxing rates, and provide for a larger revenue for state and local government—without increasing the heavy burden upon realty."

At a later session the delegates participated in a roundtable conference on revenue problems confronting their respective states, and following this heard members of the Congressional committee on double taxation discuss the subject of conflicting taxation.

## ORGANIZATION FORMED

The Assembly devoted the remainder of its time to the work of perfecting an organization to study the problem of conflicting taxation from the point of view of the states and to take steps to solve it.

The first step in this direction was the adoption of a resolution authorizing the president of the American Legislators' Association to appoint a permanent commission. This Interstate Commission on Conflicting Taxation will be composed of representatives of the various states and will be equipped with an adequate technical staff "to study the conflicts between the states on the one hand and the federal government on the other, and to draw up proposals for the reconciliation and simplification of taxing systems." The personnel is to be announced soon.

Plans for financing the commission and its

research staff were considered by the committee on finance. The difficulty of raising money at this time was recognized and it was suggested that if the legislatures cannot finance the research and technical staff, the director of the American Legislators' Association, Senator Henry W. Toll, be authorized to solicit financial support from private sources.

"This experiment without precedent in history," as the editorial page of the *New York Herald Tribune* describes it, may become a new "mechanism for negotiation" between the states and the federal government, and, in addition, a method for securing uniform legislation between the states. That the Assembly was well aware of its future possibilities is indicated in a report of its committee on committees which expressed the hope that at a later time it may be feasible to arrange that interstate commissions report on other subjects to the Assembly. Some of the subjects mentioned by this committee for future consideration were: simplification of local government; employment, rehabilitation, and effective relief policies; reorganization of state government; scope and cost of public education; protection of bank deposits; and modernization of law-making machinery.

## INDIANA PUTS ITS FAITH IN GOVERNOR

(Continued from page 139)

more perilous to the setting up of an efficient administrative system than is the path which leads through the jungle of legislative controversy and log-rolling. There are indications that the governor will proceed slowly and only after taking due counsel in the constructive task imposed upon him by this novel piece of legislation.

The striking fact is that there has been accomplished here, so far as the legislature is concerned, within the space of ten days from the first appearance of the bill, sweeping changes which elsewhere usually have been effected only in the face of violent opposition and after a protracted and bitter fight. This speedy result has been made possible through prompt caucus action by an overwhelming political majority thoroughly organized under the vigorous leadership of the incoming governor.



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# NATIONAL MUNICIPAL REVIEW

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The contents of the NATIONAL MUNICIPAL REVIEW are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service*.

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# THE LEAGUE'S BUSINESS

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**Municipal Administration Service Moves to Chicago.**—As is well known to our members, the Municipal Administration Service since its organization in October, 1926, has operated in connection with the League secretariat and its efforts have been closely identified with those of the parent organization. The establishment of the Service was made possible through a three-year grant from the Laura Spelman Rockefeller Memorial, now the Spelman Fund of New York. At the expiration of the original grant the contribution was renewed by the Spelman Fund on slightly different terms which involved our raising money from other sources partially to match the Spelman grant. The final grant of the Spelman Fund expired in May, 1932, and the Service has since that time been operating on a reduced basis, being supported in part by contributions from leagues of municipalities and other organizations making bulk use of our publications.

The Municipal Administration Service has now been moved to Chicago to operate hereafter under the auspices of the Public Administration Clearing House. The name will be changed to Public Administration Service and its policy will hereafter be determined by a governing committee composed of the secretaries of the various national organizations located on the University of Chicago campus. Charles S. Ascher, assistant director of the Public Administration Clearing House, will become director, and the joint reference library now maintained by the several coöperating groups at Chicago will provide library facilities for the Public Administration Service.

An arrangement has been worked out whereby sustaining and contributing members of the National Municipal League will continue to receive copies of the publications of the Public Administration Service as in years past.

It is in order at this time to express our thanks to the members of the governing committee who have assisted greatly in carrying on the work of the Municipal Administration Service in connection with the League secretariat. The personnel of the committee is as follows: *chairman*, Murray Seasongood, president, National Municipal League; *representing National Municipal League*: Harold S. Buttenheim, editor, The American City; Harold W. Dodds, Princeton University; and Henry M. Waite, Cincinnati; *representing Governmental Research Association*: William C. Beyer, Philadelphia Bureau of Municipal Research; Luther Gulick, Institute of Public Administration; and Lent D. Upson, Detroit Bureau of Governmental Research; *representing International City Managers' Association*: H. F. Burkholder, city manager, Edgeworth, Pa.; R. W. B. Hart, city manager, Lynchburg, Va.; and Stephen B. Story, Concord, N. H.; *representing American Municipal Association*: Frederick N. MacMillin, League of Wisconsin Municipalities; Don C. Sowers, Colorado Municipal League; and Morton L. Wallerstein, League of Virginia Municipalities.

**President Seasongood Continues Efforts in Behalf of National Municipal League.**—On January 5, the honorable Murray Seasongood, president of the National Municipal League, was the speaker of the evening at a meeting of the Columbus Bar Association in honor of the governor and the judges of the Supreme Court of Ohio. Those present were told about the work of the National Municipal League, especially in the field of constructive economy in local government. On February 9, president Seasongood addressed a meeting of the Economic Club at the Hotel Astor in New York City and told those present about the constructive results of city management in Cincinnati, as well as about the work of the National Municipal League. The other speaker at the Economic Club dinner was the honorable Samuel Seabury.

RUSSEL FORBES, *Secretary*.

## Citizens' Councils for Constructive Economy

ON JANUARY 5, 1933 a group of citizens met in Washington at the call of the President of the United States to consider the crisis in education. Members of this group were selected by national organizations representing agriculture, business, government, education and public welfare.

Among the seventy who attended, there were eleven labor leaders, eleven agricultural leaders, six leaders in business and industry, four experts in taxation and budget making, two economists and political scientists, two lawyers, six leaders of civic organizations, ten university presidents and professors, ten state and city superintendents and other leaders of public education, two government officials, and six men of various other professions but interested in this topic.

One of the findings of this conference was the recommendation that there be set up in every community Citizens' Councils broadly representative of all interests to clarify and mobilize public opinion in matters of vital concern to the community. This proposal attracted the attention of a number of national organizations and led to three informal conferences in New York, Chicago, and Washington to consider plans for its realization in practice.

Each of these three conferences unanimously approved the proposed organization of local Citizens' Councils and appointed a small committee to make plans. The members of the committees thus appointed constitute the central committee. They are: Carl H. Milam, American Library Association, Chairman; Mrs. Hugh Bradford, National Congress of Parents and Teachers; Louis Brownlow, Public Administration Clearing House; Harold S. Buttenheim, The American City; Arnold Bennett Hall, The Brookings Institution; Lee F. Hanmer, Russell Sage Foundation; Fred Hewitt, American Federation of Labor; Charles H. Judd, University of Chicago; Charles R. Mann, American Council on Education; John K. Norton, Columbia University; Milton E. Potter, Department of Superintendence of the National Education Association; and Clarence E. Ridley, International City Managers' Association.

The central committee urged the National Municipal League to undertake the direction of this movement, a proposal which was approved by the executive committee of the League, and the League's Committee on Constructive Economy is being enlarged and reorganized to supervise this work.

There has been general agreement that the end sought could not be achieved by any over-all national action, but only by appropriate co-operation of citizens' groups in each community and state. It was therefore voted that all national organizations interested in better public service in any of its phases should be invited to encourage their members to participate in the organization of local Citizens' Councils. It was also agreed that a local Citizens' Council should be a council of representatives of existing citizen groups and public boards, not a large membership organization which might tend to duplicate and weaken present groups; also that each Council should be completely autonomous.

By way of suggestions to national organizations and their members concerning the organization, function and activities of such Citizens' Councils, the following statement has been prepared. Since conditions in various communities differ widely, no one statement would apply to all communities. It is hoped that each community will find herein hints and suggestions that will be useful to it in organizing a local citizens' council that will meet effectively the conditions peculiar to its own community.

#### OBJECTIVES

The objectives of a Citizens' Council are:

1. To promote interest in local and state governmental problems, to the end that the present widespread demands for reduction of public expenditures may produce actual and permanent improvements in the governmental organization, the tax system, and the services rendered by public and semi-public agencies.

2. To encourage the organization of local and state Citizens' Councils to consider the problems of maintaining essential community services in the face

of the need for reduction of public expenditures.

#### WHAT WOULD A CITIZENS' COUNCIL DO?

In general it would do anything it could to promote constructive economy in local and state government and assure the maintenance of socially useful public and semi-public services. More specifically it is suggested that members of your Citizens' Council begin by informing themselves about local expenditures and services through seeking the answers to such questions as the following—beginning with whatever specific problem is most acute in your community.

#### FOR IMMEDIATE CONSIDERATION AND ACTION

A. *For what services do you pay? How much?*

1. Has the school enrollment increased? In what grades? Are demands for adult classes less or greater than formerly? What economies have been put into effect? What were total expenditures and expenditures per capita of the population for each of the last three years? How much of this is for the debt service? What are the schools' chief problems?

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Readers of the REVIEW will regret to learn of the death on March 13 of Dr. E. C. Branson of the University of North Carolina. Professor Branson was called to the Chapel Hill institution in 1914 to establish the Department of Rural Social-Economics. Through this medium he and his associates assembled, interpreted and disseminated the facts—both pleasant and unpleasant—about the economic, social, and civic life of the state. One field in which Dr. Branson did pioneer work was county government, and to him belongs much of the credit for focusing attention on this neglected sector of government and laying the foundations for the improvements which were later realized in the state.



## HEADLINES

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The recently adopted amendment to Idaho's constitution permitting county consolidation will probably be made effective through legislative enactment at this session of the legislature, according to advices from Boise.

\* \* \*

A bill to enable Colorado cities to adopt the manager plan has been introduced into the legislature. The measure follows the general lines of the Model City Charter of the National Municipal League. A bill requiring all local taxing units to prepare and adopt a budget in accordance with standard practice as set forth in the League's Model Budget Law has also been introduced.

\* \* \*

Every four years Philadelphia elects three county commissioners who receive \$8,000 a year and are no more needed than a fifth wheel on a wagon in the opinion of the Philadelphia Bureau of Municipal Research, like the numerous lucrative jobs in the five county governments in New York City which furnish much nourishment for Tammany Hall.

\* \* \*

A bill to submit to the voters of Alabama a constitutional amendment permitting the legislature to abolish county government in Alabama and substitute a system of district government has been introduced into the legislature. Knowing nothing of the bill's chances of passage, it is significant enough that such a measure should be introduced.

\* \* \*

A tax on commuters has been suggested by Mayor O'Brien of New York City as one new source of municipal revenue. As if the life of a commuter were not tough enough, as it is!

\* \* \*

Trust California not to be outdone by the Technocrats "on Morningside." A bill has been introduced in the California legislature to establish a commission which shall have power to issue energy certificates to be issued in accordance with a plan to be established by the commission to relieve unemployment.

\* \* \*

All taxing units in Iowa must reduce their total levies to less than 75 per cent of the total levies for the year 1930 under the terms of a bill passed by the Iowa Senate. That might be termed tax reduction with a meat axe!

\* \* \*

"Don't you think that Mayor Moore is better than any city manager the city could get?" The question was asked by Senator Harry Shapiro of Philadelphia at the State Senate hearing on the manager bill for the Quaker City. One way to answer that query would be for Philadelphia to try the manager plan for a year. The other way would be to compare Philadelphia's government with that of Cincinnati.

# Is Budget Slashing Imperative?

Writer takes issue with view that expenditures should be maintained: country must face cold fact that governments cannot raise the money — challenge to Mr. Buttenheim

GAYLORD C. CUMMIN

President, Municipal Securities Service of Boston

THE above question is given an answer by Harold S. Buttenheim in the March number of the NATIONAL MUNICIPAL REVIEW. His position, in brief, is as follows:

Government must be placed at or near the top of America's profitable industries. That the amount spent on government as compared to the amount spent on automobiles, yields a greater profit in service and satisfaction. That the money spent on government is, equally with that spent for other purposes, poured into the general economic stream through wages, salaries, materials, supplies, etc. That governmental waste should be eliminated wherever possible. He concludes that governmental expenditures should not be curtailed—and that "budget-slashing" embodies a false philosophy.

This seems to be a fair statement of Mr. Buttenheim's position. I heartily agree with his premises, but just as heartily disagree with his conclusions.

The answer to Mr. Buttenheim's contention can be given in a few words: "Where is government going to get the money to maintain the former scale of expenditures?" All the theoretical and logical reasons put forth by Mr. Buttenheim give no answer to that question.

To those of us who are concerned with the very practical problems of public finance and public credit, it is clearly apparent that, under present conditions,

government cannot get the money to maintain its former scale of expenditures. Budget "slashing" is imperative as an alternative to public insolvency. It is far better to reduce or eliminate some governmental functions rather than have a complete paralysis of all governmental functions.

Government secures the funds with which to perform its functions chiefly from taxes, or from loans which are finally paid from taxes. The records of the last few years show that taxes are increasingly difficult to collect—more so in some places than others—but more difficult everywhere. Tax delinquencies are reaching unheard of heights in many communities. If government is to continue to spend on the same scale as formerly, those still able to pay taxes will have to shoulder a large part, at least, of the burden of those no longer able to pay, as well as their own. This means increasing taxes on those now able to pay, which will inevitably throw some of this group into the "not-able-to-pay" class. Any close student of the present tax problem is aware that a constantly increasing amount of taxes is being paid from past accumulations instead of present earnings. As the bottom of the accumulation "sock" is reached, tax delinquencies will mount still further.

The widespread economic distress has thrown upon government a huge and

(Continued on page 197)



# Where Government Can Get the Money

Writer of "Why Throttle One of Our Most Profitable Industries?"<sup>1</sup> says federal credit should be marshalled in war or depression—rejoinder to Cummin criticism

HAROLD S. BUTTENHEIM

Editor, *The American City*

IF MR. CUMMIN had added one word in the second paragraph of the foregoing article, I could find no fault with his summary of my position as to public spending. I do not maintain, as there stated, that "governmental expenditures should not be curtailed," but I do maintain that they should not be *unwisely* curtailed. In the article to which Mr. Cummin takes such vigorous exception I urged that we "get rid of public services that do not serve and of functionaries who do not function." But that economic recovery can be aided or the public welfare advanced by eliminating services that *do* serve and functionaries who *do* function, I cannot believe.

Though arguing that "we must 'slash budgets' or smash," Mr. Cummin would not ignore the fact, I am sure, that in many instances false economies may work greater hardship on the individual citizen and injure business more seriously than taxes are doing. My opposition, similarly, is not to reduction in useless or wasteful expenditures, but to the indiscriminate and reckless budget slashing which takes little or no thought for the social costs involved. Unless reduction comes from real governmental economies and more efficient methods of conducting public business, certain evils are more than likely to result. Fire and accident rates may mount; health

conditions may deteriorate; education and recreation may suffer; crime may increase. To say nothing of their effects on individual happiness and welfare, such results as these will mean greater economic costs to the taxpayer than does the tax burden, if this burden is distributed in accordance with sound principles of fiscal justice.

If Mr. Cummin means that I am opposed to a reduction of governmental expenditures *in the aggregate for the nation as a whole*, his statement is correct, and an answer must be given to his very proper challenge, "Where is government going to get the money to maintain its former scale of expenditures?"

The fundamental cause of our present economic plight is not that our expenditures, public or private, have been or are too great in the aggregate, but that they have been and are unwisely distributed. In an age of vastly increased productive capacity there is no hope of achieving maximum well-being by enforced reduction of output of our factories and farms and governmental services.

During our late-lamented boom period, government as a whole spent not too much but too little; for if we had then taken warning of the growing unemployment on the farms and in the industrial centers, and had absorbed our surplus labor by greater and greater

<sup>1</sup>NATIONAL MUNICIPAL REVIEW, March, 1933, p. 118.

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# Financial Dictators Replace Political Boss

Recent developments in New York, Chicago, Detroit and Philadelphia reveal significant transfer of power; credit is king

BY WILLIAM C. BEYER

*Director, Bureau of Municipal Research of Philadelphia*

IS THERE taking place a shift of power in city affairs from the political boss to the financier? If so, what are the implications of this shift for the cause of better government?

These are stirring times for city governments as well as for all other institutions. The business depression, which seems to have left nothing untouched, has made itself felt keenly in cities, especially in the larger cities, throughout the country. Embarked on an ever-expanding program of expenditures, they suddenly found themselves faced with rapidly declining revenues. Something out of the ordinary had to happen—and it is happening. In fact, so much of an extraordinary nature is occurring in municipal affairs these days and events are crowding each other so closely that even the most detached observer must be somewhat bewildered. To undertake an interpretation of these events now is like attempting an interpretation of a tornado while it is still raging.

## THE SHIFT OF POWER

It seems clear enough, however, that power is shifting from the political boss to the financier. The term "political boss" is here used in a somewhat symbolic sense and stands for the political organization as well as for the boss, if there is one. Not every city has a political boss. In like manner, the

term "financier," though singular, is to be understood as plural and to symbolize the financial interests, more particularly the bankers. Another way of putting it is to say that power is shifting from the political organization and its leaders to the financial interests of the community, especially the bankers.

This is happening in a perfectly natural way. City governments rely on banks for financial services: the banks market their bonds and also make loans to cities to enable them to meet their cash needs. A very common practice of cities is to borrow money from banks in anticipation of tax collections later in the year. The depression has greatly increased the dependence of cities on the banks, for as tax collections have fallen off cities have been more and more compelled to resort to borrowing in order to meet their current obligations. So long as a city is a good credit risk and may be expected to make its debt payments promptly, banks are ready enough to advance needed cash without asking questions about the city's management. When it ceases to be a good credit risk, banks become more cautious in lending money to it. If they fear that the city is drifting toward default in its debt payments, they are likely to condition further loans upon tangible evidence that the city is "putting its house in order." They may even specify what measures of

economy the city shall adopt. The city authorities and the political organization back of them may writhe under this situation, but, unless they can find some other way of paying their bills, they are obliged to give heed to the terms of the bankers. Thus it comes about that the political boss must harken to the advice of the financier even though the financier may advise unpleasant measures of economy.

In the four largest cities in the United States, New York, Chicago, Philadelphia, and Detroit, we find the financier at various stages in his invasion of the territory of the political boss. He is in the very early stages in Philadelphia, a little farther along in New York, and well advanced in Detroit and Chicago. Let us note briefly the story of this invasion in each of these four cities.

#### *Philadelphia: The Financier Cautions*

Logically, though not chronologically, the Philadelphia story comes first. In the early fall of 1932 the city-county government of Philadelphia ran short of cash and besought the bankers for a temporary loan. Ordinarily temporary loans are granted as a matter of routine, but this time the banks took a different view of the proposed transaction. After advancing \$1,500,000, they called for further information about the city's finances.

There was, of course, justification for proceeding with caution. While Philadelphia's general financial condition is sound, its recent history had not been good. For all of a decade it had had a continuous succession of deficits, and these deficits were becoming larger: \$3,400,000 in 1926, \$6,700,000 in 1927, \$3,600,000 in 1928, \$7,300,000 in 1929, \$7,500,000 in 1930, and \$17,700,000 in 1931.<sup>1</sup> The year 1932 was headed for

a deficit at least as large as that of 1931. These deficits were not mere bookkeeping figures. They represented bank loans, mandamuses outstanding against the city bearing 6 per cent interest, and overdue bills for materials and services. In part the deficits were due to falling tax collections, the taxes remaining unpaid at the end of the year in which they were payable having grown from 5.94 per cent of the tax levy in 1926 to 21.42 per cent in 1931 and 24.86 per cent in 1932. In 1931 unemployment relief expenditures were also a factor. But the principal cause of the deficits was bad budgeting: over-estimating of revenues and under-providing for known needs of the city. The city's credit, moreover, had suffered. Toward the close of 1931, while the bonds of many other cities were selling at interest yields of from 4 to 4½ per cent, Philadelphia experienced great difficulty in marketing a \$15,000,000 bond offering at 4¾ per cent. In the late spring and summer of 1932, the city had even greater difficulty in disposing of \$20,000,000 of 5 per cent bonds. That the bankers finally held back on temporary loans to the city is not altogether surprising.

There followed a series of negotiations between the bankers and the city authorities in which the bankers urged a reduction of expenditures and the framing of a budget more nearly balanced than previous budgets had been. While these negotiations were in progress the city council was deliberating on the budget for 1933. Under a continuance of the existing tax rate, the revenues in sight were estimated by the controller at about \$81,000,000. This meant that the expenditure budget transmitted to council by the mayor had to be cut by more than \$20,000,000 if the budget was really to be balanced without increasing taxes. Spurred on by the admonition of the bankers, the council began making slashes in

<sup>1</sup>As, under the city charter of Philadelphia, the deficit of a year becomes a lien upon the revenues of the following year, the figures given above represent the accumulated deficits, not each year's addition to the city-county deficit.

proposed expenditures. The bankers meanwhile advanced additional sums: \$840,000 early in December to meet the unpaid part of the city payroll for the first half of November, and \$3,000,000 later in December to meet the payroll for the second half of November and the first half of December. In granting the \$3,000,000 loan the bankers took occasion to observe, in a letter to Mayor Moore, that, in spite of the efforts of city council up to that time, the budget would be "only nominally balanced," but that "the efforts now being put forth by your administration and council, together with the plan for further action outlined in your letter, warrant us in granting the temporary loan of \$3,000,000 requested." On December 31, the banks made still another loan, this time of \$2,000,000, making the total of their temporary loans to the city in the fall of 1932 \$7,340,000. Before the last loan was made it was expected that the mayor would name a committee of citizens to make a survey of the entire city-county government with a view to placing the city on a sounder financial basis. Such a committee, however, has not yet been appointed.

At this writing all is quiet on Philadelphia's financial front, but the quiet probably will not last for long. Despite the efforts of both the mayor and city council, the city's budget is still far from balanced. Even if we assume that the revenues in 1933 will come up to the controller's estimate, and assume also that a non-recurring receipt of \$4,500,000, upon which the city is counting but which is not yet assured, will actually materialize, the budget is still at least \$5,000,000 out of balance. Unless revenues exceed expectations or other relief comes to the city, payless pay days will recur next fall and the city authorities will again have to appeal to the bankers for loans. What the

attitude of the bankers will be then remains to be seen.

### *New York: The Financier begins Dictation*

This brings us to the New York story. In it we find the financier in a somewhat more assertive rôle.

The first encounter between the bankers and the city officials came early in 1932. A shortage of cash to meet maturing short-term notes and other current obligations brought the officials to the bankers for a temporary loan. The bankers, headed by Thomas W. Lamont, of J. P. Morgan and Company, at first refused, but later Mayor Walker prevailed upon them to make the loan without conditions, except the general promise to economize as much as possible.

As in Philadelphia, the bankers were not wholly without reason for proceeding cautiously. Close observers regard New York City as being fundamentally sound financially, but its cash position was becoming difficult. Despite increases in the tax rate in 1931 and 1932, the general revenues of the city fell from \$674,600,000 in 1930 to \$627,400,000 in 1932, a drop of \$47,000,000. Its expenditures on the other hand, continued to rise. The city's total payments for current expenses mounted from \$558,500,000 in 1930 to \$658,300,000 in 1932, an increase of almost \$100,000,000. It is worth noting that this increase was due in part to unemployment relief which in 1932 absorbed \$33,000,000. A \$14,800,000 refund in 1932 of bank taxes for the years 1923-6 also helps to account for the marked rise in payments for current expenses. With its revenues declining and its expenditures increasing, the city was forced to increase its temporary borrowings. During the three-year period 1930-32, there was a net increase of \$149,700,000 in temporary debt for current purposes. The aggregate of

borrowings for current purposes in 1932 was \$698,000,000. While some of this money was obtained from the city's pension funds and sinking funds, most of it came from the banks which purchased the city's short-term obligations and then disposed of them, at least in part, to the public. Quite naturally neither the investing public nor the banks were reassured by the rapid increase in the city's floating debt and the banks finally resolved to call a halt.

This resolve was carried out in the fall of 1932 when the city again ran short of cash and appealed to the bankers for help. Under the leadership of Charles E. Mitchell, then president of the National City Bank, but since resigned under public criticism for unethical practices, the financiers presented a firm front and insisted upon definite promises of budget reduction before agreeing to accommodate the city further.

One of these promises involved the abandonment of the pay-as-you-go policy in subway construction and resorting to long-term borrowing for this purpose. By so doing a saving of about \$50,000,000 in the 1933 tax levy could be effected. The other promise was to make a \$40,000,000 reduction in the budget, \$20,000,000 of which was to come out of salaries. Both promises were given. As the cut in salaries could not be accomplished without legislation at Albany repealing certain mandatory provisions of state law affecting the pay of certain groups of city employees, among them teachers, policemen, and firemen, a special session of the legislature was called and the mandatory provisions were repealed.

The bankers had their way. It is worthy of note also that, in the loan negotiations, the bankers appear to have dealt directly with the political machine.

### *Detroit: Control by Financier and Industrialist*

In Detroit the financier has played a dominant rôle on the municipal stage for a longer period than in either Philadelphia or New York and has gone considerably further in enforcing reductions in city expenditures.

Detroit got into financial difficulties early in the depression. Its principal industry, the automobile industry, suffered severely from the start. The city quickly found itself confronted with an unusually big unemployment problem and was obliged to provide huge sums for unemployment relief out of its public treasury. During the fiscal year ended June 30, 1931, Detroit spent \$13,500,000 for this purpose. On the other hand, tax collections fell off sharply. According to the Detroit Bureau of Governmental Research, the taxes remaining unpaid at the end of the year in which they were payable mounted from 8.8 per cent of the tax levy in 1928-29 to about 36 per cent in 1931-32. The result was huge deficits.

To make the situation worse, Detroit had outstanding a large volume of short-term securities issued in anticipation of bond sales and then found it inadvisable in the prevailing market conditions to float the bonds. About \$25,000,000 of the city's floating debt in 1931 consisted of these securities. At the close of the fiscal year ended June 30, 1931, Detroit had a floating debt consisting of short-term loans of about \$62,000,000. It was this huge floating debt that brought about banking intervention in Detroit's municipal affairs.

The first intervention was through the Committee on City Finances, popularly known as the "Stone Committee." It was formed upon invitation of the city council toward the close of 1929. Its chairman was Ralph Stone, chairman of the board of the Detroit Trust

Company and in its membership were representatives of eight of the more important business and civic organizations of the city, among them the Detroit Bureau of Governmental Research and the Detroit Citizens League. Dr. Lent D. Upson, director of the Detroit Bureau of Governmental Research, served as secretary of the Committee and C. E. Rightor, then chief accountant of the Bureau and now city comptroller of Detroit, served as assistant secretary. From this committee came a long series of constructive suggestions for controlling and reducing expenditures. Most of these suggestions were adopted by the city authorities.

In 1931 the New York bankers also stepped into the scene. They were asked for short-term loans of \$20,000,000 and, as a condition of making them, required the city to balance its budget, that is, live within its cash income. This demand, plus the pressure from the Stone Committee, resulted in the acceptance by the mayor and city council of a nine-point program of retrenchment. Among other things, the appropriation for unemployment relief was reduced from \$13,500,000 to \$7,000,000; a \$30,000,000 bond issue was floated to relieve the cash shortage; and operating expenditures were drastically cut.

In the summer of 1932 another local committee, the "Sloan Committee," came into being. It represents the Detroit banks, the big industrial establishments, and the downtown mercantile concerns. In order to maintain the essential services of the city, this group agreed with city council to pay some taxes in advance to meet a then existing emergency and eventually to buy \$20,000,000 of tax anticipation bonds to meet the cash shortage of the year. The city, on its part, was to make a further reduction of \$7,000,000 in its budget, thus bringing it down to \$49,000,000. It had been \$76,000,000 two years before. Drastic as this reduction

was, the city made it. The Sloan Committee promptly carried out its agreement to pay some taxes in advance. Difficulty, however, was encountered in carrying out the second commitment, to take and sell \$20,000,000 of tax anticipation bonds.

When the Michigan bank crash came on February 14, pledges for the purchase of \$2,000,000 of these bonds had been secured and pledges for \$8,000,000 more were in sight. It was anticipated that the remaining \$10,000,000 of bonds would be taken by the New York banks. Then the banks closed and the Committee notified the city that the deal was off.

A serious situation now confronts Detroit. Unless the city authorities can still persuade the local industrial and financial interests to absorb the tax anticipation bonds, or can raise cash in some other way, the city may have to default in its payment of interest. Early in March the city council authorized the issuance of \$5,000,000 of scrip to meet payrolls. This scrip, which will bear 5 per cent interest, will be in anticipation of next year's taxes.

### *Chicago: The Financier in Full Control*

The Chicago story is quite old by now and has had wide publicity. In it the financier has played a large part from the beginning and has recently come, in an indirect way, to dominate the entire Cook County governmental scene.

Chicago's financial troubles had already started before the depression struck the country. In 1928 its real estate assessments were challenged in the courts and were found to be full of irregularities. As a result the state tax commission ordered a re-assessment of all real estate in Cook County. While this re-assessment was being made tax collections were suspended; in fact, taxes were not collected for about two

years. During this period the various governmental units in the county were obliged to rely heavily upon the banks for their cash needs. Tax anticipation warrants were purchased by the banks in large sums. Meanwhile it was exceedingly difficult for the public authorities to budget their expenditures at all scientifically, for they had no way of estimating closely what the revenues would be. It was later found that their revenue estimates were entirely too optimistic and that huge deficits had been developed. When the collection of taxes was finally resumed, the depression had already reduced the taxpayer's ability to pay and had also gotten him somewhat out of the habit of paying taxes at all. Inevitably a large floating debt came into being. Toward the end of 1932 the major governments of Cook County had a floating debt of about \$270,000,000. Of this amount, \$31,000,000 represented unpaid payrolls!

The problem confronting Chicago was aggravated by the fact that this city has a very decentralized government. In the city of Chicago itself there are twenty-seven independent tax-levying and tax-spending bodies, and in Cook County there are 419 such bodies. Retrenchment is difficult enough if only one tax-spending body has to act; it is infinitely more difficult if a great many tax-spending bodies, each independent of the others, must act in unison. Without some external compulsion there is likely to be no action at all.

That compulsion was provided, indirectly, by the banks. To them, naturally, the public authorities turned for loans and for the marketing of the city's tax anticipation warrants. The banks made organized efforts to dispose of these warrants. A citizens' committee, with Silas H. Strawn, of Montgomery Ward and Company, as chairman, was organized late in 1929. This committee, which represented the city's civic,

business, and banking interests, formed a "Taxpayers Warrant Trust" which bought tax anticipation warrants from the city and, in turn, sold "certificates of interest" to the public. It was called the "rescue committee." Early in 1932, another committee, known as the Committee on Public Expenditures, was formed. This body is widely representative of the financial, business, and civic interests of Chicago and is now the unifying force in Chicago's complex governmental affairs. Its chairman is Fred W. Sargent, president of the Chicago and Northwestern Railway Company. While this committee is not the official agent of the banks, those institutions look to it for advice and grant financial assistance to the city only with its approval. Thus it is that the banks now indirectly dominate the affairs of the local governments of Cook County.

Lest too much be read into the word "dominate," let it be understood that, under the leadership of former Mayor Cermak, practically all of the governing officials in Cook County have co-operated closely with the Committee on Public Expenditures. The political leadership of Mayor Cermak has been quite as important in securing united action as the coercive power that the Committee always had in reserve. Now that Cermak has been removed from the scene by the assassin's bullet, political Chicago is temporarily in a state of uncertainty and awaits the advent of a worthy successor.

Thus far the Committee on Public Expenditures has addressed itself to two major objectives. One is the reduction of the budgets of the various governmental units. It has simply suggested spending limits and has avoided specifying in what manner the reductions should be effected. The only important resistance the Committee has encountered to its reduction program

# Charter Reform in New York City

Job of prying Tammany loose from hold on government a difficult one where laws are made by organization men

RUSSELL FORBES

Secretary, National Municipal League

A SATISFACTORY city charter should conform to three requirements as to form and context. It should, first of all, provide a form of government which is in tune with present-day conditions and which provides the essential public services with a maximum of economy and efficiency; secondly, it should be brief and should be confined to general principles, leaving to a code of ordinances the details of administration; and finally, it should contain provisions whereby the voters can initiate charter changes whenever their elected representatives fail or refuse to make necessary amendments.

The charter of New York City does not today measure up to any of these specifications. It was adopted in 1901. From 1901 to 1924 it was subject to amendment by the state legislature. Since 1924 the power to amend the charter has resided in the local municipal assembly, consisting of the board of estimate and apportionment and the board of aldermen. Although copiously amended in minor respects since its adoption thirty-two years ago, the city charter still provides basically the same form of government and is substantially the same as when originally enacted.

## ALMOST AS OLD AS THE CITY HALL

While other American cities have been modernizing their governments, New York City has clung fast to the old

forms and precedents. Writing in the current issue of the *Red Book*, Alfred E. Smith reminds us that there is nothing connected with New York City's government which is older than our charter, except the City Hall, the Criminal Courts Building, and the sewer system. In that article Governor Smith also reaffirms the striking testimony which he gave before the Hofstadter Legislative Investigating Committee to the effect that the time has now come for giving our charter the same complete overhauling in the interests of simplification which was applied to the state government under Al Smith's virile leadership.

Nor by any stretch of the imagination can New York City's charter be termed brief. It is as long as an issue of the *Congressional Record* when a filibuster is in progress in the Senate. The charter is more than 400,000 words in length. It is not confined to general principles, but prescribes in minute detail all the fiscal processes and most of the administrative methods. Samuel Seabury, Nicholas Murray Butler and others are in agreement that a simple document of fifteen or twenty printed pages would suffice to embody all necessary charter provisions and that nine-tenths of the present charter should be re-drafted and included in an administrative ordinance, and thus be subject to change by the local legislative body without referendum vote.



In the third place, the voters are now powerless to initiate charter changes or to create a commission to draft a new charter. The initiative must now be taken by the local municipal assembly under the home rule law, and the local authorities have thus far shown little inclination or desire to effect a reorganization of the charter document.

#### WIDESPREAD DEMAND FOR REVISION

Periodically since 1901 there have been demands for charter revision. In 1907, 1911 and 1921 commissions were appointed, but in each case the recommended charter was rejected by the state legislature. At the present time, however, the demand for charter reform is more widespread and insistent than ever before. The testimony introduced by Judge Seabury at the hearings before the Hofstadter committee revealed in all its shocking aspects the breakdown of democratic government when controlled by a villainous political machine. The government cannot be restored to the control of the taxpayers who support it without a drastic revision of the basic law under which officials are elected and their functions are prescribed.

In connection with the Seabury hearings, new plans for reorganizing our charter were offered by Alfred E. Smith, George McAneny and Joseph V. McKee. Judge Seabury's final report to the Hofstadter committee contained the draft of a proposed charter. The majority members of the Hofstadter committee have since sponsored a proposed charter drafted by Abbot Low Moffat. The Merchants' Association of New York has recently issued a committee report in which the major proposals of Judge Seabury were endorsed. All these plans were considered by a civic conference on charter revision, representing more than forty local groups, and a program was adopted which will in all probability prove to be the nucleus for whatever charter is finally adopted.

Space permits consideration of only the four principal proposals of these various plans for charter revision. All authorities on New York City's government are in agreement that the personnel and method of electing the legislative body must be changed. All the current plans except those of Governor Smith and George McAneny advocate a single legislative body, a city council, to succeed to the legislative functions now exercised by the board of estimate and apportionment, the board of aldermen, and the sinking fund commission.

#### "P. R." IS FAVORED

All advocates of charter revision except Governor Smith would have the legislative body elected by proportional representation or some other alternative plan of voting which would insure representation for the minority parties. At the last general election, 65 per cent of the votes cast were for the Democratic ticket; but the Democrats elected 98½ per cent of the members of the board of aldermen. The Republicans, casting 26 per cent of the votes, are represented only by one alderman out of the total membership of sixty-five, while the Socialists, with 8 per cent of the total vote, have no representation whatever. Even the staunchest adherent of the Democratic oligarchy finds it difficult to maintain that the present board of aldermen is a representative body! The city council should be selected by proportional representation, with each borough constituting an electoral district, so that the minority groups would be represented in proportion to their voting strength. Responsibility for legislation should be centralized in a single body instead of being diffused as at present among three bodies, none of which has full and complete authority, and between which the buck is passed when something goes wrong.

Equally as fundamental is the problem of borough government. Since the

consolidation of the five boroughs into Greater New York in 1898, the problem of achieving a unified administration, while at the same time preserving borough control over budgetary expenditures for public works improvements, has been ever present and vexatious. Judge Seabury and Governor Smith would abolish borough governments entirely, but the other exponents of charter change would preserve some degree of borough autonomy. The most feasible solution appears to be the establishment of a borough council, composed of the representatives of a particular borough who are members of the city council, and to authorize such borough council to appoint a borough president.

#### REORGANIZATION OF ADMINISTRATION VITAL

All the plans for charter revision are in agreement that the present complex structure of the city government should be simplified through reorganization of the administrative departments. The number of departments best fitted to our requirements is a mooted point, the suggestions ranging from nine to sixteen. But whether the number of departments be nine or sixteen, it would be a welcome substitute for the 140 odd departments, offices, boards and other agencies which now derive their support from the annual budget. A thorough reorganization of the administrative mechanism could scarcely fail to lessen the present waste through overlapping and duplication of functions and thereby to decrease the cost of government, which in 1932 reached a new high of \$90 per capita. All proposals agree that the heads of the administrative departments should be appointed by the mayor and be subject to his control.

There is likewise a striking unanimity of opinion that the county governments within Greater New York have long since outlived their usefulness and should be abolished. Of all the mul-

tiferous county offices which now operate in the five counties comprising New York City, only the office of district attorney need be retained, and one district attorney should serve the entire city; the remaining county offices could and should be abolished and their functions should be delegated to the corresponding city offices which perform comparable duties. This change would also be a considerable relief for the overburdened taxpayer as a means for reducing governmental costs.

#### HOW TO GET A NEW CHARTER?

Granted that a new charter is needed, the practical question is: by what means may a new charter be secured? The quickest and most painless method is to have a new charter enacted for New York City by the state legislature. But under the provisions of the home rule law passed in 1924, the state legislature can enact a new charter or amend an existing charter only by two-thirds concurrent vote in both houses and after receipt of an emergency message from the governor. Judge Seabury's suggested charter has been introduced to and is pending in the State Senate, while Abbot Low Moffat has introduced to the Assembly a proposed charter representing the viewpoint of the majority of the Hofstadter committee. But it would be a miracle indeed if the current legislature should enact either of these charters, since neither party is in control and since a two-thirds majority seems impossible of attainment in either the upper or lower house.

The second method would be to compel the local municipal assembly to create a commission for drafting a proposed charter subject to approval by the voters of the city. But before the voters can initiate such measures by petition the home rule law of the state must be amended. Assemblyman Moffat has introduced a bill which would enable thirty thousand voters to combine in the

presentation of a petition calling for the appointment of a charter drafting commission. The Moffat bill may possibly pass the current legislature, but strong opposition may be expected from the up-state legislators inasmuch as the law would apply to all cities in the state.

Since little if any help may be expected from the state legislature, the voters of New York City have recourse only to the third method of securing a new charter. That is to elect this coming November a new administration pledged to revise the charter and to reorganize the government on their own initiative. The *power* to do so has been available to the board of aldermen and the board of estimate since 1924, but the *will* to do so has been wanting.

A charter drafting commission could be appointed at any time by our municipal assembly or a new charter could be drafted by the public officials themselves, and could be adopted by favorable vote of the people at the next election. There is, however, no possibility of any such action from the present administration. There must be a "new deal" at the city hall before our antiquated charter is overhauled, and a simplified, modern, efficient and economical government is installed.

The task is not easy, but it is by no means impossible. The issue squarely confronts the voters. If they want a new charter, they must say it with votes. The place is the ballot box, and the time is November 7, 1933.

## FINANCIAL DICTATORS

(Continued from page 167)

has come from the schools. Of them a \$15,000,000 budget slash was demanded. This involved cutting further the salaries of teachers who had already

had a reduction of more than 10 per cent in 1932 and whose pay was many months in arrears. While the charge of "financial fascism" was hurled at the Committee, the budget reduction was nevertheless accepted by the board of education.

The other objective is state legislation to modernize and centralize Chicago's financial control. Bills are in preparation for uniform accounting, better tax collection machinery, and a central budget board for at least the major governments of Cook County, if not for all. Consideration is also being given to the consolidation of the county forest preserve, three major park systems in Chicago, and more than twenty independent small park districts.

To this tale of four cities might readily be added, if space permitted, the stories of many smaller municipalities throughout the country. Perhaps Fall River should be specifically mentioned, for its story goes beyond that of any of the large cities herein discussed. In Fall River financial dictatorship has ceased to be of the unofficial variety exercised by the banks. Through the efforts of the banks, the state of Massachusetts has, in effect, placed the affairs of the city in a receivership. A state-appointed commission now controls the finances of Fall River.

From all these stories it is quite apparent that the financier has come to be a powerful influence in shaping the affairs of cities and that city officials and the political organizations back of them are being forced to comply with the financier's demands.

[EDITOR'S NOTE: Next month the author will continue this interesting discussion, considering the implications of the apparent shift in power from the political boss to the financial dictator].

# The Rush Toward a Sales Tax

Frantic search for new revenues in most states overlooks fact that if money can be raised by a sales tax, it can likewise be obtained through other levies

CARL SHOUP

*Editor, Bulletin of National Tax Association, Columbia University*

THE general sales tax and the retail sales tax are relatively minor factors in state and local revenue at the present moment. With so many state legislatures now in session, however, all of them concerned over the fiscal situation, the potential importance of these taxes is far greater than the revenue statistics might indicate.

West Virginia and Mississippi are the only states that now levy a general sales tax—that is, one which applies to manufacturers', wholesalers', and retailers' sales. The Mississippi tax expires June 30, 1934. In Georgia a general sales tax took effect October 1, 1929, but was allowed to expire without renewal December 31, 1931. A retail sales tax exists only in Kentucky, and collection of the levy has been held up by litigation. The emergency retail sales tax which took effect in Pennsylvania, September 1, 1932, expired without renewal on February 28, 1933.

This list omits the gross receipts tax on unincorporated business levied in Connecticut (1-10 of 1 per cent on retailers and manufacturers; 25-1000 of 1 per cent on wholesalers), the Delaware tax of 1-50 of 1 per cent on gross receipts of manufacturers and 1-10 of 1 per cent on cost of purchases by mercantile establishments, the mercantile tax of 1-20 of 1 per cent (wholesalers) and 1-10 of 1 per cent (retailers) collected in Pennsylvania, and the Virginia

tax on gross purchases or production of merchants or manufacturers (below \$1,000, \$10; \$1,000-\$2,000, \$20; \$2,000-\$100,000, 0.2 per cent; above \$100,000, 0.1 per cent). These taxes are very light—the total yield for all four states in 1930 was slightly under six millions<sup>1</sup>—and are of little significance in a discussion of sales taxes whose rates range from 1 to 2 per cent. The local gross sales taxes that have been levied in Missouri are also relatively unimportant in any general discussion of the problem.<sup>2</sup> Restricted sales taxes, on tobacco, soft drinks, etc., are not within the scope of this article.

## CAUSES OF SALES-TAX AGITATION

The present agitation concerning sales taxes is in part a reflection of the protests made by owners of real estate, and the drastic decrease in income tax revenues.

Unless all hope of any improvement is abandoned, capital values do not drop as sharply as income, especially when those capital values are determined by assessment. No matter how much hope

<sup>1</sup>(In thousands of dollars) Connecticut, 617; Delaware, 128; Pennsylvania, 3,625; Virginia, 1,397. James W. Martin, *Selective-Excise and General-Sales Taxes as Sources of State-and-Local Revenue*, University of Kentucky, 1932, Table IX.

<sup>2</sup>North Carolina and Louisiana have graded license taxes, the amount payable depending on the range of gross sales within which the given concern falls. The taxes are light.

is held out for the future, however, the property-owner—or the holder of the second mortgage, or even the first mortgage—is forcibly impressed by his current need for money. This, in part—but only in part—as pointed out below, is of course the source of the well-organized efforts by various real estate groups to cut expenditures and to increase taxes in other directions, so that their current tax payments may show a drop more in proportion to the recent decline in their revenues. How swift this drop in property taxes should be, relative to the drop in current income, is not a matter which can be adequately treated here. It is important to note, however, that the sales tax is essentially a state tax. In those states where the advocates of a sales tax are interested primarily in a reduction of local taxes, they necessarily face the problem of readjusting state and local functional or financial relationships.

As to the income tax, the decrease in yield has been so swift and so large that it has inevitably posed the question of additional sources of revenue. In Mississippi, for instance, income tax revenues are reported to have dropped from \$1,720,495 in 1929 to \$328,806 in 1932.<sup>3</sup> In New York State, where a retail sales tax is now before the legislature, the personal income tax yielded \$83,000,000 in 1929, and it appears that the yield for the fiscal year 1933 will be the equivalent of \$15,000,000 to \$20,000,000 under the 1929 rates (since that time the rates have been doubled).

#### A TEMPORARY OR A PERMANENT TAX?

In the confusion attending present fiscal discussions, a fundamental point is likely to be overlooked. That point is: do those who advocate a sales tax wish it as a permanent part of the tax

system, so that when better times come, other taxes may be reduced or abolished while it remains—or do they favor it only as a temporary measure, to be discontinued as soon as the present acute crisis is past?

If they favor it as a permanent feature of the fiscal system, doubtless they are taking a strategic time to press their point of view. Their arguments, however, must not run in terms of the present load on property, or the present decrease in income tax yield. They must show that there was something fundamentally wrong with the distribution of the tax burden even in 1929 and 1930. Certain real estate groups appear to hold this view; in New York, for instance, real estate interests were urging a sales tax two and three years ago. The arguments pro and con cannot be set forth here at length; to mention one important factor, however, the burden placed on the small-income man, even in normal times, by federal customs duties and excises, and by that part of the real estate tax which is shifted to tenants, indicates that the proponents of the sales tax as a permanent levy appear to face a formidable task, to say the least, in their campaign.

Those sales-tax advocates who favor the levy as a temporary tax are in somewhat of a dilemma. Difficult to enact, it is also difficult to remove, if the experience of other countries is any criterion. This is natural, since the tax tends to become "hidden" from those who bear the ultimate burden, and, hidden or not, rests on those who are relatively poorly organized and ill-equipped to battle for the removal of the levy. The opposition in enacting the tax seems to come largely from organized retailers, who fear—and rightly so—that in the period of readjustment they will lose much money. Once the tax has been in force for some time, it is possible

<sup>3</sup>*Mississippi's General Sales Tax: How It Works*. Bulletin of the University of Mississippi, Series XXX, No. 3, January, 1933, p. 8.

# Federal Aid for Municipalities

Many urgent local problems are due to national causes and must be met by national remedies

BY PAUL V. BETTERS

*Secretary, American Municipal Association*

THE Emergency Relief and Construction Act of 1932 did one notable thing. It placed municipalities in direct contact with the federal government in no uncertain way—first on relief and second on loans for “self-liquidating” projects. Just as the unemployment relief situation resulted in federal legislation affecting every urban government in the United States, it now appears that the crisis in municipal finance will lead to some additional action by the federal government.

The writer has been asked to indicate the general relationships between cities and the national government on the relief side as well as to indicate such other relationships as are likely to develop in the near future. To have discussed this matter a year ago would have seemed revolutionary since the average concept of the problem has been that cities were related in no way with the federal government. Of a number of works on municipal government examined recently, but one pictured any real connection between municipal corporations and the federal administration. If there were any doubts as to the many points of mutual federal-municipal interest prior to 1932 they have been entirely removed by events during the past year. Practically every day during the last three months has seen some proposal introduced, debated or acted upon by Congress vitally affecting the status and functioning of city governments.

The scene is such a rapidly changing one that what may be written today will be ancient history by the time this statement appears in print.

## UNEMPLOYMENT RELIEF

When the Emergency Relief and Construction Act of 1932 was enacted, it carried a section making available to the states, municipalities and other political sub-divisions the sum of \$300,000,000 to be advanced to such governmental units for direct relief and work relief. This fund was to be supplemental to state and local revenues in meeting the relief situation. The act provided for advances to states and political subdivisions under two general procedures: (1) To the states upon application of the governor showing need and lack of resources, with repayment to be made from future federal highway appropriations (section C), and (2) To cities and counties (through the governor) in the nature of loans secured by evidences of indebtedness as collateral (section E).

During the early months of the administration of the Act one or two very serious problems arose. Several governors who did not desire the state government to assume any financial responsibility for relief were insistent that all federal advances be under section E, which did nothing more than to increase the indebtedness of the aided communities, since collateral had to be

posted with the Reconstruction Finance Corporation against all advances to the local units. As time went on, however, most of the states came in under section C, with the state government assuming responsibility for repayment out of future road appropriations.

At the present writing about forty states have secured funds from the R. F. C. for relief purposes and the original \$300,000,000 will soon be exhausted. As a matter of fact, Illinois has already practically exhausted the amount it can receive (\$45,000,000).

During the session of the lame-duck Congress two relief bills were presented in the Senate: The LaFollette-Costigan Bill and the Wagner Bill. The chief point of difference between the two was that the first mentioned provided for direct grants to the states while the latter continued the policy of advances against future road appropriations. The Wagner Bill passed the Senate but the House did not take action on it.

It is believed that the relief program of the new administration will contain, when adopted, an appropriation of one-half million dollars on a grant basis to the states.

Without the aid of some portion of the \$300,000,000 many cities would have been financially prostrate. After carrying the burden alone in most states since the beginning of the economic depression, they were nearing the point of exhaustion of financial resources for relief purposes. Certain it is that without federal relief funds such cities as Chicago, Detroit, Cleveland, St. Louis, Seattle, Minneapolis, St. Paul, Toledo, Akron, Milwaukee and hundreds of others would have found it impossible to meet the serious situation.

While the Act has been attended by haphazard administration in many states, due largely to the emergency character of the problem, it is believed that satisfactory administrative methods

will evolve under the new administrative measure.

#### LOANS TO MUNICIPALITIES FOR SELF-LIQUIDATING PROJECTS

It will be recalled that Title II of the Emergency Relief Construction Act of 1932 also made available to the R. F. C. \$1,500,000,000 for the purpose of effecting loans to municipalities and other specified agencies for "self-liquidating" projects to aid in creating employment.<sup>1</sup> The Act defined a "self-liquidating" project as follows: "A project shall be deemed to be self-liquidating if such project will be made self-supporting and financially solvent and if the construction cost thereof will be returned within a reasonable period by means of tolls, fees, rents, or other charges, or by such other means (other than by taxation) as may be prescribed by the statutes which provide for the project."

Whatever may have been the intent of the framers of the legislation, Title II has turned out to be a complete and dismal failure in so far as the stimulation of employment through municipal "self-liquidating" projects is concerned. In spite of a nation-wide campaign to promote sound municipal applications for loans from the R. F. C.,<sup>2</sup> few actual loans have been made. The two major reasons for this sad state of affairs are: (1) The requirement expressly excluding "taxation" as a source of revenue in connection with proposed municipal projects, and (2) the high interest rates charged.

A very intensive study showed that there were few projects which could qualify under the definition written into

<sup>1</sup>An analysis of this section of the Act may be found in "Federal Loans to Cities for Self-Liquidating Projects," published by the American Municipal Association.

<sup>2</sup>On November 4, the R. F. C. requested the American Municipal Association through the state leagues of municipalities to cooperate in the promotion of municipal applications.

the law. As is well known, a portion of the cost of operating a municipal water utility (that portion devoted to fire protection) is properly chargeable to general taxation. Sewerage service throughout the country is not generally on a charge or rental basis. And where it was found that a project might legally qualify, the high interest rates usually deterred the filing of an application.

Indicative of this situation it may be pointed out that up to March 1 of this year but forty-one loans to municipalities were approved. The volume of employment resulting from such loans was almost negligible.

All of the above points were brought out before the several Senate committees in January and February when Senator Wagner of New York endeavored to secure an amendment to the Act eliminating the self-liquidating restriction. As a result of these hearings and the evidence presented, the Senate approved the Wagner bill which authorized the R. F. C. to make loans on all projects "needful and in the public interest." If the House had acted on the measure, many municipalities would have been able to secure loans on sound projects, thus giving employment to considerable numbers of persons.

As this is being written, Senator Wagner has again introduced his bill and it is highly probable that favorable action on it will be taken. Unless the law is changed along the lines of the Wagner bill, the Act will be of little real benefit to most municipalities.

While I do not subscribe entirely to their view, several members of Congress have attributed the failure of the Act to be of great assistance in the emergency to unsympathetic administration by the Corporation board. While the board has been conservative in all of its actions it nevertheless had to contend with a very limiting definition which all but rendered the Act useless.

#### MUNICIPAL FINANCE

Entirely aside from the relief and employment matters, however, are definite proposals by which the federal government could be of material assistance to municipalities in serious financial difficulties. The general condition facing some of the larger cities was effectively stated by Mayor Frank Murphy of Detroit at the Conference of Mayors in Washington on February 17. At that time, he said:

"Perhaps never before in the history of the nation has the problem of the cities been as distressing as at present. . . . The present crisis, as it has continued, and in its prolonged status today, finds our economic enterprises of municipal government seriously impaired; finds our social amelioration programs threatened, and, finally, it finds today the very structure of the municipal governments themselves seriously weakened. . . .

"The present situation finds four factors looming up above all the others to make the distress a problem that we have to face.

"The first of these is the enormous debt question of the cities. These are debts that were contracted at a time when the dollar was of quite a different value than it is today. These are debts of the over-expansion period.

"The overexpansion and the difference in the value of the dollar are not due exactly to local conditions, and this first factor we see at once has its serious national aspect. It is not just a local problem.

"Second, we have the distressing and increasing tax delinquency problem, and the tax delinquencies are not due especially to local conditions. The tax delinquency problem that we are forced to meet is due likewise to international and largely national conditions.

"Thirdly, we have the welfare problem. The welfare problem is a reflection of the overexpansion and of the general depression. Because of its prolonged status, it is now moving on into a stage of rehabilitation and reconstruction. Here again we find the resources of municipalities exhausted, due to their efforts to meet the problem that is becoming daily more and more a national problem.



"Finally, we have the cities limited by legal restrictions as far as tax revenues are concerned, and other limitations placed upon municipal corporations by charter and by state constitution.

"The more we inquire into our present problems and properly measure and appraise them, we see that they are more and more, so far as their solution is concerned, moving into the national picture.

"No doubt many of you are in somewhat the same status that the city of Detroit is in at present. We have exercised every economy. We have stripped our government right down to the fundamentals.

"When it comes to the point where our municipal corporations are obliged to consume nearly 70 per cent of their tax income to go to debt service, it reaches a proportion where the taxpayer will insist, where he will not permit that much of his tax dollar to constantly go to the payment of obligations contracted during a time when values were quite different from the values of today.

"It is in the minds of many of us that the Reconstruction Finance Corporation Act should first be liberalized to make possible the purchase of refunding bonds of municipal corporations, and, second, that it be liberalized to lift the restrictions around it at present keeping the Reconstruction Finance Corporation from assisting municipal utilities."

As a result of this meeting, at which mayors and other official representatives of approximately fifty of the largest American cities were present, resolutions calling upon Congress to take action were presented by a committee of the mayors to the Senate Committee on Banking and Currency. Briefly, these resolutions suggested that cities be placed on a par with banks, insurance companies and railroads with reference to the extension of federal credit through the Reconstruction Finance Corporation, and that the Corporation be authorized to purchase municipal refunding bonds, tax anticipation warrants, delinquent tax obligations and other sound evidences of municipal indebtedness. So far nothing has been done by the administration or Congress

in this connection. Washington, however, is cognizant of the distressing conditions in many municipalities, and it would not, therefore, be surprising if some action of the above character did materialize.

While the extension of federal credit would be of tremendous assistance to a large block of cities, additional legislation is needed for those units now in default (including, it is estimated, 1,000 municipalities over 1,000 in population) and those which will inevitably have to default within the near future. Two general bills have been presented and considered by Congress dealing with this problem. The first of these is a general debt moratorium bill for insolvent municipal corporations, constituting an amendment to the present bankruptcy statutes. This was proposed by Mayor Murphy of Detroit and was embodied in the Norris-McLeod bill reported out by both the Senate and House Judiciary Committees at the last session. While no action was taken at that time, the measures have again been introduced. Readers should refer to the bill for its detailed features.

A second proposal also introduced at the last session and again reintroduced at the current special session is designed to be of importance to defaulted cities by authorizing special composition proceedings under which cities, with the consent of two-thirds of the creditors may secure extensions or adjustments of defaulted or maturing obligations. This bill would eliminate the plague of writs of mandamus which have been issued by the courts as the result of actions by minority bondholders who refuse to accept any compromise plan. These court actions have practically prevented any final agreements between Florida cities and their creditors.

While limitations of space prevent any discussions of these measures it is apparent that some legal and orderly

method should be provided to meet the chaotic default situation now existing.<sup>3</sup>

#### MISCELLANEOUS

I have indicated in the preceding paragraphs some of the important proposals in the field of municipal finance which have been presented to Congress by municipal officials or their organizations. They do not by any means exhaust the matters falling in this category. As illustrations of the rapidly increasing financial relationship between the federal government and municipalities, it is possible to cite a large number of other problems. These include: (1) proposals to amend the federal aid highway act to eliminate the present restriction on use of federal funds within municipalities; (2) a proposal to amend the federal tax laws in order that exemption of certain municipal agencies may be secured; (3) a proposal to authorize the Federal Reserve Banks to purchase in open market operations certain securities of municipalities; (4) a proposal to permit the postal savings banks (or the Federal Reserve Banks) to act as depositories for municipal funds; (5) a proposal permitting the Federal Reserve Banks to rediscount certain municipal obligations; (6) a proposal for the issuance of currency backed by municipal bonds, and several others. These have not as yet, however, gained the public attention or support to such an extent as the other subjects discussed.

#### THE RUSH TOWARD A SALES TAX

(Continued from page 173)

that the retailers will feel that they are losing little or nothing thereby, and the burden of urging its removal will in that

case rest upon the inarticulate mass of low-wage consumers. On the other side will be ranged all those subject to other taxes which could be eliminated or lowered if the sales tax were retained. Furthermore, even if the sales tax can be repealed after a short time, the expense of setting up new tax machinery and the various undesired effects resulting in the readjustment period seem a high price to pay for a temporary source of revenue. Finally, it appears to be somewhat of a waste of effort to pay out unemployment relief with one hand and to take part of it back with the other, through a sales tax.

#### OTHER SOURCES OF REVENUE

To what other sources the states will turn if they do not use the sales tax is a question shortly to be answered, as most of the legislatures now in session will probably adjourn before many weeks are past. If, however, the money can be obtained by the sales tax, *it can likewise be obtained by other levies.* The possibilities of the income tax, for instance, with extremely low exemptions and fairly high rates, and with collection at the source if necessary, have been only faintly explored in this country. Obviously the distribution of burden under such a plan would differ from that under a sales tax. Space does not here permit a discussion of other possibilities, but it should be noted that from a long-term point of view there is hope that the income tax may be made a more stable source of revenue through the creation of reserve funds with a mechanism somewhat like that developed in the 1932 report of the New York State Commission for the Revision of the Tax Laws. Adjustment in the present crisis is indeed urgent; but underneath all this there is being fought out an issue which is in a way more fundamental, for, granted that better times are to come, this issue is one of conflicting philosophies as to the requisites of a desirable tax system.

<sup>3</sup>Information regarding all of the proposals indicated, may be found in the pamphlet by the writer entitled "Municipal Finance Problems and Proposals for Federal Legislation," published by the American Municipal Association.

# State Codes For Local Budgeting

Efforts to prescribe requirements for local units of government of thirty-two states vary widely as to adequacy

WYLIE KILPATRICK

Washington, D. C.

THE budgetary movement has made a definite imprint upon the state statutes governing local budgets in approximately half of the states. Thirty-two states require local budgets for one or more types of local units.<sup>1</sup> Of this number, the requirement is applicable to counties in 28 states, four being partial in application, and to municipalities in 26 states, seven being incomplete in application. Prescription of a local budget in both counties and municipalities is confined to 17 states. Administrative supervision is linked to budget codes in 20 states which impose upon the state agency supervising local finance the duty of prescribing local budget forms, but in 12 states the forms are utilized only for one unit, as the county, or are partial in character for other reasons. If the test of acceptance of the budget is a law applicable both to counties and municipalities with forms prescribed by a state agency, only 10 states comply.

## FRAGMENTARY CHARACTER OF ACTS

A difficulty in measuring the extent of the acceptance of the budget in state codes is the fragmentary character of the acts in reference to the units of which the budget is required and the funds to which it is applied. Indeed a major question facing writers of budget statutes is whether a single state act should prescribe the budget procedure of all types of local government or separate acts should govern each type. The question has been answered in curiously different manners. One group of states specifies local budget procedures, often varying materially, for each type of locality in separate acts; other states enact a comprehensive act governing all districts; and others by a piecemeal process pass successive laws relative to each type as maladministration is forced upon the attention of the lawmakers. One of the best conceived acts is the county law of North Carolina which, at the same time, omits many of the better provisions in the municipal act. The earliest state act for cities, the 1913 law of Massachusetts, was not accompanied by an act for towns, which are over eight times as numerous in the state, until 1929. Unmistakably, the device of adapting the budget to different units in a single act is superior to the piecemeal adoption of separate acts

<sup>1</sup>Counties only, Alabama, California, Florida, Idaho, Kentucky, South Dakota. Municipalities only, Connecticut, Massachusetts, New Hampshire, Rhode Island, (partial). Both, Arizona, Indiana, Iowa, Kansas, Mississippi, Montana, Nevada (partial), New Jersey, New Mexico, New York (partial), North Carolina, North Dakota, Ohio, Oklahoma (partial), Oregon, Texas, Utah, Virginia, Washington, West Virginia (partial), Wisconsin (partial), Wyoming (partial).

for separate units, a method which results in important omissions in the application of budget standards.

Different local tax bodies within the same locality often escape budget regulation because of their semi-independent status. The school district, it is true, is normally so completely independent that separate regulation in the budget code is a prerequisite to school budgeting. Other districts, as parks, libraries, or utilities, may be required to submit budget estimates to the local governing body for review and incorporation into an inclusive budget. Similarly where a unit, as the county, is divided into road, school, or other districts, the budgets of districts may be viewed as subsidiary estimates for final determination by the county board and incorporation into its budget. The earlier local budget acts passed by states were restricted in application to current funds of municipalities. The majority of more recent acts direct the inclusion of bond receipts. Desultory attention has been given to other expenses or receipts, as miscellaneous, license, or fee receipts, special assessments, utility operations, and special funds, which readily may escape inclusion in the budget. The widening of the budget to mark out a fiscal plan for all operations carries with it the corollary that all income, however derived, and all expenditures, however spent, must be contained in the budget regardless of previous regulations.

#### CAPITAL IMPROVEMENT PROGRAM

The inclusion of bond receipts and improvement expenses in the budget is the first step towards capital budgeting but is far short of what should be required. The budget code would do well to provide explicitly for the drafting of a program of capital outlays covering a period of at least five years. The assembling of the data, showing itemized improvements correlated to all revenue

sources, would be a measurable advance. No state statute contemplates long-time budgeting; and, consequently, the allied measures for its administration are lacking. These call for the legal recognition of another period than the year for financing improvements, a secondary budget period of five years during which the improvement budget would be operative. Advisably although not necessarily, the budget code should authorize localities in their discretion to adopt capital improvement tax levies to finance all the cost, or more likely a portion of the cost, of the improvements. Such a levy, distinct from special fund levies, would assure stability to the program while it is being consummated.

#### PREPARATION OF BUDGET

The requirement, at once most vital and most frequent, is the specification of a budget-preparing agency in the form of a finance office or in the person of an officer charged with the responsibility of drafting the budget for submission to the governing body. Cities afford the local unit for which most readily a preparing officer may be designated in the office of mayor, manager, or commissioner of finance. By reason of its decentralized organization, the county presents the most perplexing question. North Carolina solves the problem by instituting a new officer, the county accountant, and other states designate the county auditor. The state codes are coming to vest in the preparing officer the power to assemble data, conduct investigations, and coordinate the estimates into a balanced document. The customary formula in the laws for preparation is that the estimates must show past, current, and future revenue and expenditure by departments or objects. In place of these general requirements, a few states are requiring more exact and illuminating data for budget preparation. Accordingly, the codes are beginning to show specifications for in-

formation relative to road and bridge construction, salaries and wages, capital outlays by objects, debt requirements by bond issues, and the use of character and object classifications. The local use of state-prepared schedules obviates the need for extensive detail in the statute, outlining all the data which must be submitted, but it does not eliminate the need for a statutory prescription of the types of data which must be filed by each agency with the budget-preparing office.

Budget codes often err in one or more of four aspects. The act may omit entirely the designation of a budget-preparing officer. The act may be vague in calling for a budget officer without designating him in accordance with the existing structure. The act may specify the budget officer but fail to clothe him with authority for controlling the preparing process during the stages of assembling of data, estimation, and reporting. Finally, the act may neglect to specify the types of data which must be reported.

#### BUDGET REPORTS

The subdivision of departmental estimates into precise units of activities, often identical with the bureaus composing the departments, should find acceptance as a marked advance which leads into an analysis of the services or work performed. That is, functions are susceptible of being resolved into units, each corresponding to an activity, branch, or bureau of the department which affords a surer means for budget classification than the usual estimates. The state code should not refrain from requiring a classification by units of functional activity. Classification by activities affords the framework upon which to organize the budget estimates and to report the conduct of budget administration. For the significant point, almost always obscured, is that the estimate for the future budget

should be integral with the report of the past services. The two become part of a single document which may be submitted immediately after the close of the fiscal year. Immediately practical is the statutory prescription of budget estimates, or service reports in the form of statements from each department, showing (1) functional work by units of activities in terms of dollars and cents required for past and prospective services, (2) functional work by activity units in terms of the volume of work rendered and to be undertaken, (3) the computation ultimately of unit costs for the functions best adapted to a statement of their financing in unit costs, and (4) a narrative explanation of the functions performed during the past and coming years. Thus the budget would be submitted in the form of a series of service reports from each department, as well as a comprehensive summary for the entire city, analyzing in both a statistical and narrative manner the conduct of past administration and planning for future services and their financing.

The preparation of these annual service reports will be facilitated and an instrument for control of the budget furnished by periodic or monthly reports submitted by each agency to the budget officer. Preferably each chief of an agency should be required to file a comprehensive monthly report, not restricted to current financing but inclusive of services, which would furnish the data for the ready compilation of annual service reports at the end of the year for use in preparing the next budget. These ends can be accomplished by statutory specifications, (1) for the requirement of annual service reports used for budget estimates, and of monthly service reports; (2) for the scope and content of the reports, avoiding statutory detail when a state supervisory agency exists; (3) for the local publication of the annual report-budget and

for making available the monthly reports; and (4) for the filing of the reports with the state, using a common terminology which would permit a comparative analysis of statistics.

#### PUBLIC CONSULTATION AND TAXPAYERS' APPEALS

The publication of the service report-budgets, whether in pamphlet form or in newspapers, would further public knowledge and discussion to an extent far greater than the accountant's analysis of income and outgo. Adequate budget reporting is the first step toward the dual aim of public participation and effective administrative control which will be furthered, secondly, by provision for ready taxpayers' appeals for the investigation of the budget or any other pending fiscal problem. Upon the petition of a group of taxpayers, the mayor or other authority would be authorized to name an investigating commission to study and clarify the issues, conduct hearings, and to report back its findings before final decision is reached.

With the investigating commission as an emergency measure to be invoked upon need, a companion measure would be to provide for regular citizens' councils which recurrently would collaborate in the preparation and review of the budget and other projects in presenting the lay viewpoint as to the necessity, extent, and cost of alternative courses of action. Finally, the budget code may vest in the local officials and in taxpayers upon petition the right of requesting surveys and studies of local functional performance and costs by members of state departmental staffs whose specialization equips them for giving technical advice which many municipalities cannot readily obtain. Each of these measures for budgetary control has received so scant a recognition in state statutes that even states with so-called advanced codes are under

a compulsion to reformulate their budget laws.

#### PROCEDURE DIFFICULTIES

A number of difficulties impede smooth operation, of which the failure in codes to control surpluses and deficits prevents the budget from readjusting and correcting the condition of the municipality at the beginning of each year. In fact, the failure is widespread in not unmistakably defining what is a surplus or a deficit. In order to prevent the appropriation of fictitious assets, the surplus available for appropriation should be either a cash surplus or a surplus of assets whose realization within the year is a certainty. Accordingly, surplus would be defined to mean unexpended balances above obligations and revenues in excess of budget estimates minus unpaid taxes more than one year in arrears and any other receivables not due within the year.

With a cash budget as an objective, a discernible effort is being made to avoid borrowing in anticipation of taxes by regulating temporary notes and synchronizing the budget and the tax calendar of dates of tax collection. Whether much of the effort is well directed is doubtful. Instead of elaborate moves to change the tax calendar so that the collecting dates are advanced to an early stage, a simpler reform, quite worth while in itself is to institute installment payment of taxes, at least on a quarterly basis. Anticipatory borrowing would be reduced to an unimportant minimum by installment payment which is desirable to ease the burden of taxpayers. While a number of states restrain temporary borrowing, the regulations usually are lax. No single formula is more than a workable rule which might authorize temporary notes up to one-half of the actual receipts of the previous year, repayment being obligatory before the end of the year.

Tax deficiency notes constitute a per-

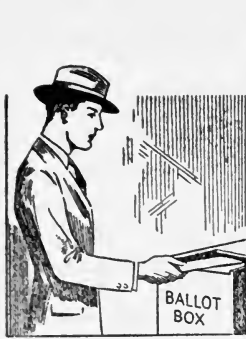
plexing question, even in a prosperous period, which is intensified during a depression when unpaid taxes represent inability rather than unwillingness to pay. A serious mistake is made by proposals to defer unduly the length of time for the payment of back taxes and the redemption of delinquency notes which would tend to break down tax collection machinery. The procedure should require payment of the notes as soon as possible, as within two or three years after issuance, with any notes representing uncollectible assets to be offset by a budget appropriation. With the funding of deficits prohibited legally as a normal rule, the exception would be made of permitting funding of deficits and notes for uncollectible revenues, sanctioned either by a designated court or state agency supervising local finance. Accordingly, the enforcement of prompt payment, seemingly suitable for only a prosperous period, can and should be maintained at all times if supervised exceptions are allowed to ease the strain of unusual circumstances.

A desultory body of law has been developed to meet emergencies which, successful for contingencies and transfers, has failed to provide, on the revenue side, for uncollected taxes and, on the expenditure side, for legitimate expenses not budgeted at the time the estimates were ratified. Without question the budget code should provide for the local establishment of a tax collection emergency fund to offset uncollectible and abated taxes. Several laws specify that the fund shall equal 5 per cent of the total taxes levied, an arbitrary figure unsuited for uniform application every year in all districts. Preferably the formula should be based upon the immediate situation in the particular district by requiring that the appropriation equal the average of the

amounts of the last three years' taxes abated and written off the books. Rigorous budgeting necessitates a safety valve for emergency spending for purposes deemed essential but not in the budget. The issuance of one-year emergency notes may be legalized and be made subject to a procedure involving a public hearing, unanimous consent of the governing body, and the right of appeal to a court of competent jurisdiction or to a state supervisory agency to stop their issuance.

#### PRESCRIPTION OF BUDGET FORMS

Nineteen states vest in the state supervisory agency the duty of prescribing local budget forms, although in eleven states the power is partial in referring solely to counties or is recommendatory. Here the state's function is chiefly educational and a danger exists that in mandatory prescription of forms the state will take the lowest common denominator and prescribe forms not adapted to advancing budgeting. The paramount need is for the use of superior budget methods through coordinate or supplementary schedules which govern the factors upon which finance rests, personnel, debt service, capital improvement programs, material, overhead, and functional performance. The state agency will perform better service in promoting the introduction of advanced budgeting than in insisting upon a common use of elementary forms. At the same time the code can authorize the supervisory agency to require adherence to a minimum standard by approving the local forms before their use. By this means the lack of progress in failing to evoke superior budget technique, as the neglect of the quarterly allotment plan as well as of supplementary schedules, can be overcome by educational methods in conjunction with local initiative.



# PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

## Continuing the Proportional Representation Review

### Presidential Amendment Reported Out.

—For the first time Congressman Clarence F. Lea's constitutional amendment to apply the principle of proportional representation to the electoral college has been reported favorably from committee. In the closing hours of the seventy-second Congress Representative Lozier of Missouri submitted an extensive report<sup>1</sup> from the House Committee on Election of President, Vice President, and Representatives in Congress recommending that House Joint Resolution 60 "as amended do pass." This puts the resolution in a favorable position for the present Congress, in which the party of which Mr. Lea is a prominent member is in undisputed control.

The Lea amendment, which has often been referred to in the columns of the *Proportional Representation Review*,<sup>2</sup> is summarized in the report as follows:

"1. It would abolish the electoral college system and substitute therefor a direct vote for the election of president and vice president.

"2. The relative strength of the states in the election of a president would be retained as at present by preserving state electoral votes for each state equal to the whole number of its senators and representatives.

"3. Each candidate for president would receive such proportion of the electoral votes of the state as he received of the total popular vote therein.

"4. The candidate having the greatest number of electoral votes would be elected."

Under such a plan the electoral vote would obviously approximate the popular vote and make much less likely the election of a president with less popular support than his principal rival, which has happened on three different occasions. A direct popular vote disregarding state lines is rejected as impracticable because it could be blocked indefinitely by the small states which now have more than their share of voting power in the electoral college.

The report draws liberally on a mass of convincing evidence presented by Mr. Lea at a hearing before the committee on February 16, at which C. G. Hoag and William C. Lee also spoke on behalf of the Proportional Representation League.<sup>3</sup> A few of the more important advantages of the proposal are summarized in the concluding paragraphs:

"The present system of electing a president is depressing upon public interest in the problems of the country; it tends to promote indifference; and the unit vote places a premium on fraud and corruption in presidential elections. The unit vote concentrates political efforts in a few doubtful states. For instance, in the election of 1884, Cleveland carried New York by less than 1,200 votes. That meant 35 electoral votes; or, taking 35 from one side and giving it to the other, would make a difference of 70. Less than 1,200 people of the state of New York dominated the election. The electoral vote of New York then equaled the total vote of nine states, and these 1,200 people in New York had as much

<sup>1</sup>72nd Congress, 2nd Session, House of Representatives Report No. 2194, March 2, 1933.

<sup>2</sup>See the issues for April and October 1928, April 1930, July 1931, and April 1932.

<sup>3</sup>Copies of the evidence presented at this hearing and the committee's report may be obtained by writing to Hon. Clarence F. Lea, House of Representatives Office Building, Washington, D. C.



influence as the people of nine states in selecting Grover Cleveland in 1884.

"The effort in every closely contested presidential election is to 'carry' the doubtful states. What is the use of wasting money or effort, from the campaign standpoint, in a state that is certain for one candidate or the other? A nominal fight is made, but well-advised people know how it is going. The minority voters know their votes are not going to be counted in the final count. They are to take part in a fruitless effort so far as their votes are concerned.

"A citizen of this republic who must vote, conscious of the fact that his ballot will not be computed in the final result, is denied an incentive that should be the privilege of every citizen. We penalize a virtue that should be fostered.

"On the other hand, we have the concentration of every sordid interest, of every legitimate interest, of every selfish interest, to carry the 'doubtful states.' In 1884, if the situation was accurately appraised, what a temptation to use every influence to gain a few thousand votes, and, as a reward, get not a few more electoral votes but the whole 35 votes of the greatest state of the union and elect a president. Here we have the inducement to an undue and unwholesome effort in the doubtful states and a disregard of the people in the certain states.

"The proposed plan would make our method of electing the president more modern, more wholesome, more certain, and more inherently just."

The report also gives an illustrative table compiled by Mr. Lea showing that in the last election his proposal would have given President Roosevelt 324.66 electoral votes instead of 472, Mr. Hoover 187.22 instead of 59, and Mr. Thomas 6.81 instead of none at all.

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#### **Bills in the Pennsylvania Legislature.—**

The General Assembly of Pennsylvania has before it seven bills to make the city manager plan and proportional representation optional for various classes of municipalities. The whole program is being actively supported by the Municipal Charter Committee of Pennsylvania, with campaign headquarters in the Hotel Penn-Harris, Harrisburg, and a dozen other state-wide organizations as well as im-

portant local groups. At this writing it appears possible that some of the bills will pass.

The greatest interest is being displayed in the optional P. R.-manager bills for Pittsburgh introduced by Senator Frank J. Harris, Republican, and Representative John J. Kane, Democrat. Passage of these bills is being urged by all three Pittsburgh newspapers, by a specially organized Municipal Charter Committee of Pittsburgh including many of the city's foremost business and civic leaders under the chairmanship of Franklin C. Irish, and by the Chamber of Commerce, Central Labor Union, League of Women Voters, Civic Club, Allied Boards of Trade, and many other Pittsburgh organizations. The League of Women Voters sent its president, Mrs. R. Templeton Smith, and its former president, Mrs. John O. Miller, to Cincinnati to make an illuminating comparative study of governmental costs in the two cities. On March 9 three thousand citizens turned out for a mass meeting in support of these bills and of certain much-needed election reforms, which was addressed by Charles P. Taft, 2nd, of Cincinnati and at which cards were signed promising active work now and giving the signers' addresses for use at the time of the next legislative election. The Democratic party, which elected nine of the twenty-seven Allegheny County representatives this time, is behind the measures and several Allegheny Republican votes have been promised also. But Senator Coyne, the recognized Republican organization leader in Pittsburgh, is throwing his full strength in opposition. The battle is expected to have far-reaching results beyond the life of the present legislature.

The Philadelphia City Charter Committee has presented its optional P. R.-manager charter again, with very few changes, through Senator George Woodward of the independent Germantown district of Philadelphia. An impressive hearing was held on March 14, at which Thomas Raeburn White and representatives of thirty-two civic organizations asked the right for Philadelphia to vote on the plan as a way out of the city's dire financial plight. But once again the city Republican organization, which is firmly entrenched in the Senate, is standing in the way of adoption.

Bills which have encountered less political opposition are two for third-class cities (all

cities except Philadelphia, Pittsburgh, and Scranton) and two for boroughs, to make the manager plan and proportional representation separately available by petition or ordinance and popular vote. The city bills were introduced by Representative Charles H. DeFrehn of Johnstown, with the backing of the Johnstown Chamber of Commerce, Real Estate Board, and Committee of 110 (a militant taxpayers group), of the Tax Justice League and the women's Civic Club of Cambria County, and of both local newspapers. The borough bills were introduced by Representative John L. Holmes of State College and Representative William McElwee, Jr., of New Wilmington, with the active support of the Pennsylvania State Association of Boroughs consisting of boroughs and borough officials throughout the state.

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**Rival Proposals in New York.**—Judge Seabury's proposed new charter for New York City, described in this department in February, has been introduced in the New York legislature by Senator Thomas C. Desmond of Newburgh, Orange County, formerly president of the Young Republican Club of New York City. It will be remembered that this charter provides for a single-chamber council elected by proportional representation from the boroughs as districts and a mayor and comptroller elected by the Hare system of majority preferential voting. The bill provides that this charter shall take effect only if approved by a majority of the voters of the city.

The majority report of the Hofstadter Legislative Investigating Committee, which agrees with its counsel's recommendation of a single-chamber council elected by proportional representation but differs with it in providing for two districts instead of five, in providing for subordinate borough governments with borough councils elected by P. R., and in other respects, has also been introduced in the form of an optional charter. The sponsor is Assemblyman Abbot Low Moffat of New York City, a Republican member of the committee.

Unfortunately Mr. Moffat, in his desire for simplicity and for a system which can be used on the present voting machines, abandoned the only form of proportional represen-

tation which is commonly considered in English-speaking countries and substituted the unsatisfactory system used for parliamentary elections in Japan, under which each voter expresses one choice in a multi-member district and the highest candidates win. Under this system the voter would no longer be free to express his real wishes without considering the candidates' chances of election, many thousands of votes would be wasted, the results would fall far short of true proportionality, and those political groups would fare best which could most accurately estimate their voting strength beforehand and enforce the most advantageous division of their votes among their candidates.

Mr. Moffat has also introduced again his bill to allow a city's voters to initiate charter changes by a petition naming a charter commission, subject to approval of the commission, and of the charter it drafts, at the polls.

Meanwhile the citizens of New York who have been aroused to the need under Judge Seabury's leadership are proceeding with determination to educate and organize for a new charter.

A civic conference on charter revision, representative of a large number of civic associations, met on January 20 under the chairmanship of Richard S. Childs, appointed nine committees on different aspects of charter revision, and adopted reports from these committees at a second meeting on February 16. The recommendations, which are being widely circulated, include:

From the report of the Committee on Proportional Representation and Municipal Legislative Body:<sup>4</sup> "1. A single-house council in place of the board of estimate and the board of aldermen. 2. Representation by boroughs on the basis of one councilman to every 50,000 voters, with at least one for each borough. . . . 3. Proportional representation with a fixed quota of 50,000. 4. Two-year term for the council." Except for the two-year term this is in complete harmony with the Seabury report.

From the report of the Committee on Bor-

<sup>4</sup>Signed by Professor Joseph McGoldrick of Columbia University and the Merchants' Association, chairman; Robert M. Bonygne of the West End Association, Charles Johnson Post of the Tax Protective League, Gregory Weinstein of the Flatbush Tax Association, Paul A. Boehm of the Citizens Union, and Paul Blanshard of the City Affairs Committee.

ough Governments:<sup>6</sup> "A borough council to be composed of the borough members of the city council, with special provision as to Richmond. A borough president elected by a majority of the borough council."

From the report of the Committee on Method of Electing Mayor and Comptroller:<sup>6</sup> "The committee recommends that the mayor and comptroller be nominated by petition of citizens, without party designation or emblem, and that they be elected by preferential ballots without party designation or other insignia. . . . In making the foregoing recommendations the committee considered the so-called city manager plan which provides for the appointment of the chief executive officer by a council elected on the basis of proportional representation. While this plan has obvious theoretical advantages, such as diminishing the incentive to build a political machine through patronage, and a more direct accountability of the executive department to the council, the committee believes that it is not readily adaptable to all conditions in New York and would come too sharply in conflict with traditional political values and modes of thought to make possible its adoption at this time."

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**Hamilton Opponents Try Again.**—On January 18 a petition requesting a vote on the abolition of proportional representation was submitted to the council of Hamilton, Ohio. Under the Ohio constitution such a charter amendment can be placed on the ballot by petition of 10 per cent of the electors of the city. The petition has been found sufficient and the council has set May 2 for the election.

It is thought that the forces behind this new attempt, though they do not appear on the surface, are the same as those which controlled the city government under the deplorable political regime which preceded the first P. R. election in November 1927 and the appointment of Russell Price, the present incumbent, as Hamilton's first manager in Janu-

<sup>6</sup>Signed by James E. Finnegan, Chairman, Mrs. Sophia Olmsted, W. J. Dilthey, and Edward R. Whittingham.

<sup>6</sup>Signed by Byron R. Newton of the North Shore Civic Alliance, Chairman, Lawson H. Brown of the Civic Councils of Brooklyn, Walter M. Hinkle of the Committee of One Thousand, John C. Dohm of the West Side Tax Association, and S. J. Kessler of the Building Industry League.

ary 1928. At the 1927 P. R. election the hitherto dominant political machine elected only one councilman out of seven, at the 1929 election, after two years of the new deal, it failed to elect any (though one-eighth of the total vote would have been sufficient to do so), and at the 1931 election it did not even nominate candidates. The present council is composed of seven independents of high standing, representative of the various different elements in the city's population.

Immediately recognizing the cause of its disaster, the political ring tried to eliminate P. R. by charter amendment in the election of 1929. It was snowed under to the tune of 8,611 votes to 3,157.

The way in which P. R. made possible the civic transformation of this industrial city of fifty thousand, and some of the remarkable accomplishments of the new regime, were told in this department in November by a prominent Hamilton attorney, Cyrus J. Fitton, one of the leaders of the "charter" group which is now once more rallying to the charter's defense.

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**New South Wales Legislative Council.**—Premier Stevens, Conservative, of New South Wales, has brought before the legislative assembly a bill to change the composition of the appointive upper house. To quote the *Melbourne Appeal* of December 15, "Mr. Stevens said that features of the bill were a reformed house of sixty members, as against the unlimited membership now possible; no payment to members; in substitution for the present life tenure of legislative councillors a tenure of twelve years, one-quarter of the members retiring every three years; election by members of both houses of parliament; proportional representation; clear definition of the powers of the legislative council, with adequate provision for the settlement of disagreements between the houses; no control over appropriation bills, and final reference in deadlocks over other bills to the people for determination."

This is an interesting espousal of the proportional representation idea, but in view of the fact that the members who choose the council would themselves be far from representative the proposal could do little more than assure some representation on the council to each of the major parties.



## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

**The Governor of Maryland: A Constitutional Study.**—By Charles James Robr. Baltimore, The Johns Hopkins Press, 1932. 175 pp. \$1.50.

The purpose of this work is to trace the constitutional development of the governorship of Maryland from the earliest time to the present. To do so the author sets forth in ample but not painful detail the position, powers and significance of the office as provided for in the Calvert Commission of 1637 (under the Calvert Charter of 1632), the constitution of 1776, the amendment of 1837, and the constitutions of 1851, 1864, and 1867. Chief developments in each of these landmarks are presented, for example, popular elections in 1837, and conferring the veto on the governor only in 1867. The usual items of qualifications, term, powers relative to appointments, legislation, administration, and general executive matters characterize the narrative portion of the work.

One-third of the book deals with the governorship as it has developed since the last constitution. Particular attention is paid to the subject of administrative reorganization, the "greatest emphasis" being "placed upon the executive budget and departmental reorganization, since these two have affected the powers and duties of the governor more than any of the others." The relation of the governor to the legislature receives a separate chapter.

While depicting the growth of the Maryland governorship, the author's efforts constantly suggest the developments of the office current in other jurisdictions. The general and the specific constitute an instructive survey-review of the constitutional process by which

the governor has become the dominant state official.

The work is amply footnoted; an extensive classified bibliography is included, and also a detailed index. Further, it is well documented, resting particularly upon original sources including decisions of state courts; and amplified by material from lighter "sources." Thus in the source, selection, and presentation of material and in the succinct statement of conclusions, this work exemplifies scholarly excellence.

JOHN J. GEORGE.

Rutgers University.

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**The Taxation of Motor Vehicle Transportation.**—National Industrial Conference Board. New York City, National Industrial Conference Board, Inc., 1933. 196 pp. \$2.50.

In this volume, the National Industrial Conference Board has brought together most of the important group expressions of opinion as well as the results of research investigations respecting motor registration and fuels taxes. In addition, the Board has assembled data from official and unofficial sources to give a fairly complete current picture of the motor license and gasoline tax situation. The book is divided into five chapters, an introduction, a chapter on the motor license, one on motor fuels, a summary of certain general highway finance problems, and a general digest of the three principal chapters.

The chapter on "The Motor Vehicle License Taxes and Fees" devotes some attention to the historical development, the analysis of measures used for licenses, the administration of the tax, and the financial results obtained.

Contrary to the opinion of most students, the Board rejects gross weight as a desirable measure for registration taxes (p. 16) and suggests that "The measure of a license tax would be more adequate if based upon the method of distributing the wheel load and the consequent stress produced upon the road. The factors that would be involved in such a measure . . . are rear wheel load, impact force, size of tire, area of contact of tire with road, and slab design of road" (p. 20). The suggestion that the license tax should vary with the design of the road might well be expected to induce a smile of derision on the face of the skeptical administrator. When the discussion is turned to the problems of administration as such, however, emphasis is wisely placed on the integration of all tax administration, so that whoever is charged with enforcing other tax measures will also have charge of the motor registration tax.

Discussion of the motor fuels tax is entirely routine in character, though the Board has brought together valuable statistical information which is incorporated in Tables 23 to 37 inclusive. In the subdivision dealing with diversion of motor fuels tax receipts to non-highway uses, utilization of revenues for streets is erroneously treated as a diversion to other than highway purposes.

Much of the chapter, "Problems of Highway Finance," is given over to summarizing the report of the Interstate Commerce Commission on the "Coördination of Motor Transportation" (Docket 23400, 1932). Then, after stating the point of view of various associations respecting highway taxation, some attention is given to such problems as the use of revenues by cities, to distribution of taxation between various classes of motorists, and to fiscal results of motor taxes compared with total rural highway income. In considering the last point, no distinction is made between revenue and non-revenue receipts (p. 173). At page 154, there is a misleading implication that the public may regulate all motorists respecting "rates, charges, practices, services" and other matters of similar import.

Most of the forty-odd tables incorporated at the ends of chapters are useful; but, in some instances, credit is inadequately assigned. It might be said in criticism of certain parts of the volume that dependence has been placed on secondary sources, even when

primary data were readily accessible. This is true in particular of the surveys of transportation made with the coöperation of the bureau of public roads. The lack of an index would be a more serious shortcoming but for the adequate analytical table of contents and the list of tables at the beginning of the volume.

JAMES W. MARTIN.

University of Kentucky.

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**Fifty Years of Boston—A Memorial Volume, Issued in Commemoration of the Tercentenary of 1930.**—Compiled by the Subcommittee on Memorial History of the Boston Tercentenary Committee, 1932. Boston, Mass., Goodspeed's Book Shop. 799 pp. \$5.00.

It has been said that New England has exercised a disproportionate influence in the affairs of the American nation because New Englanders were the chief historians in earlier days. People can hardly be blamed, however, for seeking the better histories rather than the worse, and certainly Bostonians would be expected to follow the model history of the type when the time came to prepare a memorial volume on the last fifty years in Boston's life.

It is consequently a pleasure to learn in the foreword that this volume was planned and written as a sequel to Justin Winsor's "Memorial History of Boston, 1630-1880." The plan was executed in a manner worthy of Winsor under the leadership of a committee who know Boston and its people and take pride in its fine traditions and sturdy spirit, and with another scholar of taste and ability as editorial adviser in the person of William A. Leahy.

It has been difficult for one interested in the history of Boston to obtain any good perspective on the development of the city since 1880. This difficulty is now removed. The student can read this volume and then proceed to specialize on any particular topic confident that the background has been filled in so well that he will have a proper sense of proportion.

Some of the changes in the manner of approaching problems and in their nature during the past half century can be glimpsed in the contrast between the titles of corresponding

chapters in Winsor's last volume and the present book. "Topography and Landmarks of the Last Hundred Years" in 1880, becomes "The Planning of a City." "The Canal and Railroad Enterprise of Boston" of the earlier day is divided into three parts—"The Railroads," "Rapid Transit Problems and Solutions," and "Aviation."

Due recognition is given also to the growth of the fine arts, sciences and professions in this prolific centre of American culture. Those who fear Americans make slow progress in cultural matters would do well to compare the part of this new volume devoted to such topics with the corresponding chapters in Winsor's history and take heart from the record revealed.

Memorial histories are all too often as dull as the dictionary. This may be because too often there is little to tell. In this case not only is there much to tell, but it is well told.

GEORGE H. McCaffrey.

New York City.

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**Taxation in Minnesota.**—By Roy G. Blakey and Associates. Minneapolis, University of Minnesota Press, 1932. 627 pp. \$2 cloth, \$1 paper.

Assuming that a sound tax system requires a wide understanding of basic tax facts and principles, Professor Blakey offers to those interested in Minnesota taxes the results of exhaustive study on the major current problems, especially the burden of real estate taxes and its related factors. Attention is given, therefore, to farmers' debts, income and taxation; urban assessments and tax burdens; the administration of the personal property tax; tax delinquency and the cut-over land problem; the taxation of forest property, iron ore and mining, banks, railroads and other public utilities; highway finance and public school finance. Although the income tax is not offered as the single solution, considerable emphasis is put on its administration and effects in Minnesota. Data are also given on sales taxes and possible returns from this source as well as from increases in inheritance and estate taxes. The wealth of important factual material, presented in tables, maps, and other graphic forms as well as through the text, are too comprehensive to warrant brief reviewing.

The volume will prove of inestimable interest and value in the nation-wide effort to revise tax schedules along the lines of sound principles and proven experience.

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**Our Lawless Police.**—By Ernest Jerome Hopkins. New York City, The Viking Press, 1931. 379 pp. \$3.00.

From his experiences as investigator on police matters for the Wickersham Committee, Mr. Hopkins obtained the material for this popular presentation of the "third degree" methods of the American police departments. The title suggests the propagandic nature of this study—it is written for the edification of those who wish to believe that the American police departments are the only extant survival of the Spanish inquisition. This large group overlooks the fact that police departments, hedged about by silly laws, are always trying to protect an unappreciative society from those who profit from a war against it.

Mr. Hopkins' greatest contribution is his clear statement of the legal fiction which we call a confession. No person, even below average intelligence, willingly, without fear or the promise of reward, confesses to a crime which will inevitably mean a prison sentence. Justice Brandeis is quoted: "A confession is voluntary in law if, and only if, it was in fact voluntarily made." And yet our courts must assume that every confession is given willingly and without promise of reward or fear of punishment.

It is hoped that the facts quoted by Mr. Hopkins for other cities fared better than those quoted for Detroit. Mr. Hopkins, formerly a newspaper man, dependent, he says, on newspaper reporters, attorneys specializing in criminal cases, and similar sources—which factual base is apparently rather untrustworthy. The errors concerning Detroit are rather numerous and in some cases place an erroneous light upon procedure. For instance, Commissioner William P. Rutledge, for thirty-three years a member of the Detroit department, is the same person who this book believes is Frank T. Rutledge, a member of the department for twelve years. Page 140 tells the story of a citizen of "high standing" who was the victim of a tip-over raid. Later, newspaper stories indicated that

the standing of this citizen was regarded as "high" only by those with an extensive thirst. The Loop is not the vicious instrument of torture that Mr. Hopkins pictures, but is a crime deterrent useful in allowing police officers to make the acquaintance of young men who live solely by their wits. These are but some of the errors into which Mr. Hopkins has fallen.

Modern police departments under the leadership of intelligent and progressive police chiefs are not using third degree methods to the extent this book would imply. It must be remembered that police departments in America, as compared with European departments, do not have unlimited funds for the investigation of all crime.

*Our Lawless Police* is a fine popular presentation of the third degree methods with none of the horrors excluded. A person reading this book, however, should realize that the police are not wholly bad and that this book presents perhaps the worst phase of police methods—there are many bright high-lights in police work which Mr. Hopkins has overlooked.

J. M. LEONARD.

Detroit Bureau of Governmental Research.

\*

**Mechanical Office Equipment in the Municipalities of New York State.**—By C. F. Humphry Saunders. Albany, New York State Conference of Mayors and Other Municipal Officials, 1933. 43 pp.

That marked economy may be promptly effected by the use of mechanical office equipment is a generally recognized fact. Less well known are the variety of uses to which mechanical equipment may be put in municipal offices and the extent to which it is so used. Mr. Saunders under the joint auspices of the Bureaus of Training and Research and Municipal Information of the New York Conference of Mayors and Other Municipal Officials and the School of Citizenship and Public Affairs of Syracuse University, has made a useful contribution to the subject. The equipment suitable to municipal use is classified as computing, accounting and statistical, duplicating, check protecting, dictating and miscellaneous. The separate items in each group are carefully described. Not the least interesting feature of the description is the estimated cost per month, on the basis

of the average of list prices of different companies for "comparable machines, amortized over a period of seven years; power being figured at seven cents per kw. hour and interest at four and one-half per cent." There are also explanations of the routine procedures most susceptible to operation with the aid of machinery, such as accounting and billing for taxes, accounting and billing for water charges, general budgetary accounting, departmental accounting and municipal record keeping. Mechanical office equipment is installed in but relatively few municipalities of the state, on the whole, and its most widespread use is in connection with water bills. Once a department secures equipment of this sort, it apparently guards it closely for there seems to be very little of the inter-departmental coöperation which would assure its maximum use. A few of the best known examples of the savings effected through the use of such devices are quoted and should offer a ray of light to the harassed administrator searching for ways to cut expenditures. Mr. Saunders claims also that the use of mechanical equipment offers additional advantage in that it increases the administrative control of the municipal executive.

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**Problems of Arkansas Government.**—Kenneth O. Warner. Fayetteville, University of Arkansas, 1932. 59 pp. 50 cents.

As one of the regular bulletins in its general extension service, the University of Arkansas presents this study of eight major problems in Arkansas. In addition to Dr. Warner of the department of history and political science, other members of the faculty have contributed in connection with problems of their particular interest; Dr. Claude Brannen on county government, Dr. Charles Fichtner on banking, Dr. Charles Prall on control of the common schools, and Dr. George Vaughan on finance and taxation. Dr. Warner's chapters deal with centralization and home rule, popular legislation, reorganization of the state government, and a governmental program for the state. Other problems, some of major interest in a state such as Arkansas particularly, such as improvement tax districts, highway administration, tax delinquency, and the problems of town and city administration, have been recognized, but relegated to future study.



## NOTES AND EVENTS

**An Illinois Constitutional Convention This Year—or in 1935?**—The inaugural address of Governor Horner of Illinois recommended the calling of a convention to redraft the state constitution at the earliest possible date. The present constitution provides that a resolution for a constitutional convention, if adopted by the general assembly, shall be submitted to the electors at the next "general election." A state-wide judicial election is to be held on the first Monday in June of this year, and if the question can be submitted then and is approved, a convention may possibly be held this year. Otherwise the next opportunity for such submission will be November, 1934, with a convention possible only in the following year.

The attorney-general of Illinois has expressed the opinion that the election this coming June is not a general election within the meaning of the constitution. The point, however, has not been passed upon by the State Supreme Court. Professor Walter F. Dodd takes the view, after consulting related cases and portions of the law, that the June election can properly be considered to be general. He urges that the legislature act without delay, so that the question can be submitted to the April term of the Supreme Court for final determination.

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**Drastic Simplification Proposed in Vermont.**—State Auditor of Accounts Benjamin Gates, speaking at Vermont's fifth biennial Institute of Municipal and State Affairs, suggested a fundamental reorganization of the government of Vermont. This Institute, held under the auspices of Norwich University and conducted by Professor K. R. B. Flint, took place at the State House in Montpelier early in the current year.

Under the Gates proposal the only elected

officials would be the governor, the secretary of state, and the attorney general. All other officials would be appointed by the governor. All fiscal matters would be placed in charge of a controller, eliminating the offices of commissioner of finance, treasurer, auditor, tax commissioner, purchasing agent and motor vehicle commissioner. Six judicial districts with a resident judge and reporter in each would be created making it unnecessary to have courthouses in each of the present fourteen counties of the state. The courts would be open throughout the year. Sheriffs, state attorneys, game wardens, motor vehicle inspectors, enforcement probation officers, and fire wardens would be superseded by four assistants to the attorney-general and a state police force. Towns and cities would be consolidated to form from eighty to ninety municipalities instead of 248 as at present. There would be a smaller House of Representatives and no Senate.

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**Arizona Considers Consolidation of Departments.**—A state reorganization has been proposed for Arizona involving the consolidation of eighty-eight commissions, boards and offices into eleven departments. The governor would become a real chief executive, the attorney-general and superintendent of public instruction being the only other officers that would be elected. As this represents a distinct change from tradition, it has excited much interest.

Arizona heretofore has largely depended for its state revenues upon mine taxes, but, as the mines are inoperative, the state revenue problem has become acute. This has been reflected both in economy measures, including the reorganization proposal, and in the introduction of bills for such revenue measures as taxes on sales, incomes and intangibles.



**Nevada Looks at Its Finances.**—Governor Fred Balzar has suggested to the legislature of Nevada the imposition of special sales taxes and a tax on insurance premiums, as well as various economy measures, significant among which are a provision for larger units of school administration. Another economy suggestion has been county consolidation which, however, is faced with the obstacles not only of local interests but the fact that distances in Nevada counties are already great, one county of 1,300 people having 7,000 square miles and another of 3,000 people having 17,000 square miles.

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**Executive Concentration Suggested in New Hampshire.**—A thoroughgoing report on the executive and administrative operations of the state of New Hampshire and its ten counties and 228 towns has recently been submitted by the Institute for Government Research of the Brookings Institution, as the result of a survey brought about by Governor Winant. The investigation was financed equally by the state treasury and the Spelman Fund of the Rockefeller Foundation.

Financial exigencies have added greatly to the timeliness of the report. The leading recommendation is stated to be consolidation of the fifty-two small independent units into sixteen departments. An executive department would be created, headed by the governor and including the present departments of the secretary of state, the attorney-general, the controller and the purchasing agent. The governor would be a general manager and would also be expected to exercise political leadership and act as public spokesman for the government, but would be relieved from *ex-officio* appointments and a multitude of details. He would have general appointive power and likewise power to remove at will. Department heads, whose terms would not be fixed and whose salaries would be established by the budget rather than by statutory requirements, would have sole control of their subordinates, subject to civil service requirements and general laws. The present executive council would be made an advisory body without official power over the governor's acts.

It is suggested that instead of eight county officers, elected as at present, the only county officials to be chosen by the people would be

three commissioners, the other officers to be appointed. The fee system as a means of official remuneration would be abolished. The county solicitor or attorney would be appointed by the state attorney-general, thus centralizing law enforcement.

As to the towns, it is proposed that the town meeting be kept much as at present but it is recommended that all towns adopt the budget commission system with the town moderator as chairman. The town treasurer would be appointed by the selectmen without term and removable only for cause.

\*

**New Constitution Before North Carolina Legislature.**—A complete revision of the constitution of North Carolina, the only southern state that has not revised its constitution since reconstruction days, is under consideration by the legislature. It is the work of a commission headed by Chief Justice W. P. Stacy of the North Carolina Supreme Court, and has been favorably acted upon by the committee on constitutional amendments.

Among the changes contained in the document reported by the commission are the granting to the governor of the right of veto (but not the pocket veto), a provision for the executive budget, and removal of limitations upon the taxing power of the legislature. Debt limitation takes the form of restricting the incurrence of new debt to two-thirds of the amount by which the debt of the state shall have been reduced during the preceding biennium, unless such new issues are approved by majority vote of the people. State supervision of local finances is provided for. Organization and government of counties, cities and towns is to be by general laws only, with optional forms permitted.

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**Municipal Finance Officers Meeting.**—The annual conference of the Municipal Finance Officers' Association will be held in Cincinnati, June 13-15. An excellent program, participated in by several men of national prominence, has been practically completed, the chief subjects being municipal debts, the relation of federal, state and local taxation, tax collections, accounting and unemployment relief. Carl H. Chatters, 850 East 58 Street, Chicago, is executive director.

## CITIZENS' COUNCILS FOR CONSTRUCTIVE ECONOMY

(Continued from page 158)

2. What are the comparable facts about libraries, museums, playgrounds, parks, public health and sanitation, relief, welfare, hospitals, police and fire departments, streets and roads, other city departments, city planning, and municipal administration? (Include non-governmental public services such as relief, welfare, local college, etc.)

3. How do the total per capita expenditures and the per capita expenditures for each activity, compare with those in other cities? How can you account for the variations? More or less service? Better or poorer service? Wasteful or more efficient operation?

4. How do qualifications for positions and salaries paid in the several departments compare with each other and with those of other cities?

5. What are the budget estimates for expenditure for each activity? For all activities? How do these figures compare with probable receipts?

*B. How efficient is the administration of these services?*

6. Which of the services (as above) are operated most efficiently? Which are manned by executives and employees chosen strictly on the merit basis? Which have good business administration, budget control, etc.?

7. To what extent are materials, supplies, and equipment for your local government purchased through one central agency?

8. Does your local government have a satisfactory executive budget which actually works, so that a taxpayer may know in advance what the government proposes to spend for a certain activity, can favor or oppose such expenditure before it is authorized, and can be sure that once authorized, the amount of expenditure will not be altered, save as a result of unanticipated shrinkage in revenue?

9. What suggestions can be made for the elimination of waste and the improvement of service, this year or next?

### THE LONGER VIEW

10. How many separate governments levy taxes on your property? City, village or town, township, county, special boards, state? Are all these layers needed?

11. How high are tax delinquencies? To

what extent is an inefficient system of tax collection responsible?

12. Under what conditions does your local government permit payment of taxes on the installment plan? What are the benefits or the wastes of such a tax collection system?

13. Is the tax year so coordinated with the budget year that it is unnecessary for your local government to pay interest on money borrowed in anticipation of taxes? How much is spent annually for interest on temporary loans? How can such interest payments be avoided?

14. On what basis is property assessed in your community? How wide is the variation in assessments on similar types of property? How much injustice results?

15. To what extent can one person or a small group of persons be held responsible for the efficient administration of all municipal services?

16. How well do semi-public agencies cooperate? How well are they united? To what extent do rivalries cause needless expense?

17. What does the township government cost? What useful purposes does it serve today? What benefits would accrue from having fewer and larger counties?

18. What waste is occasioned by the employment of unfit persons in the public service of your community? What steps can be taken towards the establishment of a merit system of employment?

19. To what extent do existing charter provisions or state laws put barriers in the way of improvement in government in your community? Is more or less home rule desirable for your community? How can you cooperate with other Citizens' Councils in the state to change provisions of the state law or state constitution, so as to provide such home rule as would permit you to improve your local government?

20. To what extent are public works activities in your city and county located and carried out in accordance with a carefully prepared city or regional plan, thus avoiding the wastes inherent in lack of such planning?

21. How can the cost of maintaining the necessary services be more equitably distributed?

### METHOD

It is suggested that your Citizens' Council:

(a) Invite the heads of the important ac-

tivities to contribute essential facts and opinions.

(b) Get for yourselves and for local officials the best advice obtainable from state departments, state institutions, local, state and national organizations and other experts, and intelligent, socially-minded citizens.

(c) Compare the services rendered in your community, the costs, and the governmental organization, with the standards and recommendations prepared and published by state departments, national organizations and specialists. Ask the librarian of your public library to assemble for the use of the Citizens' Council useful publications—especially pamphlets and periodical articles.

(d) Appoint members of the Citizens' Council to visit special institutions and departments.

(e) Urge all institutions and departments to give continuous publicity to their activities.

(f) Encourage participation in the investigation by the several coöperating organizations, to the end that each organization may do what it is best qualified to do; and make sure that the facts and expert opinions assembled by each organization and each committee of the Citizens' Council are made available to all the members of all the organizations.

Details will vary. The one essential appears to be that every community have some kind of Citizens' Council, which will speak intelligently, earnestly and forcefully for the preservation of those services which are necessary in a civilized society and point the way to permanent improvement in local government and administration.

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## IS BUDGET SLASHING IMPERATIVE?

(Continued from page 160)

costly relief problem which must be met. The funds to pay for this must also come from taxation, present or future. If governmental expenditures remained on the basis of 1929 and relief expenditures on the basis of 1932, the resulting tax burden would be one that many communities could not pay even in normal times, much less in times like these when the taxpayers' resources have been so sharply curtailed. Is it not sound and logical that governmental activities that could be curtailed without serious public injury and improvements that could be delayed should be subject to "budget slashing" in order to provide food, fuel, shelter and clothes for those in distress? The utmost "slashing" of non-essentials is certainly less serious than loading a community with a tax burden which it cannot bear.

An alternative to placing the load on the present taxpayer is issuing bonds for improvements and even for carrying the relief load. Granted, that a good case can be made for such action, but again "Where are we going to get the money?" If bonds are to provide funds, they must be sold. Some bonds of some governments can be sold under present conditions but many governmental units cannot sell bonds at all; too many cannot pay the debt service on bonds now outstanding. Even those governmental units that can still sell bonds would quickly find that the present-day investor would strike them off his list if they did not reduce their expenditures and/or embarked on a program of extensive improvements. New York City has learned this lesson.

An extensive program of borrowing, under present conditions would result in quickly drying up the sources of municipal credit that now exist.

To those of us who are working with public credit and who have been exerting all of our ingenuity to devise ways and means for enabling some governments to finance even the most imperative of public activities, Mr. Buttenheim's conclusion is utterly impractical under present conditions. It fails to take into account certain hard and stubborn facts that refuse to be overlooked. We *must* "slash

budgets" or smash. It is not a case of doing what we would like to do, but what we must do.

After all, governmental activities were heavily inflated in the period before the crash, just as much inflated as were private activities. They will have to be deflated just as private activities have been. We became used to a governmental scale of living that was far beyond our means. We must get back to earth before it is too late. A return to the governmental expenditure basis of 1920 or even 1910 would not be irreparable disaster. In any case we must bring our expenditures within our means in spite of any theory, philosophy, or logic.

## WHERE GOVERNMENT CAN GET THE MONEY

(Continued from page 161)

expenditures on well-planned public works, on the rebuilding of the congested and blighted areas of our cities, and on added facilities for culture and recreation for the masses of the people, we could easily have financed such construction and services from taxation out of our otherwise surplus productive capacity, with hardship to none and happiness for all.

Instead of this rational attack on the problem, we wasted our substance in riotous speculation and in the multiplication of unneeded facilities for competitive manufacture and farming and trade. For the last few years the United States has been suffering from a crisis of plenty and not of dearth.

Now what is the way to get out and stay out of this economic impasse? Whatever other nations may do, the safest pathway for the United States of America, I am convinced, is economic salvation not by fascism or socialism, but by taxation.

By the intelligent raising and spending of public revenues we can replace our economic swamps and volcanoes with a high and productive plateau of general well-being. Paradoxical as it may sound, the taxing power, scientifically applied, may be the most potent factor in restoring tax-paying ability.

"Under present conditions," Mr. Cummin states with much emphasis, "government cannot get the money to maintain its former scale of expenditures." This is true, of course, of government in many individual municipali-

ties. But every municipality is a political subdivision of a state, and every state is a member of the Federal Union; and for government as a whole there is certainly no fundamental inability to maintain or increase its former scale of expenditures. If some great nation were to declare war on us tomorrow, everybody knows that we could borrow or conscript billions of dollars and millions of men for the public defense; that the factory wheels would begin to hum; that we should stop worrying about surplus farm products; and that the railroads would soon be selling their upper berths again. Is it beyond our powers to organize our war against domestic destitution with the liberality and statesmanship of a war against foreign aggression?

So my answer to the question under discussion, is to suggest to municipal officials and local civic bodies a four-fold course of action:

(1) Coöperate with other local leaders in organizing a Citizens' Council for Constructive Economy,<sup>2</sup> to consider how best to maintain essential community services and to produce actual and permanent improvements in local governmental organization and methods.

(2) Through such a council, or otherwise, make a special study of the public revenues of your municipality. Consider especially methods of taxation whereby the services of local governments might be more largely financed through the land values which such services create. As the platform of the recently organized General Welfare Tax League suggests, it is important "that thoughtful consideration be given to the proposal for the gradual removal of taxes from improvements in or on the land, and from machinery, tools and personal property, whether tangible or intangible; accompanied by an increased tax on site values, and a moderate periodic increment tax on land value increases." Legislation authorizing so fundamental a change in the local tax system would be too late to cure present economic ills, but is worth working for as an aid to tax justice and as a means of preventing a repetition of the orgy of land speculation which was a major cause of the present depression.

(3) Play your part in state and national

affairs by insisting that, in so far as local governmental units cannot meet the urgent problems resulting from economic forces beyond their control, these forces shall be controlled by the taxing power or the credit of your state or of the federal government. Specifically, for example: (a) few cities would find budget-slashing essential if relief of the involuntarily unemployed were to become—as it ought to be—a responsibility of the state or of the federal government; (b) far preferable to the sabotaging of the schools would be the assumption by the state of an increased share of the cost of public education; (c) as an aid to street paving and maintenance, many states might with justice assign to the municipalities a greater percentage of gasoline revenues; and (d) indirect aid to citizens in meeting their tax payments might be given through effective demands for reductions in public utility rates in the many cities where such charges are now excessive.

(4) Have the courage, where necessary, to advocate new or increased taxation on incomes and inheritances—with ultimate benefits far outweighing present burdens. Weigh the great advantages which would result from the prompt issuance of five billion dollars or more in Prosperity Bonds, to be sold as were the Liberty Bonds during the War, thus bringing money out of hoarding and furnishing funds for direct relief and for a program of public works, national, state, and local, on a scale vast enough to prime the economic pump.

As a prominent member of the Roosevelt Cabinet, Secretary Dern, said in Boston on March 17: "Let no timid soul, nor special propaganda frighten us into thinking that our national credit is in danger. Our national credit has never been in danger. Have we become so weak and puny that a deficit of \$5,000,000,000 can undermine any American's faith in the soundness of his government? Have we forgotten that in 1918 we had a deficit of \$9,000,000,000 and in 1919 we had a deficit of \$13,000,000,000 without hurting our national credit?"

As a final word, may I suggest that the need of the hour is not for timid agitation for balancing the budget, but for vigorous action in banishing the depression. The major responsibility is in Washington; but the states and the cities can help if they will.

<sup>2</sup>See page 157, this issue.

Supplement to the

# NATIONAL MUNICIPAL REVIEW

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## Public Personnel Problems and the Depression

How Civil Service Commissions  
Are Meeting New Problems

• • • RAYMOND M. GALLAGHER

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# Public Personnel Problems and the Depression

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THE current discussions regarding government and the economic depression have been devoted largely to the necessity of retrenchment and its proper incidence or to the dangers involved in indiscriminate curtailment of public services and expenditures. Save in such fields as tax collection and public welfare administration, which are particularly sensitive to economic changes, little thought has been centered upon the modification of existing administrative methods and objectives which new social conditions appear to dictate. Administrative policies necessarily change slowly within the confines of law and custom and it is not suggested that sound practices should be abandoned or modified with every fluctuation in economic trends. Since, however, there appear no substantial reasons for believing that present conditions will speedily improve, but that government must face, for some years at least, a situation in which unemployment, social distress, lowered standards and demands for public economy will challenge increasing consideration, it seems opportune that methods evolved in more expansive times should be re-examined, recent modifications noted, and an attempt made to chart future administrative policy.

By 1930 the movement for reform of the civil service was a half century old. Its progress, disappointing to its en-

thusiasts, was not discouraging. In the federal government, nine states, a few counties and practically all the larger cities the merit system was established by law for the bulk of the employees, and commissions, generally bi-partisan in character, were set up for its administration. Directed primarily towards the elimination of political considerations in public employment, increasing attention has been given in recent years to improving personnel techniques along scientific lines. During this entire period, an increasing population, higher standards, expansion in the functions and scope of government, and a notable growth in the extent of public employment were accepted as natural and normal phenomena. To attract and retain well-qualified workers for the growing business of government became the prime objective of civil service administration, a task not always easy in the face of the low prestige value which characterized public employment in many areas, the lack of career opportunities it afforded, and the greater attractiveness of private industry.

Gradually, during the past three years, the personnel agency has faced a new situation. In common with other administrative units, it suffers from reduced appropriations; the pressure under which it labors increases from all sides; it is overwhelmed with applicants for jobs but with expansion giv-

ing way to contraction, appointments decline, and problems of lay-off, reinstatement and demotion emerge as of prime importance.

In order to determine how, if at all, the policies and techniques of personnel administration have been affected by conditions of depression and retrenchment, contacts were made largely through personal visits during the summer of 1932, with some twenty-six civil service commissions, including most of those which, by general assent, are doing effective work.<sup>1</sup> In presenting current developments, and in indicating probable future trends, the items which appear most significant include: 1. The effect of retrenchment upon the scope and functions of the public personnel agency; 2. The administration of examinations during a period of widespread unemployment; 3. The modification of procedures with respect to lay-off, reinstatement and transfer; 4. The readjustment of salaries and wages; 5. The effect of the depression upon the merit system.

#### THE PERSONNEL AGENCY AND THE DEPRESSION

##### 1. Reduction of funds and staff

The services which the personnel agency renders necessarily depend in large part upon its financial resources. Especially during the past year, cuts in appropriations have been made, depending upon the degree of retrenchment in the particular jurisdiction, the attitude of the fiscal and legislative officials towards public personnel work, and the ability of the agency to resist special discrimination. The majority of civil service commissions have not suffered

<sup>1</sup>The jurisdictions contacted included: federal government; California, Maryland, Massachusetts, New Jersey, New York, Ohio and Wisconsin; Milwaukee County; Baltimore, Buffalo, Chicago, Cincinnati, Cleveland, Columbus, Dayton, Detroit, Duluth, Milwaukee, Minneapolis, New York City, Rochester, St. Paul, Seattle, Syracuse and Toledo.

disproportionately through retrenchment, at least not up to the end of 1932; if the 1932 appropriations are generally below those of 1931 and 1930, the reduction is accounted for largely by general salary cuts. In states, where as yet retrenchment has been comparatively mild, the commissions were more liberally financed and more adequately staffed in 1932 than in 1928 or 1929.

In such cities as Baltimore, Buffalo, Chicago, Cincinnati, New York, Rochester and Syracuse, appropriations were reduced in 1932 but in every case the cut was either insignificant or else in proportion to the general retrenchment and involved no curtailment of the staff.

Cuts in appropriations to personnel agencies have been most severe in Duluth, Columbus, Dayton, Minneapolis, St. Paul, Seattle, Philadelphia and Detroit. The first three represent commissions with small staffs whose usefulness has been impaired through curtailment of appropriations averaging 40 per cent and including in each case the elimination of all clerical and stenographic help. Cuts in 1932 and a further reduction for 1933 have brought the appropriation for Minneapolis to 50 per cent of what it was in 1931. Three employees have been eliminated. A similar reduction has been made in Seattle, where most of the staff are on part-time.

In St. Paul, the public personnel agency is operating on a budget below that of 1918 and representing a 30 per cent decrease during the past three years, with a reduction of two in the staff employed. The Detroit Civil Service Commission continued to expend increasing sums up to 1931, but its appropriation has been drastically cut during the past two years, and some eight employees have been eliminated. In Philadelphia, too, the staff of the agency dropped from 37 to 32 between 1930 and 1932.

Many personnel agencies utilize, to

considerable degree, temporary employees and special examiners; this, together with recent and unrecorded changes, makes exact data regarding the financial and personnel resources of the agencies difficult to assemble but it would appear that while one-fourth of the agencies dealt with have suffered severely from reductions in their budget, another fourth have been able to expand during the retrenchment period, while approximately half of them have retained their staffs intact despite proportionate reductions in their appropriations. It ought to be noted that most personnel agencies have been burdened with added work during the depression, particularly in the administration of examinations, and have thus been able to present strong arguments against drastic reduction of appropriations.

### **2. Consolidation of personnel activities**

An interesting experiment in personnel administration in Rochester, N. Y., has been abandoned, partly through retrenchment. The bureau of personnel, headed by a director under immediate control of the city manager, was established in 1930, not to displace the Civil Service Commission, with which it cooperated, but to devote special attention to classification and service ratings, and to handle a variety of personnel matters without the purview of the commission as then operating. The bureau expended some \$7,000 in 1931 and was allotted \$8,500 for 1932. In January, 1932, it was abolished, ostensibly as an economy measure but also because it was sponsored by the city manager, then under fire.

In the federal government, the movement long in process for the consolidation of personnel agencies has been given impetus by retrenchment. The Economy Act of July 1, 1932, specifically provided for the merger of the Personnel Classification Board with the Civil Service Commission. On October

1, the activities of the board, and part of its staff, were taken over by the newly created personnel division in the commission. Further changes, affecting the Employees Compensation Commission and the Bureau of Efficiency, seem probable if present plans for reorganization finally prevail.

### **3. Relief programs**

In practically every city and in most states efforts have been made to alleviate unemployment through special work programs. Their administration has been usually turned over to the public welfare department rather than to the civil service commission. In Milwaukee, however, in 1930 the commission was assigned the task of recruiting emergency "ten-day" laborers from the unemployed, for relief purposes, and during the past three years the administration of this program has proved a major activity. Some 50,000 applicants have been examined, certified and assigned a minimum of ten days' employment. During the winter of 1930-31 the personnel agency in Duluth administered a similar program but early in 1931 this activity was transferred to the Tri-City Employment Stabilization Committee, a privately endowed organization, which combined in Duluth the recruitment of workers for both private and public industry. In Seattle the Civil Service Commission has recommended that the administration of the emergency work program be transferred to its control.

Discussion prevails as to whether such workers come within the proper scope of civil service administration or whether, in view of the objectives and principles involved, they should be left in control of the public welfare unit. With the future of such programs dubious, many cities abandoning them as the depression lengthens, it seems just as well that the public personnel agencies have, by and large, confined their

interests to the permanent classified employees.

#### RECRUITMENT

##### 1. The rise and decline of examinations

Varying in their powers and functions, the public personnel agencies have been largely recording and service agencies, although enjoying certain control over classification, advancement and promotion, separations, reinstatement, transfers, leaves, and service ratings. The examination and certification of applicants for entrance and promotion has, however, overshadowed all other activities, and despite a trend in recent years in a few jurisdictions towards a broader personnel program, the task of the agencies remains primarily recruitment.

With some exceptions, until 1930, recruitment was carried on under conditions of increasing demand for workers, and of a moderately limited supply. But during the past three years the reverse is obviously true. Without any difficulty whatsoever, the personnel agencies can gather in almost unlimited numbers of well trained and qualified applicants. The primary difficulty is to examine them; the greater difficulty is to utilize the eligible lists which result.

During 1930 the number of testees, by and large, doubled as compared with 1928; in 1931, in most jurisdictions, it increased further. Nor does this tell the whole story. The number of applicants, and consequently the number of inquiries and complaints increased even more sharply; while increases of ten-fold and twenty-fold in the numbers examined for certain positions were frequent. Classes of ten and twenty thousand were not uncommon in large jurisdictions such as Chicago, New York and Philadelphia, while more than 58,000 took a stenographic test for the federal service in 1931. Well qualified applicants for the police force in Chicago were so scarce in 1929 that the Civil Service Commission had arbitrarily

to raise the grades of all competitors to supply sufficient eligibles; two years later some 27,000 applications were filed, throwing upon the personnel agency an eighteen months' job of examination, grading and certification.

While the volume of examinations continues at high peak in many jurisdictions, it has gradually declined in others to the point of complete suspension. The situation as it existed during the latter months of 1932 was thus extremely varied. Detroit has held no tests whatsoever since September, 1931, and held few in the preceding year. Since the passage of the Economy Act in July, 1932, as well as for some months prior thereto, recruitment by open competition in the federal service has been confined to a few highly specialized positions. Dayton, Duluth, Syracuse and Toledo held few tests during 1932, while in Buffalo, Minneapolis, Rochester, Seattle, and New York State the number of tests held and testees examined has declined considerably during recent months, with prospects of further curtailment during 1933. In New Jersey, examinations for the state service have been suspended, and have sharply declined in the county and municipal services. Elsewhere, however, as in California, Ohio, Wisconsin, Baltimore, Chicago, Cincinnati, New York City and St. Paul, the volume of examination work remains high. In some cases, special factors, in addition to widespread unemployment, explain the situation. Promotion tests, where given, attract unusual numbers of applicants; extra tests have been held in Chicago since 1931 to fill cancelled lists; new positions have been created in Cleveland; and California has endeavored to replace many temporary employees.

Nevertheless, despite the continuance of recruitment at high levels, here and there, the general trend is clearly towards a decline, as vacancies grow fewer, existing eligible lists are extended,

the expense of holding open tests becomes prohibitive and reinstatement and transfer opportunities are widened. Perhaps the new point of view was expressed in the statement of a personnel administrator: "If we have too many applicants, we shall have to cancel the tests."

## 2. Change in standards and programs

The burden of handling an added number of applicants has served to modify standards and procedures in several instances. With the problem of attracting high grade material solving itself, there has been some tendency towards raising age, educational, physical and other prerequisites so that greater numbers might be eliminated at the application stage of the test. Maryland, Massachusetts, Cincinnati, and Minneapolis, among others, have raised educational qualifications for some positions; Chicago and Columbus have lowered maximum age requirements for the police service; several cities have tightened physical requirements for this and other branches of employment.

In the interests of economy, the short-answer test has been more extensively employed, many trade tests have been eliminated because of the expense involved, and wide use of oral interviews has been discouraged. Tests have been abbreviated in some instances to facilitate their prompt grading where large numbers are examined. New York State has combined an elimination test with a more comprehensive test for some positions; both are given together, but failures in the elimination are not graded further. There has been a prevailing tendency towards making tests more difficult, or in raising the passing grade, so that the number of successful testees will be kept down. Another economy, adopted, for instance, in the federal service, has been to limit character investigations to probable appointees rather than to include all competitors.

In several jurisdictions consideration has been given to reducing the number of physical examinations and even to charging fees for such tests, but no action is evident as yet in this regard.

Localism, so frequently condemned by students of public personnel administration, has been strengthened by retrenchment. In a few cases residence rules have been made more severe, as in Milwaukee, where a five-year rule was imposed in recruiting to certain positions; more generally there has been a stricter enforcement of existing residence requirements for continued employment as well as appointment. In Dayton, Philadelphia, Minneapolis and elsewhere non-resident employees have been compelled to move back into the city or have been dismissed. In the state services, too, the waiver of residence as a prerequisite is much less frequent and criticism of non-resident appointments more severe.

The recognition of family or marital status, a principle familiar to private industry, is assumed to be contrary to existing civil service laws and finds scanty recognition in public employment. Nevertheless, a strong body of public opinion, often finding voice in city councils and legislatures, apparently favors it. In Massachusetts, by legislative enactment, married men are preferred for labor positions, though not in the official or classified services. In reinstatement, workers with dependents are preferred in New Jersey. In Milwaukee, preference has been extended to married men with dependents in a few cases, even in the classified service. The Economy Act of July, 1932, discriminates against the employment of married couples in the same unit in the federal service. Should retrenchment in government continue, one may look for more widespread recognition of family status in all public employment procedures.

In those jurisdictions where recruit-

ment has been virtually suspended, personnel work is sharply affected. Holding no tests, and with appropriations and staffs curtailed, many commissions are largely inactive. Others have shifted the emphasis of their work. The agency in Detroit has been concerned with such matters as classification and service ratings. The federal commission has been active in informatory and advisory functions, in investigations, enforcement of provisions of the Economy Act, and in working out transfer and reinstatement procedures. Several agencies, including those in New Jersey, Maryland, Duluth and Cincinnati, have interested themselves in salary studies, or in classification, as in New York State, where five examiners have been so engaged.

Perhaps the most significant single observation with respect to recruitment is that the majority of commissions, even where retrenchment policies have been adopted, continue to hold many open competitive tests and devote their major energies to this activity. In retrospect, a vast amount of this examination work, resulting as it has largely in unused eligible lists, appears to have been a waste of time and funds. It would be unfair to criticize personnel administrators for following the law and procedure laid down for them or for failing to foresee, in 1929, 1930, and 1931, that contraction of the service was coming. But now it should be more clearly recognized that the needs of the service will be slight during the next few years, and that in the face of declining numbers of appointments and increasing numbers of applicants, including a growing number of former employees seeking reinstatement, the old recruitment procedures may have to be overhauled, unless public personnel agencies wish to merit the criticism of extravagance and inefficiency.

Certainly the recruitment process as now carried on in many jurisdictions is not conducive to enthusiasm over its

economy or effectiveness. Here, in a relatively small city, the administration has declared for severe retrenchment, including the leaving of vacancies unfilled. Following this, the Civil Service Commission, through custom or because of the legal expiration of existing eligible lists, orders an open competitive test for firemen. Two thousand young men eagerly storm the examination rooms and after months of clerical work an eligible list results. The chances are remote that few, if any, appointments will be made from the list during the following year or two, while these appointments could well be made from existing eligible lists, or through reinstatement or transfer. The principle of open competition triumphs but only at a tremendous expenditure of time, energy and funds.

It is of course highly improbable that the contraction of the service which most jurisdictions are now experiencing, and which is likely to occur in others, will permanently continue. Sooner or later, certainly in the more essential services such as fire, police, and health, the stream of recruitment, now so sluggish, must again move with vitality. But public personnel administrators must expect to face a period of several years during which additions to the public service will be discouraged, and a much longer period during which widespread unemployment will complicate the normal recruitment procedure. Under such circumstances, the holding of open competitive tests, with only mild prerequisites imposed, and with eligible lists expiring after a brief interval, deserves critical re-analysis and the possibilities of a more economical and less wasteful method of filling vacancies demand consideration.

#### THE PROBLEM OF LAY-OFF

##### 1. Scope of lay-off

The "economy" separation of large numbers of civil servants whose tenure

had been thought secure emerges as highly significant. Although retrenchment is of recent origin in most jurisdictions, and while actual separation has generally been resorted to only after all other avenues of economy have been explored, the number of lay-offs, abolitions of positions, and "permanent furloughs" already reaches substantial totals and threatens to increase sharply during the coming year. The figures fluctuate rapidly, but it appears that some 4 per cent of the classified service have been so separated during the past two years. The extent of lay-off in each jurisdiction varies, on the whole, with the financial situation and the degree of general retrenchment adopted. Thus it is less in the states than in the cities. Maryland and Wisconsin report few additional lay-offs, while in other states, the number of employees separated hardly reaches 2 per cent. But in Detroit some 3,000 out of a total of 14,000 employees have been separated since retrenchment began in 1930; in Philadelphia even more have been laid off. Columbus, Dayton and Toledo represent smaller cities where retrenchment has cut deep; more than 400 employees have been separated during the past two years in each city, representing a 20 per cent reduction in the force. In Chicago, New York, Cincinnati, Cleveland, Minneapolis, St. Paul and Seattle the last available figures showed upwards of 5 per cent of the employees eliminated because of economy, with further lay-offs probable. A few cities, such as Baltimore and Boston, have so far escaped severe reductions. While the federal government has labored to prevent complete separation by intensive use of furloughs, the force has been cut some 15,000, or 2½ per cent during the past year, nearly one-half of this number being accounted for through compulsory retirements.

Economy separations have occurred among all groups, but the bulk have

fallen on those engaged in construction and related activities, such as skilled labor, engineering, inspectional and architectural services. The clerical groups have been moderately affected and the police and fire forces hardly at all. Where no lay-offs have taken place, the force has been reduced, nevertheless, by the widespread policy of leaving unfilled vacancies which arise through death, retirement, resignation, dismissal or promotion.

The public personnel agency cannot, of course, prevent economy separations. They arise from legislative action reducing appropriations or abolishing particular positions. But governed as they are by civil service laws and rules, it is in the civil service commission that controversies center and new procedures are evolved. In the past lay-off has been common among the labor and seasonal services but rare among classified employees, save in such exceptional circumstances as the post-war deflation in the federal service. Under present circumstances lay-off rules become vastly more important and command closer analysis.

## 2. Lay-off rules; seniority

In at least four states (Massachusetts, New Jersey, New York and Ohio) the basic civil service laws lay down principles or limitations governing lay-off; elsewhere the procedure is left entirely to the rule-making power, subject always to the implied restrictions of the law, which as interpreted by the courts and by legal officers are frequently severe.

The order of lay-off is of basic importance in the rules. What criteria shall be utilized in selecting the employees to be separated? A number of considerations are given weight, either singly or in combination: seniority, efficiency, war-veteran status, pension eligibility, marital or family status, place on original eligibility list and discretion of appointing officer.

Seniority is by far the most important consideration. Of twenty-six jurisdictions, only three (Ohio, Duluth and California) neither require nor authorize seniority for at least part of the service or to some degree, and even here it is not overlooked in practice. The rules in Maryland, Minneapolis and New Jersey authorize seniority in the absence of satisfactory service ratings. Seniority governs lay-off in the police and fire services in Cincinnati and Philadelphia. In the federal government it controls lay-off in some branches and is given weight in all. Elsewhere (in seventeen jurisdictions, seniority is the sole criterion for the entire service.

Provisions regarding seniority are frequently ambiguous and demand interpretation. Shall seniority, for instance, be reckoned as within the grade employed or within the total service of the jurisdiction? Custom and opinion vary. Ordinarily it is reckoned from the last appointment, or within the grade; but in the federal service, in the New York jurisdictions, at least in many cases, and in a few other areas, seniority dates from original entrance into the service; while in Detroit it includes service in the same series of grades.

### 3. Efficiency and lay-off

Next to seniority, efficiency is most commonly recognized in lay-off rules and procedure. An Ohio statute which established the principle of efficiency was repealed in 1931 but the commission has endeavored to enforce the provision by rule in lay-off. Since, however, no service ratings are utilized, the order of separation is left pretty much to the discretion of the appointing officer. Duluth recognizes efficiency as the sole criterion, and in the lay-offs which have occurred there Probst service ratings have been utilized. Economy separations in the California state service have likewise followed the efficiency rule but the opposition to this method appears

so strong among the older employees that the commission is contemplating amending the rules to allow a limited weight, not more than 25 per cent on a scale of 100 per cent, to seniority. Until 1931 the Seattle rules required lay-off to be determined by efficiency except in the traction service, but during the present period this principle has been abandoned, and seniority utilized in the entire force.

Except in the police and fire services, where seniority is required by state law, economy separations in Cincinnati have been on the basis of efficiency as determined by service ratings but here again opposition has appeared and the rule may be changed to recognize length of service. The Minneapolis rules allow efficiency to determine lay-off where satisfactory service ratings are used, but inasmuch as no ratings exist, seniority determines. Similarly in New Jersey an option is permitted between seniority and efficiency, although where efficiency ratings are utilized, seniority is given a maximum weight of fifteen points on a scale of one hundred. Where satisfactory ratings have existed, lay-offs have been on this basis, but seniority has proved the more important factor.

The Maryland regulations provide for three optional methods of determining order of lay-off: seniority; efficiency; and discretion of the appointing officers. The personnel agency is given freedom to determine which method shall be used in each particular case. The basis of lay-off in the federal departmental service is efficiency as determined by ratings, with as much as 25 per cent allowed for seniority, and 3 per cent allowed for dependency. The complaint, heard in past years, continues that the seniority allowance, together with veteran preference, practically nullifies the rule of efficiency.

It is quite apparent that the number of jurisdictions which authorize the efficiency rule in lay-off is small and the



number where it is actually utilized is even smaller. The trend seems plainly away from efficiency towards seniority. The fact is, of course, that despite important experimental work done in recent years with service ratings, only a handful of jurisdictions have utilized, over a long enough period of time, efficiency ratings which are sufficiently satisfactory to the employees, appointing officers, and personnel agency to be used in such a vital procedure as lay-off.

#### 4. Veteran preference in retention

In a few jurisdictions veteran preference complicates the lay-off procedure. The federal government appears to be the only jurisdiction which by statute grants retention preference to all veterans. No disabled veterans whose service record is satisfactory (80 per cent) is laid off before non-disabled veterans in the same grade and division and no non-disabled veteran before a non-veteran. In practice, it appears that the provisions regarding service records are largely ignored.

More generally, veteran preference extends only to "appointment" or "employment" and is held to end with original entrance. In New York State, however, the attorney-general has held that preference in appointment implies preference in retention, and that the constitutional provisions (applying only to disabled veterans) require that such employees be retained, until all others in the same division and grade have been separated. Similarly, in the state of Washington, the Supreme Court held, in 1931, that the preference statute implied retention privileges. As a result the city of Seattle altered its lay-off rule to put the veterans in a privileged class. Incidentally, the Washington legislature has abolished all veteran preferences in public employment, not effective, however, until 1937.

#### 5. Discrimination against married women workers

As noted above in connection with recruitment, the depression has brought about considerable agitation for the recognition of marital and family status in public employment procedures. The dependentless married woman has been singled out for particular criticism. Efforts to eliminate this group have long prevailed in the public school systems. But during the past two years the legislatures in Ohio, Wisconsin and New Jersey and the city councils of Minneapolis, Philadelphia, Dayton and other localities have passed resolutions directed against the further employment or favoring the prior elimination of this group from the civil service. Questions of legality have prevented such discrimination from going much beyond the agitation stage. In Philadelphia, for instance, an ordinance was proposed which would eliminate all married women earning more than \$1,000 from city employment but it was declared illegal by the city attorney. The rules in the federal service have for some years given a very limited recognition to dependency in making up separation ratings (a maximum of 3 per cent in a scale of 100 per cent). More recently, the Economy Act of July, 1932, requires priority of separation to one of a married couple employed in the same unit. This provision has given the Civil Service Commission considerable trouble in investigation and enforcement. In some jurisdictions extra-legal methods have been used to eliminate the married women, as in Syracuse, where a score of such employees were persuaded to take a year's leave of absence as an alternative to threatened abolition of their jobs.

To recognize marital or family status in lay-off or any other employment procedure means, of course, a profound alteration in the merit system as traditionally understood, and raises legal,

administrative, and even moral issues of the first moment. Nevertheless, such a vocal body of opinion appears to favor such recognition, especially under present economic conditions, that it cannot be ignored for future consideration.

#### 6. Eliminating the superannuated

Reductions in the force have also brought sharply to the fore inadequacies in existing retirement laws. That aged employees, past their highest degree of usefulness, and eligible for pensions, should be among the first groups separated when retrenchment becomes necessary appeals to many as a sound policy. But pension laws are frequently weak in provisions for compulsory retirement. In many cities it has been found virtually impossible to eliminate employees long past the optional retirement age. In New York City a provision that workers past 70 be pensioned off was defeated. In Philadelphia, after considerable controversy, employees past 65, in certain departments, were compulsorily retired as part of the retrenchment program in 1931-32, while some past 60 were reduced in grade and pay. New Jersey has eliminated the few employees in the state service past 70. The Economy Act in the federal government provided for the compulsory retirement of all employees past 70, except those granted extensions by the President prior to the passage of the act. As a result some 5,000 aged workers have been separated. In every jurisdiction efficiency and social policy would seem to dictate priority of separation for such groups, but this is easier said than done.

#### 7. New rules and policies

Among the modifications of existing lay-off procedures, a rule proposed in St. Paul in the summer of 1932, is interesting. This groups the city employees into seven classes: provisional appointees; pension eligibles; married women with husbands employed in government service; married women with husbands

employed in any capacity; probationers; employees with less than two years' service; all others. The order of lay-off is by class and department, and by groups in the order named, and within each group according to service rating. While not adopted, this rule is significant in the new ground it breaks and for the interesting combination of seniority, efficiency, marital status, pension status, and other principles.

Despite the emergence of newer considerations in lay-off, seniority seems well established as the prevailing rule. Regardless of the obvious objections to it, it has gained rather than lost favor during the past three years. It seems probable that the great majority of economy separations will continue to be on this basis.

#### 8. The area of lay-off

Closely related to the order of lay-off, indeed part of it, is the problem of defining the organization unit from which the person to be laid off shall be selected. This may be called the area of lay-off. To illustrate, if the appropriation for the budget division of the finance department in a city is cut so that five junior clerks must be laid off, and seniority within the grade is the rule, should the five junior clerks with the least seniority in the division be separated, or the five in the department, or the five in the entire city service? So far as rules are concerned, some jurisdictions designate the department as a unit for lay-off, others name both the department and some smaller unit such as a bureau or division, while still others ignore this phase of lay-off or have rules which are ambiguous.

In Chicago the rule of the commission that lay-offs should be by departments has been challenged by the employees. They insist that a true interpretation of the principle of seniority requires such separation to be administered on a city-wide basis, so that, for

instance, if a department has to eliminate a senior clerk, the lay-off should fall on the senior clerk with the lowest seniority in the entire city service, with inter-departmental transfers being made, if necessary. Legal and judicial officers have accepted this view. If this opinion prevails, Chicago will be forced to make future lay-offs on such basis.

This is exceptional. Although practice varies, even within jurisdictions, the general rule is to limit the movement of personnel resulting from a lay-off to the major organization unit, commonly the department; the more common dispute is whether this or some smaller unit should be utilized. In Buffalo, for instance, where the department is the area, some administrative officers complain that a smaller unit should be used, to avoid transfers between bureaus or divisions. In New York the attorney-general has held that under the statute which controls lay-offs both in the state and municipal services, any organization unit which is "well recognized," in the budget or elsewhere, as a separate administrative organization, shall constitute the area of separation; this definition includes not only the major departments but many smaller units as well. Cleveland, Columbus, and Philadelphia are other jurisdictions where the effects of some economy separations have been confined to small organization units. In the state and federal services, geographical difficulties often necessitate that each field establishment constitute an area for purposes of lay-off.

The issue involves a conflict between employees, especially older workers in jurisdictions where seniority governs, who wish to protect their tenure, and administrators who insist that inter-departmental or even intra-departmental transfers make for inefficiency. Particularly in the higher grades, it is claimed, positions become so highly departmentalized that transfers, even within the same grade, are confusing and necessi-

tate extensive re-training. There is much to be said on both sides, but if economy separations are to be numerous, the demands of efficient operation seem to require a recognition that the unity of the service which the classification scheme assumes is partly fictional, and that each major organization unit, commonly the department, should constitute the area lay-off.

#### 9. Lay-off and general demotion

The incidence of lay-off may be changed through a series of demotions. For instance, where the job of head clerk in a department has been abolished, instead of laying off the head clerk of lowest seniority in the department, which would be the usual procedure, the head clerk of lowest seniority, and one employee of lowest seniority in each lower grade, could all be demoted, with the junior clerk of lowest seniority being laid off. The same amount of money would be saved by such procedure, and the principle of seniority extended. Such demotion is required by law in Ohio cities when higher positions in the fire and police departments of cities are abolished. Such a rule was urged by the employees in Chicago, but rejected by the Civil Service Commission because it involved an unnecessarily large distribution of the burden of one lay-off. Detroit has accomplished large numbers of demotions predicated on this method, while other cities have utilized the practice to some extent.

#### LIBERALIZING REINSTATEMENT PROCEDURE

Closely related to the problem of lay-off is that of reemployment of separated employees. Civil service rules invariably provide for preference to laid-off employees in filling vacancies, but such preference has generally been limited to the class and grade in which employed at the time of separation, or at best, as in New York, Wisconsin and New Jersey, to "similar," "allied," or

"appropriate" classes. In Cleveland special preference to former employees extends only to the department of last employment, while California, Cincinnati, Columbus, Dayton, Duluth, and Minneapolis are among the jurisdictions which give added preference in such department. Reinstatement procedure, on the whole, has looked more to preventing the circumvention of open competition than to insuring reemployment to laid-off employees. Nevertheless, in the past, in view of the expansion of the services, the procedure has been sufficiently liberal to permit the reinstatement, without long delay, of most of those laid off.

But with many separations, few appointments and hardly any resignations, the pressure for reinstatement grows. While the rules remain rigid in most cases, a few jurisdictions have taken steps to widen the privileges of reemployment for the separated workers. In the federal service, ever since the problem emerged in post-war years, and more particularly during the current period of retrenchment, procedure has looked more and more to utilizing laid-off or furloughed employees, and those about to be so dealt with, in filling all vacancies for which they appear to possess the required qualifications, subject to qualifying, non-competitive tests. An executive order of September 30, 1932, directs the Civil Service Commission to work out further procedure which shall guarantee priority to former employees in filling vacancies, and while the entire program of the commission along this line has been obstructed by the virtual suspension of appointments under the recent Economy Act, it seems probable that during the next few years separated employees will be looked upon as a principal source of recruitment, without too much regard for class and grade limitations, and that open competition will be used only as a last resort.

The New Jersey procedure has moved

in the same direction during the past two years. Open competition has been curtailed and many separated or furloughed employees reemployed in positions for which they appear qualified. Likewise in the New York jurisdictions, where the law permits preference not only in the position in which formerly employed, but for "any corresponding or similar position," the civil service commissions have been active in drawing up allied lists for reinstatement purposes, although it must be admitted that the contraction of the forces has made it extremely difficult to utilize such lists.

An amendment to the rules in Detroit in 1931, permits the commission to certify from allied reemployment lists, as a "temporary expedient" and defines allied lists as covering such positions "as by their nature and official descriptions embrace duties sufficiently similar to the duties for which requisition is made as to warrant expectation of ability to fill the position so requisitioned." This has permitted the reemployment of many separated workers who under the usual provisions would enjoy fewer opportunities.

Chicago amended the reinstatement rules late in 1931 to permit reinstatement, not merely in the class and grade held at the time of separation but in any class or grade formerly employed. This allows, for instance, a principal clerk, at his option, to go on the reinstatement lists for the lower clerical positions, so that the possibilities of his reemployment may be extended. Numerous employees have taken advantage of this opportunity.

#### TRANSFER AS AN ALTERNATIVE TO LAY-OFF

Some of the jurisdictions which have widened reinstatement privileges have also liberalized transfer procedure so that employees superfluous or about to be separated in one department or grade may be moved where needed. Civil

service laws and rules have quite generally limited transfer rather severely to the grade in which employed, and have required the approval of the two appointing officers involved, as well as that of the civil service commission. Transfer has often been discouraged, as a device which creates administrative confusion, avoids competition, or secures promotion or advancement indirectly. It has seldom been looked upon as a method of moving workers otherwise separated; indeed, the rules in several jurisdictions expressly forbid transfer as an alternative to lay-off. But under present conditions there has been a movement in this direction.

Before the current period of retrenchment, the desirability of a more liberal transfer procedure became recognized in the federal service. Late in 1931 the Civil Service Commission, in conjunction with the Council on Personnel Administration, worked out procedures whereby employees were kept informed of existing opportunities in the service and encouraged to transfer, subject to non-competitive tests, while appointing officers were urged to fill vacancies through transfer or reinstatement rather than resorting to regular eligible lists or requesting open competition.

The primary purpose of liberalizing the procedure was to improve morale and efficiency and to extend the opportunities for a career in the service, but as retrenchment began in 1931-32 transfer came to be looked upon as a method whereby workers in danger of separation might locate other positions. These procedures have been temporarily abandoned since, under the Economy Act requiring vacancies to remain unfilled, appointing officers hesitate to approve transfers out of their divisions; but the commission is dedicated to utilizing transfer as a primary source of recruitment and future policy will undoubtedly lie in that direction.

In New Jersey, where the law has

been more liberal than elsewhere in allowing transfers from one grade to another for temporary periods as a measure of economy, developments have moved along similar lines. The secretary of the Civil Service Commission is reported as saying:

The holding of new tests should be almost completely discontinued. The question immediately before us is not one of bringing new people into the service but of finding places for the present members of the permanent establishment. In such reductions as must be made, our first step should be to place, by assignment and transfer, surplus workers of one division in other divisions where their services can be used.<sup>2</sup>

A 1931 amendment to the rules in Detroit, provides for "loan transfers" during periods of emergencies, allowing movement of personnel from one position to another. During the past eighteen months a considerable number of such transfers have been made, involving persons who in most cases would otherwise have been separated.

Subject to laws, rules, opinions of counsel and the threat of litigation, limited by elaborate classification schemes, and often thwarted by "departmentalism," most civil service commissions cling to rigid reinstatement and transfer procedures evolved during periods of expansion. But the trend is plainly towards liberalization of these procedures, with a recognition of special obligations to the separated employees and those about to be separated, and the more effective utilization of these groups as the most important source of supply in filling vacancies.

This development, which is paralleled in private industry, is highly significant. It meets the approval of those who maintain that every employer has a special duty to provide, so far as humanly possible, continuance of employment to

<sup>2</sup>*The State Employee* (Albany, N. Y.) July, 1932, p. 5.

his workers during a period of depression. It means that the morale of public employees, badly shaken through economy separations and other effects of retrenchment, is greatly improved. At the same time the training and experience of the employees, often valueless outside the civil service, is conserved and utilized.

On the other hand, greatly widening reinstatement and transfer procedures to provide continuance of employment in some capacity has obvious disadvantages. Employees who might well be eliminated in the interests of efficiency are protected in their tenure, while the service is deprived of younger, fresher, and oftentimes better qualified applicants from "the outside."

An able student of public personnel administration, commenting on the liberalization of reemployment procedure which had taken place in the federal service even before the current period, sums up the pro and con of it when he writes:

There are two opposite aspects of this general device of a reemployment register. The beneficial side is the fact that the government has assumed responsibility for continuity of employment and has replaced haphazard practices by more systematized methods of aiding those laid off . . . . The less advantageous side . . . . is the fact that by giving a priority to the worker laid off which constitutes almost a lien on the federal service, it has become less easy for the government to rid itself in an indirect way of employees whose competence has long been a matter of question. To some degree, therefore, the reemployment register may harbor the flotsam and jetsam of the least desirable element of the federal service.<sup>8</sup>

If proper safeguards are thrown around the administration of a liberal reinstatement and transfer policy, so that the preference to the employee does

not go beyond the point where administrative efficiency is seriously injured, its advantages would seem to outweigh its disadvantages. At least during a period of widespread distress public personnel policy might well be based on such preferences. Incidentally, the burden of work under which civil service commissions are now laboring, with the examination of thousands of applicants in open competition, would be appreciably lessened by making the workers and ex-workers the primary area of recruitment.

#### THE ADJUSTMENT OF SALARIES

The fixing of salaries is primarily a legislative and fiscal problem in which the rôle of the civil service commission is usually confined to suggestion, advice and information. No alert public personnel administrator can, however, avoid the problem. Particularly the methods by which the necessary adjustments should be made challenge interest and attention.

Since 1930 all the jurisdictions investigated have reduced the incomes of large groups of their employees. Direct cuts, through legislative or council action, have been made in New Jersey, Ohio, Buffalo, Chicago, Dayton, Duluth, Minneapolis, and elsewhere, while in Baltimore, Boston, Rochester, Syracuse and other areas "voluntary" contributions or some other indirect method of reduction has been employed, although the tendency is to supersede the indirect with the direct method. The contributory or similar plan has been predicated upon the assumption of an early return to pre-existing standards with the conviction that old levels can be more readily restored if existing salary schedules remain legally unaltered. The desire to keep existing pension contributions and benefits at prevalent rates, based as they generally are on salaries received, together with the questionable lack of power of municipalities

<sup>8</sup>A *Personnel Program for the Federal Civil Service*. Herman Feldman (1931).

in certain states to reduce salaries, also explain the use of the indirect method.

Detroit has instituted the five-day week for practically all city employees as an alternative to further direct wage cuts or lay-offs, while the "furlough system" enforcing a minimum of 28 days loss of work and pay, has been adopted in the federal service. Generalizations as to the extent of salary cuts are difficult. They vary from the loss of a week's pay to general reductions of 25 per cent and special reductions as deep as 60 per cent. The usual cut is, perhaps, 10 per cent. But in every jurisdiction some employees have been reduced further through staggering of employment or some other reduction in working time, or by the abolition or curtailment of paid vacations. In addition, practically all salary increases, including in many instances so-called automatic increases within grade, have been suspended.

Chicago and Columbus represent a minority of jurisdictions which have applied uniform reductions to practically all workers; other jurisdictions have accepted, to some degree, the principle of progressive graduation of reductions.

Salary cuts in nearly every case have been made in haste and without any thorough study of the issues involved or any attempt to eradicate existing inequalities in the process of adjustment. Nearly everywhere the salary problem awaits final solution. A starting point in working out a new policy ought to be a recognition that new standards and changed price-levels require something more orderly and equitable than makeshift salary cuts. This means the eventual elimination of voluntary contributions and other plans based on temporary reductions; it means, more importantly, the restoration of regular salary increases, especially within grade, and the readoption of a normal vacation policy.

Without touching on the present ade-

quacy of public salaries, or the extent to which they should be reduced, three developments in particular seem worth special mention in the present shifting situation. One is the St. Paul plan of reducing or increasing salaries automatically and periodically in accordance with changes in the cost of living as shown by official figures. This plan is not a product of the depression; it was instituted in 1922. Suspended after opposition in 1931, it was restored in 1932 and appears to have survived its real test, that of standing up under decreases as well as increases. Particularly at the present time, with future price levels highly uncertain, the plan, as a feature of a permanent salary policy, deserves more consideration than it has yet received.<sup>4</sup>

In New Jersey, the family differential, a principle familiar to European practice but rarely employed in this country, has been adopted to a slight degree. The statutory salary reduction in that state applies nominally to all employees but heads of families receiving less than \$1,800 are exempt from any reductions while those receiving \$1,800 to \$2,400 suffer a smaller reduction than employees without dependents. Such a principle departs sharply from that of "equal pay for equal work" but under conditions of widespread social distress challenges attention.

Governments may well find it desirable to take the lead in a more general curtailment of the hours and days of labor. Here the experiment of Detroit with the five-day week is valuable. The shorter working week or day, or both, seems much more feasible in the civil service than "staggering," which, though used successfully in the labor, engineering and similar services in many jurisdictions, seems ill-suited to professional,

<sup>4</sup>See NATIONAL MUNICIPAL REVIEW, October, 1932, pp. 589-91, Carl P. Herbert, "St. Paul's Fair Wage Plan."

scientific and clerical employment. The furlough system in the federal service has involved so many difficulties and inequalities in enforcement, due partly to lack of uniformity in administration, that it can hardly be called a success.

#### THE MERIT SYSTEM DURING RETRENCHMENT

How, the friend of efficient administration may well ask, has the merit system stood up under conditions of retrenchment? The answer is that it has received further battering. In Cleveland, for instance, if press accounts, the comments of informed students, and personal observations are trustworthy, it appears that since the new administration came into power in 1931 a concerted attack has been made upon the merit system and the Civil Service Commission. The difficulties involved in machine-government when, as during a depression, the demand for patronage far exceeds the supply, help to explain the situation. While the commission is not free from criticism, it appears that the administration has been active in abolishing and re-classifying positions, to be filled with provisional patronage employees; in throwing the burden of retrenchment largely upon the classified employees; and in attacking the activities and appropriations of the commission.

In Columbus, jobs held by classified employees were abolished and later re-created under new titles, to be filled by provisional appointees; a number of employees were asked to resign, pending a reorganization, but found their jobs filled through patronage; other examples of discrimination, leading to considerable litigation and involving antagonism between the mayor and the Civil Service Commission, were evident. In St. Paul and Minneapolis the heavy cuts in appropriations for the civil service commissions were said to be due in part to the hostility of certain coun-

cilmen to the merit system and to effective personnel administration.

Since security of tenure has been a prime objective of civil service laws, the relation of the merit system to lay-off is especially interesting. Ideally, the reduction of forces should fall on the "temporary," "provisional," unclassified and non-competitive groups who owe their appointment to patronage rather than competition. Practically, of course, nothing of the sort happens. Although lay-off rules generally provide, expressly or impliedly, for priority in separation to provisional and temporary appointees, abuses of the merit system flourish with little or no abatement. Of 1,145 positions abolished in New York City in 1931, all were in the competitive class.<sup>5</sup> It is not easy, of course, to discriminate between political and non-political appointees, but if half the reports one hears are true, in more than a few jurisdictions the main burden of lay-off has fallen on the "merit" employees.

It is greatly to be lamented that the present period has found the civil service reform movement only meagerly supported, and that in the current discussions of retrenchment slight attention has been given to the possibilities inherent in a vigorous enforcement and extension of the merit system. The time seems ripe for the revitalizing of civil service reform as a means of sound economy.

#### CONCLUSION

The adjustment of public personnel administration to the conditions under which it seems destined to labor for the next few years is far from complete. An observer is struck by the new policies, emphases, principles and methods which emerge under conditions of contraction, economy and unemployment; but is also impressed by the hesitant

<sup>5</sup>Report of the New York State Civil Service Commission for 1931, p. 63.



recognition of new conditions and the adherence to practices already outworn. If public personnel administration is to survive the attacks of its many critics, it seems necessary to recast its objectives and procedures. Particularly does it seem desirable to revise the methods of recruitment in the interests of econ-

omy and efficiency, and to devote major energies towards perfecting procedures for the reduction and re-allocation of the forces, to making constructive contributions to the salary problem, and to other matters which demand attention, so that retrenchment in government may be more equitably achieved.



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MAY + 1933

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• • • WILLIAM C. BEYER

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## THE LEAGUE'S BUSINESS

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**Dr. Russell Forbes Resigns as Secretary.**—On April 7, 1933, Dr. Russell Forbes, who has served as secretary of the National Municipal League since July 1, 1928, resigned, effective April 15, to accept a position as director of a newly-organized division of research in public administration at New York University. Coincident with the appointment, Dr. Forbes was advanced from associate professor to full professorial standing in the department of government at New York University, where he has conducted the courses in municipal government and administration for a number of years.

The new division plans a comprehensive program, including the establishment of courses in the graduate school leading to the degrees of master of arts and doctor of philosophy in public administration, and surveys of specific problems in the organization and administration of the government of New York City and the New York metropolitan region.

While for him it represents personal progress and achievement, the resignation of Dr. Forbes as secretary of the League will be regretted by all who have seen the organization forge ahead under his administration. Only those who have been closely associated with him, however, can appreciate the tremendous amount of time and energy and the everlasting attention to detail this progress has required.

For several years Dr. Forbes also served as secretary of the Governmental Research Association, and director of the Municipal Administration Service in addition to his work as an officer of the League. He is nationally known as an authority on governmental purchasing and has been the mainspring of the movement toward the establishment of centralized purchasing in state and local government in this country. His book, "Governmental Purchasing," is the standard text and reference work in this field.

The undersigned knows he is echoing the thoughts of hundreds of Dr. Forbes' friends in the National Municipal League when he concludes this brief announcement with sincere good wishes for success.

HOWARD P. JONES, *Acting Secretary*

### Citizens' Councils Idea "Takes"

AN UNEXPECTED cry of "halt" that recently rang through the corridors of the municipal building at Cleveland informed the startled city administrators that while citizens demanded economy they could become indignant and aroused to action should services be threatened which they considered essential. Orders to close the Women's Bureau of the police department and a farm for delinquent girls, and the threatened closing of the State-City Free Employment Bureau were met by the rallying of more than a dozen women's organizations in the city who formed emergency committees for immediate action to block this program, and undertook the organization of a central committee made up of representatives of the various protesting organizations to carry on the fight.

The alertness to civic affairs and willingness for action evidenced by the Cleveland organizations in this instance are typical of an attitude that is becoming increasingly apparent as a result of responses to the suggestion recently made by the National Municipal League and fifty other national organizations that Citizens' Councils for Constructive Economy should be organized in every community in the country.

Since the announcement in last month's REVIEW of the plan under

which more than fifty national organizations are uniting to encourage their members to participate in the organization of local Citizens' Councils for Constructive Economy, inquiries have come to the National Municipal League from all sections of the United States. Groups of citizens interested in reducing governmental costs without curtailing essential services are welcoming the suggestion of a device through which they may unite with other groups having a similar interest and thus make their desires more articulate and their recommendations more forceful.

Dayton, Ohio, is the first large city to have completed its organization of a Citizens' Council for Constructive Economy, and a smaller city in Illinois has reported the organization of such a council. In several cities committees of civic organizations are drawing up plans for the organization of councils.

The central organization of the movement has been perfected by the establishment of headquarters at the office of the National Municipal League. Professor Thomas H. Reed, of the University of Michigan, will serve as chairman of a Committee of Citizens' Councils for Constructive Economy, which will include all of the original sponsors of the Citizens' Councils movement and the members of the original National

Municipal League Committee on Constructive Economy. Carl H. Milam, secretary of the American Library Association, Chicago; Dr. C. R. Mann, director of the American Council on Education, Washington, D. C.; and Harold S. Buttenheim, editor of *The American City*, New York, will be vice-chairmen of the committee. An executive committee within the large committee is in process of formation. Howard P. Jones, editor of the NATIONAL MUNICIPAL REVIEW, will serve as secretary of this committee.

Arrangements have been made to utilize the radio to encourage formation of councils. Following the series of "You and Your Government" programs which ends in June, a series of fifteen half-hour weekly broadcasts on Citizens' Councils will be sent out over the NBC network.

Some misunderstanding of the purpose of Citizens' Councils has been evidenced in letters whose writers have asked whether councils would not be duplicates of local taxpayers' associations or similar bodies. It should be emphasized that we are not proposing to set up a new organization or agency in any locality but merely to set up machinery that will permit existing organizations to coöperate effectively in their common aim to achieve wise economy in government.

Several communities have reported representative groups of citizens already in existence which may be utilized as the nuclei of Citizens' Councils. In some cities the group has been formed to study and work for the improvement of a particular department of the city government. A citizens' group in Racine,

Wis., for example, has been at work for some time on the school problem. Interested in the possibilities of functioning in a broader way, members of this organization are investigating the possibilities of using it as the nucleus of a Citizens' Council. In Milwaukee there is a Community Service League, and St. Louis has a Citizens' Council for Good Government.

While stimulus for organization can come from headquarters, the actual formation of a council depends in the last word upon an individual—the person who takes it upon himself to arrange a meeting with five or more other persons, representatives of clubs or other civic groups in the city. If such a council has not yet been formed in your city, you who are reading this may be the one to take the initiative.

Widespread attention has been focussed upon Citizens' Councils through the interest of the fifty-two national organizations sponsoring the movement. Most of these organizations have published announcements and editorials in their monthly publications or bulletins through which they urge their members to coöperate in the formation of councils in their communities. Several organizations have sent letters to each of their members urging even more strongly that they take the initiative in local action. The immediate and important step is to unite the efforts of the civic groups of the community who are working for constructive economy in local government.

Developments in the organization of Citizens' Councils in your locality should be reported to the National Municipal League office as soon as possible.







## HEADLINES

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The Detroit city council appeals to the United States Public Health Service after receiving word that the Detroit Reduction Company, which disposes of the city garbage, will have to suspend operations because the city cannot pay its \$60,000 bill. Meanwhile, City Controller Rightor begins negotiations toward refunding bonds maturing in June.

\* \* \*

Two-thirds of the bonds issued by Kansas City during the past two years will remain unpaid twenty years after issue, and in many cases the public improvements they were to finance will be worn out long before the bonds are retired, according to the Civic Research Institute.

\* \* \*

A curious reversal of the popular trend to reduce the operations of government to the so-called "essentials" (fill in your own definition) is to be observed in the Pennsylvania legislature where real enthusiasm is being manifested for old-age pensions, unemployment insurance, and other social legislation. Greater security for the worker will undoubtedly be one of the results of the depression but in most states protective legislation will probably await better times and fatter governmental purses.

\* \* \*

Consolidation of the relief activities of Rochester and Monroe County, N. Y., is being discussed seriously. Ever since the beginning of the depression, there has been in most sections a deplorable lack of coördination in the work of the various public and private relief agencies; so much so that welfare "racketeering" has become a definitely recognized evil. Unification of such work in a central county unit under trained leadership such as is proposed should accomplish much toward efficiency and equity.

\* \* \*

Town halls were too small to hold citizens of New England who thronged to town meetings—that famed institution of "pure" democracy—this spring to demand reductions in budgets. Voting in town elections reached record heights. In Ipswich, Mass., 2,057 of the town's 2,400 registered voters went to the polls. In one town in New Hampshire, a wife provided chuckles for years to come by defeating her husband in the race for treasurer.

\* \* \*

A resolution to put on the ballot a constitutional amendment which would permit counties in Oregon to adopt the county manager plan has passed the legislature.

A bill providing for local referendum on consolidation of Buffalo and Pepin Counties, Wis., has been introduced into the legislature. A report by Professors Walter R. Sharp and George S. Wehrwein indicates considerable savings would result from the merger.

\* \* \*

The retrenchment ax leaves serious wounds when swung carelessly or with such vigor it slices far deeper than is the intent of the ax-man. In Kings County Hospital, Brooklyn, N. Y., 2,300 patients are crowded in the rooms and corridors of a 100-year old building where there are accommodations for but 1,660. And there is but one nurse for every eighty patients.

\* \* \*

The Chicago public library, due to a curtailed budget, has been unable to purchase a single book in the last eighteen months. A tax strike complicates Chicago's troubles, of course, but the deterioration of a library is a wormhole in the fabric of civilization itself.

\* \* \*

And consider Alabama where 85 per cent of the elementary and secondary schools are now closed and where some counties have returned to the three months' public school term of a generation ago. To be sure, something drastic had to be done in Alabama's financial crisis, but did the citizens of tomorrow have to be sacrificed for the folly of the citizens of today?

\* \* \*

Two bills pending in the Illinois legislature would emasculate civil service in that state. One which was reported out of committee favorably would limit the application of the state civil service act to the public welfare department alone; the other would repeal the state civil service act entirely. Presumably, these bills are advanced in the interest of economy which is not unlike liberty in the number of crimes which are committed in its name.

\* \* \*

On the other hand, there are the elective officers of Jefferson County, Pa., who met solemnly and held they could not reduce their salaries because they had a definite social status to maintain to which salary reduction would have been detrimental, not to say suicidal.

\* \* \*

There are, however, a few bright spots in the month's record. The principles of constructive economy are beginning to be better appreciated. One straw in the wind is the meeting of representatives of twenty-eight Chicago civic organizations with park officials and members of the legislature to lay plans for the consolidation of Chicago's many park districts into one unit. Elimination of the overhead involved in too many governments may not appeal to political bosses, but it's excellent economy.

# A Challenge to Reform

Taxpayers organizations which have sprung up like mushrooms over the country provide at once menace and opportunity

EDWARD M. BARROWS

Formerly of REVIEW OF REVIEWS

TAXPAYERS on the rampage, slashing blindly at schools, police, parks, pension bureaus—any institution whose budget can be reached with a vote—are a cause of concern among practical civic workers. In the efforts of the amateur tax-reform groups that are hurrying into action everywhere, they perceive a vague, somewhat hysterical but very insistent force, swayed by the surface of local influences, and in many instances doing more harm than good.

The multiplication of these local taxpayers' associations from scores into thousands in the last few years is a fact well known to most students of American civic trends. Yet it is not easy to gather exact information as to their distribution, numbers, motives, and methods. A study of such sources as are available and authentic indicates that there are not less than three thousand and probably not more than four thousand such local groups now in action, and that their number is rapidly increasing, due to a complexity of pressures, local and state. They are no part of any "national movement," though they represent public opinion in an even truer sense, for they personify the popular thought of thousands of communities crystallizing into national sentiment. In their announced purposes they range all the way from blunt statements of intention to force a reduction of taxes regardless of any other effect, to the searching plat-

form of the Wisconsin Taxpayers Alliance, "organized to study taxes to the end that they may be reasonable and levied with the lightest possible burden consistent with good government."

## A NEW FORCE IN GOVERNMENT

If for no other reasons than their numbers and their nation-wide distribution, this throng of citizens' tax reduction organizations unquestionably represents a new force of unknown potential strength in the present recrudescence of public interest in matters of government. This statement does not apply to the organized, publicized, professionally led national tax bodies formed to reduce specific taxes, though these also have their meaning in this unrestful epoch. It applies—to forge out a working definition that will delimit this survey—to the organizations of voters within a given political area that are formed to deal primarily with problems of taxation and all its implications within the boundaries of that area. These differ basically from the national organizations in that their work is regional and deals with taxation at large, whereas the national bodies tend to ignore regions and consider the incidence of specific taxes.

It is a curious fact that while tax reduction is in everyone's mind today, the campaign to reduce taxes consists of many minute, independent local efforts. Yet, when through examination of their

reports and bulletins the activities of several hundreds of these organizations are passed in review, common characteristics reveal themselves and certain gradations stand out. An unknown number of tax-reform bodies are created out of special committees of Chambers of Commerce and allied organizations. The taxpayers of many cities are organized by wards which may or may not be parts of a central association. Then there are city, township, county, and in a great majority of the states, state associations. The county associations, which may pass under various names, seem to be the foci—naturally enough when we consider the importance of the county in the American political structure.

Except for the larger cities, the county association generally affiliates all of the smaller units under its leadership, and generally has an independent membership list in addition. The county organizations in turn are units of the state bodies whose governing boards usually are composed of delegates from the counties plus an independent membership of leading citizens. The state organizations generally are on a different footing from the local groups. They are apt to be professionally led by salaried directors familiar with American civic problems and with American politics. Their work is to harmonize the efforts of the local associations into effective state action. With the state, overhead organization seems to end at present.

#### THE "BUSINESS MAN" GETS BUSY

The county associations and their prototypes in the larger towns are the crux of the problem that these mass efforts at tax reduction is creating. It is their activities that are at once the hope and the despair of present-day civic progress. The majority of them were born in a heat of public excitement over some spectacular revelation involving oppressive taxes and whatever one may think of their vigilant methods, one cannot

escape the conclusion that such methods are often a logical outcome of the conditions which caused their emergence.

Naturally such a genesis has put the tax associations on a totally different basis from the ordinary "reform," or from the scientifically conceived civic association. Their leaders are apt to be business men of force and standing in their communities, who are volunteering their services. They go at matters with the business man's, and not the welfare worker's, methods. They bring to their work the business man's tenacity and singleness of purpose and, most important to be borne in mind here, with the average business man's limited knowledge of welfare work, civil administration and politics. But they are long used to sticking to a thankless task until they get the results they started after. They have good advertising facilities and they know how to appeal to the public. Always allowing for the vicious exceptions who invariably attract the most public notice, they are in genuine earnest, and their belief that their cause is the cause of good government is as sincere as that of the most devoted apostle of municipal research. These are the aspects that are making the work of these leaders a force for good or evil according to circumstances, but always a force to be reckoned with. The events of the next few months, it is predicted, will give strength to that assertion.

#### HOW THEY WORK

The quality of leadership in these lay tax-reform efforts is stressed here because in this as in everything else the real work is done by the leaders. The masses follow, approve their successes, and condemn their failures. The business background of most of these leaders and the nature of the task they are trying to accomplish gives a natural bent to their efforts which is everywhere evident. Their first need is to rally public opinion and keep it alive in their support.

Advertising, in other words. They do this with membership campaigns, with news letters and bulletins, with a certain amount of public speaking and with a tactful coöperation with the local papers. Second, they must establish lines of pressure on their local governments, and personal influence on office-holders. Overcoming sales resistance. This is done by a systematic attendance at all meetings of boards, commissions, and common councils and by personal contact with officials. Finally they must have facilities for formulating and putting through legislation, which is the direct salesmanship that leads to signatures on the dotted line. This requires that they keep on good terms with the political majorities, and keep in touch with their representatives at the state capitol. The activities of most of the county associations, except in so far as they work with the state taxpayers' organizations in matters of state-wide importance, fall roughly into these three general lines.

This may sound like a logical, simple, and irresistible program. As a matter of fact, it is this queer application of business to politics that is causing so much disruption in so many vital phases of local government. The businessman tax-reformer is efficient in his sales technique, but he does not know his product, because he is dealing with forces he has never encountered—frequently he never heard of them before he began his work. Thus he is proceeding from the known to the unknown with a vengeance. When the local organizations go deeply into tax expenditures they find themselves facing the need of fundamental political changes.

#### THE POLITICAL MACHINE ON THE JOB

At this point they encounter a system as evasive as it is impregnable. The powerful county and state political machines have no wish to have their patronage of contracts, perquisites and office

sinecures disturbed, and they have made a profession of seeing that they are not disturbed. There are a thousand ways in which the politician can make economy a greater burden to the voter than high taxes and most of these ways are being tried in communities where the politician has had tax reduction forced upon him, without any knowledge by the taxpayer with the whip-hand of just what tax reduction involves. A favorite method of creating disgust with an economy program is to interfere with the tax-supported welfare activities, especially those dealing with libraries, public recreation, child welfare, and with educational experiment.

Political cunning rises to sublime heights in this. The politician is aware that the technique of dealing with these important functions is costly and highly specialized, that the trained workers in charge of them generally are not subject to political influence, and that the rank and file of taxpayers do not understand the benefits they bring to the community. His trump card is the fact that these activities generally are promoted by influential women's clubs, by the clergy, and by others who consider themselves the social and ethical leaders of the community. He knows also that these people have their favorite projects, and often are interested personally in the public servants conducting them. By picking out such projects to bear the brunt of tax economy the politician kills a whole flock of birds with one stone. He complies literally with the tax organization's demand for cheaper government. He attacks a phase of government that seems inconsequential to the voters and is a nuisance to the party machine. He sets the most influential element of the community at loggerheads with the taxpayers' organizations, and while these warring elements are fighting it out among themselves, he can continue his own peculiar reforms undisturbed. Yet no one can accuse him of

other than doing his conscientious best to carry out the will of the taxpayers.

#### THE MENACE OF THE TAX REVOLT

This is but a composite picture of the situation in countless American communities. It is easy to understand then why the growing tax revolt is causing so much disquiet among sincere believers in the American system of local self-government. It is no accident that in many places the institutions that represent the most advanced ideals of public service are being made to bear the brunt of the battle for lower taxes, while machine-filled public sinecures with their burdens of useless expense are untouched. The bulk of the volunteer leaders in the present tax-reform movement have never given serious thought to the tremendous advances in education, public health, public recreation, and such purely service phases of civil government since their own childhood. One hears the terms "frills," "fads," "folderols" from these leaders too often for comfort. Yet there is intelligence, earnestness, and sincerity in their efforts; they need to be shown.

The responsibility for showing them rests squarely upon the trained advocates of better government. These have always lamented the lack of interest in local government exhibited by the "thinking people." The "thinking people" are aroused now, and are using their influence in ways the civic leaders have not anticipated. What are they going to do about it? Clearly this tentative attempt to wrest control of government from politics by business puts the need for public education in civil government to the front in our mare's-nest of civic problems. The kind of public education called for cannot be met by community centers and talks on good government to high schools and Rotary Clubs. The tax reducers must be taught to know good government when

they see it and this is going to require tact and exceedingly low visibility on the part of their teachers.

#### THE NEED FOR FUNDAMENTAL REORGANIZATION

This brings us to the most important aspect of all of these local tax-reform activities. They show indications of a strange evolution. More and more, their interests are turning from high taxes *per se* to questions of government which underlie high taxes. They may start with a direct campaign to reduce the figures in the tax budget. Quickly they find that high taxes are more than a matter of occasional graft and extravagance, but are inherent in some of our outmoded forms of government. They begin to see, for instance, what the city manager plan means and why it works better than the weak mayor plan. When they discover this, they promptly seek to change out-moded forms. When they find that these forms have their roots in state government, they are as prompt to carry their campaigns to the legislatures. On more than one occasion they have discovered that the legislatures have acted according to constitutional mandates, and then they have not hesitated to agitate for constitutional reforms. This is no theoretical description. That evolution of interest is actually occurring today in numbers of taxpayers' associations all over the country.

Here are allies indeed for the advocates of governmental reconstruction. When one studies the objectives of the more advanced of these organizations, one is impressed with their commonness of purpose with the city and regional planning forces, and with the advocates of the city and county manager plans. The tax-reform associations are after simplicity, sound financing, and centralized responsibility in local government. In these efforts they are on solid

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Conference on distribution costs indicates rate to consumer ordinarily should not exceed four cents

# Are We Paying Too Much for Electricity?

JOHN BAUER

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ONE of the chief uncertainties in electric rate regulation has been the cost of distributing electricity to consumers after it has been produced and has reached the point of distribution.

The cost of generating or producing current has become established within fairly definite limits. For most communities of, say 25,000 population and over, power can be produced at an average over-all cost of approximately one cent per kilowatt-hour or a maximum of 1.5 cents. This includes taxes and return on investment, together with all operating expenses. It covers also transmission costs where the communities are served through high-tension transmission. Under favorable circumstances, the production cost is even less than one cent per kilowatt-hour.

Compared with the low production costs, which are widely known to be low, the prevailing rates for residential, commercial, and municipal consumers, appear strikingly high. In most communities served by private utilities, the net rate for the ordinary residential consumer who uses about 40 or 50 kilowatt-hours per month, is near seven cents per kilowatt-hour. On the basis of one cent or 1.5 cents for production, he pays six cents or 5.5 cents for distribution. In many instances, the disparity is much greater but in some not so great.

The question whether rates are reasonable, particularly for the residential classes, largely involves distribution

costs. The production factor can be readily determined within narrow margins. It is in the distribution area where there has been a glaring lack of information, together with inadequate standards of cost determination. Furthermore, in the professional literature and discussion there has been little consideration given to distribution costs. This has been true, especially, among engineering groups, which are most directly concerned with the properties and operations involved in the distribution of electricity.

## INSTITUTE OF PUBLIC ENGINEERING

For the first time, the subject of electric distribution costs has received sole consideration in a public conference organized primarily for engineers. This was the Institute of Public Engineering for the discussion of the cost of electrical distribution, an all-day conference at the Hotel Pennsylvania, New York City, early this year. It was organized on the initiative of the Power Authority of the State of New York, especially through the efforts of Morris Llewellyn Cooke, one of the trustees of the Power Authority. The official sponsors included also the Public Service Commission of New York, the Public Service Commission of Pennsylvania, and the Public Utilities Commission of the District of Columbia.

The Institute was attended not only by engineers and other technical em-

ployees of the participating public bodies, but especially by company engineers, managers and other technicians connected directly with electric distribution. The attendance was far beyond expectation, reflecting the importance of the subject and interest on the part of the professional groups.

The program centered upon distribution costs. Its object was to bring out the available information, to indicate objectives for future classification, determination, and control of distribution costs, and to establish reasonable standards of comparison. The two pivotal papers were those presented by Hudson W. Reed, managing engineer, United Gas Improvement Company, and by Clayton W. Pike, consulting engineer, Philadelphia.

Mr. Reed recognized the absence and the desirability of proper standards of comparison between different companies. He set out the principal objects to be attained, and explained the chief points of variability among different companies. Because of the great differences in conditions, he doubted the practicability of establishing standards which can be satisfactorily applied to individual instances without special consideration of local circumstances.

Mr. Pike recognized that there are wide variations, but he nevertheless held that approximate standards can be established and reasonably applied to varying conditions. He made a survey and analysis of distribution costs for the average residential consumer under normal conditions in the state of New York. While his results must be taken as tentative, they are extremely interesting and instructive for future study, especially in connection with the extensive rate adjustment that will doubtless be undertaken during the next few years. His analysis was based upon a comprehensive survey of companies which reported to the Public Service Commission of New York for the year 1930.

#### THE AVERAGE CONSUMER

Mr. Pike divided the distribution costs between fixed charges dependent upon distribution investment, and operating costs incurred in the maintenance and operation of the distribution properties. Each element of cost was analyzed separately and applied to what was taken to be the average or *normal* residential consumer. This normal consumer was assumed to be supplied through an overhead distribution system, with 500 feet of conductor wire, and a consumption of 550 kilowatt-hours a year. For this average customer Mr. Pike established the following normal investment:

Distribution line (including poles, wire, and all appurtenances)	\$30.00
Line transformers	6.50
Services and meters	15.00
General investment	3.50
	<hr/>
Total	\$55.00

These averages represent Mr. Pike's judgment after careful analysis of available figures. They reflect, moreover, the high costs of installation during and since the War, the period during which the distribution properties were mostly developed. They are higher than present costs following the sharp decline in prices during the past three years.

Mr. Pike allowed an aggregate of 11.5 per cent as fixed charges upon the average investment of \$55.00 per residential customer. This includes 7 per cent as return upon the investment; 3 per cent for depreciation; and 1.4 per cent for taxes. The total was rounded out to 11.5 per cent. On this basis, Mr. Pike found that the fixed charges on distribution investment for the residential customer amounted to \$6.35 per year. To this he added \$6.60 for operating expenses and obtained a grand total of \$12.95, rounded off to \$13.00 per



year, to cover all distribution costs for the ordinary customer.

At an annual consumption of 550 kilowatts and a total cost of \$13 per year, the average cost for distribution thus amounts to 2.36 per cent per kilowatt-hour. This is presented as a standard that ought to be attainable under ordinary conditions for the average residential consumer.

Where conditions do not conform to the normal as assumed in Mr. Pike's estimate, adjustments must be made according to the variation. If, for example, the average consumption is more or less than 550 kilowatt-hours, the amount of the investment will be somewhat affected. Likewise if the average length of distribution wire is less or greater than 500 feet, an adjustment must be made accordingly. Thus there are two principal factors. First, the extent of average consumption—the final cost per kilowatt-hour decreases as consumption per customer increases. Second, the consumer density—the more customers per mile of line, the less the cost per customer and the lower the final cost per kilowatt-hour. There are also other factors of variation—differences in type of distribution plant, differences in municipal requirements, and differences in level of costs incurred for labor and materials.

#### RATES AND COSTS

Rounded out into a conveniently used figure, the total distribution cost comes to 2.5 cents per kilowatt-hour for the ordinary residential customer. If to this is added one cent for production, we have a total of 3.5 cents per kilowatt-hour as the cost of producing and delivering electricity. If, however, a rather liberal allowance is made, 1.5 cents per kilowatt-hour of production, we have a total of four cents per kilowatt-hour as the aggregate cost of producing and delivering electricity to the ordinary

household. This stands in striking contrast with the rates that prevail in most communities. At existing rates, the ordinary domestic consumer using 550 kilowatt-hours a year usually pays seven cents or more per kilowatt-hour. There are relatively few instances where the rate for such a consumer comes to six cents or less per kilowatt-hour.

If Mr. Pike is anywhere nearly right, the conclusion follows that electric rates for domestic users are grossly excessive in most communities, compared with cost of service. Furthermore, the four cent over-all cost, including liberal production as well as distribution, is based upon the high level of investment costs incurred during the fifteen years prior to 1929. Nor does it take into account depreciation of properties. It takes operating expenses for 1930. It does not, therefore, take into account present cost levels as applied either to property or operating expenses. Nor does it allow for the greater economy that will be required in the future of electric companies just as of government and non-competitive business.

The four cents per kilowatt-hour for the normal consumer is set up as the standard which should be reasonably attained in most communities, say, of 25,000 population and upward. By strict economy and revaluation of the distribution properties according to the present price level, the normal might be considerably reduced. If, then, rate adjustments are widely made according to cost of service, there will be not only drastic slashing of rates, but that will be followed by sharp increases in consumption. The high rates have been responsible for low consumption.

#### PROMOTING CONSUMPTION

The relation of distribution costs, rates, average consumption, and the possibilities of greatly enlarging domestic utilization, was considered casually by

most of the speakers at the Institute. It was emphasized, particularly, by J. D. Ross, superintendent of the municipal lighting department, Seattle, whose experience was presented in the public utilities department of the NATIONAL MUNICIPAL REVIEW, January, 1932. Through low rates designed particularly on promotional lines, supported by active promotional efforts, the city of Seattle succeeded in raising the average consumption per domestic customer from thirty-one kilowatt-hours per month in 1920 to nearly 100 kilowatt-hours in 1931.

As rates are reduced, with suitable classification and effort to stimulate domestic use, the per capita consumption increases and places the utility upon a broader and more stable basis financially. High rates have not only placed an excessive burden upon the residential consumers, but have prevented utilization and have held back the development of consumption. Reduction in rates, therefore, consistent with economically fixed costs, will not only relieve the burden of the ordinary consumer, but will stimulate much greater use for various domestic purposes.

The result of the conference will undoubtedly be to promote study and analysis of distribution costs. Mr. Pike particularly has furnished a challenge to the industry. We may reasonably hope for much better cost classification and determination, for increasing distribution economy, for continued discussion and research, for substantial reduction in rates, and for marked advances in the industry.

## A CHALLENGE TO REFORM

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ground, and in them their leadership shows to best advantage. It is their lack of knowledge concerning the social aspects of modern local government that calls their work into question. In these matters they lack sources of information. They are not advanced yet to the point of exchanging information and experience on a national scale and so far there has been no organic attempt to influence their point of view.

Dubious as are many of their present efforts, therefore, this new force in American local civics has possibilities. It contains within itself the germs of a thoroughgoing governmental house cleaning such as this country never before has witnessed. It contains also the seeds of retrogression and destruction. Which possibilities will prevail may depend a great deal upon the kind of attention they receive from their better trained co-workers in the field of civic advance.

The recent recommendation of some fifty national organizations that a citizens' council be formed in each community in the country has great possibilities in this connection. A citizens' council in which representatives of various local civic organizations (which of course include taxpayers' groups) would thrash out the community problems and reach a well-considered program agreeable to all would serve almost automatically to check hysterical cries for tax reduction "regardless" and would at the same time put into the hands of harassed taxpayers the weapons for reduction of taxes through elimination of waste.



# Financial Dictators Replace Political Boss

"Invisible Government" by bankers holds potentialities for good or ill; shift in power probably temporary

BY WILLIAM C. BEYER

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## II

### IMPLICATIONS OF THE SHIFT

WE MAY NOW consider some of the implications of this shift of power from the political boss to the financier.

#### *Political Resistance to Good Government*

Those who have been giving of their time and energy, or of their means, or of both, to the cause of better city government in the United States know well that in the forefront of the resistance to better government has been the political organization. In our large cities especially, the so-called "political machine" has been held together primarily by patronage in all its varied forms, not by any crusading zeal for the public good. It has profited from jobs, from contracts, from franchises, from special privileges, from vice. Incidentally it has performed the legitimate function of operating our cumbersome election machinery, of filling our multitudinous elective offices, and of giving cohesion to our highly decentralized governments.

But the price to the taxpayer has

[Editor's Note: This is the second half of the article begun in last month's issue on the replacement of the political boss by financial dictators in American cities. Last month's article presented the facts of the situation; this month the author considers the implications of this shift in power.]

been heavy. That price has consisted not only of the patronage exacted by the political organization, but also of the failure of his city government to employ the most economical and most efficient methods in carrying on its business. Improvements in these methods have been resisted by the political organization partly from inertia, but largely because the improved methods would interfere with patronage. Copying deeds by photography rather than by handwriting or by typewriting would lose jobs; good civil service administration would make it difficult to reward the "faithful" at public expense; classification of positions and standardization of pay would limit opportunities for giving special pay-roll recognition to the man who delivers votes on election day; better systems of controlling expenditures would interfere with easy profits for political friends; and so on *ad infinitum*. Quite naturally the political organization has resisted, and continues to resist, these measures in the interests of economy and efficiency.

#### *Do Business Men Want Good Government?*

The question now arises: Does the shift of power from the political organization to the financial group make it easier to introduce improved methods in city government? Obviously that depends on whether the financial group

wants such methods introduced. In recent years there has been considerable discussion whether business men want good government. It has been contended with much show of force that, as a group, business men do not want good government, at least not efficient government. In truth, when one considers the extent to which business men have bought favors from politicians and men in public office, one may even doubt that all business men want honest government. It does seem that, if the business men of the country really wanted honest, efficient, and economical government, they could get it in very short order. The fact is that many business men prefer to have government weak, inefficient, and even dishonest; that most of them are, or at least until recently have been, indifferent to government; and that only a minority of them, though at present a rapidly growing minority, appreciate the importance of good government and actually give of their thought, time, and means to get good government. It is therefore not to be assumed offhand that bankers, because they are business men, will use their new power in city government to make it better.

Neither is it to be taken as a matter of course that bankers will be motivated by higher ideals than political bosses. It is a great mistake to assume that any particular group has a monopoly of all virtue or is the repository of all vice. The honors are likely to be pretty evenly divided among all groups. That politicians and political bosses have at times been most brazen in their disregard of the public interests has been known and proclaimed from the housetops for generations. The spotlight of publicity plays less relentlessly upon the conduct of business men. Yet who will say, after the recent disclosures of the misdeeds of some of the leading bankers of the country, that business men, particularly bankers, rank above

the average in probity and public spirit? The business world as well as the political world has still much housecleaning to do. Both have had men in places of leadership who have been found wanting. In both, the struggle for higher standards of conduct has still far to go.

### *Bankers for Economy*

There is, however, good reason to expect the financier to make common cause with those who are striving for more efficient and more economical government. Bankers now have a special stake in economical government. Just as the fire insurance companies find it to their interests to promote efficient fire departments in cities, and as life insurance companies find it good business policy to support public health work, so bankers at this time must find it to their advantage to aid measures that make for governmental economy. If city governments do not economize, the bankers and their clients may lose the money they have loaned to cities. As we have seen from the experience of New York, Chicago, Philadelphia, and Detroit, the first concern of bankers in their career of intervention has been to secure a reduction of municipal expenditures.

Now, it is true that reduction of expenditures may not mean more economical and more efficient government; it may simply mean less governmental service, or at best only a temporary lowering of the cost of that service. A horizontal reduction of salaries, for example, achieves no constructive economy; it merely relieves the taxpayer temporarily. On the other hand, the introduction of a more equitable plan of compensation for city employees is a constructive economy because it improves morale and thus contributes permanently toward more efficient city service. Hence, if the bankers' drive for reduced municipal expenditures is to promote the cause of real economy and

efficiency in city government, it must go beyond a mere insistence upon the spending of fewer dollars.

### *How the Bankers Function*

It is only natural that bankers should shrink from the task of telling city officials not only how much they should reduce their expenditures, but also how those reductions should be made. They are in the banking business, not in the business of running a city government. For the latter task they are apt to be as poorly equipped as the city officials are for managing a bank. At the outset of their intervention in the city's affairs they accordingly abstain from suggesting specific ways and means of cutting budgets. That has been their policy in Philadelphia. In New York, Chicago, and Detroit they have gone further, though even in those cities they have been disposed to leave wide discretion to the city authorities. For example, in Chicago, where the Committee on Public Expenditures has assumed so much responsibility, the financial group has left each of the various governmental units free to work out its own way of living within a general spending limit suggested by the Committee.

Where bankers do go beyond suggesting general spending limits, it is obviously necessary for them to call others to their aid who are better informed on city affairs than they are themselves. The individuals and groups to whom they may logically turn are those who are already conversant with the city's practices and problems. In turning to them, moreover, they forthwith ally themselves with persons who have been working for years for constructive measures to achieve greater economy and efficiency in municipal business.

In effect this is exactly what the bankers have done. First they have caused citizens' committees to come into being. These committees have been made widely representative of the busi-

ness and civic interests of the community. Then these committees have engaged men experienced in municipal affairs and through them elicited the co-operation of civic organizations. Thus the Stone Committee in Detroit selected two governmental research men for its secretariat, Upson and Rightor; and the Sargent Committee of Chicago named John O. Rees, also a governmental research man, as its director. Both of these committees have called upon existing civic agencies for information and advice. In New York the bankers have been guided by the Citizens' Budget Commission which has on its staff men who are experienced in governmental research. In this way the bankers have come into possession of such constructive ideas as specialists in government have been able to contribute.

One cannot observe the experience in Detroit and Chicago without concluding that, while much ruthless slashing of expenditures has been done, new impetus also has been given to constructive reforms. The report of the Committee on City Finances in Detroit records an imposing list of suggestions actually adopted by the city that are essentially constructive, and not merely palliatives. In Chicago the Committee on Public Expenditures is making an attack on what is perhaps the city's biggest problem, decentralization of governmental authority. If the Committee succeeds in carrying through its program of centralized financial control in Cook County it will have achieved a constructive reform of the first magnitude.

### *Dangers in Financial Dictation*

To those to whom good government means simply economy and efficiency, the shift of power from the political boss to the financier should be altogether welcome. Not all who want good government, however, would subscribe to so narrow a definition of the

term. Many would lay quite as much stress on service and on democracy as on economy and efficiency. To these the shift of power may be less welcome; it may even seem to them sinister. Certainly the financier's interest is not primarily in the service side of government. As an individual citizen he may have the point of view of the beneficiary of governmental service, but as a banker he must have the point of view of the money lender and the investor. Quite naturally he will be concerned first of all with the security of his loans to cities and with the maintenance of debt service. Non-revenue producing activities will appeal to him as of secondary importance, and may even strike him as frills. He is apt to be an easy prey to the nation-wide propaganda which falsely pictures governments as mere burdens on the backs of the producers of wealth, as though governments were not themselves wealth-producing enterprises of a high order. In this respect the political boss is likely to have a broader view than the financier. To remain in power he must please not only those who have money in municipal securities, but also the much larger body of citizens who are not investors but who are benefited by governmental services.

Those who place democracy first will also look askance at this shift of power. The political boss, heaven knows, is no democrat; but at least he must wield his power under a system that gives the people a chance on occasion to dislodge him. Periodically he must expose his candidates to the voters, and if he carries on in too high-handed a manner, his candidates may be defeated. The financier is under no such necessity. He does not run for office, nor does he place a ticket in the field with his label upon it so that the voters can defeat him at the polls. He wields his power by virtue of his control of credit, not by any mandate from the electors.

### *Financial Dictation Temporary*

These considerations are so important that we might well regard the arrival of the financier on the municipal stage as a menace, if there were any prospect of his remaining long in control. In the writer's opinion, however, his control will be temporary. Cities are now at the mercy of bankers because the depression has brought them into grave financial difficulties. As soon as the depression is over, tax collections doubtless will return to normal and cities will cease to be so dependent on the banks as they are now. The banks themselves will then feel more secure and will be less inclined to enforce hard terms on cities. It is even probable that cities will be less dependent on banks than they were before the depression began. The present experience is forcing a reëxamination of the tax collection procedure of cities and is stimulating efforts to revise that procedure in such a way as to bring tax revenues more promptly into the city treasury.

### *Effect on Political Boss*

It would be a consummation devoutly to be wished if cities came out of this depression, not only with greater freedom from the financier, but also with less domination by the political boss. That is perhaps too much to expect. One does not see the bankers making any frontal attacks on the political organization. The political boss is not being dethroned. In fact, he is being accorded a degree of recognition that must be somewhat flattering to him. If it is true, as reported, that the New York bankers dealt directly with Tammany last fall, they not only acted as realists, but also paid a neat compliment to the leaders of that organization. Equals were talking directly to equals. In Chicago it happened that the political boss was also the mayor. The bankers and their repre-

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# City Managers and German Burgomasters— A Comparison

Successful German administrators operate on professional basis similar to that of managers in United States

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WHY attempt to compare municipal executive systems with as widely different backgrounds and present problems as those of the city manager and the burgomaster? One reason is that, although the city manager idea comes chiefly from the analogy of the American business corporation, it did partially develop from a study of municipal government abroad, especially in Germany. A second reason is that the almost uniformly high standards and valuable results attained by German city officials are still arousing considerable interest in this country. Of course one must be careful not to make the comparison on the assumption that all which is good in German municipalities could be obtained by developing the city manager into a burgomaster. Such an attitude would disregard the historical independence of German cities and the bureaucratic tradition and less emphasis on private rights in Germany; all of which factors combine to give the German municipal executive a much easier job than that shouldered by our overworked city officials. With this qualification, it still remains true that city problems are much the same the world over and that there is much to be learned from seeing how others do it.

## SELECTING THE EXECUTIVE

Three striking similarities exist in the methods of recruitment of municipal executives in America and Germany.

First, selection of the city manager by the council has its counterpart in selection of the burgomasters by the council in most large German cities. A council can go over credentials and recommendations and conduct interviews of possible executives in a way obviously closed to the electorate. In one sense of the word "democracy"—i.e., administration by all the citizens—, choice by the council is a denial of popular control. But experience with the highly complicated administrative problems arising in contemporary industrial society has shown that the true sense of democracy is of a people equipped to handle problems—equipped with the ablest leaders it can secure.

Second of the striking similarities is the requirement of professional standards and professional education for the larger number of burgomasters and managers. Curiously enough, the professions are different and neither is exactly suitable as training for municipal executives. Running a large city is a job calling for the tact, directive skill, financial acumen, and energy needful in a first-class business man, combined with a broad social philosophy not ordinarily characteristic of the business man. Yet, instead of training in business and sociology, we find that Germany brings up her city executives largely with a legal training and that a great number of city managers are engineers. It is hardly necessary to allude to the faults of both

types of education; the tendency of legal training to produce a dry-as-dust bureaucratic formalism—the lack of social consciousness evident in engineering education. Yet, despite these faults, the demand for professional qualifications in both countries sets certain standards of ability and integrity which would otherwise be lacking.

A third similarity in recruitment is the absence of residence requirements. Statistics on the number of German municipal executives who come from cities other than those in which they are working are not available but we do know that more than a quarter of them come from other states and that interchange between cities is even more frequent. We also know that almost one-half of city manager appointments are outside appointments. The advantages of obtaining men free from local interests and prejudices and of creating an opportunity for promotion from city to city have often been emphasized in city manager literature.

#### BOTH GROUPS OF HIGH CALIBER

The net result of these similarities in recruitment can be weighed in the high caliber of managers and oberburgomasters—both far above the average of our elective mayors. A few leading oberburgomasters, such as Adickes of Frankfurt who was a leader in scientific thought on almost every subject of municipal administration as well as a leader in civic and state affairs, stand out above any city managers. Yet, after reading quantities of literature and talking to several of both groups, the writer is inclined to believe that city managers as a group can hold their own, with oberburgomasters. What differences there are may be partly explained by two dissimilarities in recruiting methods.

First is the attractive security of the oberburgomaster's office. Six to twelve-year terms, chances of reëlection, and

pensions make it a much surer berth than the city manager's. Better men can be obtained and it is probable that the fact of committing the city to one man for twelve years makes the city council extremely careful in its selections. However, discussion of such long terms for American officials will be purely academic until the tradition of simple democracy has been replaced by the tradition of efficient democracy in the American mind. In the meantime, experiments with city managerships for two or four-year terms would be highly interesting.

A more important dissimilarity is that the oberburgomaster system has a top and bottom to it while the city manager system is, in contrast, floating in the air. In Germany regular channels of vocational administrative activity leading up to burgomasterships make it possible to attract real brains into the city civil service and it does not become necessary to go out into the general professions or business world to find men who, however able they may be, are not accustomed to view city problems with the social outlook characteristic of the trained public servant. On the top is a possibility of promotion to larger cities and to state or national ministries. Such possibilities may encourage the oberburgomaster to play a mild amount of politics but they also encourage a broader social outlook than the business executive posts to which city managers are often drawn.

#### GENERAL ACTIVITIES

In the field of activities we find again marked likenesses between these two great professional city executive systems. The executive is becoming a tactful community leader in both cases, a man who decides on questions of policy but avoids questions of politics so far as possible. The stronger city managers seem agreed that a manager may hold



pronounced views as to city policies and advocate these views even before a partly hostile council, but that a manager who, like Hopkins in Cleveland, indulges in public debates or deals with political factions is "getting into politics" too much. Similarly, the best German burgomasters present definite policies and plan great developments but do not indulge in protracted public squabbles. A tendency towards partisan burgomasters noticeable after the War has not proved to be of permanent importance. They generally belong to some politically ineffectual, middle-of-the-road, party like the democratic or "Staatspartei" and try to have most of the major parties represented in their administration. The solution seems happy in both systems.

The question of social activities is also similarly handled. A man who is worth his salt is neither going to throw away his energies on a round of banquets nor is he going to play hermit. City managers have found themselves forced into speech-making until the theory of the mayor who is to handle all "ceremonial" duties has been pretty well riddled by the buckshot of experience. But the average manager tries to keep that fraction of his time limited. Likewise, in most German cities, the report was that the chief burgomaster spent one-seventh or even less of his working time on ceremonial and speech-making matters.

#### RELATIONS TO COUNCIL AND ADMINISTRATION

When we turn to specific governmental relationships, we leave behind us the possibility of blanket comparison of German municipal executives and our city managers. For there are at least four main types and many more subtypes of German city government. The most frequent is the so-called "magistral constitution" of East Prussia in which the chief executive is only the presiding

head of a group of executives. In independent cities like Hamburg, there is a responsible parliamentary system. In South Germany a council executive rules the roost.

Most significant is the "burgomaster constitution," now to be found chiefly in West Prussia but advocated by reformers as most suitable for municipal government throughout Germany and similar to our city manager plan.

Under the so-called "burgomaster constitution," the chief burgomaster is directive head of the entire administration, appointing all officials except department heads and even in that case advising the council. He assigns tasks to all his subordinates and appoints advisory administrative bodies, composed partly of professional officials and partly of prominent citizens to guide the policy of individual departments. He can punish or, after a trial, rid himself of undesirable subordinates. Parallels for all these powers can be found in city manager cities.

Legislative powers of the burgomaster, however, stand in sharp contrast to those of the manager. Instead of being merely a privileged attendant on council meetings, he is the presiding official and caster of the deciding ballot, able to exercise a moderating influence on council discussions and to further his own policies. This reliance on a professional official for continuance of community policy is not likely to develop in America because of its apparently undemocratic features. Yet, it is interesting to observe Socialists and other liberal groups, conscious of the need for an efficient democracy, advocating extension of the "burgomaster constitution" with this feature in Germany.

#### SUMMARY

In summary we again emphasize the similarities between these two systems of professional city government. Selec-

(Continued on Page 243)

# How Negroes Vote in Chicago

Political solidarity of  
"Black Belt" in mid-  
dle western city  
brings long denied  
power to race

HAROLD F. GOSNELL

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BECAUSE of the fact that the one representative in Congress of the some twelve million Negroes in the United States comes from the city of Chicago, the Negro vote in this city has become a factor of national importance. Southern white politicians and editors who wish to stir the race issue have but to mention the name of Congressman DePriest, whose repeated elections since 1918 fulfill the prophesy of George H. White, the last of the reconstruction colored congressmen, who said in 1901, "This, Mr. Chairman, is perhaps the Negroes' temporary farewell to the American Congress; but let me say, Phoenix-like, he will rise up some day and come again."<sup>1</sup>

The story of DePriest's election is the story of the migration of tens of thousands of Negroes from the South, the development of race consciousness among the masses, the formation of a new community in the North, the growth of a professional class, the building of a political organization and the emergence of political leaders. The agricultural depression in the South following the ravages of the boll weevil, the cutting off of immigration during the Great War, the subsequent demand for labor in the northern industrial cities, the alluring appeals broadcast by the *Chicago Defender*, a colored weekly which circu-

lated widely in the South, the desire to escape the restrictions of the South, and the dream of an improved social and political status were among the factors which contributed to the influx of colored citizens in Chicago.

The size of the Negro vote in Chicago becomes a factor of added importance when it is considered in connection with Republican primaries rather than with general elections. While only 8.7 per cent of the total adult citizens were Negro in 1930, it is probable that one-fifth of the Republican primary voters were Negro in that year. Since there have been many bitter factional quarrels in the Republican party of Chicago, the faction which could count on a large share of the vote from the "Black Belt" was in a favored position. For the last seventeen years, practically the period of the migration, the William Hale Thompson faction of the Republican party has been in just that position.

## THOMPSON AND THE NEGRO VOTE

To an outsider it might appear that the name of William Hale Thompson worked magic among the voters of the "Black Belt." In the four primary elections at which Thompson was a candidate for mayor, he received over 80 per cent of the total Republican primary vote in the second ward. In 1927 he received 94 per cent of the primary vote in this ward. While Thompson has not

<sup>1</sup>*Congressional Record*, 56th Cong., 2nd Sess., Vol. 34, part 2, p. 1638.

been as successful in securing Negro votes for his associates as for himself, nevertheless his choice for governor, Len Small, received over three-quarters of the vote in the second ward in the four primaries at which he presented himself, and Thompson's favorites for United States senator at six different primaries received over 60 per cent of the Republican vote cast. Some of the minor candidates on Thompson's primary slates have been less fortunate, but in general it appears that "Big Bill" Thompson's recommendations have been factors to be reckoned with in the "Black Belt" on primary day.

What has been the secret of Thompson's popularity among the Negro voters? This is a complex question which does not have a single answer. Thompson's showmanship, bombastic style of oratory, ready platform wit, geniality, and practical ethics appealed to many Negroes as well as to many whites. Thompson talked the language of the street in slow, measured tones and there was no mistaking his meaning. This does not explain the overwhelming character of his popularity. As far back as 1900 when he was a candidate for alderman of the second ward he began to cultivate the Negro vote. He has put this episode in his own picturesque language:

This meeting tonight takes me back a number of years when I was a candidate for alderman. I was a poor struggling youngster. A minister helped me a lot in that campaign. That minister was a poor struggling youngster, also, just starting his chosen career. We fought together, this minister and I. The minister was Archibald Carey.<sup>2</sup>

When I got the ordinance for the first kiddies' playground, Bishop Carey got me to put it across the street from his church at 24th and Wabash. I got the ordinance. Thompson was responsible for that and the Negroes got the playground and

Bishop Carey was responsible for that. In other words, the first municipal playground for kiddies in the world, and which started a world movement, was built where the Negroes had the most show. White people from near-by came over and said they wanted it in their neighborhood. I said to this, "I see you have fine houses and yards with fences around them and nice dogs but no children. I'll build a playground for children and not poodle dogs."<sup>3</sup>

In one sense it might be said that Thompson's success with the Negro voters has been the result of a lucky combination of circumstances. Charles S. Deneen, Republican governor of the state from 1905 to 1913, went down to defeat for reelection in 1912 because of the split in the ranks of the Republican party caused by the Progressive movement. If he had been governor of the state in 1915, it is possible that Harry Olson, his preference for the Republican nomination for mayor, would not have been defeated by Thompson.

The fact remains that Thompson carried the second ward in 1915 by 6,763 votes over Olson and that this margin was only reduced by one-half in the rest of the city.<sup>4</sup> Thompson had strong organization support in that his close friend, George F. Harding, wealthy real estate operator, was voluntarily retiring from the position of alderman of the second ward and that Martin B. Madden, another friend, was well entrenched in the first congressional district.

Among the Negroes themselves Thompson had some powerful friends who helped to construct myths about his personality. Bishop Carey of the African Methodist Episcopal Church was known as a very able orator. One of his speeches for Thompson was reported as follows:

<sup>2</sup>Political meeting, March 25, 1931.

<sup>4</sup>City vote, Olson, 84,825; Hey, 4,283; Thompson, 87,333; second ward vote, Olson, 1,870; Hey, 47; Thompson, 8,633.

<sup>2</sup>Political meeting, April 7, 1932.

Whatever Mayor Thompson has done, whatever he will do, he will do not out of sympathy for the descendants of a race once enslaved, but for American citizens who have earned their position. By these appointments Mayor Thompson is merely recognizing the worth of a people.

There are three names which will stand high in American history—Abraham Lincoln, William McKinley and William Hale Thompson. (Cheers interrupted the speaker.)

William Hale Thompson may not be elected president in 1916, but I'm sure he will be in 1920. I helped elect him alderman; I helped elect him county commissioner, I helped elect him mayor, and my work will not be completed until I have helped elect him president. (Further cheering.)<sup>5</sup>

Once elected mayor, Thompson might have made some mistakes which would have alienated the Negro voters but in race matters he had good advisers and his own intuition stood him in good stead. His appointments, his speeches and his actions cemented the Negro voters closer and closer to his faction of the Republican party. So many Negroes were appointed to conspicuous municipal offices that one of his Republican factional opponents called the city hall "Uncle Tom's Cabin," a charge that Thompson did not fail to repeat when campaigning in the "Black Belt."

The lasting character of Thompson's personal popularity among the Negro voters is shown by the fact that in the mayoralty election of 1931 he polled over 83 per cent of the total vote cast in areas with a population 75 per cent or more Negro. After sixteen years of pitiless publicity during which a race riot had occurred, Negro dwellings and business houses had been bombed, colored ministers had denounced his regime as injurious to the best interests of the race, and some of the colored weeklies had at times turned against him, Thompson emerged triumphant in

the "Black Belt" in an election at which he went down to defeat in the city at large.

Voting for Thompson and his white friends brought tangible results to the Negroes in Chicago in the form of jobs, immunities and concessions, but these rewards were not entirely satisfying. The members of a minority group in a democracy like to have representatives of their own group in elective office. These elective officers can be more independent and it is thought that they will have the interests of the group more at heart. On a strictly proportional basis, the size of the vote should entitle the group to four of the fifty aldermen, five of the fifty-seven state representatives, one of the ten Cook County commissioners elected from Chicago, and one of the ten congressmen. In Chicago as elsewhere the defects of the systems of representation, a lack of perfect group cohesion, and the criss-crossing of economic, social, religious, and personal currents prevent voting from following race lines strictly. The Negro group is definitely a minority group and if the whites always followed a color line in voting no black man could hope to win a city-wide elective office. It is also conceivable that if the vote of the group were widely scattered it might be ineffective even in the smaller voting areas of the city. The numbers were there but the representatives and the political power would not follow without a struggle. That this was recognized by the Negro leaders is shown by the following statement made by E. H. Wright, one of the foremost political organizers of the group:

It is unfortunate that the white man's unreasoning prejudice (no matter to what party he belongs) makes it almost a necessity that the Negro should have a preponderance of the vote in a certain territory or have at least the balance of power between the parties before he is given any political recognition. This has

<sup>5</sup>*Defender*, September 18, 1915.

a tendency to compel the Negroes to draw racial lines as a matter of self-protection. This is all wrong on both sides.<sup>9</sup>

#### SUCCESS IN THE LEGISLATURE

As in other cities of the North the first successful battle for representation was in the state legislature. The system of cumulative voting used for the election of the Illinois House since 1870 was adapted to their purposes since a group which could muster at least one-third of the votes in a senatorial district could be sure of one representative. In every district each voter had three votes which could be concentrated on a single candidate or split between two or three candidates. The concentration of the Negro vote in three contiguous senatorial districts on the South Side of Chicago is shown in Table I.

shows one of the reasons why this additional representative came from the third district.

The story of the election of the additional representative in 1918 illustrates how factional alignments may be used to the advantage of a minority group. The successful candidate ran on a primary ticket sponsored by former Governor Deneen against a white and a colored candidate on the Thompson ticket. The cumulative system enabled the Deneen group among the colored voters to concentrate on their candidate who also secured many white votes because of favorable newspaper publicity. The white candidate was eliminated by these tactics.

In 1924 the colored voters of the first district caught up with their neighbors and returned two representatives. In

**Table I. Negro Population in Selected Senatorial Districts in Chicago, 1920 and 1930\***

Senatorial District	All classes	1920 Negro	Per cent	All classes	1930 Negro	Per cent
1	62,328	22,521	36.1	44,306	19,776	44.9
3	107,998	41,468	38.4	101,234	55,782	55.1
5	183,883	17,992	9.8	214,765	98,440	45.8
Total for districts	354,209	81,981		360,035	173,998	

\*Census Data of Chicago, 1920 and 1930.

As far back as 1876 when the colored people comprised only 1 per cent of the total population of the city a representative of their race was sent to the capital at Springfield from Chicago.<sup>7</sup> After 1883 they have never been without a representative although for twenty-two years they were unable to send more than one at a time. In 1914, when their numbers were just beginning to increase rapidly, two state representatives were elected, one from the first district, which had contained most of them in the earlier days, and one from the third district, which was in the heart of the new Negro community. The delegation was increased to three in 1918 and Table I

this same year the voters of the third district elected the first colored state senator. The retiring senator, one of the important figures in the Thompson faction, voluntarily resigned his office before the expiration of his term. Assuming a uniform rate of growth of the Negro population in the fifth district between 1920 and 1930, it is clear that the election of a colored representative in this district was possible in 1928. That it actually happened although the white candidate had been a representative for twelve years was the result of the organizing ability of the colored leaders.<sup>8</sup>

In the legislative districts where a

<sup>7</sup>Chicago Daily News, Sept. 26, 1919.

<sup>8</sup>Information obtained from *Illinois Blue Book* and interviews.

<sup>9</sup>In two wards the colored candidate received over 60 per cent of the vote in the precincts inhabited by 75 per cent or more Negroes.

minority system of representation was in effect and where there was a racial concentration of population, voting tended to follow racial lines. Sometimes the white representative withdrew from the Republican primary and left the field clear for the colored candidates. At other times, the white candidates were defeated in straight fights in spite of organization backing. The turnover of the individual representatives has been fairly high but the race representation quite constant.

#### THE CITY COUNCIL

Much more highly prized than a seat in the state legislature is a seat in the city council because it carries a higher salary and more patronage. Before 1921 the city council was composed of seventy aldermen, two selected from each of the thirty-five wards. Prior to the migration the colored voters struggled in vain to secure an alderman of their race. When they sent their first representative to the council in 1915 it is likely that they were in a majority in the second ward.<sup>9</sup> When the draft in 1918 showed that seven or eight out of every ten in the second ward were Negroes, pressure was brought to bear upon the Republican organization to put up a second colored candidate. Accord-

was left in his seat. When the ward lines were re-drawn in 1931, the Negro majority in this ward was reduced to a minority.

#### CONGRESS

Because of its national importance a seat in Congress was coveted by the Negroes in Chicago many years before one was available. National and local pressure was brought to bear many times to reëlect Martin B. Madden from the congressional district containing the largest colored vote. When Madden died after the primary of 1928 the nomination of his successor was in the hands of a party committee favorable to the Thompson faction. Mayor Thompson said of the occasion, "When Madden died there came some Judas from Washington and said to me, 'We don't want a Negro congressman. You're the man that can keep a Negro out of Congress.' I said, 'If I'm the one man who can keep a Negro out of Congress, then, by God, there'll be one there.'"<sup>10</sup>

The political victories of the Negroes in Chicago have not been achieved without paying a price. They have not escaped some of the unfavorable publicity associated with the Thompson regime and their increased political power has awakened white opposition. When their

**Table II. Negro Population in Selected Wards in Chicago, 1920 and 1930\* (1921 ward lines)**

Ward	All classes	1920 Negro	Per cent	All classes	1930 Negro	Per cent
2	55,468	39,741	71.6	47,027	40,735	86.6
3	57,927	26,062	45.0	69,255	55,306	79.9
4	61,273	8,345	13.6	70,077	41,221	58.8

\*Census Data of Chicago, 1920 and 1930 with minor estimates.

ing to Table II the Negro voters might have elected a third alderman of their own in 1929 or 1931 had they chosen to do so. However, the incumbent was close to the Thompson faction and he

voting power was much less than at present, it was easier for a colored man to be elected to a city-wide position. Since 1908 no Negro has been elected to the county board and since 1924 no

<sup>9</sup>The second ward under the 1901 lines was 27 per cent colored in 1910 and under the 1911 ward lines it was 70 per cent colored in 1920.

<sup>10</sup>Political meeting, March 20, 1932. In 1920, 44.7 per cent of the adult citizens in the district were Negro; in 1930, 58.0 per cent.

colored aspirant for the municipal bench has been successful. No representative of the group has ever been elected to one of the chief patronage positions of the city.

The attitude of the white voters toward colored candidates has helped foster the solidarity of the colored vote. This group cohesion has been strengthened by the local political organizations, the churches, the weekly newspapers, and other group institutions. The Negro vote has become a greatly

prized asset in Republican primaries. Its power has made possible a number of electoral victories and it has meant important recognition in appointive positions. While the vote has been highly united, the local leadership has often been divided. The 1932 primaries brought a consolidation of power in the hands of Congressman DePriest who now controls the second and third ward organizations. With this new unity of command the Negro voters in Chicago may achieve further successes.

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### CITY MANAGERS AND GERMAN BURGOMASTERS

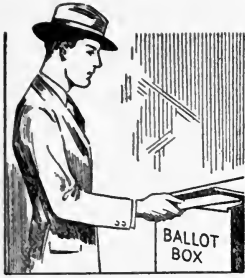
(Continued from Page 237)

tion by the council, professional standards, and absence of residence requirements combine to make securing of able men the outstanding feature of both systems. To have views on matters of policy but to avoid indulgence in politics, to come out of the city hall enough but not too often, and to control a centralized administration are accepted facts of the professional executive's job.

Most of the differences are explained by the varying viewpoints of Germans and Americans on what "democracy" means. Where that chasm is great the systems are not likely to approach one another. Where it is narrowed, we may

learn several things from the Germans. One is to encourage municipal service as a life career for men of ability and to obtain a social viewpoint by building a hierarchy of jobs under the city manager. Another is to abandon the pretence that the mayor is to be sole leader of the city and its social representative and to recognize the true importance of the manager's job. Given these changes it is quite likely that American initiative and energy, free of the slow-moving legalism of German municipal executives, may be able to advance faster and to transform our cities into centers of good living and culture and beauty.





## PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

### Continuing the Proportional Representation Review

**Pittsburgh Gains a "Moral Victory."**—On April 12 Representative John J. Kane, Pittsburgh Democrat, moved to discharge the House Committee on Elections of further consideration of his bill to make the city manager plan with proportional representation optional for Pittsburgh. In recent Pennsylvania history the sanctity of committees has been violated by a successful discharge motion only once and it was known in advance that many sincere believers in municipal home rule would vote against such a motion rather than risk the displeasure of organization leaders by upsetting this precedent, but since the bill was securely "pickled" in a sub-committee controlled by its arch-antagonist Senator Coyne this was the only possible way to give expression to the insistent popular demand for the bill's passage.

Though the motion was defeated (by the creditable vote of 73 to 105), the strength of the popular demand was unmistakably registered by a 15 to 10 vote in its favor in Allegheny County, composed of Pittsburgh and its suburbs. Eight Allegheny Republicans, a full half of the county's Republican members who voted, broke away from the Coyne leadership to vote for the motion, and the two who were absent allowed themselves to be quoted as in favor of the bill. Seven of the nine county Democrats voted for the discharge and were supported by nearly the entire Democratic membership of the House. Two years ago, when the Coyne forces failed to keep a similar measure in committee but did defeat it by a close vote on final passage, only seven Allegheny members in all voted for it.

The day before the vote on the Kane bill

the Senate Committee on Elections had voted not to report out the similar Harris bill, though in the Senate too at least half of the Allegheny delegation were known to favor it.

The votes on the Harris and Kane bills were preceded by a monster mass meeting in Pittsburgh and by a hearing in Harrisburg on these and important election reform bills which was attended by a special train-load of Pittsburgh citizens who made the trip at their own expense.

Blocked for the present session, the Municipal Charter Committee of Pittsburgh and its many supporting organizations are planning definitely to make the flouting of the people's will on this much-needed home rule measure an issue in this year's and next year's elections.

The Philadelphia optional P. R. manager bill introduced by Senator Woodward died in the Senate Committee on Municipal Affairs. That bill also had strong popular support for the third successive session, but the Philadelphia organization again opposed it successfully.

At this writing the legislature is still in session and the fate of the similar measures for third-class cities and boroughs is not finally decided.

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**New York Legislature Fails to Aid Charter Revision.**—The New York legislature adjourned April 10 without doing anything to give effect to the demands of the Hofstadter Legislative Investigating Committee, its counsel Judge Seabury, and numerous civic organizations for a new proportional representation charter for New York City.

In the final days of the legislature, however, a real battle was waged to enact the



proposal of Senator Desmond and Assemblyman Moffat allowing 15 per cent of the voters of any city by petition to call an election on the setting up of a charter commission named in the petition. This measure was strongly urged by Governor Lehman in a special message to the legislature but because of Tammany opposition was rejected in the Senate, which twice defeated motions to discharge the Senate Cities Committee, on a straight party vote, 26 to 25. The measure had previously passed the Assembly 76 to 66 on reconsideration after falling short of the constitutional majority required on the first attempt.

The Desmond bill for the optional charter contained in the Seabury report and the Moffat bill for an optional charter based on the majority report of the Hofstadter committee were both killed by Tammany opposition, the former never getting out of committee. The Moffat bill was reported favorably by the Assembly's Cities Committee and was advanced to the order of final passage. However, since this bill, as well as the Desmond bill, required a special message from the Governor which was not forthcoming, it was not brought to a final vote.

The demand of New York citizens for a new charter was ably expressed at a crowded hearing in Albany on March 22, at which Judge Seabury and representatives of the Advisory Committee of the New York County Republican Committee, the state Socialist Party, the Merchants' Association, the Citizens Union, the City Affairs Committee, the

City Club, the Women's City Club, the New York League of Women Voters, the City Party, the Committee of One Thousand, and the Jamaica Chamber of Commerce spoke in favor of charter revision with special reference to proportional representation.

The Tammany opposition in the legislature contended that action at Albany was unnecessary because Mayor O'Brien is pushing local legislation under the home rule law for a charter revision by a commission appointed by the mayor! The question of authorizing such a commission will possibly be voted on at the municipal election next fall.

Among the forces resolved to keep charter revision to the fore is the newly-formed City Party, which aims to unite "honest men and women of all parties" "to obtain for the city of New York a government for all its people and not for any political party and its favored friends." The party has declared for P. R.

One of the ablest statements so far issued in support of the Seabury recommendation of a single-chamber council elected by proportional representation is the report of the Special Committee on Reorganization of City Government of the Merchants' Association of New York, signed by William Fellowes Morgan as the committee's chairman.

Other organizations which have recently come out for proportional representation, in addition to those represented at the hearing, are the Kings County Republican Committee and the State Affairs Committee of the National Republican Club.

## A Reply To Alfred E. Smith

*Part of a letter sent to the "New Outlook" on February 13 by the Chairman of the Cincinnati City Charter Committee in reply to Mr. Smith's much discussed editorial attack on proportional representation as recommended by Judge Seabury for New York City. The letter was not published.*

THE EDITOR, NEW OUTLOOK

DEAR SIR:

In your February number you carried an editorial on proportional representation and based part of your argument against the use of the system in New York on the difficulty of explaining a paragraph quoted from the charter of the city of Cincinnati governing the method of selecting surplus ballots for transfer. If your opposition to the charter proposed by Judge Seabury were based solely on the difficulty of explaining this particular

paragraph, I would confine this communication merely to advising you of the fact that you should know, had you read the Seabury recommendations, that this particular method used in Cincinnati for selecting the surplus ballots for transfer is not used in the proposed New York charter. However, the editorial contains so many other errors concerning proportional representation that knowing the fairness of the *Outlook* I am craving the privilege of a little space to present the other side.

In explaining my interest let me say that

I was the chairman of the commission which drafted the present charter of the city of Cincinnati in 1926. My associates on the commission were Senator Robert A. Taft, son of President William Howard Taft, and Mr. Robert N. Gorman, at a later date prosecuting attorney of Hamilton County, Ohio. The secretary of the commission was Mr. Howard Bevis, the present able finance director of the state of Ohio. The drafting of the charter was not a partisan act. Mr. Robert A. Taft and I were Republicans in national politics. Mr. Robert N. Gorman and Mr. Howard Bevis were Democrats in national politics. All of us except Mr. Robert A. Taft were members of the City Charter Party in local politics. All four of us were experienced lawyers and I believe that your editorial is the first criticism of our clearness of expression. . .

#### NOT A DIFFICULT SYSTEM

Let me assure you that it is not difficult to explain this system to the rank and file of voters. In Cincinnati this system of proportional representation was explained to the rank and file of the voters and it carried in a special election in the face of the opposition of a political machine much more deeply entrenched in power than Tammany has ever been. . . . The rank and file of the Republican party repudiated the advice of the party leaders and adopted the system of proportional representation, not to destroy party government, but actually to establish it upon an honest basis. The election was not even close. The charter secured a majority in every one of the twenty-six wards in the city of Cincinnati. . . .

#### THE VOTING MACHINE OBJECTION

It is true that the present voting machines could not be used and that without machines it will take more time to count the ballots. However, voting machines to register a count of votes under proportional representation can easily be manufactured, once there is a demand for them, and the system of popular elections was in full force and effect long before voting machines were considered. Voting is supposed to represent an act of human intelligence and to postpone the adoption of a system of voting because of the absence of voting machines would seem to indicate a negation of the idea of intelligence. If the result of using proportional representation is to elect better office holders for the next

four years it would seem the part of wisdom not to sacrifice this result because of a delay of a few days in determining the result. . . .

As to the "innumerable candidates running on all sorts of crazy platforms and impossible promises," the difficulty is more imaginary than real. . . . At the first election in Cincinnati we had a number of candidates such as you suggest. However, most of them received fewer votes than the number of signatures to their nominating petitions and ever since the first election there has been no trouble of this kind. . . .

#### RESPONSIBLE PARTY GOVERNMENT

The claim "it would do away with responsible party government and would destroy all district representation, which is, I believe, still essential in a community with strong neighborhood and racial feelings," contains three distinct and two contradictory conclusions in one sentence. Let us consider them separately. How will it destroy responsible party government? In Cincinnati there has been established under proportional representation more responsible party government than was ever dreamed of under the old system.<sup>1</sup> However, it has been responsible party government and not irresponsible party domination. If by party responsibility is meant the irresponsibility of the elected officials and an acceptance by them of the dictation of the unelected party machine in all details of government, I will concede your contention, but if by party responsibility is meant the responsibility of the party in selecting and vouching for the integrity and ability of the elected official, then our experience in Cincinnati has demonstrated that the way to secure real party responsibility is by the use of proportional representation.

Under proportional representation the invisible government is made visible. The members of the party use their votes in the general election to select out of the party nominees the candidates they prefer. The general election is also the primary election. Proportional representation has the same stimulating effect upon interest in party politics as would the passage of a law compelling every voter to vote in the primary election of one or the other party. Under proportional rep-

<sup>1</sup>The City Charter Committee, which has carried the four Cincinnati municipal elections since the adoption of proportional representation, is in effect a party for municipal purposes though it cuts across national party lines.—Ed.

resentation you cannot vote in the general election without by your vote registering your primary choice. The weakness of party government in a great municipality is the strength of the party machine and the strength of the party machine is proportioned to the lack of interest and participation in the party primaries.

As to district representation satisfying both neighborhood and racial feelings, a little consideration of the meaning of the terms will prove the contradictory nature of the assertion. If either neighborhood or racial feeling is strong, representation is guaranteed by proportional representation. The quota of required votes takes the place of a gerrymandered geographical district. Each councilman represents a quota of like-minded citizens. All like-minded citizens do not dwell in the same geographical area. A much better district representation is secured by segregating the like-minded voters through proportional representation than by segregating them through a gerrymander. Furthermore, if any racial group wants a racial representative it can pick its representative within the party as it does under the present system and the racial representative picked by 50,000 voters is much more likely to be truly representative of the racial group than a standard-bearer of racial prejudice selected by a district leader. . .

#### THE PART OF P. R. IN CINCINNATI

As to your statement "Proportional representation did not rid Cincinnati of bad government. The citizens did this by their votes," I agree, but as to the second portion of your statement "If there had been no proportional representation the fusion or reform element would have captured every elective office in the city government instead of only part of these offices," I must decidedly disagree. I believe I speak with authority as I have been president of the City Charter Committee since its organization and have been chairman of the campaign committee in 1925, '27, '29, and '31. If it had not been for proportional representation the fusion movement might have captured every elective office in the city government *once*,<sup>2</sup> but it would have lost every office at the next election. A fusion move-

ment not based on proportional representation carries within itself the germ of its own destruction. . . .

Under proportional representation the voters themselves have selected their representatives in the fusion council. They can defeat the ones that refuse to work in harmony for the general good. The disputes, which in the ordinary fusion movement wreck the cause in secret, under proportional representation are transferred into the open. The voters see and can appraise the blame and punish or reward at the next election. It is not necessary for each office holder to bear the responsibility for the mistakes or misfeasances of other office holders on the fusion ticket. It is not possible for the opposition to rouse antagonism on different grounds in different quarters of the city. Under proportional representation you cannot vote against an entire ticket, you can only vote for a candidate.

#### REAL VERSUS SHAM DEMOCRACY

If the purpose of voting is to secure elected officials desired by the voters, the system of proportional representation is far superior to the so-called majority system now in force. It does away with the undue influence of the organized minority. . . . The system compels the voter to select his own choice. It prevents him from surrendering all choice to his so-called political leaders. It does not prevent party organization, neither does it prevent party leadership. On the contrary it encourages the rank and file to select real party leaders. Under the present so-called majority system the selection of party leaders is made by the office holders. A political machine is self-perpetuating until it becomes so rotten that an explosion occurs. The office holders have to work in the primaries to reelect the present leadership under penalty of losing their jobs. After they have elected the party leaders in the primaries the party leaders reward them by permitting them to hold their jobs. The rank and file of the party machine are interested in jobs. The rank and file of the local party are interested in government. The so-called majority system of voting places the control in the rank and file of the party machine. The system of proportional representation places the control in the rank and file of the political party. Good government and not retention of jobs is made the primary interest. Which system more nearly approximates the ideal of democracy?

Yours truly,

HENRY BENTLEY

<sup>2</sup>On other occasions Mr. Bentley has said he does not believe without proportional representation the Charter Committee could have won even the first time. At that time the anti-machine elements were too badly divided by national party and other lines to unite on any one slate. Under P. R. they did not have to. They could elect different parts of the Charter Committee ticket



## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

**Organizations in the Field of Public Administration—a Directory.** Robert M. Paige, Editor. Chicago, Public Administration Clearing House, 1933. 203 pp.

Over one hundred years ago De Tocqueville made this observation upon one of our fundamental national traits:

“The Americans of all ages, all conditions and all dispositions constantly form associations. They have not only commercial and manufacturing companies in which all take part, but associations of a thousand other kinds, religious, moral, serious, futile, restricted, enormous, or diminutive. The Americans make associations to give entertainments, to found establishments for education, to send missionaries to the antipodes, and in this manner they found hospitals, prisons, schools. . . . Wherever at the head of some new undertaking you see the government in France, or a man of rank in England, in the United States you will be sure to find an association.”

When the Public Administration Clearing House was organized two years ago, it realized that its first job was to canvass the agencies whom it was to serve—at least to list the existing organizations in the field of public administration for whom, by its charter, it was to act as a clearing house. The first fruits of this survey have recently been made public in *Organizations in the Field of Public Administration—A Directory*, edited by Robert M. Paige, of the staff of the Clearing House, under the supervision of Louis Brownlow, its director.

This directory lists 466 voluntary organizations having a nation-wide scope, 1,131 state-wide associations, 65 regional ones and 82 Canadian dominion-wide or provincial ones.

It excludes all organizations less than state-wide in scope; and further, it excludes on the one hand all official agencies, boards, commissions, and on the other hand, all groups whose chief relationship with government is lobbying, trying to influence the legislative branch.

As one thumbs the pages of the directory, formal statements fly by of addresses, memberships, finances, secretariats, purposes, publications. This information should be useful, but it is not dramatic in form. It is necessary to read between the lines to get from the book a picture of the place of the voluntary association in our American government. As one who has been behind the lines, I venture to offer some aid.

In the first place, there is no office on the ballot the holder of which is not eligible to membership in some association of his fellows. The governors, attorney-generals, secretaries of state, state treasurers, mayors, comptrollers, state and municipal engineers, bank and insurance superintendents, all have their conference or association. Every kind of trained appointive employee of government has his clan—economic entomologists, park executives, librarians, prison wardens, public health workers, feed control officials, state geologists, city managers, military surgeons, agricultural chemists, public works officials, police chiefs.

Many of these groups afford “an opportunity for exchange of views” but, as for instance the Governors’ Conference, by their charter proscribe action, or even resolution, upon a controversial subject. Some provide their members with useful, indeed vital, technical help, by meetings, and by the publication of papers. Few are of the trade

union type, concerned with pensions, tenures, craft restrictions: this seems to surprise foreign visitors, who think of associations of civil servants chiefly as trade unions, engaged in consolidating their bureaucratic position.

But there is a rôle in our American drama for some of these associations far more important than the spread of good fellowship, which is surprisingly seldom listed on the playbill. Perhaps they are like the property man in the Chinese play: supposed to be invisible. Their function is to bring about uniform, reciprocal, or coördinated state action in fields not within federal jurisdiction because not so delegated in the federal Constitution. And when these voluntary, unofficial groups have spoken, their word is final, there is no appeal. Take, as one example, the National Convention of Insurance Commissioners, whose membership is 48 and whose budget is \$3500, and which has a part-time secretary. Its Committee on Examinations "supervises examinations in which insurance departments besides those of the home state participate, and acts as a clearing house for requests on the part of commissioners for information regarding the financial standing of insurance companies." Its Committee on Security Valuations determines what are or are not "admitted assets" and at what value they shall be taken up in reports in the several states.

The only importance of these little committees is that the several state officials have practically agreed to adopt their findings, in the interest of economy of effort and expense, and of uniformity.<sup>1</sup>

The other great groups of associations affecting public administration are groups of laymen. Some have a special interest, and watch like hawks over the governmental departments concerned with that interest, to see that the right thing is done by their Nell. (This, of course, beyond merely lobbying to see that new governmental departments are created, or new laws adopted.) Sometimes the lay group is more like the tackle preceding the government official carrying the ball down a broken field: their job is to draw the fire, send up the trial

balloon, prepare public opinion—all in a way not open to an official.

And, finally, there are the groups which are nursing some tender seedling of an idea to the point where it can be grafted as a branch of government. The International Association of Chiefs of Police through a committee devises a uniform crime report, works on it for several years, gets many city police departments to adopt it; eventually the federal Department of Justice takes over the collection and dissemination of the periodic reports. In the fields of public health, education, psychiatry, social work, this process, called in the directory "occupying the field jointly with governmental agencies," is going on all the time.

The influence of these organizations is truly immeasurable. As I have tried to show in choosing my examples, one that looks minor in terms of number of members, size of budget, or staff, may still play an important and decisive role in government and business.

This is part of the story that can be read between the lines of the directory.

CHARLES S. ASCHER.

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**Damages by Reason of Change of Grade.** R. F. Witter. Los Angeles, Department of Public Works, 1932. 71 pp. mimeo.

The problems arising in connection with changing the grade of streets with resultant damages suggested the need of some knowledge as to general practice on the point. Mr. Witter, the right-of-way and land agent of Los Angeles, secured information from twenty-seven cities. The material supplied by them is compiled in this book. It is interesting and valuable and deserves a summary or analysis such as has been, unfortunately, omitted.

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**Expenditures from Ten-Year Plan Bond Funds.** Kansas City, Missouri, Civic Research Institute, 1933. 31 pp. mimeo.

The administration of the much heralded ten-year plan of Kansas City has been under constant scrutiny of the Civic Research Institute. The citizens' bond advisory committee, at the suggestion of the Institute, had a special audit made of the expenditures of the bond money. On the basis of this audit the present analysis is made. Of particular interest are the data used for purposes of

<sup>1</sup>This picture is elaborated in Professor Emerson D. Fite's "Government by Co-operation" (Macmillan, 1932); and will be discussed in Professor Brooke Graves' "Uniform State Action" to be published by the University of Chicago Press.

comparing Kansas City expenditure, especially for rentals of various types of equipment, with similar charges in other sections of the country.

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**How to Prepare an Annual Public Works Report.** Chicago, Committee on Uniform Street and Sanitation Records, 923 East 60 Street, 1933. 31 pp.

Some city governments which have never before seriously considered informing the citizenry about the services bought by taxes are turning their attention to adequate presentation of the facts. Students of administration have for some time been concerned with records adequate for analysis in the interests of efficiency. The committee, which has been dealing especially with this, has used its previously developed material as a background for suggestions on the preparation of a report for public use. Detailed instructions, illustrative charts and tables are here offered the municipal official to be of direct assistance to him in informing anyone interested as to the work and achievements of public works activities in city government.

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**Unemployment Relief in the United States and Canada.** Margaret Otto. New York, Russell Sage Foundation, 1932. 12 pp. 20 cents.

The bibliographies issued by the Russell Sage Foundation are always of value. This issue, on a subject on which the organization has done such outstanding work, would seem to be indispensable to anyone working or reading in the field. The references are grouped under subject headings and in most cases include a few words of explanation.

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**Men's Misdemeanants Division of the Municipal Court of Philadelphia.** By George E. Worthington for the Bureau of Municipal Research of Philadelphia. Philadelphia, Thomas Skelton Harrison Foundation, 1933. 181 pp.

This, the twelfth report in the Philadelphia municipal court survey, is based on field investigation made in 1926 of the court which deals with disorderly boys between the ages of sixteen and twenty-one. The report describes the origin, jurisdiction and objectives of the court, the types of cases and

the sources from which they come, and explains the procedure in court cases. He explains how investigation of cases is made. The probation personnel, the methods of supervision, and the results of their work are dealt with. On the basis of his survey of these factors, the author presents conclusions and recommendations for improvement. Some of these are doubtless applicable to similar courts in many cities, such as that the court try to line up to its professed purpose, that it make better use of other municipal and private agencies in social service work, that it improve its probation staff, that it investigate more carefully the cases before it, that it agitate for better institutional care for feeble-minded boys, that better record systems be installed, that the Bar Association assist in getting rid of shyster practitioners, and other matters. Mr. Worthington closes his study with a brief section on the challenge of crime prevention.

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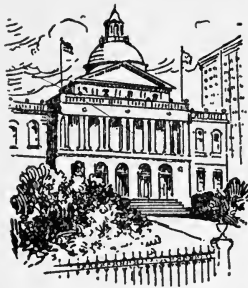
**Financial Aspects of New York City's Pension Systems.** By Paul Studenski. New York, Citizens' Budget Commission, 1933. 109 pp. mimeo.

After a brief analysis of the New York pension problem, Professor Studenski has pointed out possible reductions in costs and has given a program for equalization of benefit provisions upon the various teachers' retirement funds. He describes also six other systems and ways of reducing their costs. In summary he offers a plea for a more uniform and economic system of the pensions.

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**Unmarried Mothers in the Municipal Court of Philadelphia.** By Emma O. Lundberg for the Bureau of Municipal Research of Philadelphia. Philadelphia, Thomas Skelton Harrison Foundation, 1933. 177 pp.

The major work of the women's criminal division of the municipal court of Philadelphia is with unmarried mothers. This study offers a description of the procedure followed in these cases, an analysis of various important aspects of the problem, statistical and general, a consideration of the extent and possibilities of coöperation with other agencies, private and public, and a series of recommendations which would improve and develop the work of the court.



# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE

Secretary-Treasurer, G. R. A.

**Governmental Research Agencies in Cities of Over 100,000.**—There are at least thirty-three cities of more than 100,000 population which now support a governmental research agency. However, as there are ninety-three cities in this population group, sixty are at present without such an agency. A list of these ninety-three cities follows. The names preceded by an asterisk are those cities now supporting a governmental research agency. The question mark preceding other names indicates that we have information to the effect that in those cities steps are being taken to organize such an agency. It will be appreciated if readers will notify the secretariat (850 E. 58 Street, Chicago) if this information is incomplete or inaccurate.

\*New York  
\*Chicago  
\*Philadelphia  
\*Detroit  
\*Los Angeles  
\*Cleveland  
\*St. Louis  
\*Baltimore  
\*Boston  
\*Pittsburgh  
\*San Francisco  
\*Milwaukee  
\*Buffalo, N. Y.  
Washington, D. C.  
\*Minneapolis  
\*New Orleans  
\*Cincinnati  
\*Newark, N. J.  
\*Kansas City, Mo.  
?Seattle, Wash.  
\*Indianapolis, Ind.  
\*Rochester, N. Y.  
?Jersey City, N. J.  
Louisville, Ky.  
?Portland, Ore.  
Houston, Tex.  
\*Toledo, O.  
\*Columbus, O.  
?Denver, Colo.

Oakland, Calif.  
\*St. Paul, Minn.  
?Atlanta, Ga.  
?Dallas, Tex.  
Birmingham, Ala.  
\*Akron, O.  
Memphis, Tenn.  
\*Providence, R. I.  
San Antonio, Tex.  
?Omaha, Neb.  
?Syracuse, N. Y.  
\*Dayton, O.  
Worcester, Mass.  
Oklahoma City, Okla.  
?Richmond, Va.  
Youngstown, O.  
Grand Rapids, Mich.  
Hartford, Conn.  
Fort Worth, Tex.  
New Haven, Conn.  
Flint, Mich.  
?Nashville, Tenn.  
Springfield, Mass.  
San Diego, Cal.  
Bridgeport, Conn.  
Scranton, Pa.  
\*Des Moines, Iowa

Long Beach, Cal.  
Tulsa, Okla.  
Salt Lake City, Utah  
Paterson, N. J.  
?Yonkers, N. Y.  
Norfolk, Va.  
\*Jacksonville, Fla.  
Albany, N. Y.  
Trenton, N. J.  
Kansas City, Kans.  
\*Chattanooga, Tenn.  
Camden, N. J.  
Erie, Pa.  
Spokane, Wash.  
Fall River, Mass.  
Fort Wayne, Ind.  
Elizabeth, N. J.  
Cambridge, Mass.  
\*New Bedford, Mass.

Reading, Pa.  
?Wichita, Kans.  
Miami, Fla.  
Tacoma, Wash.  
\*Wilmington, Del.  
Knoxville, Tenn.  
Peoria, Ill.  
\*Canton, O.  
South Bend, Ind.  
Somerville, Mass.  
El Paso, Tex.  
Lynn, Mass.  
Evansville, Ind.  
Utica, N. Y.  
\*Duluth, Minn.  
Tampa, Fla.  
?Gary, Ind.  
Lowell, Mass.

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**Des Moines Bureau of Municipal Research.**—Economies are expected to result from recent legislation which provides for the assessment of real estate every four years instead of every two; makes tax value coincide with assessed value (formerly it was necessary to divide every property item by four); forbids private use of publicly-owned cars; and reduces the frequency of legal publications and notices. The Des Moines Bureau of Municipal Research supported these and other economy measures. The Brookings Institution is now making a survey and formulating a program for comprehensive reorganization in state and county government to present to the special session of the Iowa Assembly in August. The Des Moines Bureau will lend support to the legislative program proposed by the Brookings Institution. Total tax levies on Des Moines property for 1933 were \$6,970,000, which amount was \$640,000 or almost 10 per cent less than the levies of 1931. In the coming year the Bureau will

report on fire and police pensions, relief expenditures, machine preparation of tax books, and other economy measures.

The Bureau has participated actively in the formation of the Polk County Taxpayers' Association, but will continue as an independent fact-finding and investigating agency and will serve the Polk County Taxpayers' Association by furnishing it with definite information on specific economies. The Bureau and the Taxpayers' Association will join forces in putting these specific economies into effect.

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**Citizens' Research Institute of Canada.—**

An analysis of the cost of provincial government has disclosed that the average per capita cost of provincial government after deducting revenues received from the Dominion government was \$16.86 in 1931 compared with \$16.67 in 1930; \$14.92 in 1929, and \$10.12 in 1922. The Dominion government's expenditures were \$47.11 per capita in 1931-32 compared with \$43.40 in 1930-31, and \$46.87 in 1921-22. In 1931-32, deficits from such enterprises as the Canadian National Railways, Canadian Government Merchant Marine, etc., operated by the government, amounted to \$8.77 per capita. These are some of the facts brought out in the recent reports of the Research Institute.

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**St. Louis Bureau of Municipal Research.**

—H. C. Loeffler, a member of the Bureau's staff, has just completed a survey of the costs of venereal disease to St. Louis. This study, which was made under the auspices of, and published by, the Missouri Social Hygiene Association, discloses that the direct cost of treating these diseases amounts to more than two million dollars annually. This does not include any estimate of the costs of these diseases in terms of unemployment, decreased earning capacity, and shortened life. It is believed that this survey is the first of its kind undertaken in this country.

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**Taxpayers' Research League of Delaware.—**Transfer of responsibility from the county to the state for construction and maintenance of roads is one of the significant recommendations of the Governor's Advisory Commission which recently submitted its report on County Government and Taxation in Delaware. This report, which was prepared

by the staff of the Taxpayers' Research League of Delaware, also recommends that the state auditor be made responsible for county audits; that the personal property tax now levied only on livestock be abolished; that assessment methods be considerably improved and that separate assessments by municipalities be eliminated; and that numerous other changes be made in the structure and financial procedure of counties. It is estimated that adoption of the Committee's recommendations would reduce county taxes to approximately one-third of present rates.

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**Providence Governmental Research Bureau.—**

This bureau has prepared an interesting organization chart for the city government. The unusual feature of this chart is the border, composed of some sixty small pictures or sketches portraying the work of the bureaus, departments, and commissions.

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**Citizens' Advisory Finance Committee of Newark, N. J.—**

A classification of accounts which will be uniform for each of the five major departments, each headed by a member of the city commission, is being worked out by this organization.

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**Schenectady Bureau of Municipal Research.—**

Reports on the following subjects are under way: (1) milk inspection and supply; (2) city finances and the refunding of debts maturing in 1933 and 1934; (3) pay-roll economies; (4) fire losses and fire prevention; (5) city, county, and school purchasing methods and prices; (6) state legislation to assist city economies; (7) trend of delinquent taxes; (8) police costs; (9) school costs; (10) city economies effected in 1932; and, (11) departmental cost comparisons with other cities, (a routine month by month procedure).

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**New Appointments.—**

Harold A. Stone, formerly director of research for the California Taxpayers' League, has been selected as the director of the new bureau of governmental research in New Orleans. Mr. Stone will assume his new duties May 1.

Clifford W. Ham, formerly city manager of Pontiac and Gladstone, Michigan, later president of a bank in Pontiac, has been appointed acting director of the Atlantic City Survey Commission.





## NOTES AND EVENTS

**Detroit Defeats, Flint Adopts Ward Plan.**—By a vote of 177,000 “no” to 70,000 “yes,” Detroit electors, April 3, defeated a charter amendment which would have forced the city back to a ward-district plan of council representation with twenty-one aldermen elected from twenty-two wards, arranged in ten districts.

Amid present financial and political uncertainties, the Detroit Democratic Club, headed by Congressman George Sadowski, sponsored the plan to rip the charter and take the city back twenty years to the scandalous conditions when “the forty-two loose nuts,” allied with the bi-partisan Vote Swappers’ League, brought Detroit to its greatest depth of municipal degradation.

Since January, 1919, the city has had a modern charter with a “strong mayor,” having absolute appointive authority, and a council of nine, elected at-large, each member of which gives practically full time to the city’s service, with daily council sessions in committee of the whole. The threat of a return to the discredited aldermanic system was met first by the Detroit Citizens League. The campaign initiated by the League was taken to the Detroit public chiefly through the editorial and news columns of the *Detroit News* and *Detroit Free Press*, aided by a weekly paper, *Detroit Saturday Night*. The *Times*, owned by Hearst, kept out of the controversy. This is the third time since 1918 that the reactionary political element has failed to overturn Detroit’s modern charter plan.

At the April 3 election, Flint, Mich., produced a mixed verdict. Led by the Civic League, the people gave another drubbing to the faction of political spoilsmen headed by Mayor William H. McKeighan. In the city commission of nine, Mayor McKeighan

and his brother, John, are the only members left who are opposed to the Civic League group. However, at the same election, by a vote of 22,968 to 6,768, Flint amended its charter, going back to a plan of electing one commissioner from each of nine wards.

W. P. LOVETT.

Detroit Citizens League.

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**Coöperative Price Service Effects Substantial Savings.**—In November, 1931, an innovation in monthly commodity price services was introduced by the New York State Conference of Mayors. On the last day of each month, the Conference sends to the heads of the purchasing departments of all New York State cities and first-class villages, a printed list of the sixty-five most important materials purchased. The lists are returned to the Conference by the tenth of the following month by the reporting officials, after they have entered the quantity, quality, and price paid for each of the materials purchased during the preceding month.

At the Conference office, the reports are tabulated in commodity groups, showing the name of each city buying each item, with all information reported. The completed reports are then mailed to all city and village purchasing departments, usually by the fifteenth or twentieth of the month.

Startling variations in prices paid were revealed by the first report, on materials of equal quality, but price differences have decreased in succeeding reports. Desiring to check the results obtained by the reports, the writer selected the ten most comparable commodities in the price lists and compared the prices paid in the first report with those of December, 1932.

Upon taking an average of the prices paid

for all ten commodities, it was found that in November, 1931, the highest prices averaged 74 per cent above the lowest and the average prices exceeded the lowest prices by 31 per cent. In December, 1932, the highest prices averaged 42 per cent above the lowest, while the average prices were 22 per cent above the lowest. The net differences were therefore, 32 per cent and 9 per cent in favor of December, 1932. A considerable number of purchasing officials admitted that the information given in the price reports proved that other buyers were paying lower prices than they, with the consequence that greater efforts were made to get their prices in line, usually successfully.

Since price variations were shown to have decreased considerably on all the most comparable commodities, it is but reasonable to assume that similar reductions were made on commodities difficult or impossible to compare. Bearing in mind that the total purchases of the municipalities affected amount to millions of dollars annually, the percentage of savings represents many thousands saved in tax monies. In the writer's opinion, a large part, at least, of the credit for these savings belongs to the price service of the New York State Conference of Mayors.

HAROLD B. EVANS.

City Purchasing Agent,  
Watertown, N. Y.

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#### Reform Becomes King in New York.—

The fight over the spoils of New York politics has been replaced by a race for credit for improvements in administrative machinery. With Joseph V. McKee, president of the board of aldermen, and Mayor O'Brien each trying to outdo the other in constructive measures, it appears as though New York taxpayers might reap the benefit in the form of permanent improvement.

Things are happening so thick and fast that any generalization might be untrue by the time it appeared in print. The interesting turning of the tables which has resulted in popularity for reform may be illustrated by the recent defeat of three local bills sponsored by McKee in the board of estimate recently, and the approval of three other measures sponsored by Mayor O'Brien which contained no essential differences from the McKee bills. The three measures were all of interest to reformers: the first was a housing

measure permitting tax exemption on construction of new model housing by limited dividend companies; the second provided for establishment of an executive budget under supervision of the mayor; and the third, the development of a capital outlay budget controlling expenditures for large public improvements over a period of years.

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**A City Manager Enabling Act for Missouri.**—The Missouri legislature has passed a bill enabling cities of the second class to hold elections on the adoption of the city manager form of government, upon petition of 25 per cent of those voting for mayor at the preceding election. A majority voting for the plan at a special election is sufficient for adoption. The enabling act specifies a council of seven, elected at large for four-year terms, three and four members being chosen alternately every two years. Nominations are by petition of 10 per cent of the qualified voters. The council appoints a city manager but the law is seriously defective in requiring that the manager must be a taxpayer of the city and must have been a qualified voter of the city for at least five years. This does violence to one of the chief principles of council-manager government, namely, freedom to choose a manager from the best qualified persons irrespective of residence.

\*

**City-County Consolidation in Kansas City.**—A bill has been introduced into the Missouri legislature providing for consolidation of the governments of Kansas City and Jackson County, Missouri. The bill was prepared pursuant to an article in the constitution of Missouri providing that "in all counties having a city therein containing over 100,000 inhabitants, the city and county government thereof may be consolidated in such manner as may be provided by law."

The bill creates a board of thirteen freeholders to draft the details of a plan for such consolidation. Under the provisions of the bill the consolidation project may be launched by a petition signed by 10 per cent of the qualified electors of Jackson County, requesting the election of a board of freeholders to prepare a plan for the consolidation. It is then the duty of the county court to order a special election to be called not less than sixty nor more than ninety days after presentation of the petition.

Nominations for members of the board of freeholders are also by petition signed by not less than 300 nor more than 1,000 qualified voters or by a petition signed by not less than 10 nor more than 1,000 qualified voters and accompanied by a deposit of \$100 to be returned in case the candidate receives 300 votes. The bill provides for proportional representation as the system for electing the members of the board.

The bill also provides for submission of the consolidation scheme to the voters of the county for ratification and to the state legislature for its approval. The legislature under the terms of the bill, however, can only approve or reject the proposition as a whole.

\*

**Citizens' Councils Committee to Broadcast.**—The Committee on Civic Education by Radio will lend its aid to the Committee on Citizens' Councils for Constructive Economy, in presenting a summer series of "You and Your Government" broadcasts, on the subject of Constructive Economy. Fifteen programs are being planned for every Tuesday evening from June twentieth to September twenty-sixth. They will present unbiased information on the many and various aspects of economies in government. Speakers of authority in education, welfare, recreation, finance, utilities, and other pertinent topics, will be heard. The series will be carried over a nation-wide network of the National Broadcasting Company. Professor Thomas H. Reed, Chairman of the Committee on Citizens' Councils, is also Chairman of the Committee on Civic Education by Radio which was formed more than a year ago by the National Advisory Council on Radio in Education in cooperation with The American Political Science Association.

The summer broadcasts will be the fifth of the "You and Your Government" series. The current series on Legislatures and Legislative Problems will continue through June thirteenth, on Tuesday evenings, from 7:15-7:45 Eastern Daylight Saving Time. The remaining programs on this series are:—

May 9—**AIDS TO LEGISLATION:** Henry W. Toll, Director American Legislators' Association; Edwin E. Witte, Director Wisconsin Legislative Reference Library; DeWitt Billman, Director Illinois Legislative Reference Bureau.

May 16—**BANKING:** Henry Parkman, Jr., State Senator, Massachusetts; Prof. Marcus Nadler, New York University.

May 23—**LEGISLATIVE INVESTIGATIONS:** Senator Gerald P. Nye, North Dakota; Prof. Lindsay Rogers, Columbia University.

May 30—**UNEMPLOYMENT:** Jane Addams, Hull House; Frank Bane, Director American Public Welfare Association; Louis Brownlow, Director Public Administration Clearing House.

June 6—**THE GOVERNOR AND THE LEGISLATURE:** William T. Gardiner, Governor of Maine, 1929-1933; Hugh Reid, Virginia House of Delegates; Prof. Harold W. Dodds, Princeton University.

June 13—**THE LEGISLATIVE PRODUCT OF 1933:** Prof. Thomas H. Reed, University of Michigan.

\*

**Manager Regime Endorsed by Dallas Voters.**—Vigorous endorsement of the manager regime in Dallas, Texas, was the result of the recent election there in which all of the councilmen backed by the charter association were elected by an overwhelming majority. Eight of the nine councilmen were the original councilmen who were chosen to put the manager plan into operation.

\*

**New York State Adopts Sales and Gross Income Taxes.**—A 1 per cent retail sales tax goes into effect in New York State on May 1, to continue until July 1, 1934. Food sales are exempted, as well as gasoline and public utility services, the latter being covered by special taxes already in effect. The sales tax is expected to affect over 100,000 concerns and to bring in about \$2,500,000 monthly. Stores with a business of less than \$1,250 in taxable goods every three months are likewise exempt, but must prove their case. The law prohibits a dealer from advertising that he absorbs any part of the tax; but, in the opinion of Mark Graves, president of the state tax commission, separate marking of the tax on price tags would permit the buyer to refuse to pay the tax, as it is supposed to be a tax on the privilege of selling and not on the consumer. It is expected that stores will mark up part of their goods enough to cover their total tax, leaving the prices of other commodities undisturbed. First returns are due in July, and every three months thereafter.

Another form of taxation adopted in New York is the 1 per cent gross income tax, which will not be collectible until 1934, however, as

it does not affect 1932 incomes. Another piece of tax legislation bearing on the lower income groups consisted of reduction in the personal exemptions for the net income tax, to the federal levels.

\*

**The New York City Charter Proposals.**—The New York State legislature adjourned in April without enacting any of the charter proposals for New York City. Even the Desmond-Moffat bill, to permit cities to have a charter election on petition of 15 per cent of the registered voters, while it passed the Assembly, was defeated in the Senate.

A bill introduced by Mayor John P. O'Brien of New York, has been passed by the board of estimate, providing for a popular vote at the November election on the appointment of a charter commission. This would consist of seventeen members, appointed by the mayor, and would therefore be expected to prepare a charter satisfactory to the present administration. H. M. O.

\*

**Tax Moratorium in California.**—By action of the state legislature, at the demand of taxpayers, payment of real estate taxes due municipalities on April 20 is postponed until June 20. An exception was made in the case of San Francisco, which would have been particularly hard hit by this measure on account of the cash requirements of its new charter; accordingly, only 50 per cent of the taxes due that city April 20 are postponed. Because of this exception the law is considered to be unconstitutional by various authorities, but it is not expected that any taxpayer will take it to court.

\*

**Critical Days for Schools in Alabama and Chicago.**—In April, 85 per cent of the elementary and secondary schools of Alabama had closed, and according to Dr. A. F. Harmon, state superintendent of education, that state is facing the worst situation as to public education since the reconstruction period. As quoted in the *New York Times* for April 23, he said: "Despite all the sacrifices by teachers, the schools of fifty counties are closed. Many, after a three-months' session, closed before January 1 of the present school year, not to open again until October, if they do then. On April 1, 7,000 teachers were out of work, and the doors of 2,400 school buildings were closed in the faces of 265,000 white school children. Some counties already have gone back to a three-months' public

school term such as was maintained thirty years ago. . . . The very existence of the higher institutions is threatened."

The situation is due in part to the general business depression and in part, it is reported, to the sudden shift from a borrowing policy to the strict pay-as-you-go principle in state finance, with a drastic cut in state-aid for education, in addition to the heavy reduction in local revenues. According to Dr. Harmon education bore the heaviest cut—75 per cent—in the state budget. Other state activities have also suffered to a lesser extent.

An income tax amendment is to be voted on by the people in June, which, if adopted, will provide a desperately-needed additional source of state revenue, on the sound principle of ability to pay.

In Chicago, second largest city of the country, the long-suffering school teachers, to whom \$30,000,000 in back salaries is due, gave vent to a dramatic and well-organized protest on April 24. It was participated in by 5,000, according to news accounts, and included visits of large groups to five of the leading banks, where militant but orderly paraders and delegates demanded of the bankers that adequate financial aid be given to the city in order to enable payment of salaries. Mayor Kelly and Governor Horner, who was conferring with the mayor, were also called upon. Another demonstration occurred on April 26.

The president of the board of education, Orville J. Taylor, is reported as saying on the evening of April 24 that the schools would close within two or three weeks on account of the financial crisis, instead of continuing to June 23.

## FINANCIAL DICTATORS REPLACE POLITICAL BOSS

(Continued from Page 234)

representatives therefore could have all their major dealings with one man. For the time being the political boss is obliged to bow to the demands of the financier, but he is not being put out of business, and he will be with us still when the depression has lifted.

The most that can be hoped for, it would seem, is that, in the interval of bankers' domination, the forces for good government will be able to go over the top with a great many constructive measures, and that the political boss will emerge from his partial eclipse more enlightened than he has been heretofore and hence less disposed in the future to resist proposals in the interests of good government.

# NATIONAL MUNICIPAL REVIEW

JUNE 4 1933

## MUNICIPAL DEBT NUMBER

Paying Debts in a Depression

• • • CARL H. CHATTERS

The Problem of Refunding

• • • CLIFFORD W. HAM

Bolstering Municipal Credit

• • • PAUL V. BETTERS

The Bonded Debt of 277 Cities as at  
January 1, 1933

• • • C. E. RIGHTOR

Is Congress Representative ?

• • • GEORGE H. HALLETT, JR.

The Search for Facts in Government—  
A Supplement

• • • GOVERNMENTAL RESEARCH ASSOCIATION

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# THE LEAGUE'S BUSINESS

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## A Letter from a Governor.—

Hearty thanks for yours of April 19.

I am immensely pleased to have your proposals for governmental reorganization, and your comments on bills presented to the General Assembly of Pennsylvania. Unfortunately, the Assembly has made it plain in recent weeks that it is not interested in the slightest in real governmental economy and proposes only to use economy as a measure behind which it can tear down the vital functions of the state. Our task right now is to fight this sort of hypocrisy. . . .

With all good wishes and much appreciation,

Sincerely yours,

(signed) GIFFORD PINCHOT.

**President Seasongood's Book Fills a Need.**—Publication under the title, "Local Government in the United States, a challenge and an opportunity," by the Harvard University Press of the Godkin Lectures delivered at Harvard in 1932 by Murray Seasongood, president of the National Municipal League, has filled a real gap in municipal governmental literature. The lectures received wide attention at the time of their delivery. This book, which is reviewed in this issue by Charles A. Beard, may be obtained through the League office or the Harvard University Press.

**Council Formally Approves Organizing Citizens Councils.**—Formal approval of the action of the executive committee and the work of the staff of the National Municipal League in fostering the formation of local citizens councils was registered by resolution at the meeting of the officers and members of the council held at the Union League Club, Chicago, May 27-28. Coöperation with the local groups should form an important part of the work program of the League for the immediate future, it was felt.

The committee on citizens councils for constructive economy appointed by President Seasongood recently includes representatives of fifty-six national organizations coöperating with the National Municipal League in this project. The executive committee within this large committee which has power to act has the following membership:

Chairman—Thomas H. Reed  
Vice Chairman—Harold S. Buttenheim  
C. R. Mann  
Carl H. Milam

Members—Mrs. Hugh Bradford  
Louis Brownlow  
Lee F. Hanmer  
Mrs. Charles Cary Rumsey  
Mrs. F. Louis Slade  
Miss Belle Sherwin

HOWARD P. JONES, *Secretary.*



## Harold W. Dodds Becomes President of Princeton University

Just as this issue was going to press, word was received that Harold W. Dodds, chairman of the editorial council of the NATIONAL MUNICIPAL REVIEW, who recently resigned as editor after serving in that capacity for twelve years, had been chosen president of Princeton University by the board of trustees. Dr. Dodds' long career of distinguished public service in the field of government makes the appointment peculiarly appropriate at this time when the most serious problems are facing government in all its branches, local, state, and national—when, indeed local government in some sections is almost at the point of breakdown.

Dr. Dodds served as secretary of the NATIONAL MUNICIPAL LEAGUE from 1920 to 1928. He became a lecturer in politics at Princeton in 1925, and professor of politics in 1927. He is chairman of the committee on political education of the American Political Science Association.

The emphasis which Princeton University in its choice of Professor Dodds as president thus indirectly places upon public affairs and government is distinctly encouraging.

## Dayton Citizens' Council in Action

CRITICAL DELINQUENT TAX SITUATION  
LEADS COUNCIL TO LAUNCH VIGOROUS  
"PAY YOUR TAXES" CAMPAIGN

IF LOCAL government were completely abandoned in Montgomery County, Ohio, there would not be sufficient tax money coming in currently to take care of the debt service!

That was the critical situation faced by the citizens of Dayton a month ago. It was a problem that could not be solved by the county officials. It was a problem that could not be solved by any

particular group. It was a community job.

So Dayton formed a citizens' council, with Judge Carroll Sprigg as chairman, to see what could be done. Subcommittees were set up to discover what economies might be made in the various services of the local governments—per pupil costs of the school were analyzed—all in the endeavor to discover ways and means of curtailing essential services to the point where current revenues would take care of them. All efforts were fruitless. The more statistics were mar-

shall be the more it became evident that unless some way could be found to bring in taxes, debt service could not be met and fundamental functions of local government must be stopped. A breakdown of community life was in prospect.

What happened from that point on is silent testimony to the effectiveness of coöperative effort and leadership as it is inevitably developed through a citizens' council. The coöperation of some of Dayton's largest industries was sought—the National Cash Register Company—Delco Products Company, and others; all of which have quite a big stake in the community. These organizations arranged for some of their important executives to give full time to the work of the citizens' council. A "Pay Your Taxes" campaign was launched. It was not merely a publicity campaign designed to sell the idea to the public. A subcommittee of the council established itself in an office in the county court house, discovered that 40 per cent of the delinquent taxes were in the hands of less than 500 taxpayers, that delinquent taxes had jumped in three years from approximately \$700,000 to approximately \$12,000,000 and that the way out was through collection of some of those funds.

Dayton's economic situation had been serious. It was appreciated that in many instances non-payment of taxes represented actual inability to pay. On the other hand, it was also realized that many who could pay were taking advantage of the situation not to do so, and that others were letting their tax bills go in order to meet other obligations possibly of less immediate community importance.

So subcommittees started work in earnest. Prominent delinquent taxpayers were telephoned, requested to appear before the committee, and asked why they had not paid their taxes. Unless they could show that their financial situation was completely hopeless, the

committee reasoned vigorously with them and put up to them flatly their responsibility to the community. This work is proceeding at a rapid rate. It is estimated that within another month the Dayton Citizens' Council will have several hundred individuals giving part time or full time to the work of the council—many of them employed on the delinquent tax problem.

But the Dayton Council has not stopped with the tax problem. It has realized that government in these times must be efficient. Auditors and accountants—all volunteer workers or assigned to the task by some of the industrial corporations—have been placed in the county offices, making checks of departmental systems, timing investigations and other inquiries designed to lead to recommendations which will result in increasing the efficiency of the services—that is, providing the same amount of governmental service at decreased cost.

The local officials are coöperating to the best of their ability. They appreciate that what is being done is to their interest as well as to the interest of the community. The city of Dayton, of course, operates under the city manager plan and local citizens question whether there can be much improvement in administrative methods in the city government. But the county government collects the taxes for the city and the county operating under the old political system with elective officials in the administrative offices is under a severe handicap which the officials themselves cannot overcome. An impartial citizens' agency, representing all groups in the population working with the officials, can accomplish much.

The Dayton Citizens' Council, in operation hardly more than a month, has in that short time demonstrated that there is local leadership that can be mobilized in any emergency provided a coördinating agency exists to furnish the opportunity for such leadership.



## HEADLINES

---

The tide is turning. Conservative business and financial leaders are lining up on the side of the maintenance of essential local governmental services as opposed to indiscriminate cutting and slashing. "Pay Your Taxes" has become the slogan and symbol of the passing of hysteria.

\* \* \*

Albemarle County, Virginia, has voted to adopt the county executive plan, which is the county manager plan slightly modified to give the board more authority than it would have under the orthodox manager set-up. Several other Virginia counties are interested.

\* \* \*

Laws providing for permanent registration of voters have been passed by the Indiana and Illinois legislatures. This logical and economical plan is spreading rapidly as satisfactory experience accumulates.

\* \* \*

Bills which would have repealed direct primary laws were defeated in Indiana, Kansas, North Carolina, South Dakota, and West Virginia, according to reports from the National League of Women Voters.

\* \* \*

Hackensack, New Jersey, has adopted the city manager plan. This is the fourth New Jersey city to take such action. Movements for the adoption of the manager plan are under way in several other New Jersey cities and the Hackensack victory should have welcome repercussions elsewhere.

\* \* \*

Utica, New York, will again vote on the manager plan June 30. About a year ago Utica electors approved the plan but the court declared the election void because the city clerk had failed to carry out certain provisions of the law regarding advertisements of the election. Indignant Uticans should give the plan a bigger majority than before.

\* \* \*

Pennsylvania voters will have an opportunity this fall to rescue Pittsburgh from the impasse on its plan for metropolitan government—the proposition of removing from the original consolidation amendment to the constitution the requirement that the proposal must be approved by a *two-thirds* vote in a majority of the municipal subdivisions.

A bill providing for appointment of a joint committee to study the reorganization of state government has been passed by the Utah legislature.

\* \* \*

Detroit municipal scrip is going begging these days with some merchants refusing to accept it. The money problem is not so easy to solve locally.

\* \* \*

A forty million dollar slum eradication project is planned by Mayor Curley of Boston with R. F. C. money. Housing begins to come into its own as a municipal problem.

\* \* \*

Maple Heights, suburb of Cleveland, Ohio, closes its schools early and may be unable to reopen them in the fall; merely one example of a pending peril and an illustration of the need for a citizens' council in critical local situations.

\* \* \*

Delinquent taxpayers in Cook County, Illinois, are stampeding in the attempt to pay up quickly, before action is taken under provisions of the new Skarda law which makes possible appointment of a receiver to take over a property and run it until the tax money has been collected.

\* \* \*

In Detroit the corporation counsel has decided the treasurer has authority to collect rents from tenants of buildings on which taxes are delinquent—which is another effective way of collecting taxes quickly!

\* \* \*

The New York City board of estimate has evolved a novel tax scheme—a city registration fee for automobiles and bridge tolls to be paid by cars from outside the city. The car of a local citizen is to carry a medallion giving free passage on bridges. And the tax on taxicabs becomes highly significant with the addition of a five-cent fee per passenger.

\* \* \*

Traffic signs in a southwestern city have gone to seed as one consequence of false economy. One traffic accident might be enough to affect this form of foolish saving.

\* \* \*

County home rule, permitting the local adoption of modern types of county government, is expected to be voted on in August in the state of Texas.

# Paying Debts in a Depression

Frank facing of facts and use of refunding procedure seen as essentials to intelligent solution of present problems

CARL H. CHATTERS

*Executive Director, Municipal Finance Officers' Association of the United States and Canada*

THE present generation of public officials for the first time faces the payment of burdensome public debts in a period of extreme deflation. Public and private debts alike must be paid with dollars that are worth more, and are more difficult to obtain than they were when the debts were incurred. Moral courage, a spirit of fair play, and a knowledge of the facts must therefore be displayed by both the debtor and creditor groups if neither is to suffer from changed conditions.

The approach to the municipal debt problem indicates that the interested parties are not familiar with, or do not care to recognize, the lessons learned from previous periods of this kind in our national history. In the depressions of 1837 and 1857 there were some defaults. The panic of 1873 and subsequent years brought a period of readjustment which involved a far greater proportion of the public debts than we now find it necessary to deal with. The experience of these years ought to show that neither the debtor nor the creditor group profited by long drawn out litigation which extended in many cases for a generation, and in numerous cases for as long as ten years. Neither have we seen fit to profit by the experience of Canadian municipalities. The provincial governments in Canada are unhampered by our constitutional limitations and for

many years have had statutes which permit and facilitate the adjustment of municipal debt problems. It would be well, therefore, to learn of these past experiences and to profit by them.

## SOME CAN PAY

Municipal corporations might be classified into three general groups with respect to their debt-paying ability. There are those which can pay in full and carry on their normal functions in the usual way. The same group includes cities which can pay in full by making adjustments of operating expenses without curtailing essential services. No city in this group should attempt refunding merely to reduce current taxes and leave its debt to future generations.

A second large group consists of those cities which are not able now to meet their debts in full but which can eventually pay by the simple process of refunding the bond principal and paying it at a later date.

The third group, which may as well be recognized by those who want to face the problem squarely, consists of cities whose credit has been exploited to the breaking point by private interests or by local political groups. In this group the debts are so great that it is apparent from all indications that it will never be possible to meet all obligations in full. It is quite natural to assume that different treat-

ment and a different approach should be accorded each of these three groups. This classification should not imply that scaling down of debts will have to be a general procedure, since the vast majority of public bodies can and will eventually pay their obligations in full.

#### REFUNDING IS SOLUTION

The logical solution to the debt problem is to refund the existing bonds into new obligations. The refunding bonds in many of these cases cannot be sold and must therefore be exchanged with present holders. It is not possible to obtain the consent of all bondholders even in cases where the settlement seems favorable to the city and to the majority of its creditors. If we admit, then, that refunding offers the major solution to debt troubles, we must have the machinery for such refunding. This must consist of state legislation and some federal law such as the proposed Wilcox Bill. The state laws should grant broad refunding powers to all municipal corporations subject to the approval of some state agency. Federal legislation in the nature of an amendment to the bankruptcy bill should permit a federal district court to make binding on all creditors, any agreement which is satisfactory to the great majority of creditors. If such a plan is fair for private corporations and if it is logical, as business corporations have been urging, to extend the bankruptcy powers already granted to private corporations, it is just as fair and just as logical to extend it to public bodies.

The refunding of municipal bonds is not simple. Cities must first find out who owns their bonds and what these creditors wish to do. Frequently negotiations are carried on through a bondholders' committee, supposedly representing the holders of the bonds and generally composed of bond dealers. From the standpoint of the city it would be well for these committees to consist

at least in part of actual holders of bonds. Public officials certainly should take the lead in bringing about any adjustments and should try to get in touch with the creditors and discuss the problem with the more important bondholders before any organization is attempted. In some cases citizens' groups have been able to assist both the bondholders' committee and the municipality.

#### SCALING DOWN MAY BE NECESSARY

The ability to pay is the chief question at issue in any refunding plan. Whether or not any refunding is necessary must first be decided. Then, if it must be done, the dates of maturity of the bonds and the rates of interest return must be determined. If the city's ability to pay leads to the conclusion that the debt cannot be paid dollar for dollar, some means must be found of scaling down the debt. Perhaps one of the most logical methods is to lower the interest rate to the point where some surplus funds exist for the establishment of a sinking fund. The money accumulated in this way should be used to purchase bonds in the open market at low prices or to retire bonds by lot or call from time to time. Experts in municipal finance have been urging the use of serial bonds exclusively. This cannot apply to bonds refunded under existing financial conditions by cities with heavy debts. In these communities the bonds should be term bonds payable from a fund created in the manner suggested above or in some other way, the sinking fund to be exhausted periodically by the purchase of the securities for whose redemption it was created. Such a step offers the most logical way to scale down a debt.

#### THE PROBLEM OF INTEREST

What interest rate shall a city pay on refunding bonds? Assuming that refunding will be attempted, and that a market exists for the bonds of a particular municipality, the rate, of course,

will be determined by the market. Many debt adjustments are being made; however, by exchanging new obligations called refunding bonds with the holders of outstanding obligations. This involves no sale. In many such cases the interest rates on the new bonds have been higher than they were on the old ones. The city of Chicago on January 1, 1933, refunded \$15,000,000 4 per cent bonds in new bonds bearing 6 per cent. Both creditors and municipalities must consider the effect of these increased costs.

#### WHO HOLDS THE BONDS?

Many social and economic questions are involved in the payment of debts. Unfortunately, anyone who suggests adjustments on the basis of ability to pay, or intimates that public obligations may have to be scaled down, is considered a debt repudiator. It is interesting to know that nearly one-half of the outstanding state and municipal bonds in this country are held by wealthy investors and by corporations. Little more than 5 per cent of the gross outstanding bonds are owned by insurance companies, and perhaps 15 per cent by banks. The "little fellow" is hardly in the picture at all, and certainly has less than 5 per cent of the outstanding obligations. These facts may present a different picture than is frequently drawn of those who would be affected if municipal bonds by any chance had to be scaled down. Social problems may be presented through the curtailment of local expenditures in order to permit the

payment in full of public debts. The social losses sustained by a community should be weighed carefully by any group of creditors demanding payment of their obligations, because after all, a "going concern" is a better risk than a corporation which has ceased to perform its usual functions.

Persons interested in local debt situations should insist that a full and complete statement of all pertinent factors be prepared at once. They should guard against the exploitation of a city by someone wishing to take from it an excessive fee for handling the refunding. One Florida county, for instance, is paying 4 per cent to its fiscal agent for accomplishing this transfer of bonds. The same thing applies to pressure for economy. In one large eastern city, bankers forced certain savings on the local government which they promptly put into their own pockets in financing operations.

Citizens and officials alike must consider carefully the future cost in dollars and cents of their failure to pay their debts in full on the due date. They must also consider the legal rights and remedies of the bondholders. It is equally fair, of course, that creditors should consider that the debts are being paid by human beings who must make some sacrifice, in many cases a material one, to accomplish the payment. Only settlements based on full knowledge of the facts and prepared in a spirit of fairness will accomplish anything for either the debtor or the creditor group.



# The Problem of Refunding

Considerations which should guide city in working out plan suggested by writer who has been up against job

CLIFFORD W. HAM

*Director, Atlantic City Survey Commission*

THE disintegration of municipal credit and finance, which has now been pushed to the front in American city problems is one more step in the progress of the economic depression. Nothing like it has been known. Prior to three years ago the failure of a municipality to meet its principal and interest

Faced with a critical municipal debt situation, Atlantic City has had to give serious consideration to the problem of refunding. The Atlantic City Survey Commission, of which Clifford W. Ham is director, has worked out a number of principles to serve as a guide to municipal policy in the matter.

promptly was such a rare and infrequent occurrence that it was treated as a curiosity. Three and one-half years of the most serious financial stress our cities have ever experienced has resulted in a situation unprecedented. Dwindling cash receipts from taxes, even though levies have been reduced; impounding in many cases of city funds in restricted banks; loss of credit for current financing; inability to meet bond and interest maturities, and many other factors serve to confuse the problem.

The actual percentage of municipal debt now in default is small. The situation has become very general throughout the country, however, and it is essential that some general principles be outlined and some standard practices

developed in refinancing municipal debts. Here are submitted, therefore, some suggestions of that nature.

## MUNICIPAL DEBTS UNIQUE

Municipal debts differ entirely from federal, state, or private debts. The security in the case of federal and state debts is the promise to pay. There is no way a bondholder can force collection. No collateral is pledged back of such loans. Nor can the federal and state governments be sued without their consent.

In the case of private debts there is the promise of the debtor to pay and the repayment depends upon his ability and the value of his property. The creditor has recourse to the courts in his efforts to collect. When an individual or private corporation is unable to pay, the right of bankruptcy, or receivership, exists as a method of scaling down the debt. After such procedure they may begin over, free from the old debts. No such right has yet been recognized for any city or governmental unit.

No collateral is pledged as security for a municipal loan, but it is made upon the "full faith and credit" of the municipality. This full faith and credit includes the right to tax. While state and federal debts are paid from taxation also, the point of difference between municipal security and state and federal security, is that the creditor can compel,



in the case of the municipality, the levy of the tax. In the case of state and federal obligations he cannot so compel the levying of the necessary tax to pay the debt.

A city operates in perpetuity and the power to tax is a continuing one. It is inconceivable that the total income of a city should cease. Therefore, the right of winding up its affairs through receivership or bankruptcy and starting over cannot apply in the case of municipalities.

### THREE GROUPS INVOLVED

There are three groups vitally concerned in this present-day situation and each group is pressing for an immediate answer. They are:

First: The creditors of the city, or the bondholders. Good faith must be exercised not only by the city, but by the bondholder. Upon default the bondholder has the legal right to secure judgment and compel the city authorities by a mandamus to levy in the next year's tax budget the amount of the judgment. It will little avail the bondholder, however, to add to the tax burdens of a municipality the exorbitant levies which will but add to tax delinquency. When creditors force burdensome and confiscatory tax levies, the economic life of the community can easily be destroyed and the intrinsic value of all property impaired. The bondholder is directly concerned with the city's good faith and with the ability of the city to perform the prime functions of government. Continuing service is fundamental if the people are to pay the debts.

Second: The debtors of the community, or the taxpayers. American municipalities in general are facing insistent demands on the part of taxpayers for a reduction in the current burden. Associations of various kinds are now at work whose sole thought is the reduc-

tion of taxes regardless of the other factors in the picture.

There is no question about the seriousness of the present tax load and there can be no quarrel with attempts to lighten the burden. Nevertheless, the taxpayers are the debtors and as such must be prepared to meet the obligations incurred to the fullest extent within their ability to pay.

Third: Public officials and the personnel of government upon whom rests the responsibility for the continued performance of governmental functions. They now find themselves quite as powerless to meet the problems of economic stress as the directing heads of many private corporations. The prime functions of government must be performed regardless of municipal income. All other problems of the community can be solved only after such a recognition. The responsibility resting upon the personnel of government must be realized.

### GOVERNMENT MUST BE KEPT GOING

Certain primary assumptions must be considered by each city in working out its financial policy:

Municipal credit is valuable and should be maintained inviolate if possible.

The municipality desires to meet its just obligations as fully as within its power. It does not approach this problem with any notion of repudiation or renunciation of its indebtedness, or of driving bargains for its pledged word. The only hope is to adjust the burden to the best interests of the debtor and creditor in the long view.

The chief threat to debt security is the possibility of breakdown in governmental functions. Municipal government must continue to perform, for unless the primary services of a city are maintained the whole structure upon which debt security rests is in danger.

(Continued on Page 270)

# Bolstering Municipal Credit

Federal ointment for municipal wounds regarded by writer as vital to prevent aggravation of crisis

PAUL V. BETTERS

*Executive Director, The American Municipal Association*

IT HAS for some months been evident that the serious municipal finance situation would probably necessitate federal legislation in behalf of distressed local governments.<sup>1</sup> Week by week since early in the year conditions have gradually grown more acute, not only in the case of so-called "insolvent" municipalities but also in scores of cities in apparently sound financial condition. Yet this widespread breakdown of municipal credit has caught us unawares.

On May 1, approximately sixty of the one hundred largest cities in the United States found the demand for municipal securities, particularly for short-term tax anticipation notes or warrants, almost nil. Even a number of A-1 gilt-edge municipal long-term bond issues were unsuccessfully offered by cities known to be fiscally sound. As this is being written a few hopeful signs are to be observed on the horizon but they are not substantial enough to change the general picture.

In many states the tax collection period for cities does not fit in with the fiscal period. For that reason local governments are forced to live on borrowed money for several months pending the collection of taxes. In the past little difficulty was experienced in disposing of tax anticipation certificates.

Cash was thus received with which to operate, and, except for the unjustifiable cost of interest on these short-term loans, the system fared well.

## WHY MUNICIPALS WON'T SELL

We now find, however, due to factors over which the municipalities have little control, that the established sources of credit are dried up, that certain cities are facing serious financial difficulties because of their inability to borrow pending the collection of taxes, and that unless credit is provided through some channel, serious consequences are likely to occur.

I have talked to bankers, investment dealers, and municipal officials in an effort to ascertain the factors contributing to this depressing state of affairs. All seem agreed that the following are causal items: (1) the increasing volume of tax delinquency; (2) the increasing number of defaults; (3) the inability or unwillingness of the banks to absorb the ordinary borrowing needs; and (4) the flood of state legislation being considered or already adopted postponing or wiping out delinquencies and also easing current tax collection procedures.

As Mayor Curley of Boston, president of the United States Conference of Mayors, explained on May 3, to the

<sup>1</sup>See "Federal Aid for Municipalities," NATIONAL MUNICIPAL REVIEW, April, 1933.

## Senate Committee on Banking and Currency:

The assessors start out the first of April of each year to assess property. Their work covers a period of about six weeks. Their books are made up. Their tax bills are sent out about the first day of October, and money begins to flow in about the 15 of October. As the money comes in they pay the obligations represented by money that has been borrowed on short-term notes, so that many cities are required to live on borrowed money for a period of months each year.

In ordinary times Boston would require about twenty to twenty-two millions of dollars. This year we estimate we require about fifty-seven millions in borrowed money to conduct the activities of the city, even with the exercise of every reasonable and sane economy that it is possible to practice.

### IF CREDIT FAILS

What will be the results if cities find it impossible to market their short-term tax anticipation notes or warrants? First of all, there will be payless pay days in many of the cities of the country. We shall have a scattering of Chicagos in nearly every state of the Union. That is a picture itself which is not in harmony with efficient municipal administration. Secondly, there will be an abundance of local scrip—substitute money—floating around in each of the financially distressed communities. We already have a substantial quantity of it, but the amount now in circulation will be small compared to what will be issued if cash is not obtained. Some of the cities which have utilized tax anticipation scrip up to the time this is written are Chicago, Detroit, Newark, and Atlanta. State enabling legislation on scrip has recently been enacted in several states.

Thirdly, defaults in certain major and many smaller cities will be inevitable, for if cash is not on hand to meet maturing obligations no other course of action is open. While refunding will be possible in numerous cases, such operations are time-consuming and cannot be successfully conducted overnight. Lastly, additional cuts and slashes in

services will undoubtedly have to be made. These additional forced curtailments will permanently impair the proper functioning of the government of several cities where radical reductions have previously been carried out.

### THE WAY OUT

To avoid this, there seems to be at the moment but one avenue of relief open, and that is for the federal government to extend the same credit privileges to public corporations as it has to private corporations. If private channels are unable to meet the usual credit needs of the cities either the Federal Reserve Banks or the Reconstruction Finance Corporation should be authorized to purchase or make loans, under proper safeguards, on tax anticipation paper. From the point of view of the government, the security behind these loans or purchases would be of the highest order. Tax notes and warrants constitute a first lien against the property of a community, having priority over mortgages.

When this proposal was presented on May 3 to the Senate Committee on Banking and Currency and to the President, by the executive committee of the United States Conference of Mayors, it was suggested that loans be made up to 75 per cent of the 1933 levies; up to 50 per cent of the 1932 delinquencies, and that a limit of two years be fixed for repayment. These suggestions would appear to provide proper security for such loans as the government might make.

If the national government is not willing to take the above step, it could ease the situation to a marked degree by making tax anticipation notes or warrants eligible for rediscount privileges at the Federal Reserve Banks. This action would meet the liquidity issue raised by the banks.

By making credit available, a large group of cities will be able to function

normally. Two other steps, however, should be taken. A national campaign to get people to pay their taxes must be initiated and severe penalties inflicted upon those taxpayers able but unwilling to meet their tax responsibilities. Chicago is at present experimenting with a novel piece of legislation in this connection and it is being closely watched throughout the country. In that city, teeth have been put in the tax collection laws by authorizing the appointment of "receivers" for property on which taxes have been delinquent for a period of six months or more. These "receivers" can apply the income received on properties to the payment of past due taxes. Another law requires property owners to deposit 75 per cent of the amount of their tax bills before filing tax objections. Finally, something must be done to clear up defaults which, if allowed to hang fire, will continue to have an adverse effect on municipal credit. States are unable, due to the constitutional prohibition against impairment of contract, to effectively handle the default situation. If a measure such as the Wilcox Bill now pending in Congress and enabling a settlement between cities and their creditors under the bankruptcy laws were enacted, then order could be brought out of chaos. With a thousand defaulted local governments estopped from any final debt arrangement, it is mandatory that legal machinery for debt adjustment be provided.

While it is conceivable that national plans for economic recovery may turn what is believed to be a distressing picture into a more hopeful state of affairs, it is certain that municipalities today are facing one of the most serious crises in the history of local government. We are beginning to realize that a national economic program cannot be built upon a foundation which presupposes an autonomous and independent fiscal structure for our urban areas.

## THE PROBLEM OF REFUNDING

(Continued from Page 267)

Successful financial operation can be achieved only by centralized financial control, both as regards operation, capital outlay, and debt service.

In the long run, the public is best served by full information on municipal affairs.

A proper solution of the present financial problems will determine municipal credit and the ability to perform municipal functions for some time to come. For this reason the responsibility rests with the municipalities, and not primarily with the bondholders or their protective committees. The city must be the negotiator. The bondholders have not been, and cannot be, and furthermore will not allow themselves to become, responsible for city operation. Neither are they in a position to determine the essential needs of that operation. Those needs can be taken care of only if the city in its refinancing program compels proper planning for them. The burden rests with the city.

It is impossible for a city now in financial straits to guarantee any fixed payment from current receipts. To do so might invite further default soon after refunding is completed. Good faith will be maintained and the obligations of the city discharged if, levying the required debt service, the tax collections therefor are segregated and paid on the debt. This presumes, of course, proper municipal operation and proper segregation and earmarking of the tax collections.

Municipal credit can be maintained. It will require the development of some such general principles as discussed herein and the writing of standard practices. Public administration demands the development of a technique for municipal refinancing.

# SUMMARY OF STATE AND MUNICIPAL DEFAULTS

As Reported to *The Bond Buyer*, New York

Revised to May 5, 1933

States	Counties	Cities and Towns	School Districts	Other Districts	TOTAL Number Municipalities	Reclamation, Levee, Irrig., & Drainage Districts	Spec. Assmt.	GRAND TOTAL Municipalities and Spec. Districts
Alabama	..	7	..	..	7	1	..	8
Arizona	2	2	..	2	6	1	3	10
Arkansas	1	6	3	10	20	19	4	43
California	..	1	4	3	8	62	3	73
Colorado	..	1	6	10	17	4	3	24
Connecticut	..	..	2	..	2	..	..	2
Florida	30	71	16	9	126	13	..	139
Georgia	..	1	1	3	5	..	..	5
Idaho	..	..	1	..	1	2	6	9
Illinois	..	1	5	7	7	20	2	28
Indiana	..	..	1	..	1	..	5	6
Iowa	..	..	6	..	6	..	1	7
Kansas	..	..	4	..	4	..	..	4
Kentucky	..	23	5	4	32	..	2	34
Louisiana	1	8	..	3	12	10	2	24
Maine	..	..	1	..	1	..	..	1
Michigan	..	3	15	7	25	1	2	28
Minnesota	..	2	..	..	2	..	..	2
Mississippi	..	6	6	3	15	5	..	20
Missouri	..	7	9	16	32	9	..	41
Montana	..	..	1	..	1	3	..	4
Nebraska	..	..	1	5	6	2	1	9
Nevada	..	..	..	..	..	2	..	2
New Jersey	..	..	10	2	12	..	1	13
New Mexico	..	..	3	2	5	..	2	7
New York	..	..	1	..	1	2	..	2
North Carolina	..	43	100	6	149	2	..	151
North Dakota	..	..	..	..	..	..	1	1
Ohio	..	5	48	23	76	..	5	81
Oklahoma	..	2	12	3	17	..	1	18
Oregon	..	..	17	1	18	17	..	35
Pennsylvania	..	..	8	2	11	..	..	11
South Carolina	1	4	6	2	13	..	..	13
South Dakota	..	..	..	1	1	1	..	2
Tennessee	..	18	4	..	22	5	..	27
Texas	..	27	22	11	69	11	2	82
Utah	..	..	3	1	4	5	..	9
Virginia	..	1	1	..	2	..	..	2
Washington	..	..	3	..	3	3	13	19
Wisconsin	..	2	1	..	3	2	..	5
Wyoming	..	..	1	..	1	1	2	4
<b>Total</b>	<b>3</b>	<b>193</b>	<b>391</b>	<b>141</b>	<b>757</b>	<b>183</b>	<b>65</b>	<b>1005</b>

# The Bonded Debt of 277 Cities as at January 1, 1933

Increase in net per capita debt over year ago reported although many cities have reduced obligations

C. E. RIGHTOR

Detroit Bureau of Governmental Research

THE accompanying tabulation is a summary report of the bonded debt of the cities of the United States and Canada as at January 1, 1933, and includes 277 cities, of which thirteen are Canadian.

The table presents the total gross bonded indebtedness, and a subdivision of this total into three general classes by purposes—general public improvements, schools, and utilities; the total sinking fund, with a similar subdivision by purpose reported in percentages only; the net total bonded debt; the net bonded debt to be retired from general taxes (reported as “excluding self-supporting”), both total and per capita; and the total gross special assessment debt.

The presentation of the data is the same as in previous tabulations. The cities are listed in order of population according to the 1930 census, and by the five census groups, these figures being more reliable than subsequent non-official estimates. The population figures of the Canadian cities are the latest census data.

The object of the compilation is to make available in concise form an up-to-date statement of the total amount of bonded debt, and the amount of that debt which is a liability of the property and citizens of each community. Comparisons are thus easily possible with cities of similar population or per capita

debt. While for the great majority of cities these data can be definitely compiled and clearly presented, there are numerous complications in some cities. Whether to include all or a portion of an overlapping governmental unit, as a county, must be determined. It is noted that the Census Bureau’s annual report *Financial Statistics of Cities Having a Population of Over 30,000* includes with the statistics of sixteen of the largest cities a percentage of the entire data of the county, based upon the ratio between the assessed valuation of the city and the county. This practice is not followed herein, however, no portion of the county or state debt being included.

There exist also numerous special districts created by state or local laws, whose debt must be considered, and which figures are included in as consistent a manner as possible. It is essential to state in this connection that reference must be made to the footnotes in order that the exact status of each city be ascertained.

In reporting net debt, there is shown separately the amount thereof, which is to be retired ultimately from taxes, by deducting the amount which is to be met from the earnings of revenue-producing utilities or other services. The columns “Excluding self-supporting” report this net figure, and the only per capita debt figure is upon this basis.

Owing to the extent of indebtedness

in many cities in the form of special assessment bonds, which commonly have been issued upon the faith and credit of the municipality, a report is made of the total gross debt of this kind. The amount is not considered, however, in reporting the net per capita debt of any city.

Based upon estimates of the Treasury Department, the aggregate state and municipal bonded debt of the country on January 1, 1933, was approximately \$16,000,000,000, an increase of ten billions of dollars since 1921. Of this amount it is found that the total gross debt of the 258 cities of the United States reporting completely in this tabulation was \$7,850,000,000, and the net excluding self-supporting was \$5,250,000,000, or a net per capita debt of \$118.55. The total gross debt of the twelve Canadian cities reporting completely was \$489,000,000 and the net excluding self-supporting, \$229,000,000, or a net per capita of \$120.94.

Analysis of the data shows a wide range in the amount of per capita net debt, excluding self-supporting. Except for Washington, which has no debt, the figures range from \$5.13 for Springfield, Illinois, to \$361.52 for Atlantic City.

By census groups, the range is from \$79.59 for Los Angeles to \$218.62 for Philadelphia, in the group I cities; in group II, from \$70.64 for Seattle to \$168.49 for Rochester; in group III, the variation is from \$15.69 for Peoria to \$245.82 for Miami; in the group IV cities, the range is as already reported for Springfield and Atlantic City; in group V, from \$13.00 to \$348.91, for Quincy, Illinois, and White Plains, respectively. For the Canadian cities, a variation in per capita is found from \$43.07 in Winnipeg to \$245.22 in Edmonton.

The history of the creation of this vast municipal indebtedness, and the circumstances and conditions which dictated its growth in each case, would be

of inestimable value as a guide to future municipal financial policies, but these matters are of course beyond the scope of a general analysis such as this.

It is of interest to know the trend of this debt, which may be learned by comparison of the figures of the present year with those of one year ago. Limiting this comparison to the net per capita debt of 248 cities which reported both years, it is found that there was an increase of \$4.96, or from \$114.36 to \$119.32. This is the same amount of increase as was found for one year ago compared with 1931.

Exclusive of New York City, however, the increase for 235 comparable cities in the United States was only 65 cents per capita,—from \$104.28 to \$104.93. Of these cities, 149 reported a reduction in net debt, and 86 cities an increase. Further, only in census group I did the number of cities increasing the net debt exceed the number reporting a reduction. Of the twelve comparable Canadian cities, five reported a net increase, and seven a reduction, the net amount of increase being 64 cents, or from \$128.13 in 1932 to \$128.77 in 1933. Increase in bonded debt seems to be pegged at least temporarily.

A comparison of the growth of municipal debt over a nine-year period was made for eighty cities in the first three census groups, which reported both in 1924 and 1933. The population of these cities increased from 26,940,000 in 1920 to 33,250,000 in 1930, or 23.4 per cent. From 1924 to 1933, their gross debt increased from \$3,732,000,000 to \$6,661,000,000, or 78 per cent; their net debt (excluding self-supporting) from slightly over two billions to \$4,336,000,000 or 102 per cent; and their net per capita from \$79.60 to \$130.41, or 64 per cent.

It is reported by the Municipal Securities Committee of the Investment Bankers Association that there was a net increase in state and municipal in-

debtedness during 1932 of about three hundred million dollars. This assumes total issues of \$907,000,000, of which \$100,000,000 was R. F. C. loans to be deducted, while maturities are estimated at the annual average of \$500,000,000. The *Bond Buyer* reports the same amount of issues for the year, and in a further analysis shows that beginning in 1923 the annual record of long term loans exceeded one billion dollars until 1932. During 1929, according to the same authority, voters approved \$420,995,000 in bonds; in 1930, \$626,059,000; in 1931, \$474,489,000; and in 1932, only \$132,196,000. On bond issues, even the voters adopted conservatism as a motto.

As in prior years, the tabulation is limited to bonded debt. Were unfunded or temporary loans included, the total debt would be increased, as the extent of borrowing in anticipation of taxes and bond sales has increased of late.

A new form of borrowing has arisen within the year—that of loans from the Reconstruction Finance Corporation for emergency relief and self-liquidating projects. During 1932, \$112,000,000 was borrowed by the states on behalf of local communities, only seven million dollars of which is represented by bonds (under Section 1, subsection "e" of the R. F. C. Act) reported in the table. The remainder is a liability of the local units to the state, but is not included as a part of their debt. For self-liquidating loans, \$137,000,000 was authorized and \$18,000,000 actually advanced.

It is reported that over one thousand communities, including at least two states, have defaulted in whole or part upon their debt. It is clear that the es-

sential services of city government cannot be reduced beyond a certain amount, so that while tax delinquency continues at a high rate, funds are not available for debt service. Additional defaults will surely occur unless refunding programs are effected. It is certain that federal legislation establishing a moratorium on debt payments is necessary in some cases. In many instances procedure under an amendment to the bankruptcy law would be sufficient. This is the objective of the Wilcox Municipal Debt Refinancing bill, which provides that a city confronted with default may seek, with a representation of its creditors, through the federal court an orderly readjustment of its debt, and that when this plan has been accepted by a substantial majority of its creditors, it shall be binding upon all creditors.

The public is going to hear more of the composition of public debt through the coöperation of public officials with bondholders committees. In these negotiations, it may be predicted that city officials and the creditors are going to give sympathetic attention to both sides of the problem.

To those interested in comparing the debt data with assessed valuations and tax rates of any city, reference may be made to the tabulation of tax rates published in the December, 1932, REVIEW.

This tabulation has been made possible through the voluntary coöperation of a large number of public officials in the 309 cities in the United States and 18 cities in Canada, supplemented in some instances by citizen agencies. This coöperation is hereby acknowledged, and it is hoped that it will be continued for future compilations.





BONDED DEBT OF 277 CITIES AS AT JANUARY 1, 1933—(Continued)

City	Census 1930	Gross Bonded Debt			Sinking Fund			Net Bonded Debt			Total	Exclud- ing support- ing	Per capita exclud- ing self- supporting	Total gross special assess- ment debt	No.
		General Improvement	Public School	Public Utility	Total	General im- prove- ment (per cent)	Public school (per cent)	Public utility (per cent)	Total						
32 Atlanta, Ga.	270,366	6,489,000	5,695,500	3,004,000	15,188,500	2,307,204	61	13	26	12,881,296	10,477,990	38.75	928,900	32	
33 Dallas, Tex.	260,475	19,141,000	7,795,250	9,583,000	36,519,250	2,609,196	52	15	33	25,555,478	25,555,478	98.11	N	33	
34 Birmingham, Ala.	252,678	10,089,000	10,098,000	9,100,000	20,287,000	1,443,865	14	22	54	18,843,135	18,743,135	72.18	4,914,000	34	
35 Akron, Ohio	253,040	20,947,168	9,395,214	10,678,600	41,020,979	2,016,383	25	24	64	39,004,596	29,622,306	116.15	7,405,643	35	
37 Memphis, Tenn.	253,631	16,017,000	6,718,000	8,650,000	29,555,000	2,796,957	15	22	54	26,758,043	21,353,380	84.35	853,000	36	
38 Providence, R. I.	252,681	23,901,000	14,650,000	19,500,000	58,031,000	16,433,174	50	17	31	41,597,826	27,567,809	102.27	N	37	
39 San Antonio, Texas	231,821	17,510,500	7,396,000	6,376,000	31,482,500	1,358,108	51	41	8	30,144,392	23,678,672	102.27	5,645,500	38	
40 Omaha, Neb.	204,006	14,885,462	9,028,250	8,915,000	32,106,712	5,739,151	17	13	70	26,367,561	26,652,959	100.25	3,962,000	39	
41 Syracuse, N. Y.	200,982	16,885,742	7,776,440	6,495,625	32,158,790	1,872,233	62	...	...	31,286,557	26,662,165	127.37	1,298,658	40	
42 Dayton, Ohio	200,351	10,335,680	8,351,679	5,131,000	23,818,359	2,864,879	56	44	44	21,651,126	17,331,107	86.23	1,298,658	41	
43 Worcester, Mass.	198,311	7,141,000	8,830,000	4,039,800	22,010,800	8,861,747	73	20	16	13,658,623	13,658,623	73.68	6,503,985	42	
44 Oklahoma City, Okla.	185,389	12,400,800	6,928,170	6,428,000	25,787,570	10,539,237	44	14	33	16,925,823	17,331,107	101.61	N	43	
45 Richmond, Va.	182,939	24,853,642	6,184,438	7,155,550	38,195,438	10,539,237	73	20	16	27,656,393	27,656,393	119.61	N	44	
46 Youngstown, Ohio	178,902	7,971,500	4,054,314	3,080,000	15,105,814	2,286,206	56	...	44	12,819,608	10,733,958	63.67	2,659,200	45	
47 Grand Rapids, Mich.	168,902	12,267,000	7,865,965	3,940,000	24,072,965	4,364,141	61	26	13	19,708,824	16,319,114	99.46	N	46	
48 Hartford, Conn.	164,072	16,074,471	4,662,000	5,827,000	26,503,471	2,937,427	41	31	28	23,566,044	18,560,445	113.56	N	47	
49 Fort Worth, Texas	163,455	14,867,000	4,978,000	N	19,411,500	890,796	26	4	...	14,554,204	14,554,204	89.48	N	48	
50 Flint, Mich.	153,652	8,569,500	2,578,500	8,263,500	19,411,500	2,014,163	96	36	38	17,397,337	15,381,373	99.57	2,843,000	49	
51 Nashville, Tenn.	153,862	11,550,000	1,498,000	5,663,000	17,621,000	1,401,515	...	...	...	15,220,485	11,654,485	75.74	N	50	
52 Springfield, Mass.	148,800	7,383,500	2,578,400	7,490,000	17,449,900	N	...	...	...	17,248,500	9,758,500	65.10	N	51	
53 San Diego, Calif.	147,895	4,132,941	5,001,500	11,182,734	20,297,175	N	...	...	...	20,297,175	20,297,175	137.15	N	52	
54 Bridgeport, Conn.	143,716	9,336,000	4,352,710	4,352,710	14,268,710	N	...	...	...	14,268,710	14,268,710	96.60	N	53	
55 Scranton, Pa.	143,413	2,658,000	6,661,000	N	9,019,000	853,268	10	90	...	8,165,732	8,165,732	56.93	950,419	54	
56 Des Moines, Ia.	142,659	5,053,400	5,533,000	7,692,500	18,278,800	647,099	...	100	...	17,631,701	12,745,800	89.41	N	55	
57 Long Beach, Calif.	142,039	11,142,466	7,491,250	6,770,000	25,452,716	N	...	...	...	25,452,716	18,682,716	131.54	N	56	
58 Tulsa, Okla.	141,958	11,322,691	6,226,837	5,811,000	23,360,728	2,736,314	34	66	...	20,624,414	14,813,414	104.87	N	57	
59 Salt Lake City, Utah	138,517	3,951,500	4,701,000	4,695,500	13,298,000	N	...	...	...	13,298,000	8,652,500	61.69	N	58	
60 Paterson, N. J.	138,513	17,176,964	7,766,000	13,001,000	30,943,364	2,614,295	61	39	...	28,329,069	15,328,069	110.66	350,000	59	
61 Norfolk, Va.	138,243	10,662,950	10,422,950	4,139,250	32,250,150	8,005,390	60	20	40	32,250,150	28,090,900	208.63	3,262,000	60	
62 Jacksonville, Fla.	129,710	8,156,702	6,034,627	14,435,771	25,238,000	315,625	88	98	12	14,922,375	12,254,875	94.60	1,220,000	61	
63 Albany, N. Y.	129,146	8,156,702	4,259,500	2,822,500	19,635,610	1,955,472	88	28	12	18,031,553	15,276,264	119.50	3,120,000	62	
64 Trenton, N. J.	127,413	11,252,675	7,330,850	12,963,500	29,987,025	3,141,078	54	17	82	19,494,532	16,217,501	43.00	355,000	63	
65 Kansas City, Mo.	126,859	3,874,049	7,896,550	844,000	11,940,409	2,412,194	...	...	...	9,528,215	9,528,215	108.99	989,257	64	
66 Kansas City, Kans.	119,708	1,604,000	1,870,000	6,278,500	13,694,500	2,183,300	62	27	11	11,511,200	13,386,200	117.74	1,250,000	65	
67 Chattanooga, Tenn.	118,706	15,048,675	4,120,000	1,628,605	21,153,280	2,679,295	62	27	11	18,473,985	18,473,985	155.64	1,250,000	66	
68 Erie, Pa.	115,069	6,049,000	3,208,000	1,752,000	12,989,000	739,093	15	25	39	12,249,907	10,669,403	93.17	1,253,500	67	
69 Spokane, Wash.	113,514	7,472,000	4,209,000	770,000	12,989,000	203,720	61	...	...	12,785,280	13,386,200	117.74	1,250,000	68	
70 Fall River, Mass.	113,271	3,452,000	2,201,500	451,000	10,114,500	1,076,000	80	...	...	9,038,500	8,802,500	76.36	N	69	
71 Lowell, Mass.	111,846	7,172,000	3,306,000	2,379,000	13,857,000	665,100	...	...	...	13,191,900	13,191,900	108.00	4,517,439	70	
72 Elizabeth, N. J.	114,284	2,227,750	5,960,350	4,874,000	13,062,100	685,987	85	...	...	12,376,113	12,376,113	108.00	N	71	
73 Cambridge, Mass.	113,643	10,706,750	1,326,000	1,326,000	12,062,750	3,078,154	...	...	...	8,984,596	8,078,475	71.09	N	72	
74 Cambridge, Mass.	113,643	10,706,750	1,326,000	1,326,000	12,062,750	3,078,154	...	...	...	8,984,596	8,078,475	71.09	N	73	
75 Cambridge, Mass.	113,643	10,706,750	1,326,000	1,326,000	12,062,750	3,078,154	...	...	...	8,984,596	8,078,475	71.09	N	74	

BONDED DEBT OF 27 CITIES AS AT JANUARY 1, 1933—(Continued)

City	Census 1930	Gross Bonded Debt			Sinking Fund			Net Bonded Debt			Total gross special assessment debt	No.
		General Improvement	Public School	Public Utility	Total	General		Total	Excluding supporting	Per capita excluding self-supporting		
						im-prove-ment (per cent)	Public school (per cent)					
75. New Bedford, Mass.	112,597	4,822,000	2,445,000	1,191,000	8,458,000	756,796	43	14	7,701,204	7,701,204	68.40	75
76. Reading, Pa.	111,171	4,135,000	5,692,400	834,000	10,668,400	244,010	43	14	10,424,390	9,625,390	86.58	76
77. Wichita, Kans.	111,110	4,883,087	1,572,500	834,000	6,455,587	6,455,587	8	92	6,455,587	6,455,587	58.10	77
78. Miami, Fla. <sup>ss</sup>	110,637	19,592,000	6,704,000	3,114,000	29,410,000	123,660	8	29	29,286,340	27,197,340	245.82	78
79. Tacoma, Wash. <sup>ss</sup>	106,597	2,651,000	2,041,000	12,643,495	17,335,495	668,955	71	3	16,666,540	4,219,911	39.51	79
80. Wilmington, Del. <sup>sr</sup>	106,597	6,217,900	931,000	7,262,000	14,410,900	1,137,075	97	3	13,273,825	8,661,825	81.26	80
81. Knoxville, Tenn. <sup>ss</sup>	105,802	15,347,006	2,420,000	4,654,833	22,421,839	1,454,596	87	13	20,967,243	16,497,580	155.93	81
82. Peoria Ill.	104,969	1,349,000	298,000	N	1,647,000	N	N	N	1,647,000	1,647,000	15.69	82
83. Canton, Ohio	104,906	5,791,637	5,715,000	1,163,600	12,668,237	2,744,345	29	21	9,923,892	8,760,292	83.51	83
84. South Bend, Ind.	104,193	1,720,000	3,477,500	890,000	6,087,500	139,883	78	72	5,947,617	5,158,901	49.51	84
85. S. Memphis, Tenn.	103,908	1,343,000	2,283,000	N	3,626,000	N	N	N	3,626,000	3,626,000	34.90	85
86. El Paso, Texas	102,421	4,755,000	2,883,000	1,935,000	9,573,000	1,232,914	47	39	8,340,086	6,571,851	64.17	86
87. Lynn, Mass. <sup>ss</sup>	102,320	6,761,800	2,327,500	590,500	7,352,300	201,165	100	N	7,151,135	6,560,655	64.12	87
88. Evansville, Ind.	102,249	1,000,200	1,498,004	1,429,000	4,756,700	45,889	100	N	4,710,811	3,281,811	32.10	88
89. Utica, N. Y.	101,740	9,347,853	1,498,004	N	10,845,857	851,493	N	N	9,994,364	9,994,364	98.23	89
90. Duluth, Minn.	101,463	5,696,891	3,570,000	2,084,442	11,351,333	N	N	N	11,351,333	8,266,891	81.48	90
91. Tampa, Fla.	101,161	Not reporting	N	N	5,941,297	25,228	100	N	5,916,069	5,916,069	58.91	91
92. Gary, Ind.	100,426	2,441,297	3,500,000*	356,750	4,915,880	N	N	N	4,915,880	4,559,130	45.48	92
93. Lowell, Mass. <sup>ss</sup>	100,234	4,559,130	.....	.....	4,559,130	N	N	N	4,559,130	4,559,130	45.48	93
GROUP IV												
Pop. 50,000 to 100,000												
94. Waterbury, Conn.	95,902	7,476,000	1,567,000	7,472,000	16,515,000	164,272	100	N	16,350,728	8,878,728	88.87	94
95. Schenectady, N. Y.	95,692	5,568,800	2,804,100	630,000	9,002,900	142,113	100	N	8,860,787	8,230,787	86.01	95
96. Sacramento, Calif.	93,750	4,994,675	6,049,000	3,387,290	13,930,965	N	N	N	10,543,675	10,543,675	112.47	96
97. Allentown, Pa.	92,563	5,646,400	4,439,500	N	10,085,900	1,167,339	31	69	8,918,561	8,918,561	96.35	97
98. Bayonne, N. J.	88,979	3,476,178	4,016,500	3,714,000	11,206,678	208,836	N	100	10,997,842	7,283,842	81.86	98
99. Wilkes-Barre, Pa.	86,626	Not reporting	Not reporting	200,000	1,792,500	N	N	N	1,592,500	1,592,500	18.55	99
100. Rockford, Ill.	85,864	3,125,500	1,280,000	220,000	4,761,500	49,341	N	100	4,712,159	4,411,150	51.85	100
101. Lawrence, Mass.	85,068	3,072,650	1,338,500	220,000	4,761,500	49,341	N	100	4,712,159	4,411,150	51.85	101
102. Savannah, Ga.	85,024	Not reporting	Not reporting	.....	.....	.....	.....	.....	.....	.....	.....	102
103. Charlotte, N. C.	86,675	Not reporting	Not reporting	.....	.....	.....	.....	.....	.....	.....	.....	103
104. Berkeley, Calif.	82,109	1,397,000	4,666,500	1,448,000	7,511,500	1,363,771	38	27	6,147,729	5,181,550	63.15	104
105. Altoona, Pa.	82,054	Not reporting	Not reporting	.....	.....	.....	.....	.....	.....	.....	.....	105
106. Little Rock, Ark.	81,679	3,995,000	2,567,000	N	6,566,000	181,784	14	86	6,384,216	6,384,216	78.88	106
107. St. Joseph, Mo.	80,935	906,000	1,418,000	3,252,000	5,576,000	321,538	7	30	5,254,462	4,254,462	52.71	107
108. Saginaw, Mich.	80,715	2,480,000	1,415,000	50,000	3,713,000	597,200	82	18	3,115,800	3,065,900	38.72	108
109. Harrisburg, Pa.	80,339	Not reporting	Not reporting	.....	.....	.....	.....	.....	.....	.....	.....	109
110. Sioux City, Ia.	79,183	Not reporting	Not reporting	.....	.....	.....	.....	.....	.....	.....	.....	110
111. Lansing, Mich. <sup>u</sup>	78,397	2,279,000	N	3,799,000	6,078,000	1,150,577	16	84	4,927,423	2,100,738	26.80	111
112. Pawtucket, R. I.	77,149	Not reporting	Not reporting	.....	.....	.....	.....	.....	.....	.....	.....	112
113. Manchester, N. H.	76,834	2,848,590	1,338,410	94,000	4,281,000	N	100	.....	4,187,000	4,187,000	54.49	113
114. Binghamton, N. Y.	76,662	2,749,207	3,881,375	65,000	6,695,582	126,672	100	.....	6,568,910	6,503,910	84.84	114

BONDED DEBT OF 277 CITIES AS AT JANUARY 1, 1933—(Continued)

City	Census 1930	Gross Bonded Debt				Sinking Fund				Net Bonded Debt			
		General Improvement	Public School	Public Utility	Total	General Improvement (per cent)	Public school (per cent)	Public utility (per cent)	Total	Exclud-ing self-support-ing	Per capita exclud-ing self-support-ing	Total gross assess-ment	No.
115. Shreveport, La.	76,655	4,848,000	1,545,000	3,236,000	9,629,000	N	43	57	9,629,000	9,204,000	120.07	75,000	115
116. Pasadena, Calif. <sup>a</sup>	76,086	4,365,800	4,075,000	2,159,800	10,600,600	164,504	54	57	10,436,096	8,369,488	110.00	3,422,444	116
117. Lincoln, Neb. <sup>a</sup>	75,933	1,923,000	3,984,259	1,605,000	6,394,509	321,940	52	48	6,092,447	4,593,154	60.49	1,692,107	117
118. Huntington, W. Va.	75,572	1,725,000	1,776,500	1,816,530	3,694,500	539,442	59	1	2,595,558	2,159,529	33.87	1,298,990	118
119. Niagara Falls, N. Y.	75,460	5,845,000	5,760,129	2,984,333	13,421,659	231,884	100	100	11,400,775	11,605,178	153.79	1,298,990	119
120. Winston-Salem, N. C.	75,274	6,437,227	3,623,000	2,984,333	13,049,560	321,883	100	...	12,727,677	9,743,344	129.44	3,823,440	120
121. East St. Louis, Ill.	74,347	Not reporting	...	1,032,075	6,446,058	N	...	...	6,446,058	5,393,983	74.13	N	121
122. Troy, N. Y.	72,763	3,900,233	1,493,750	1,032,075	4,972,700	N	...	...	4,972,700	4,438,000	61.65	N	122
123. Quincy, Mass.	71,983	2,278,000	2,160,000	539,000	4,977,000	N	...	...	4,977,000	4,438,000	61.65	N	123
124. Springfield, Ill. <sup>a</sup>	71,864	206,000	215,000	2,765,000	3,186,000	52,118	100	...	3,133,882	3,688,882	5.13	735,600	124
125. Portland, Me.	70,810	Not reporting	...	173,500	6,542,920	633,822	100	...	5,919,098	5,919,098	83.95	280,085	125
126. Lakewood, Ohio	70,509	2,731,920	3,617,500	1,735,000	7,984,000	1,220,069	100	...	6,764,941	6,764,941	97.75	280,085	126
127. Roanoke, Va.	69,206	3,344,000	2,650,000	470,000	5,984,000	1,554,437	92	8	5,389,595	4,928,595	71.70	895,301	127
128. Springdale, Ohio	68,743	3,686,542	1,796,000	1,901,000	7,368,000	1,394,518	98	2	4,303,482	3,499,482	51.31	4,303,000	128
129. Mobile, Ala.	68,202	2,768,000	3,950,000	1,881,000	7,298,000	7,298,000	30	14	6,698,212	5,132,978	75.64	N	129
130. New Britain, Conn. <sup>as</sup>	68,128	1,966,000	3,425,000	1,881,000	4,224,734	1,550,067	31	27	8,813,678	8,315,436	122.25	1,411,000	130
131. East Orange, N. J.	68,020	5,467,500	3,378,245	1,618,000	10,224,734	4,328,000	53	47	4,002,000	3,852,000	57.03	N	131
132. Racine, Wis.	67,542	2,470,000	1,708,000	150,000	4,328,000	713,506	72	28	7,376,494	7,376,494	110.11	N	132
133. Johnston, Pa.	66,993	4,341,000	3,449,000	N	8,090,000	N	...	...	5,735,250	5,735,250	86.11	N	133
134. Cicero, Ill.	66,602	2,485,000*	2,250,250	2,500,000	5,735,250	2,614,025	58	19	25,839,975	23,931,651	361.52	N	134
135. Atlantic City, N. J.	66,198	22,147,000	3,807,000	2,500,000	28,454,000	N	...	...	3,900,900	1,892,900	29.01	N	135
136. Montgomery, Ala.	66,079	Not reporting	...	2,088,000	9,900,900	898,954	...	96	8,663,471	7,118,075	109.63	1,921,600	136
137. Newton, Mass.	65,276	1,112,900	80,000	2,088,000	3,900,900	N	...	...	3,900,900	3,900,900	53.19	1,361,819	137
138. Covington, Ky.	65,252	4,077,930	3,962,975	1,581,500	9,562,425	200,691	...	...	3,974,863	3,410,354	53.19	1,361,819	138
139. Pontiac, Mich.	64,928	1,693,384	1,171,000	765,200	4,175,554	200,691	...	...	2,460,632	1,571,250	24.63	N	139
140. Hammond, Ind.	64,560	Not reporting	...	1,218,100	2,789,350	328,718	...	...	4,795,000	4,598,000	72.59	3,426,459	140
141. Topeka, Kans.	64,120	1,235,000	1,171,000	1,097,000	4,795,000	N	...	...	14,868,354	7,184,354	114.11	103,992	141
142. Oak Park, Ill.	63,782	1,235,000	1,171,000	1,097,000	4,795,000	981,396	65	35	2,320,383	2,320,383	36.94	N	142
143. Brockton, Mass.	63,336	5,897,000	4,091,000	7,684,000	15,849,750	62,617	90	10	6,639,250	6,183,750	98.57	169,960	143
144. Evanston, Ill.	62,959	1,871,500	2,288,250	2,684,000	2,383,000	N	...	...	2,795,500	2,776,893	45.04	N	144
145. Passaic, N. J.	62,810	1,153,500	1,270,200	455,500	6,639,250	N	...	...	14,104,949	12,339,579	200.65	482,000	145
146. Terre Haute, Ind.	62,810	1,153,500	1,270,200	455,500	6,639,250	N	...	...	14,104,949	12,339,579	200.65	482,000	146
147. Glendale, Calif.	62,726	1,150,500	1,031,000	1,645,000	15,791,050	1,686,101	100	...	14,104,949	12,339,579	200.65	482,000	147
148. Charleston, S. C.	62,265	1,150,500	1,031,000	1,645,000	15,791,050	1,686,101	100	...	14,104,949	12,339,579	200.65	482,000	148
149. Wheeling, W. Va.	61,999	7,764,000	5,439,050	2,588,000	15,791,050	1,686,101	51	49	14,104,949	12,339,579	200.65	482,000	149
150. Mount Vernon, N. Y.	61,696	1,538,000	1,103,000	2,588,000	2,641,000	611,222	100	...	2,795,778	2,795,778	42.46	473,913	150
151. Davenport, Va.	60,498	1,994,000	2,377,000	416,000	3,409,000	665,342	65	53	2,743,258	2,743,258	38.29	N	151
152. Charleston, W. Va. <sup>4a</sup>	60,342	1,994,000	2,377,000	416,000	3,409,000	665,342	65	53	2,743,258	2,743,258	38.29	N	152
153. Augusta, Ga. <sup>as</sup>	59,949	1,554,000	1,398,000	633,000	7,984,000	908,720	22	78	2,653,260	2,310,327	45.49	N	153
154. Lancaster, Pa.	59,714	1,554,000	1,398,000	633,000	7,984,000	908,720	22	78	2,653,260	2,310,327	45.49	N	154
155. Bedford, Mass.	59,261	4,976,787	3,466,635	267,000	3,887,500	3,495,100	49	5	3,882,546	3,429,546	57.43	N	155
156. Hilooken, N. J.	59,261	4,976,787	3,466,635	267,000	8,710,422	1,640,956	46	49	7,069,466	6,884,629	116.17	70,000	156
157. Chester, Pa.	59,164	3,905,000	2,195,000	N	6,100,000	1,261,365	42	58	4,838,635	4,838,635	81.78	401,300	157

BONDED DEBT OF 277 CITIES AS AT JANUARY 1, 1933—(Continued)

City	Census 1930	Gross Bonded Debt			Sinking Fund			Net Bonded Debt			Total gross special assessment supporting debt No.		
		General Improvement	Public School	Public Utility	Total	General im-prove-ment (per cent)		Public school (per cent)	Public utility (per cent)	Total		Exclud-ing self-support-ing	Per capita exclud-ing self-supporting
						Total	(per cent)						
158. Union City, N. J.	58,659	3,315,000	2,671,000	N	5,986,000	952,459	...	...	5,033,541	5,033,541	85.81	158	
159. Malden, Mass.	58,036	Not reporting	3,119,000	357,000	6,174,500	N	...	...	6,174,500	5,817,500	100.48	159	
160. Madison, Wis.	57,899	2,698,500	3,494,000	3,719,000	7,295,400	1,513,522	36	60	7,281,878	4,568,067	78.91	160	
161. Bethlehem, Pa.	57,892	5,070,500	2,385,138	2,674,000	10,129,638	847,600	35	22	9,282,038	8,589,038	148.77	161	
162. Beaumont, Tex. <sup>46</sup>	57,732	932,275	555,000	N	1,487,275	N	...	43	1,487,275	1,487,275	25.80	162	
163. San Jose, Calif.	57,651	855,000	1,841,500	N	2,696,500	242,826	52	48	2,453,674	2,453,674	42.65	163	
164. Springfield, Mo.	57,527	3,390,000	1,151,150	N	4,541,150	275,386	73	27	4,265,764	2,265,764	39.40	164	
165. Decatur, Ill.	57,510	1,707,431	4,128,150	...	7,835,581	454,000	...	...	7,381,576	7,381,576	130.11	165	
166. Irvington, N. J.	56,733	2,395,500	3,470,000	1,685,000	7,340,500	964,727	48	52	6,375,773	2,395,500	42.37	166	
167. Holyoke, Mass. <sup>47</sup>	56,537	1,981,500	3,547,500	523,000	6,052,000	320,929	79	21	5,731,071	3,083,871	54.97	167	
168. Hamtramck, Mich.	56,268	1,341,500	1,463,000	825,000	3,269,500	4,229,800	...	...	3,908,701	3,908,701	53.62	168	
169. Cedar Rapids, Ia.	56,097	1,985,800	2,054,000	1,079,375	5,000,104	5,000,104	...	...	3,920,729	2,962,529	71.04	169	
170. York, Pa.	55,254	1,199,000	2,186,000	19,500	3,439,500	N	...	...	3,439,500	3,439,500	53.62	170	
171. Jackson, Mich.	55,187	298,500	2,141,000	1,079,375	2,459,000	2,459,000	...	...	2,459,000	2,459,000	71.04	171	
172. Kalamazoo, Mich. <sup>41</sup>	54,786	1,199,000	1,497,000	2,371,000	3,697,000	237,492	4	96	3,459,508	2,342,365	42.75	172	
173. East Chicago, Ind.	54,784	1,335,108	1,652,000	285,000	3,272,108	98,166	4	96	3,173,942	2,886,737	49.04	173	
174. McKeesport, Pa.	54,632	9,072,700	6,691,676	...	15,764,376	476,407	100	...	15,287,969	15,287,969	52.88	174	
175. New Rochelle, N. Y.	54,000	920,000	1,176,000	...	2,096,000	N	...	...	2,096,000	2,096,000	38.94	175	
176. Macon, Ga.	53,829	Not reporting	4,201,000	803,000	6,232,250	100,000	...	...	6,132,250	4,628,250	87.13	176	
177. Greensboro, N. C.	53,569	Not reporting	1,228,250	...	1,228,250	...	...	...	1,228,250	1,228,250	45.70	177	
178. Austin, Texas	53,120	6,672,500	3,535,000	1,558,126	11,765,626	3,009,303	75	25	8,756,323	3,194,097	60.31	178	
179. Highland Park, Mich.	52,959	2,868,400	2,686,500	684,500	7,240,400	740,482	82	18	6,499,918	6,499,918	121.69	179	
180. Galveston, Texas <sup>48</sup>	52,938	6,872,500	1,696,000	...	8,568,500	1,246,852	54	21	7,321,648	5,942,748	70.47	180	
181. Waco, Texas	52,848	3,045,500	1,667,100	2,570,000	7,189,600	N	...	25	5,942,748	3,724,372	76.71	181	
182. Fresno, Calif.	52,813	4,848,500	3,540,000	4,848,500	13,237,000	N	...	58	6,548,500	4,028,500	50.59	182	
183. Hamilton, Ohio <sup>49</sup>	52,176	1,067,326	1,721,000	1,109,890	3,898,216	352,692	25	17	3,545,524	2,639,599	50.59	183	
184. Durham, N. C.	52,037	3,902,213	1,798,621	9,728,834	15,429,668	2,579,100	100	...	12,850,568	5,671,255	107.54	184	
185. Columbia, S. C.	51,581	2,116,000	1,494,188	687,000	4,297,188	348,063	16	58	3,949,125	3,353,500	65.01	185	
186. Cleveland Hts., Ohio	50,945	1,671,373	6,905,000	96,287	8,672,660	948,074	55	45	7,724,586	7,028,299	149.74	186	
187. Port Arthur, Texas	50,902	4,222,000	2,163,000	833,000	7,768,900	1,692,293	...	100	6,076,607	6,076,607	131.95	187	
188. Dearborn, Mich.	50,558	9,594,300	8,557,200	2,385,000	20,536,500	3,621,659	75	10	16,914,841	15,062,500	299.11	188	
189. Kenosha, Wis.	50,262	387,000	2,574,000	183,000	3,144,000	N	...	...	3,144,000	2,961,000	58.91	189	
190. Asheville, N. C.	50,193	Not reporting	1,490,000	...	1,490,000	...	...	...	1,490,000	1,490,000	43.29	190	
191. Pueblo, Colo.	50,096	710,000	1,490,000	1,395,000	3,595,000	164,498	11	9	3,430,502	2,168,672	43.29	191	
GROUP V													
192. Pittsfield, Mass.	49,677	504,400	1,203,000	470,000	2,177,400	N	...	...	2,177,400	1,707,400	34.37	192	
193. Woonsocket, R. I.	49,376	Not reporting	189,000	239,000	1,262,000	22,000	100	...	1,240,000	1,001,000	20.55	193	
194. Haverhill, Mass.	48,710	834,000	1,890,000	N	3,160,000	176,635	61	39	2,983,365	2,983,365	61.29	194	
195. New Castle, Pa.	48,674	925,000	2,235,000	107,000	3,167,000	186,812	...	...	2,983,365	2,423,088	50.04	195	
196. Everett, Mass.	48,424	1,153,400	1,349,500	107,000	2,609,900	N	...	...	2,423,088	2,423,088	50.04	196	
197. Jackson, Miss. <sup>50</sup>	48,282	4,102,400	...	1,011,500	5,113,900	N	...	...	5,113,900	4,102,400	85.02	197	



BONDED DEBT OF 277 CITIES AS AT JANUARY 1, 1933—(Continued)

City	Census 1930	Gross Bonded Debt			Sinking Fund			Net Bonded Debt			Total gross special assessment debt	No.
		General Improvement	Public School	Public Utility	Total	General		Total	Excluding support-	Per capita excluding self-supporting		
						im-prove-ment (per cent)	Public school (per cent)					
241. Butte, Mont.	39,532	Not reporting	444,000	200,000	811,000	N	...	...	611,000	15.57	206,157	241
242. Sheboygan, Wis.	39,251	167,000	444,000	200,000	811,000	N	...	...	611,000	15.57	206,157	242
243. Waltham, Mass.	39,247	Not reporting	510,000	132,000	642,000	N	...	...	510,000	13.00	841,500	243
244. Quincy, Ill.	39,241	Not reporting	510,000	132,000	642,000	N	...	...	510,000	13.00	841,500	244
245. Meriden, Conn.	38,481	905,000	1,169,000	292,000	2,366,000	N	...	...	2,074,000	53.90	1,002,000	245
246. Bloomfield, N. J.	38,077	2,407,000	2,815,500	1,358,500	6,521,000	N	68	32	5,079,060	133.39	1,002,000	246
247. Rock Island, Ill.	37,953	Not reporting	2,145,000	2,819,900	6,844,900	N	39	61	3,780,290	100.15	N	247
248. Cumberland, Md.	37,747	1,880,000	2,145,000	2,819,900	6,844,900	N	...	...	3,780,290	100.15	N	248
249. San Bernardino, Calif.	37,481	Not reporting	1,255,500	878,000	2,757,400	N	...	...	1,879,000	50.22	N	249
250. Green Bay, Wis.	37,415	623,900	1,255,500	878,000	2,757,400	N	...	...	1,879,000	50.22	N	250
251. Raleigh, N. C.	37,379	Not reporting	726,000	937,000	2,141,400	N	...	...	1,900,845	32.24	334,000	251
252. Taunton, Mass.	37,355	478,400	726,000	937,000	2,141,400	N	...	100	1,204,400	102.72	334,000	252
253. Santa Monica, Calif.	37,146	2,018,500	1,797,000	1,301,000	5,116,500	N	...	...	3,815,500	96.48	125,030	253
254. West New York, N. J.	37,107	1,626,168	2,209,000	3,833,168	254,936	N	100	...	3,580,232	85.82	125,030	254
255. Hazleton, Pa.	36,765	1,995,000	1,267,000	3,262,000	105,766	N	...	...	3,155,234	85.82	N	255
256. Danville, Ill.	36,765	176,450	529,700	N	706,150	N	...	...	706,150	19.21	586,106	256
257. High Point, N. C.	36,745	2,029,000	1,091,000	2,158,000	360,119	N	...	...	4,917,881	75.11	2,752,000	257
258. Auburn, N. Y.	36,652	1,157,160	685,000	198,000	2,038,160	N	...	...	1,842,160	50.26	285,024	258
259. Zanesville, Ohio	36,440	622,365	1,091,000	198,000	2,038,160	N	...	...	1,842,160	50.26	285,024	259
260. Superior, Wis.	36,113	793,000	1,348,800	380,500	2,141,800	N	41	86	1,409,169	28.23	205,815	260
261. Arlington, Mass.	36,094	536,500	1,075,000	258,000	1,869,500	N	...	...	1,485,000	41.14	...	261
262. Norwalk, Conn.	36,019	Not reporting	1,075,000	258,000	1,869,500	N	...	...	1,485,000	41.14	...	262
263. Elgin, Ill.	35,929	779,264	270,000	75,000	1,144,264	N	10,812	100	1,133,452	29.76	1,194,736	263
264. Norristown, Pa.	35,853	980,000	1,504,500	N	2,484,500	N	19	81	1,963,892	54.78	N	264
265. White Plains, N. Y.	35,830	5,250,129	7,306,000	1,837,800	14,393,929	N	30	4	12,501,468	348.91	197,400	265
266. Revere, Mass.	35,680	619,000	869,000	264,000	1,752,000	N	...	...	1,752,000	41.70	N	266
267. Steubenville, Ohio	35,422	Not reporting	1,800,000*	380,000	4,631,136	N	52	26	3,274,367	92.50	80,117	267
268. Orange, N. J.	35,399	2,451,136	1,800,000*	380,000	4,631,136	N	...	...	3,274,367	92.50	80,117	268
269. Alameda, Calif.	35,033	216,995	478,375	91,580	786,970	N	...	...	695,390	19.85	118,098	269
270. Lewistown, Pa.	34,948	648,500	535,000	378,000	1,561,500	N	100	...	1,336,500	32.24	N	270
271. Watertown, Mass.	34,913	603,000	1,103,000	36,000	1,742,000	N	...	...	1,706,000	48.86	N	271
272. Amsterdam, N. Y.	34,817	591,320	2,106,150	69,000	2,766,470	N	88	4	2,600,037	72.88	47,560	272
273. West Allis, Wis.	34,671	977,400	1,231,000	314,000	2,522,400	N	...	...	2,522,400	72.75	1,220,788	273
274. New Brunswick, N. J.	34,555	1,794,000	1,414,000	1,240,000	4,448,000	N	...	...	3,208,000	92.84	373,000	274
275. Easton, Pa.	34,468	Not reporting	2,040,000	N	4,727,000	N	...	...	4,513,329	131.12	426,000	275
276. Plainfield, N. J.	34,422	2,687,000	2,040,000	N	4,727,000	N	...	...	4,513,329	131.12	426,000	276
277. Newport News, Va.	34,417	2,374,500	1,006,500	3,102,000	677,201	N	...	...	5,805,799	78.56	N	277
278. Santa Barbara, Calif.	33,613	1,532,925	2,209,625	673,250	4,415,800	N	73	27	3,663,046	108.50	N	278
279. Paducah, Ky.	33,541	1,530,500	271,000	2,276,000	4,077,500	N	24	...	3,816,815	45.94	1,030,169	279
280. Maunesh, Ohio	33,525	809,780	1,007,000	149,000	1,965,780	N	...	...	1,684,113	50.23	259,225	280
281. Waukegan, Ill.	33,499	Not reporting	1,007,000	149,000	1,965,780	N	...	...	1,684,113	50.23	259,225	281
282. Norwood, Ohio	33,411	1,297,935	1,207,500	229,500	2,734,935	N	...	...	1,953,348	58.46	78,395	282
283. Stour Falls, S. Dak.	33,362	665,000	1,302,000	290,000	2,337,000	N	80	11	1,801,643	31.52	1,051,643	283
284. Colorado Springs, Colo.	33,237	655,000	1,302,000	2,039,000	3,696,000	N	31	69	1,589,000	47.81	270,300	284





\* — Estimated. N. — None.

1 *New York City*. General bonds include school, estimated \$366,000,000; water, estimated \$361,000,000; subways, estimated \$722,000,000; dock and ferry, estimated \$171,000,000. Net self-supporting debt estimated at \$500,000,000.

2 *Chicago*. General bonds include sanitary district bonds, \$91,951,191. 86 per cent of the total debt of the district, based upon the proportion of taxable values within the city. County bonded debt, \$34,771,400, and forest preserve district (co-extensive with county), \$15,314,000, are not included; \$4,740,000 of the taxable values are within the city. Utility bonds include street lighting, \$7,122,000.

3 *Philadelphia*. General bonds include utility debt. There is no county debt. Net self-supporting debt estimated at \$60,000,000.

4 *Detroit*. Utility bonds include street railway, \$32,564,000, and lighting \$21,712,000.

5 *Los Angeles*. Debt reported excludes flood control, \$9,571,105, 61 per cent of the total debt of the district, based upon the proportion of taxable values within the city; utility bonds include light, \$35,299,000; and harbor, \$21,640,000; school bonds are issued by the county; 86 per cent, the city's pro-rated share based on the valuation, is shown. Flood control and school bonds are as of June 30, 1932.

6 *Cleveland*. Utility bonds include light and power, \$5,741,000.

7 *Boston*. Utility bonds include rapid transit, \$58,932,700; and traffic tunnel, \$13,000,000. County debt, which is paid by the city, not included.

8 *San Francisco*. Utility bonds include street railway, \$2,202,000; and power, estimated \$16,500,000; \$6,000,000 of the Golden Gate Bridge and Highway District, of which city comprises 85 per cent of valuation, not included.

9 *Milwaukee*. General bonds include metropolitan sewerage area bonds, \$18,489,434, 79 per cent of the total, based on the proportion of taxable values within the city.

10 *Minneapolis*. Utility bonds include light, \$50,000; market, \$21,000; and river terminal, \$636,000.

11 *New Orleans*. General bonds include water, sewerage, and drainage, \$8,877,000; utility bonds are Public Belt Railroad. Orleans levee district bonds, \$13,932,000, and port of New Orleans bonds, \$39,472,000, are not included.

12 *Cincinnati*. Utility bonds include rapid transit, \$6,100,000; airport, \$987,000; and Cincinnati Southern Railway, \$21,832,000. The annual rental of the railway exceeds the debt charges, being equivalent to debt charges on \$10,000,000 general 4 per cent bonds.

13 *Newark*. Utility bonds include street railway, \$8,000,000; and dock, \$15,613,000.

14 *Seattle*. Utility bonds include light, \$21,727,000; and street railway, \$9,639,000.

15 *Indianapolis*. General bonds include park district, \$3,082,250; and sanitary district, \$3,726,000.

16 *Rochester*. General bonds include school.

17 *Jersey City*. Utility bonds include dock, \$251,000; tax revenue bonds, \$17,700,000, not included.

18 *Louisville*. The city sinking fund owns the capital stock of the Louisville Water Company, estimated to be worth more than \$25,000,000.

19 *Portland*. General bonds include dock, estimated, \$7,800,000; and city's share (93 per cent) of port, \$3,127,641. Utility bonds include golf, \$106,000; city's share of school (97 per cent) is shown; city's share of county, \$12,999,794, (90.7 per cent) is not included.

20 *Galambus*. Utility bonds include light, \$2,059,000.

21 *Denver*. Utility bonds include city's portion of Moffat tunnel, \$15,613,600.

22 *Oakland*. Utility bonds include harbor, \$6,984,000; and city's portion (59 per cent) of East Bay Municipal Utility District.

23 *Omaha*. Utility bonds include gas, \$3,380,000.

24 *Dayton*. City's portion of Miami flood conservancy district bonds not included.

25 *Richmond*. Utility bonds include light, \$300,000; and gas, \$5,319,550.

26 *Pitt.* Report as of January 31, 1933.

27 *Nashville*. Utility bonds include light, \$97,000.

28 *Long Beach*. Utility bonds include gas, \$3,700,000.

29 *Newark*. Utility bonds include dock, \$5,461,000; general sinking fund includes school; \$217,500 unsold bonds in hands of city treasurer not included.

30 *Jacksonville*. Utility bonds include light, \$1,437,500; and street railway, \$155,000.

31 *Kansas City, Kansas*. Utility bonds include school.

32 *Chattanooga*. General bonds include school.

33 *Eric*. Utility bonds include light, \$52,000.

34 *Cambodge*. General bonds include street railway, \$1,025,000.

35 *Miami*. Utility bonds include light, \$6,475,000; street railway, \$343,000; and garbage, \$81,000.

36 *Wilmington*. Utility bonds include harbor, \$2,650,000.

37 *Knoxville*. Report as of March 21, 1933.

38 *Lynn, Lowell, Jackson*. General debt includes school.

39 *Sacramento*. Utility bonds include harbor, \$150,000.

40 *Sacramento*. Utility bonds include harbor, \$150,000.

41 *Las Vegas, Pasadena, Springfield, Richmond, Chicago, High Point, Sioux Falls, Colorado Springs*. Utility bonds include light, \$2,649,000; \$378,250; \$265,000; \$14,000; \$53,000; \$33,000; \$50,000; \$12,740,000, respectively.

42 *Luzaca*. City's proportionate share of school district debt is shown (95.7 per cent) Utility bonds include light, \$5,000.

43 *New Britain*. Utility bonds include conduits, \$481,000.

44 *Charleston, W. Va.* Report as of June 30, 1932.

45 *Agassiz*. City's proportionate share of school district debt is shown (88 per cent).

46 *Bloomington, Bellingham*. Utility bonds include wharf and dock, \$1,790,750; \$26,000, respectively.

47 *Holyoke*. Utility bonds include gas and electric, \$1,056,000; and Holyoke and Westfield R. P., \$151,000. General bonds include grade raising, \$1,386,000, supported by the state until 1938.

48 *Groverton*. General bonds include grade raising, \$1,386,000, supported by the state until 1938.

49 *Hamilton*. Utility bonds include light, \$577,500; and gas, \$246,300.

50 *Plorenitz*. Utility bonds include street railway, \$690,000; report as of March 1, 1933.

51 *Providence*. Utility bonds include light, \$133,000; and markets, \$21,000.

52 *Yonkers*. Utility bonds include water improvement district, \$4,003,000.

53 *Yonkers*. Utility bonds include water improvement district, \$4,003,000.

54 *Duluth*. Utility bonds include dock, \$304,000.

55 *Petersburg*. Utility bonds include light, \$535,000; street railway, \$1,162,000; and gas, \$1,038,000.

56 *Sananton*. Utility bonds include light, \$453,000; and street railway, \$7,000.

57 *Greenstown*. Utility bonds include light, \$331,000; and market, \$150,000.

58 *Toronto*. Utility debentures include light, \$28,231,000; street railway, \$32,697,440; Canadian National Exhibition, \$3,259,200. Royal Winter Fair, \$1,688,800; housing, \$446,000; abbatoir, \$304,000; and fence, \$91,000. School debt includes Roman Catholic Schools, \$2,415,000.

59 *St. Paul*. Utility debentures include light, \$25,727,000; steam heating, \$1,500,000; and housing, \$2,650,000.

60 *Hamilton, Ontario*. Utility debentures include light, \$3,341,533; \$930,230, respectively.

61 *Edgemoor*. Utility debentures include light, \$3,037,872; and street railway, \$2,812,886.

62 *Edgemoor*. Utility debentures include light, \$2,818,651; street railway, \$2,423,941; and telephone, \$2,104,409.

63 *Edgemoor*. Utility debentures include light, \$1,073,664; street railway, \$1,754,732; and housing, \$409,990. Report as of January 1, 1932.

64 *Windsor*. Utility debentures include light, \$1,415,144; and housing, \$966,854.

65 *Edgemoor*. Utility debentures include housing; general include water.

66 *Edgemoor*. Utility debentures include light, \$2,330,198; and street railway, \$2,008,018.

67 *Saskatoon*. Utility debentures include light, \$2,181,447; and street railway, \$1,376,419.

# Is Congress Representative?

An analysis of the  
1932 congressional  
elections<sup>1</sup>

GEORGE H. HALLETT, JR.

Associate Secretary, National Municipal League

THE last congressional elections presented the usual evidence against the trustworthiness of the plurality method of election, whether applied in single-member districts or to states at large. The national Democratic majority was, to be sure, translated into a Democratic Congress, but beyond that simple piece of luck the results bore little relation to the votes cast. The nationwide verdict was exaggerated and the representation of many states grossly distorted.

## CASES OF MINORITY RULE

There were no less than eight states in which a party with less than half the congressional votes elected a majority of the members and in three of these the winning party polled fewer votes than another party which elected fewer members.

In Michigan, for instance, the Democrats polled a few less votes than the Republicans but elected three more members. The explanation, of course, is that the votes happened to be so distributed that the minority (which last time got no representation at all) carried three more districts than the majority.

### Michigan

#### Election of 17 Members from 17 Districts

Party	Votes Cast	Representatives Elected	Representatives in Proportion to Votes
Democratic	769,088	10	8
Republican	773,318	7	9
Others	33,656	0	0

In Kansas the party fortunes were reversed. The Democrats carried the state in popular votes but elected fewer representatives than the Republicans.

### Kansas

#### Election of 7 Members from 7 Districts

Party	Votes Cast	Representatives Elected	Representatives in Proportion to Votes
Democratic	357,154	3	4
Republican	350,332	4	3
Others	11,609	0	0

The other state where this sort of reversal of the popular verdict occurred was California. In that state, however, there is less certainty of injustice because in five districts the candidate of one party captured the nomination of the other and left the opposition no major party candidate to vote for.

<sup>1</sup>Similar studies of previous congressional elections will be found in the *Proportional Representation Review* for July 1931, October 1929, April 1927, April 1925, and earlier issues.

Minnesota furnished an interesting example of minority rule under the "block vote" or plurality election at large. This method was used in five states which had lost representation in the congressional reapportionment and failed for one reason or another to enact a valid plan of redistricting. In Minnesota there were three large parties and the largest, though it received only 38 per cent of the votes, elected five of the nine members.

#### Minnesota

##### Election of 9 Members at Large

Party	Number of Candidates	Total vote	Average Vote	Representatives Elected	Representatives in Proportion to Votes
Democratic	9	1,947,388	216,376	1	2
Republican	9	2,775,948	308,349	3	3
Farmer-Labor	9	2,941,373	326,819	5	4
Others <sup>2</sup>	5	118,409	23,682	0	0

#### EXCLUSION OF MINORITIES

In the other four states the block vote gave all the representation to the largest party, none to everyone else. This is the normal block vote result. A good example is the election in Missouri.

#### Missouri

##### Election of 13 Members at Large

Party	Number of Candidates	Total Vote	Average Vote	Representatives Elected	Representatives in Proportion to Votes
Democratic	13	12,962,245	997,096	13	8
Republican	13	7,659,440	589,188	0	5
Socialist	13	149,860	11,528	0	0
Communist	1	627	627	0	0

This exclusion of minorities was by no means confined to the states which elected at large. In state after state where the minority party polled a substantial vote it failed to carry a single one of the districts. Consider the case of Indiana.

#### Indiana

##### Election of 12 Members from 12 Districts

Party	Votes Cast	Representatives Elected	Representatives in Proportion to Votes
Democratic	849,821	12	7
Republican	683,517	0	5

#### EXAGGERATION OF CHANGES

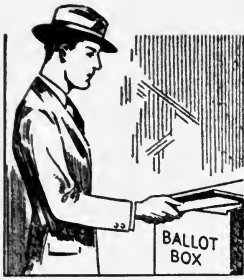
Indiana also illustrates the most striking fact of the election. Changes in votes have brought changes in representation out of all proportion to their size. In 1930 the Democrats polled 53 per cent of the votes in Indiana, in 1932 they polled 55 per cent. Yet in 1930 they elected 9 representatives out of 13, this time 12 out of 12. A change of 2 per cent in votes brought a change of 31 per cent in representation.

In West Virginia the Democrats polled just over 50 per cent of the votes last time and elected 2 out of 6. This time they polled less than 54 per cent and elected all 6.

In Iowa a 14 per cent gain in the Democratic vote brought a 58 per cent gain in representation. In Colorado a gain of 9 per cent brought a gain of 75 per cent in representation.<sup>3</sup>

<sup>2</sup>There were two independents with votes of 82,826 and 784 respectively and three Communists with a total vote of 34,799, average 11,600.

<sup>3</sup>Similar comparisons can be made for all the states by referring to the tables at the end of this article and of the similar article in the *Proportional Representative Review* for July 1931.



# PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

## Continuing the Proportional Representation Review

**Hamilton Votes to Keep P. R.**—On May 2 the voters of Hamilton, Ohio, registered their approval of proportional representation for the third time. Adopted as part of a new city manager charter in 1926, P. R. was attacked unsuccessfully by a proposed charter amendment substituting a plurality system of electing council in the fall of 1929 and again by a similar amendment this spring.<sup>1</sup>

The vote this time was 4,215 in favor of the amendment, 6,498 against it. Only one ward out of six, the smallest, gave the amendment a majority. Though the three-to-two victory for P. R. was smaller than the margin in 1926, the friends of good government in Hamilton are well satisfied. The attack on P. R. was well organized and financed and made its appeal to the general spirit of revolt against whatever is that is sure to be strong in times of unemployment and financial distress.

The real motive behind the attack appears to have been the same as in 1926, the desire of dispossessed politicians of the old school to come back and the recognition that P. R. was the real cause of their discomfiture. The same recognition spurred the charter commission which drafted the present charter, the Women's City Club, which initiated the movement for its adoption, and good government forces generally to defend P. R. as the very "heart of the charter." The *Hamilton Journal-News* defined the issue as a battle between "honest and efficient business government"

and "the old political spoils system" and defended P. R. as "unquestionably the fairest method yet devised for electing a representative body." Russell Wilson, mayor of Cincinnati, spoke to the combined luncheon clubs on the benefits realized from P. R. in his city. And Norman Thomas, Socialist candidate for president last fall, did much to reassure the working people of the city when he told the Socialist local that "under the present situation in municipalities, P. R. is far and away the best method."

The day after the election Mayor Raymond H. Burke issued the following statement:

I wish to take this opportunity to congratulate the citizens of Hamilton upon keeping P. R. in their city charter. This method of voting is a fundamental part of the charter, and its loss would have robbed the charter of much of its effectiveness for good and efficient government. The campaign on the amendment brought out from its opponents the argument that they found it difficult to understand the counting of the votes under P. R. In order that P. R. may be better understood by our citizens, I hope that the various clubs and groups of all political beliefs will ask for practical demonstrations of the P. R. count. It is like a lot of things in this world—simple enough once truly understood. The more one knows about it the more one will admire and respect it. It is the fairest way that has yet been devised for choosing a legislative body to represent all the citizens of a community.

On the same day the *Journal-News* said editorially:

Congratulations, people of Hamilton, upon your victory for honest and efficient government.

The vote of Tuesday, when the people were asked to remove from their city char-

<sup>1</sup>See the Proportional Representation Department in the NATIONAL MUNICIPAL REVIEW for April.

ter proportional representation, was a decisive victory for Hamilton and the government that has served it so well for the past five years.

Proportional representation is the very essence of Hamilton's city charter, removing the possibility of political control of the city's affairs.

The election of Tuesday again denied to those who would wreck the charter and return to the political spoils system the opportunity which they sought. . . .

Tuesday's charter victory means that Hamilton will continue to go forward; that there will be no political interference in its affairs; that the people will have a strict accounting of their municipal activities; that business methods will continue in the conduct of their municipal plants; and that the people as a whole and not a party, a clique nor a faction, will continue in full command of their government and receive from it the service they not only demand but so efficiently receive.

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#### **Presidential Amendment Introduced Again.**

Congressman Clarence F. Lea of California has re-introduced his proposed constitutional amendment to apply the proportional principle to presidential elections, described in this department in April, as House Joint Resolution 136. It provides that personal electors be abolished, that electoral votes of each state be left unchanged in number but divided among the candidates in exact proportion to their popular votes within the state, and that the candidate for president or vice-president with most electoral votes be declared elected.

Substantially the same amendment, couched in different language but with only very minor differences in substance, has been introduced in the Senate by Senator George W. Norris of Nebraska as Senate Joint Resolution 29. Senator Norris's ability and persistence, which carried the "lame duck" amendment to victory after years of discouragement, will be a most welcome addition in this equally vital effort for constitutional reform.

Some of the reasons for the importance of this amendment were given in this department in April of this year.

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**Pittsburgh Machine Blocks Action in Pennsylvania.**—The Pennsylvania legislature adjourned without voting directly on any of the optional proportional representation and manager plan bills which were introduced this year.

Like the Philadelphia and Pittsburgh bills whose fate was described in our last issue, the bills for third-class cities and boroughs were left in committee. In these cases, however, the failure for this session was traceable not to the political forces in the municipalities concerned, a large part of which were favorable, but to Senator Coyne, political "boss" of Pittsburgh. Senator Coyne used his influence with the state Republican organization and the Vare organization in Philadelphia not only to kill the Pittsburgh bill against the expressed wishes of a majority of his own county delegation but to kill everything resembling it for smaller municipalities. Evidently he feared the idea would prove contagious.

The two third-class city bills, one to make the manager plan optional and the other P. R., were referred to the House Committee on Cities headed by a Coyne henchman appropriately named Lynch, who refused to allow either of them to be considered by the committee until requested in writing by a majority of his committee to call a meeting on the manager bill and even then delayed the meeting until a favorable report would have been futile because of impending adjournment. Yet nearly all the third-class city members of the committee were favorable to both these bills and a majority had signed a statement to that effect. Representative DeFrehn of Johnstown, sponsor of the bills, made a statement in the House protesting the "Lynch law" to which they had fallen a victim.

The similar bills for boroughs received fairer treatment, but in spite of the active backing of the State Association of Boroughs were kept in committee on a point of "legislative courtesy." A majority of the House Committee on Boroughs and Townships professed a favorable attitude but were unwilling to override the unfavorable recommendation of a sub-committee of three. Here again Coyne influence was much in evidence.

The Municipal Charter Committee of Pennsylvania, which directed the campaign, is planning to continue its work. Disappointment at the failure to secure legislation at a time of unprecedented public interest in such matters is balanced by the very solid gain in support from political leaders of both parties as well as the public generally. The representatives from Erie, Altoona, Johnstown, Lancaster, Bethlehem, York, McKees-

port, New Castle, Williamsport, Hazleton, Easton, Washington, Butler, Uniontown, Meadville, Greensburg, Sunbury, and Conneville, and some of the representatives of both parties from Philadelphia and Pittsburgh either voted for the discharge of the committee from further consideration of the

Pittsburgh P. R.-manager bill or made definite statements that they would support such legislation for their own municipalities if it came to a vote. The Democratic leaders and members gave their support almost to a man, though the sponsors of six of the seven bills were Republicans.

IS CONGRESS REPRESENTATIVE?

(Continued from Page 285)

It was of such stuff that the Democratic landslide was made. In 1930 and for several years previous the Democratic party was under-represented. Now suddenly it is over-represented. It is well known, of course, that violent swings of the pendulum have characterized the majority system of election wherever it has been used.

A HAPHAZARD SYSTEM

The reason for this and for all the other anomalies mentioned in this article is that votes are in effect disregarded unless they are cast for the majority candidates in their particular districts. One and a half million Republican votes in Pennsylvania elect 23 congressmen, but the same

ELECTION OF THE HOUSE OF REPRESENTATIVES<sup>a</sup>  
NOVEMBER 8, 1932

State	Votes Cast			Members Elected			Members by P. R. <sup>b</sup>		
	Democratic	Republican	Others	D	R	O	D	R	O
Alabama	215,188	22,669	1,476	9	0	0	9	0	0
Arizona	75,469	29,710	1,405	1	0	0	1	0	0
Arkansas	211,924	4,921		7	0	0	7	0	0
California	849,270 <sup>c</sup>	941,668 <sup>d</sup>	84,091	11	9	0	9	11	0
Colorado	234,843	191,903	2,733	4	0	0	2	2	0
Connecticut <sup>e</sup>	282,021	290,277 <sup>f</sup>	17,853	2	4	0	3	3	0
Delaware	51,698	48,841	11,557	1	0	0	1	0	0
Florida <sup>g</sup>	197,903	19,010	3	5	0	0	5	0	0
Georgia	254,225	12,872	49	10	0	0	10	0	0
Idaho	100,922	78,818	3,815	2	0	0	1	1	0
Illinois <sup>h</sup>	1,728,587	1,369,666	57,163	19	8	0	15	12	0
Indiana	849,821	683,517		12	0	0	7	5	0
Iowa	495,782	439,783		6	3	0	5	4	0
Kansas	357,154	350,332	11,609	3	4	0	4	3	0
Kentucky <sup>10</sup>	573,837	390,694	3,497	9	0	0	5	4	0
Louisiana	244,681			8	0	0	8	0	0
Maine	118,366	116,719	213	2	1	0	2	1	0
Maryland	299,954	150,552	3,330	6	0	0	4	2	0
Massachusetts	716,951	769,327	14,416	5	10	0	7	8	0
Michigan	769,088	773,318	33,656	10	7	0	8	9	0
Minnesota <sup>10</sup>	216,376	308,439	350,501 <sup>11</sup>	1	3	5 <sup>12</sup>	2	3	4 <sup>12</sup>
Mississippi	129,954	4,734 <sup>13</sup>	90	7	0	0	7	0	0
Missouri <sup>10</sup>	997,096	589,188	12,155 <sup>14</sup>	13	0	0	8	5	0
Montana	115,262	87,223	6,386	2	0	0	1	1	0
Nebraska	296,256	208,956	40,991	5	0	0	3	2	0
Nevada	24,979	16,133		1	0	0	1	0	0
New Hampshire	94,765	97,795	516	1	1	0	1	1	0
New Jersey	724,572	751,094	26,068	4	10	0	7	7	0
New Mexico	94,764	52,905	1,899	1	0	0	1	0	0
New York <sup>5</sup>	2,387,621	1,785,365	251,235 <sup>15</sup>	29	16	0	25	18	2 <sup>16</sup>
North Carolina	492,050	214,022		11	0	0	8	3	0
North Dakota <sup>10</sup>	72,177	139,839	684	0	2	0	1	1	0
Ohio <sup>8</sup>	1,293,822	1,168,942	16,498	18	6	0	13	11	0
Oklahoma <sup>8</sup>	462,132	186,599	5,049	9	0	0	7	2	0
Oregon	164,682	148,262	36,790	2	1	0	2	1	0
Pennsylvania	1,102,224 <sup>17</sup>	1,529,944 <sup>17</sup>	139,084 <sup>18</sup>	11	23	0	14	19	1 <sup>19</sup>
Rhode Island	143,400	115,933	528	2	0	0	1	1	0
South Carolina	104,646	1,987		6	0	0	6	0	0
South Dakota	146,886	121,128	5,347	2	0	0	1	1	0
Tennessee	217,904	88,686	33,859 <sup>20</sup>	7	2	0	6	2	1 <sup>20</sup>
Texas <sup>8</sup>	777,733	37,952	8	21	0	0	20	1	0
Utah	110,174	91,746	3,673	2	0	0	1	1	0
Vermont	47,591	86,194	16	0	1	0	0	1	0
Virginia <sup>10</sup>	203,776	72,108	13,038	9	0	0	7	2	0
Washington	327,702	186,580	39,255	6	0	0	4	2	0
West Virginia	392,924	341,170	1,694	6	0	0	3	3	0
Wisconsin	500,710	469,764	73,603 <sup>21</sup>	5	5	0	5	5	0
Wyoming	43,056	44,816	2,319	0	1	0	0	1	0
	20,312,918	15,632,101	1,308,152	313	117	5	268 <sup>22</sup>	159 <sup>22</sup>	8 <sup>22</sup>

See opposite page for notes.

number in Maryland, West Virginia, Kentucky, and Indiana elect none at all. Three quarters of a million Democratic votes in New Jersey elect four congressmen; half a million in North Carolina elect eleven.

Because votes have such different values depending on where they are cast, the representation of the American people in their supreme legislative body becomes a veritable gamble. We cannot hope to have true representative government until we give all votes approximately equal value regardless of where they are polled. And this can only be accomplished through proportional representation.

The table above gives the results for all the states and proportional representation results with the same votes for comparison. It cannot of course give any indication of the changes in the votes themselves that would occur if voters were everywhere free to cast their ballots for minority candidates without danger of wasting them.

<sup>4</sup>Official figures as published by the Clerk of the House of Representatives.

<sup>5</sup>The figures in this column have been calculated as if each state were a single congressional district electing its allotted quota of members by proportional representation with the single transferable vote (Hare system), assuming that each voter voted for all the candidates of the party for which he actually voted and for no other. If P. R. were actually used the largest states would probably be divided into two or more multi-member districts, but that would not interfere seriously with the proportionality of the result.

<sup>6</sup>This is the total vote for the Democratic nominees who call themselves Democrats. One of them, with a vote of 73,400, received the Republican as well as the Democratic nomination.

<sup>7</sup>This is the total vote for the Republican nominees who call themselves Republicans. Four of them, with a total vote of 253,448, received the Democratic as well as the Republican nomination.

<sup>8</sup>The following states elected some of their members from the state at large: Connecticut 1, Florida 1, Illinois 2, New York 2, Ohio 2, Oklahoma 1, and Texas 3. The total votes given for these states are the totals of the votes cast for district representatives.

<sup>9</sup>This includes the votes cast for Republicans, 285,208, and for Independent Republicans, 5,069. Independent Republicans opposed the regular Republican candidates in all districts.

<sup>10</sup>Because of a decrease in representation and failure to enact a valid redistricting plan, the following states elected all of their members at large: Kentucky, Minnesota, Missouri, North Dakota, and Virginia. The votes given for these states are in every case the average vote for candidates of the party.

<sup>11</sup>This figure is the sum of 326,819, the average vote of nine Farmer-Labor candidates, and 23,689, the average vote of five others.

<sup>12</sup>Farmer-Labor.

<sup>13</sup>Lilly White Republicans, 2,881; Black and Tan Republicans, 1,853. Both groups nominated separate candidates in all districts.

<sup>14</sup>This figure is the sum of 11,528, the average vote of 13 Socialist candidates, and 627, the vote of a single Communist.

<sup>15</sup>Of these votes 178,250 were cast for candidates of the Socialist party.

<sup>16</sup>Socialist.

<sup>17</sup>In Pennsylvania four Republican candidates, with a total vote of 302,917, received the Democratic nomination also, and one Democratic candidate, with a total vote of 69,684, received the Republican nomination. A number of the major party candidates also received the endorsement of one or more smaller parties. In every case the total vote of the candidate has been credited to the party to which he belongs.

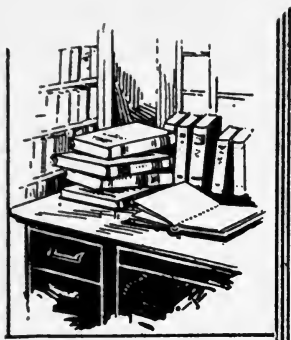
<sup>18</sup>Of these votes 84,712 were cast for candidates of the Socialist party. Socialist votes cast for major party candidates who captured the Socialist nomination are not included.

<sup>19</sup>Socialist.

<sup>20</sup>In Tennessee several candidates ran without party endorsement. One of these, with a vote of 27,888, would be entitled to a seat on a proportional distribution.

<sup>21</sup>Of these votes 63,946 were cast for candidates of the Socialist party.

<sup>22</sup>A proportional assignment on the basis of the totals for the whole country instead of state by state would be: Democratic 237, Republican 183, other parties (if they were united) 15. The discrepancy is due chiefly to two factors: (1) the vote in the South is very small in proportion to population, so that the apportionment of members to states on the basis of population gives southern votes a greater value than northern votes; (2) the number of members allotted to a number of the smaller states is too small to allow a satisfactory proportional assignment on a state basis.



## RECENT BOOKS REVIEWED

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EDITED BY EDNA TRULL

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### **Local Government in the United States.**

By Murray Seasongood. Cambridge, Harvard University Press, 1933. 145 pp. \$1.50.

It is a rare pleasure to welcome a book on municipal government by an accomplished practitioner. Seldom, if ever, does a former mayor of a city write a book for the use and information of his fellow citizens and the inspiration of youth. In America this literary function is generally left to professors, who, despite their many merits, have seldom been through the fire of living experience in politics and administration. Murray Seasongood has happily turned the tables. From his law practice he stepped into politics of the rough and tumble kind and served as first mayor and chairman of the city planning commission under the reform regime adopted by Cincinnati in 1925. Strengthened in spirit, rather than embittered, by the buffets of fortune, he accepted the important post of president of the National Municipal League and took leadership in translating his experience into action on a larger stage.

Recognizing that Mr. Seasongood had something important to say and could say it effectively, Harvard University invited him to give the Godkin Lectures on citizenship. This volume is the result. Its value may be measured in various terms. It supplies first-hand knowledge of the ways in which a parasitic gang of politicians can and does run a city. This story Mr. Seasongood tells with a forthright directness that engages the interest of the reader. In the second place, the volume describes briefly but pointedly the operations by which the parasitic gang in Cincinnati was thrown out of power and an honest and efficient administration installed. In the third

place, Mr. Seasongood summarizes the methods by which an effective system of accounting and control may be established to defeat the efforts of a parasitic gang to regain dominion in the municipality. But he is not content with systems of administration. He realizes that these are human instruments, not ends in themselves, and that vigorous and courageous personalities are necessary to carry systems into execution.

If space did permit, it would be interesting to summarize the whole volume as a kind of guide to efficient administration. But we must be content with a single illustration. Mr. Seasongood considers among other things the rôle of the press in municipal corruption and reform, and he is inclined to the critical in a realistic way. "In essence," he says, "the press should fulfill a great public function, serving impartially the noble cause of enlightenment. But it is a purely private enterprise purporting to serve a public purpose. The owner of a newspaper may not be wise or even honest; he may have a controlling interest in local utilities, and can easily trade the influence of his columns for oppressive franchises or unwarranted tax exemptions or reduction to them or him or his paper. As a City Hall reporter once expressed it, 'Our paper preaches the highest morality and practices the lowest. If the old man gets a cinder in his eye, I am expected to write an editorial on smoke abatement.'"

It would be difficult to imagine a better little book to put into the hands of all young citizens, but if it were introduced in the schools, local patriotic societies would assail it as seditious and the local press would rage against "preaching Bolshevism." But until



citizens know how a parasitic gang may rise, flourish, and fatten, how can they be expected to overcome the enemy?

CHARLES A. BEARD.

\*

**Transition Zoning.** By Arthur C. Comey, Cambridge, Harvard University Press, 1933. 150 pp. \$2.50.

Building zoning began in this country under two general controlling provisions: (1) that the regulations within a district should be uniform, and (2) that permits in exceptional situations should be subject to variance by a Board of Appeals, followed by court review where desired. The needs of a single district were assumed to be substantially the same. If they were not the same, then two or three or more districts would be established. The favor of courts for zoning was undoubtedly assisted by this requirement of uniformity. On the other hand, many of the principal zoners regretted to have exceptional permits thrown into the hands of a discretionary board subject to court review. Some boards were good and some not so good. Then, too, it seemed desirable to lessen the field of discretion wherever possible by placing precise provisions in ordinances. As boundary lines between districts produced many instances of practical difficulty and unnecessary hardship which in regular course would go to a discretionary board, efforts to narrow the functioning of these boards naturally centered on boundary lines. Chicago was an early city whose zoning ordinance provided different regulations in the edge of a district from those controlling the rest of the district. For instance, a residence district would cause all or part of its regulations to be observed for a certain number of feet in the adjoining business district.

Many municipalities inserted these protective precautions at boundaries because they considered that restricted districts could be protected in this way better than any other. Some, of whom I am one, have pointed out that courts might consider that this method transgressed the requirement of uniformity of regulation within a single district. It should be conceded that courts may say that uniformity simply means uniformity of application of rules, or that the edges of districts near boundary lines constitute separate districts from the rest of the district. In other words, that the zoning map shows the main districts, and the

provisions of the ordinance show that there are sub-districts along the boundary lines.

Where both the residence and business districts are vacant land, I should imagine that a court might find less reason for upholding the hang-over of the residence regulations into the business district. On suit brought by the borderline owner within the business district, the court might say that where there were no buildings on either side of the line it is unreasonable to compel the landowner to make the sacrifice. Then, too, the court might say that the local legislative body might change the line and thus penalize the builder. On the other hand, it may well be said that these refinements of zoning will have the best effect if they begin to operate on undeveloped land. Some zoners like myself, in trying to build up court opinions in favor of zoning, have tended to keep regulations rather simple. Others, of whom Mr. Comey is one, hope to make zoning more precisely effective by these refinements. Each municipality can take its choice. Any one who is interested in the arguments favoring transition zoning or to know what the courts have already said should read this book.

So far as I know, Mr. Comey coined the term Transition Zoning. It has sometimes been called boundary line zoning. Mr. Comey's word has the merit of being more definite, and perhaps as time goes on it will be equally well understood. The book is a real and valuable contribution to the science of modern zoning in this country. The illustrations are remarkable throughout. It is abreast of the other books put out by the Harvard School of City Planning and that is saying a good deal. It has been a laborious piece of work and great credit must be given to Mr. Comey for preparing it.

EDWARD M. BASSETT.

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**Home Ownership, Income and Types of Dwellings.** By President's Conference on Home Building and Home Ownership. Washington, 1932. 230 pages. \$1.15.

The *Leitmotiv* of this volume, as of practically all the other volumes of the series, is the importance of home ownership. Thus, we find the statement: "It is doubtful whether democracy is possible where tenants overwhelmingly outnumber home owners. For democracy is not a privilege; it is a responsibility, and human nature rarely volunteers to shoulder

responsibility, but has to be driven by the whip of necessity." And again: "Responsible citizenship is largely dependent upon individuals having a stake in the community, which is the major source of civic pride and judicious participation in the affairs of local government. Through the relation of his home to its neighborhood and to the city government, the home owner acquires a keener civic interest and a greater sense of civic responsibility." Besides, home ownership is held to aid in the development of thrift, self-respect, character, and many of the other virtues which are generally deemed desirable.

The problem then is to analyze the methods of helping people own their own homes, but, since a great many American families unfortunately do not own their own homes, some attention is devoted to the question of leasing. In the report of the committees on *Home Ownership and Leasing*, and *The Relationship of Income and the Home*, and on *Types of Dwellings*, there is much useful material and many interesting suggestions which should aid people interested in housing. This is particularly true of the discussion on *Problems of Renting, Home Ownership and the Business Cycle*, and on *Types of Dwellings*. Unfortunately, this volume overlaps in many places with the material contained in the reports of other committees.

EMANUEL STEIN.

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**General Index of the Final Reports of the President's Conference on Home Building and Home Ownership.** Washington, 1933. 114 pp. \$1.15.

The importance of a good index in enhancing the value of a thorough piece of work is so well recognized as to need no comment. It may well be pointed out, however, that this particular volume is the index for the final reports of thirty-one committees, published in eleven volumes, combining and amplifying the indexes in the separate volumes. It also provides the key to the use of varying terminology by the different groups of committee members, an extremely valuable function when so many different backgrounds and points of view have been called into the discussion. An examination of the double column pages is a reminder of the comprehensive nature of the studies and there is temptation to list some of the more important subjects

dealt with, but the list, even of important phases, would be long, so that merely titles must serve to recall the series—*Planning for Residential Districts; Home Finance and Taxation; Slums, Large Scale Housing and Decentralization; Home Ownership, Income and Types of Dwellings; House Design, Construction and Equipment; Negro Housing; Farm and Village Housing; Housing and the Community, Home Repair and Remodeling; Household Management and Kitchens; Home-making, Home Furnishing and Information Services; Housing Objectives and Programs.* The committee personnel, it will be remembered, included outstanding experts in the respective fields.

The *General Index* will prove an interesting tool to all those interested in any subject which touches upon home building and home ownership.

The organization known as the Conference on Home Building and Home Ownership, which is responsible for the preparation and publication of the reports, has, it may be noted, moved its headquarters from Washington to 42 Broadway, New York City.

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**Radio Equipped Patrol Cars for the Department of Sheriff of the County, Los Angeles, Calif.** By C. R. Jones and H. E. Earl, Los Angeles, Bureau of Efficiency of the County of Los Angeles, 1933. 57 pp. mimeo.

The rapid spread of the use of the radio in police departments and the interest of many other cities in its installation warrant a genuine welcome for this survey. After observation of radio-equipped patrol cars in cities, and a consideration of factors differentiating their use in cities and in the wider territory covered by a sheriff, the Bureau concluded that the installation of radio in patrol cars would provide the sheriffs' department with a flexible, mobile weapon for the protection of life and property, and that approximately only four thousand dollars' expenditure would be needed. Fortunately the city of Los Angeles uses this system and the use of its transmitter for a one or two-year trial period might be worked out. The data on which the conclusions were reached were worked out from over one hundred calls actually answered by sheriffs' cars in which Bureau staff members were observing. The statistics and explanations of the contributing factors will be of great value to cities

or other governmental units contemplating the use of radio patrol.

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**The New American Government and Its Work, Third Edition.** By James T. Young. New York, Macmillan, 1933. 1024 pp. \$3.50.

From the earlier editions of this book, 1915 and 1923, students of government have become familiar with Professor Young's valuable emphasis upon administration of our national affairs. It is useful to have his study brought down to the close of the Hoover regime.

Not only has the material been brought down to date and numerous recent references included, but several new features have been incorporated into this edition. They include: discussions of policy as well as description of fact in all the major chapters, contemporary criticism, expressions of opinion and explanations given by those engaged in administration as well as by more detached persons, the effects of the depression both upon governmental systems and through the imposition of new tasks, new legislation, executive actions and court decisions, and also completely new chapters.

Professor Young believes that the continued increase in governmental duties and powers, the emphasized conflict of class interests, and the evident permanence of government through organized minorities, are changes which tend to overwhelm the legislative power. In the face of what he calls the "congressional collapse," he suggests that "we must be about the further remodelling of our government structure to assure it of greater efficiency and speed."

In connection with the final chapter on "Some Unsolved Problems," it is suggested that the student debate the addition to the Constitution of this amendment:

"When in time of public danger or emergency the national welfare may require, Congress may transfer its full legislative power to the President, who shall exercise it by decrees and ordinances, countersigned by a majority of the cabinet secretaries or heads of depart-

ments. Such decrees and ordinances shall be valid and binding as law until the close of the next session of Congress, unless repealed by that body." Perhaps a few months from now, even the operation of such an amendment would seem as cumbersome as the old system! We look forward to future editions of books emphasizing administrative practice.

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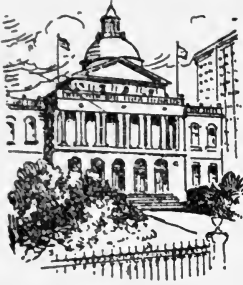
**Analysis of the Debt of the City of Detroit as at February 28, 1933.** By the Detroit Bureau of Governmental Research, Inc. Detroit, Bureau of Governmental Research, Inc., 1933. 23 pp. \$1.

With Detroit finances steadily receiving space in newspaper columns, the primary reason for the difficulties is of particular interest. The Detroit Bureau of Governmental Research has analyzed the bonded debt of the city and presents a number of tables and charts showing clearly just what are the requirements under existing obligations and what they will be over the life of the bonds. Unfunded debt is also explained.

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**Construction and Operation of Municipal Powers.** By Charles W. Tooke. Philadelphia, *Temple Law Quarterly*, 1933. 23 pp.

Professor Tooke in the April issue of the *Temple Law Quarterly*, presents his opinions on some of the problems of constitutional and statutory construction arising in connection with the extent of the powers delegated to municipal corporations under our system of government. He refutes the opinion often expressed by laymen that the law is contradictory and inconsistent in the construction of municipal powers and claims that the decisions are, on the whole, based upon fundamental principles of constitutional law and established rules of statutory interpretation. He presents the methods possible to determine the extent of municipal powers, and holds that the present system with the courts delimiting the municipal powers, places the exercise on the soundest possible basis.



# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

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EDITED BY ROBERT M. PAIGE

*Secretary-Treasurer, G. R. A.*

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**The Tennessee Taxpayers Association** is engaged in making a series of surveys of county governments. A report of Haywood County, their first survey, has recently been published. It is estimated that under existing law maximum savings of \$25,000 a year may be secured out of a total county budget of approximately \$300,000, by the adoption of the recommendations of the survey staff. The Taxpayers Association is now conducting a survey of Sumner County and will shortly begin one of Campbell County.

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**The New York State Conference of Mayors** is coöperating with the state in making studies of pension funds in New York State cities. The Conference's Bureau of Training and Research, Albert Hall, director, at the invitation of city officials, collects the basic data necessary for a complete analysis of each pension system. George Buck, a consulting actuary of New York City, then analyzes these figures and submits a report.

Police and fire pension funds are maintained by many New York cities, although the pension funds of other municipal employees, including teachers, are held by the state. The latter arrangement has many advantages and independent pension funds are gradually being eliminated.

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**The Rochester Bureau of Municipal Research** has recently issued a report, "Refuse Collection and Disposal in Cincinnati." Hazen Pratt of the Bureau's staff visited Cincinnati and compiled an analysis of methods and costs which made possible a comparison with costs in Rochester. Cincinnati was selected because of its size and because it has installed the system of public works records recommended by

the Committee on Uniform Street and Sanitation Records (923 East 60th Street, Chicago). Subsequent reports will deal with other phases of the refuse problem and definite recommendations will be presented to the Rochester Commissioner of Public Works, who requested the Bureau to undertake this study.

\*

**Local Government Reorganization.**—The Exploratory Research Conference on the Reorganization of Areas and Functions of Local Government met in New York, April 28 and 29, at the Institute of Public Administration. The problem of allocating responsibility for maintenance and construction of rural highways was the particular phase of the reorganization problem under discussion. The Institute of Public Administration is preparing to make an intensive study to determine how local government can be reorganized most satisfactorily from an administrative point of view.

The first report of the Michigan Commission of Inquiry into County, Township, and School District Government, entitled "Organization and Cost of County and Township Government," by Lent D. Upson and Professors Thomas Reed and Arthur Bromage of the University of Michigan, has appeared. This report contains, in addition to recommendations for a sweeping reorganization of local government, excellent chapters on county and township government in representative states. The authors recommend the abolition of the township; a smaller county board, elected at large; a county executive, either appointed by the board or elected at large; and a departmentalized county government.

A proposal for the reorganization of the government of Jackson County, Missouri,

drafted by the local government committee of the Kansas City, Missouri, Chamber of Commerce, provides that the legislative and administrative body of the county, the county court, shall consist of three judges elected for four-year overlapping terms. This court of three judges would select one of its own number to be chief administrative officer of the county. This presiding judge would appoint, with the consent of the court, the heads of the three main departments, revenue, public works, and welfare, into which county functions would be grouped. The elective offices of assessor, collector, treasurer, recorder of deeds, and highway engineer would be abolished. A comptroller appointed by the court would be responsible for the accounting system of the county and the execution of the budget, and the court would be given the power to fix the number and salaries of county employees.

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**New Orleans Bureau of Governmental Research.**—On May 10 a group of New Orleans citizens announced the establishment of this bureau. The board of directors consists of twenty-three public-spirited citizens, representative of the business interests of the community. The officers are: president, Charles A. Favrot, prominent architect; vice president, Edgar B. Stern, cotton broker, banker, and civic leader; secretary, Arthur Waters; treasurer, Joseph M. Jones. Harold A. Stone is the executive secretary and director of research.

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**The Toronto Bureau of Municipal Research** has just presented its nineteenth annual report. Twelve White Papers and Open Letters dealing with the budget, the city's credit, and other matters were published during the year. The demand for speakers was greater than ever before, and the Bureau was able through the newspapers and the radio, to present the results of its surveys and recommendations to an exceptionally large number of people. Horace L. Brittain is the managing director of the Bureau and also of the Citizens' Research Institute of Canada, an affiliated organization.

\*

**The Civic Research Institute** of Kansas City, Missouri, has prepared a report on "Trends in City Finance in Kansas City." It includes statistical data relative to assessed

valuations, tax rates, general and special fund income and expenditures, tax delinquencies, bonded indebtedness, etc. These statistics are presented with descriptive paragraphs but without interpretation. The Institute has recently issued a similar report on school finance, and a report dealing with county finance is in preparation.

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**Salary Survey in California.**—The California State Employees Association and the State Division of Personnel and Organization have just completed a study of the comparative salaries of state, municipal, and commercial employees engaged in similar work. This study indicates that state salaries in general are slightly below commercial salaries. For example, there are 771 positions in the state service designated as "clerical" and the average monthly salary of these employees is \$120.08. Salaries for 2229 comparable positions in commercial firms average \$133.

Thirteen categories of employment are compared in this way. In a lengthy appendix the supporting data are presented in full.

\*

**A Digest of Governmental Surveys.**—Professor John A. Fairlie, of the University of Illinois, in the April *American Political Science Review* digests the governmental surveys which have been made in the last few years by the Brookings Institution, Institute of Public Administration, and Griffenhagen, by special commissions, and by other research agencies in the states of New Jersey, New York, New Hampshire, Maine, Arkansas, Georgia, North Carolina, Virginia, Mississippi, Alabama, Tennessee, Illinois, Minnesota, Ohio, Indiana, Iowa, Kansas, Michigan, Missouri, Oklahoma, and Texas. Paul Studenski, of New York University, reviews the Merriam and the Griffenhagen reports on Chicago; and Joseph McGoldrick, of Columbia University, summarizes the proposals for the reorganization of the city of New York.

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**The Seattle Municipal League**, an organization of citizens interested in good government, and active since 1910, has selected a new secretary, Elvin P. Carney, an attorney who has been a vice president of the League. The League's new offices will be in the Dexter-Horton Building, Seattle, Washington.



## NOTES AND EVENTS

**Sacramento County Adopts Manager Charter.**—The voters of Sacramento County, California, by a vote of 17,069 to 13,937 on April 27, 1933, approved a county charter that installed a county executive in the central rôle. Thus Sacramento becomes the second California county to adopt the county manager idea, San Mateo having adopted a county manager charter November 8, 1932.<sup>1</sup> This is the second attempt to establish a county manager form of government in Sacramento, the first being in 1922. Sacramento County has a population of 141,999, according to the 1930 census, 93,750 living within the one large city, Sacramento, the capital city of California. The manager form of government as it operates in the city of Sacramento provided an example by which favorable attention was attracted to the county charter.

The county executive as contemplated by the charter is to have power to appoint, on approval of the board of supervisors, such officers as coroner, county engineer, license collector, public administrator, county clerk, recorder, surveyor, tax collector, superintendent of schools, treasurer, and constable. Clerks and assistants may be appointed, without civil service provisions, by heads of departments on the approval of the executive.

The charter sets up a short ballot providing for election of supervisors, district attorney, sheriff, assessor, auditor. Any elected official who fails to coöperate with the executive is to be considered guilty of misconduct in office.

The supervisors continue to appoint members of the boards of education, law, library trustees, county health and welfare, and the county librarian and agricultural commissioner. The executive himself is appointed by the board of

supervisors and may be removed only by a four-fifths vote of the board. His salary is to be from \$5,000 to \$7,000. He may not be removed within two years after appointment except for incompetency, malfeasance, misfeasance or neglect of duties; or one year in the case of managers succeeding the first incumbent. The executive is to advise the board of supervisors, examine all claims against the county, consult with the supervisors regarding letting of contracts, and act as purchasing agent. He is not given complete power in the preparation of the budget, but is required to compile the departmental estimates and may advise the board of supervisors to reduce estimates.

Existing road districts are consolidated to form one district for the county, and road work is to be directed by the county engineer, appointed by the executive. No claims for road work may be passed or paid unless approved by the engineer and executive.

If the charter is approved by the legislature during its session in July the old board of supervisors will have the opportunity to fill the office of county executive.

WINSTON W. CROUCH,  
University of California

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**Sins of Omission in New York's Budget Bill.**—When the city that led the way toward budget-mindedness by our nation's cities, states, philanthropies, and federal government "goes native," it is an event—and a warning. New York City has just done this in passing an executive budget bill that omits so much and does so much in the native way that governmental researchers and budget statesmen elsewhere will marvel at the anachronism.

While it was an imminent possibility that Aldermanic President Joseph V. McKee would run for mayor, perhaps in the Democratic

<sup>1</sup>See article in NATIONAL MUNICIPAL REVIEW, Dec., 1932, E. H. Cottrell, "San Mateo County Adopts Manager Plan."

primaries, Mayor O'Brien grasped at straws or even imaginary straws to forestall McKee credit. When therefore McKee introduced two budget bills, O'Brien desperately needed his own budget bills. The Citizens' Budget Commission seized the opportunity to "coöperate" and drafted budget bills. The papers first announced that the Citizens' Budget Commission "backed the mayor's budget bills." Soon pride of authorship proved too strong and the C B C confessed its part and circularized taxpayers with the claim that the bills, "if enacted into law, will constitute the most far-reaching change in our city government that has been made since the creation of the greater city."

The Citizens Union, T. D. Zukerman, the United Realty Owners Association, *inter alia*, pointed out dangers and defects but the bills were immediately passed.

The executive budget bill will need amendment—after it has cost the backing taxpayers a few hundred millions and helped the city further toward bankruptcy—for the following reasons:

1. It gives seven members of the board of estimate but five days including Sunday to digest the mayor's budget and vote a tentative budget.

2. It relieves department heads of responsibility for their budgets, ignoring Al Smith's repeated warnings that such heads should be required to sign and sponsor their requests.

3. It repeats the federal budget plan's error of building up in departments a new budget bureaucracy living in a glass house of apology for what is.

4. It fails to require all authorizations to be in the budget—thus perpetuating an evil that has omitted \$456,000,000 authorized from the last eight budgets.

5. It fails to require semi-independent bodies like schools to show all costs. In eight years \$560,000,000 authorized and spent for schools has never appeared in the board of education budget summaries, and \$261,000,000 never appeared anywhere, even in school totals.

6. It does not permit continuous balancing of budgets by the quarterly or even monthly allotments that the depression has proved indispensable to control.

7. It does not require the budget director to report his use of power to fill vacancies, promote, and increase pay, which power has been a vast racket for years.

8. It requires no recommendations for econ-

omy or else confession that the budget director hasn't any, except when special field surveys are made.

9. No hearing by the board of aldermen is required.

10. Instead of requiring an estimate of final assessments it calls for the tentative assessments.

11. By claiming that new budget powers are concentrated in the mayor, not only is history falsified but the public is deprived of a lesson it should never forget; namely, that all our mayors, including Mayor McKee last year, have had full power to submit all desirable matters that the new bill permits except the comptroller's estimates of revenue.

—W. H. ALLEN  
Institute for Public Service, N. Y. C.

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#### Reorganization in Indiana Proceeds.—

The "Executive-Administrative" act of Indiana signed February 3, 1933, authorized the governor to consolidate all the administrative agencies of the state into eight specified departments.<sup>1</sup> Acting under this authority the governor, by executive order, bearing date of April 15, assigned the several existing organization units of the executive branch to the departments created by the statute.

To the executive department are transferred the following major groups:—those relating to public safety, including state police, criminal identification, and fire marshal; the adjutant general and related agencies; the board of charities and some twenty benevolent, charitable, and correctional institutions, and the department of inspection and examination of public offices which carries with it the budget bureau.

To the department of audit and control are transferred, in addition to the regular duties of the auditor, the banking and insurance departments, and gasoline and oil licensing and inspecting departments.

The treasury department is to assume, besides the ordinary duties of the department, the work of the automobile license bureau, the tax commission, and the administration of the inheritance, sales, and chain-store taxes.

To the department of law is given the duties of the attorney-general, together with those of the legislative bureau.

<sup>1</sup>NATIONAL MUNICIPAL REVIEW, March, 1933, P. 137.

The department of public works is made to include the functions of the conservation commission, the highway commission, the excise director (administrator of the beer law), printing, purchasing, and public buildings.

To the department of commerce and industry are transferred the duties of the board of health, industrial board (in charge of factory inspection and workmen's compensation), the public service commission, mines and mining, and the several agencies dealing with agricultural matters.

The department of education is to assume the powers and duties of the superintendent of public instruction, the board of education, the trustees of the two state universities and the normal schools, as well as the state library and historical department.

The department of state, in addition to the duties usually attaching to the office, is to perform the work of issuing certificates of incorporation, licenses to foreign corporations, and the administration of the "blue sky" law, as well as the duty of examining persons engaging in the licensed trades and professions.

The actual transfers consequent upon the issuance of this order are still in progress and many details remain to be worked out. It is presumed that many of the more important of the existing agencies will remain substantially intact as bureaus in the newly created departments. It is understood that the grouping of functions involved in the order here under consideration is to some degree tentative and that subsequent orders may effect changes in the arrangements as above outlined.

—FRANK G. BATES

Indiana University

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**Municipal Discussions at Summer Institute.**—The Wellesley Summer Institute for Social Progress, which is to be held July 1-15 on the campus of Wellesley College, Wellesley, Massachusetts, will include municipal problems among those to be discussed under direction of leading economists by a representative group of men and women. Particulars as to membership in the Institute may be had from Dr. Alfred Sheffield, 130 Madison Street, Cambridge, Massachusetts.

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**Additional Relief Funds Available for Your City.**—With the signing of the new relief bill by President Roosevelt, a sum of \$500,000,000 is made available to the cities for

relief purposes. If your city needs additional assistance, therefore, you should make application at once to the duly constituted state relief authorities.

The act authorizes the distribution of \$250,000,000 of the fund on the basis of relief expenditures within the states during the preceding quarter. The balance is to be allotted on the basis of need. All funds advanced are made as a direct grant and not as a loan. Section E of the old R. F. C. Act, under which cities were required to put up collateral, is completely eliminated. The United States Conference of Mayors estimates that through the elimination of this section the cities of the United States have been saved about \$50,000,000. In some states where the governors forced cities to issue relief bonds under Section E, this elimination will be most helpful.

The final act carries out in full the resolution on unemployment relief adopted at the Washington Conference on February 17.

PAUL V. BETTERS.

American Municipal Association

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**Simplification and Economy in Missouri.**—The 1933 session of the Missouri legislature passed a number of bills designed to reduce expenditures and to simplify governmental organization. Numerous boards were abolished and their duties transferred to departments headed by an official appointed by and removable by the governor. Divisions abolished include the boards of agriculture, health, and charities. A state purchasing department was created and an executive budget system established, with the chairman of the tax commission as budget director.

Local government is affected by the laws providing for a county budget system.

ROBERT M. PAIGE.

Governmental Research Association

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**Conflicting State and Federal Taxation.**—Definite progress toward the reduction of tax competition between the federal government and the states was made April 22 at a joint meeting of official representatives of the states and members of the committee of the national Congress having charge of tax legislation.

At this meeting State Senator Seabury C. Mastick of New York, Chairman of the Interstate Commission on Conflicting Taxation, explained that the commission had approved



certain recommendations, the first of which is that gasoline taxes be left to the states. In compensation for relinquishing this field, another recommendation suggests that the states in turn agree to give up tobacco taxes. A third recommendation favors reserving electrical energy taxes for the states, since the conditions of the production and distribution of electricity vary so widely.

Senator Pat Harrison of Mississippi, chairman of the Joint Committee on Internal Revenue of the national Congress, stated that he substantially approved these recommendations. He added that he favors leaving the general sales tax field to the states. In order to impress the states with the federal government's desire to cooperate he expressed his willingness to have the finance committee go on record as disapproving the continuance of the federal gasoline tax after June 30, 1934. It was the opinion of both the federal and state groups that this will encourage states to make concessions in respect to giving up tobacco taxes.

On May 3 Senator Harrison appointed a subcommittee of the Senate Finance Committee "for the purpose of studying federal and state taxation and the duplication existing therein, and to cooperate and contact with the states working out a plan by which our taxing system as a whole may be improved." A similar subcommittee already has been created by the House Ways and Means Committee. It is headed by Representative Fred M. Vinson of Kentucky. Representative Robert L. Doughton of North Carolina, Chairman of the Ways and Means Committee of the national House of Representatives, also has expressed his approval of the work of the Interstate Commission and his desire to cooperate.

ROBERT M. PAIGE.

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#### **Sales Taxes — Adopted, Invalidated. —**

The 3 per cent sales tax recently adopted in Illinois was declared unconstitutional by the State Supreme Court on May 10, on the grounds that by attempting to exclude from its operation farmers selling their own products, it was not uniform in application. About \$8,000,000 collected since April 1 is supposed to be returned to purchasers.

In Arizona likewise the sales tax law was declared unconstitutional as not having been properly passed. A special session of the legis-

lature is expected to be called to remedy the situation.

North Carolina adopted a 3 per cent sales tax despite great opposition. It is expected to yield \$8,000,000 per annum and help to overcome the state's deficit. The state has assumed support of the public school system. The state university, while much restricted in funds, has been granted more than was previously proposed.

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#### **Oregon Electorate to Decide Fate of Sales Tax Legislation.—**

In Oregon, the voters themselves will decide whether they want to pay a sales tax. The legislature approved a general sales tax of 2 per cent on all retail sales and one-half of 1 per cent on all wholesale sales. Personal services and sales of all kinds are included. The adjournment of the legislature does not mean, however, that the estimated \$5,000,000 a year from the sales tax is a certainty. Under the Oregon system the referendum can be invoked against any legislative act within ninety days after passage. Foreseeing the certainty of such action, the legislature provided for a special election to be held on July 21 to decide the issue. The State Grange is taking the lead in a well organized opposition to the tax.

In addition to passing the sales tax, the Oregon legislature lowered exemptions and raised rates on the personal income tax schedule, curtailed various state activities, and approved a budget for the coming biennium considerably lower than the one under which the state is now operating.

The legislature also specified that delegates to the state convention to act on the twenty-first amendment to the Federal Constitution should be voted for at the special election, and that all other measures on which a referendum is invoked shall be then voted on.

An unusual measure passed by the legislature makes the public utilities commissioner practically a dictator in his sphere. A feature of this bill was the revenue provision appropriating \$150,000 for the biennium as a starter. When this fund is exhausted through investigations begun by the commissioner, he is permitted to levy a prorated tax against all utilities. If investigation further shows some particular utility to be the offender, the commission and the special board has power to levy not to exceed one-half of 1 per cent against the gross revenue of the company to

defray expenses. It is believed that the utilities will take steps to determine the validity of the act.

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**Ten-Dollar Tax Payments.**—The Bureau of Municipal Research of Philadelphia suggests that any sum more than \$10 should be accepted in part payment of taxes, or that payments might be made in multiples of ten. The Bureau states that the only device introduced in that city to facilitate tax paying is the authorization of payment in two equal installments; whereas New York City has recently been issuing "revenue notes" in denominations of ten dollars and upwards to taxpayers who can make payments to the city in advance of regular tax payment dates, these notes to be received at par and accrued interest in payment of taxes. In Chicago a similar scheme is being inaugurated.

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**The New York Municipal Review.**—A monthly magazine containing a summary and criticism of New York City news in regard to city finances, political developments and personalities, and governmental and departmental activity, is being published at 34 Stuyvesant Street, New York City. Besides the regular departments, each issue of the *New York Municipal Review* contains special articles on the above topics. The yearly subscription rate is \$1.00.

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**Detroit in Political Upheaval.**—Resignation of Frank Murphy as mayor of Detroit, to become governor-general of the Philippine Islands, again throws the city and its problems into the whirlpool of political uncertainty due to frequent and rapid changes in the office of chief executive. While the mayor has full appointive powers under the charter, the two-year term has been itself abbreviated by a variety of unforeseen occurrences, such as illness and a mayoral recall, which have made it difficult to establish a fixed municipal policy over a period of time.

Frank Couzens, president of the city council, becomes acting mayor, to serve till Jan. 1, 1934. Though he has developed recognized understanding and skill in city affairs, he is only thirty years old. He has not yet decided whether to adhere to his original plan of remaining in the council of nine at least four years before becoming a candidate for mayor.

Naturally the situation, because of the ap-

pointive powers of the mayor, creates much unrest in the city government and with the public, at a time when debt refunding, budget decisions, and other questions await solution. But so long as cities allow or prefer to let uncertainties of politics be a substitute for administrative competence and continuity, of course they should expect to suffer the consequences of such procedure.

W. P. LOVETT.

Detroit Citizens League

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**California Crime Survey.**—The direct cost of crime to the governmental units of California was \$30,224,601 in 1931. This was 6.5 per cent of the total operating costs of these governments. Police and investigation accounted for about 64 per cent of amount. Penal and corrective activities, the prosecution of crime, and court expenses were the other elements. These are some of the facts established by the survey made under the auspices of the Crime Problem Advisory Committee of California, a committee appointed by the governor, which has recently presented its report. Most of the detailed work of this Committee was carried on by the Bureau of Public Administration of the University of California, Samuel C. May, director. The above findings are from the report of the subcommittee on costs of crime. Other subcommittees reported on causes of crime, penal methods, classification of prisoners, criminal statistics, juvenile crime, and the legal aspects of crime.

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**New York City Pension Systems.**—In times such as these no item in a municipal budget is exempt from scrutiny. In the past few months even fixed charges have been reëxamined and their "fixity" questioned. Dr. Paul Studenski, of New York University, who has recently completed a study of the twelve pension systems of New York for the Citizens' Budget Commission, points out that pension contributions are not as irreducible as is usually assumed. His study disclosed the fact that annual savings of approximately \$5,000,000 would be possible if the contributions of employees were increased to a point where all of the systems were on an actuarial basis, if the excessively liberal provisions relating to death benefits, credit for service outside the city, etc., were modified, and if various other measures were adopted. New York's pension funds in 1932 received \$52,700,000, the city contributing \$29,000,000.

Supplement to the

# NATIONAL MUNICIPAL REVIEW

JUNE -- 1933

## The Search for Facts in Government

How citizens can participate constructively and  
effectively in the improvement of government

Prepared by the Governmental Research Association

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# GOVERNMENTAL RESEARCH ASSOCIATION

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# The Search for Facts in Government

## How Citizens Can Participate Constructively and Effectively in the Improvement of Government

In these stirring times more thought and action are being given to government and to the tax problem than ever before in the country's history. In the greatest city and the smallest hamlet, men and women are uniting to demand that the cost of government be reduced. Unquestionably the present widespread interest in government presents an unequalled opportunity to renovate our governmental structure and to put into effect political and administrative reforms which will not only result in immediate economies but will return dividends each year for many years.

There is danger, however, that angry citizens and selfish or ignorant politicians will eliminate necessary and valuable services while retaining the cumbersome and expensive structure of government, its duplicate activities, its wasteful methods and its unnecessary jobs—danger that the good will be sacrificed while the useless is preserved. Only when citizens have the essential and pertinent facts at their command can they demand an intelligent reduction in the costs of government which works little or no hardship to the public that benefits from the services of government. Such facts are not the product of prejudice or emotion; they are the result of careful study and appraisal.

Governmental research is the term which stands for the type of scientific fact-finding and fact-interpretation

which has produced substantial achievements in the government of many American cities during the last twenty-five years. It is being carried on by local research agencies supported by contributions of citizens, by research agencies which are bureaus or departments of a municipal, county, state or national government, by university research workers, progressive public officials and their national organizations and by many other individuals and groups. Governmental research has become a distinct profession with its own body of knowledge, its own special techniques and methods.

The tools of economy—efficient organization, budget procedure, sound accounting, measurement standards, revealing records, adequate reporting, financial planning, centralized purchasing and personnel administration—have been developed by experts in public administration and scientific management. These are adapted and applied to government by local governmental research agencies. Without the competent use of these tools to secure and to interpret facts, the present struggle of taxpayers will prove fruitless. Governmental research techniques alone can discover the facts, marshal the experience and point the way to permanent results.

GOVERNMENTAL RESEARCH  
ASSOCIATION.

May, 1933.

# Questions and Answers

## A Primer of Government Research

### 1. Why are taxpayers organizing now in all parts of the country?

They are feeling the tax burden as never before. Governments are on the whole no less efficient than they were a few years ago but citizens can no longer remain indifferent to the cost of government. It has suddenly been realized that what has long been "everybody's business but nobody's business" *must* become the business of someone other than political manipulators.

### 2. How are taxpayers organizing?

Every which way! For sporadically expressing indignation. For locking barn doors after horses are stolen. For revising charters. For "driving the rascals out." For fighting budget increases at budget hearings. And for governmental research that coöperatively and constructively studies community needs and public budgets every week in the year, no matter who's elected.

### 3. Is one organization better than another so long as citizens unite?

The aim and method of work is all important. Experience proves that citizens will not stay united on parties, personalities, or antagonisms. For sustained coöperation on governmental matters, citizens must be united by a constructive program based on facts and conclusions derived from the scientific interpretation of these facts. Governmental research and *only* governmental research, can produce such a program. Governmental research discloses the wastes, duplications, inefficient methods, and unbusinesslike practices which, once exposed, cannot be justified, and eliminates these expensive and burdensome expenditures by bringing them forcefully to the attention of public officials, either directly or with the assistance of a spotlight of publicity.

### 4. Where is governmental research carried on at the present time?

The more important of the governmental research agencies are found in the following cities:

New York, Chicago, Philadelphia, Detroit, Los Angeles, Cleveland, St. Louis, Baltimore, Boston, Pittsburgh, San Francisco, Milwaukee, Buffalo, Washington, D. C.; Minneapolis, Cincinnati, Newark, Kansas City, Indianapolis, Rochester, N. Y.; Toledo, Columbus, St. Paul, Akron, Providence, Dayton, Des Moines, Jacksonville, Fla.; Chattanooga, Wilmington, Del.; Duluth, Schenectady, Toronto (Canada), Atlantic City.

### 5. By what name are these organizations known?

Various names are used. The most common is Bureau of Municipal Research or Bureau of Governmental Research. However, "governmental research" is carried on by many agencies which do not use the term in their title. For example: Taxpayers' League of St. Louis County (Duluth, Minnesota); Taxpayers' Research League of Delaware; Citizens' Advisory Finance Commission (Newark, New Jersey); Ohio Institute; Commission on Governmental Efficiency and Economy (Baltimore, Maryland); Civic Research Institute (Kansas City, Missouri); Citizens' Bureau of Milwaukee and Institute for Public Service (New York City).

### 6. How can a governmental research agency be organized?

The first step is to convince a small group of public-spirited citizens that governmental economy can be most effectively secured by supporting a governmental research program. The director of a successful research agency in a nearby city may be asked to spend an

evening with this group. Concrete examples of the achievements of his organization should serve to arouse enthusiasm. Publications of outstanding research agencies should also be secured, to give the group a more definite understanding of what the proposed organization is to do. In some cities the chamber of commerce, real estate board, or one of the service clubs has sponsored the establishment of a governmental research bureau, and has proved especially useful in educating its members to the value of governmental research. Usually the sponsoring organization remains actively a part of the new agency only until such time as it is ready to function as an independent unit.

#### **7. How are research organizations financed?**

Usually by contributions from public-spirited citizens and taxpayers. Some are financed by a small group; others have large memberships with annual subscriptions ranging from nominal sums to large amounts. In some cases, the taxpayers are asked to contribute a percentage of their annual tax bill (frequently one per cent).

Most research agencies have found that they can accomplish more if they do not have to carry on a continuous membership campaign. Furthermore, as a research agency frequently finds it advisable to work quietly and coöperatively with public officials it is essential that membership be restricted to those who have confidence in the fairness, integrity and good judgment of the governing board of the agency. If possible, therefore, a research organization should be supported by a relatively small group. It is advisable that this group shall not include those who have a direct interest in contracts or franchises granted by the government.

#### **8. What is the annual budget of a governmental research agency?**

This varies considerably, depending

on such factors as the size of the city, the size of the organization determined upon, the scope of activity, the degree of citizen-interest and financial support, etc. Some of the agencies operating in the smaller cities with a minimum of personnel, have budgets that do not exceed ten or twelve thousand dollars, while in some of the larger cities the budgets range between forty and sixty thousand dollars per year.

#### **9. Do research agencies maintain staffs of experts?**

Some of the larger bureaus have permanent staffs of accountants, engineers, and other technical experts; but most of the recently organized bureaus operate with a competent director, of broad training and experience, and one or two assistants, and engage temporarily the experts and specialists needed for particular studies.

#### **10. How is it possible for a newly organized agency to secure a competent executive director and an experienced staff?**

The director of a new research agency should certainly be a man with some actual governmental research experience. If it is not possible to secure the services of a man who has been trained in one of the older and larger research agencies, an accountant, or consulting engineer with governmental experience may make a satisfactory director. Staff members are recruited from various sources, frequently from universities which offer special graduate work in public administration.

The Governmental Research Association is in a position to assist groups in establishing contact with qualified researchers and with universities and other organizations training men for this field.

#### **11. What subjects do research agencies study?**

In the quarter of a century during which governmental research has been a "going concern" almost every phase or function of our local units of govern-

ment has been investigated by one or another of the many research organizations. A partial list of subjects studied would include budgetary and accounting procedure; assessments; police, fire, health, and welfare administration; city charters; pension systems; markets; municipally-owned utilities; public debts; town and county governments; election systems; education; paving and street-cleaning methods; sewers and sewage disposal; refuse collection and disposal; civil service administration and salary standardization.

**12. Do public officials resent such research work by unofficial agencies?**

Not as a rule. In fact many of the older agencies are requested by the officials themselves to make studies and to recommend improved methods. As a general policy most governmental research agencies do not seek wide public recognition of their part in securing the installation of improved methods. Rather, they give credit to the public official who has been willing to use their services and adopt their recommendations. If public officials refuse to cooperate and refuse to give serious consideration to research findings and recommendations, general publicity may be necessary.

Public officials who are sincerely endeavoring to administer economically the city's business welcome support from fair-minded and unbiased citizen-agencies which do not represent special interest groups. With the help of such agencies they find it easier to resist demands for unnecessary expenditures. A former official of Detroit told an inquiring reporter from Kansas City: "I resented the governmental researchers until I saw them work. I say now that it would pay any city to have such an alert group if it didn't do anything but sit on the city hall steps."

**13. Do governmental research agencies actively engage in politics?**

Not in a partisan way, but both or all sides in local campaigns often use the agencies' findings of fact and ask for non-partisan advice. The governmental research agencies, as George B. Hopkins, a former trustee of the New York Bureau, has expressed it, "aim not to make over either the man in office or the men who vote; but to give men as they are better methods of working for the public as it is." The research agencies take no part, directly or indirectly, in political campaigns and do not support or oppose candidates for office. They give their thought and effort to the methods and procedures—as distinct from the personalities and politics—of public business.

**14. Do governmental research agencies attempt to educate the public?**

Nearly all of them do. Some of the agencies have regular weekly publications that are sent not alone to members or supporters but to other interested and influential individuals and organizations in the community. Newspapers almost invariably give the research agencies' findings and recommendations generous publicity. Wherever a research agency is active it has been observed that the newspapers and citizens generally take keener interest in their local government.

**15. Where was the first governmental research bureau organized?**

It was first discussed and plans were laid for its trial during 1905 and 1906 by a small group of New York citizens headed by R. Fulton Cutting, who was then president of the Citizens' Union. These men were convinced that successive reform waves had failed to accomplish sufficiently permanent results in the government of the City of New York, and that the governmental machinery itself had to be overhauled,



systematized, and brought abreast of the most approved practice. They believed that, under existing conditions of governmental organization and employment, such needed changes and improvements must be brought to the attention of public officials and aid must be given in their introduction by an impartial outside citizen-agency. Mr. Cutting and his colleagues were confident that the same scientific methods of research and analysis which were being used so successfully in commerce and industry would be equally successful when applied to government.

For a year this first "Bureau of Municipal Betterment" existed as a branch of the Citizens' Union, but the success of this first year's effort led Mr. Cutting to ask others to join him in financing the Bureau as an independent organization. The New York Bureau of Municipal Research was incorporated in 1907. Its supporters included, besides Mr. Cutting, John D. Rockefeller, E. H. Harri- man, Jacob H. Schiff, Frank A. Vanderlip, Andrew Carnegie, Charles A. Coffin, Otto H. Kahn, George B. Hopkins, George W. Wickersham, and Albert Shaw.

**16. Is there any national organization or association of governmental research agencies?**

Not of the agencies themselves, but there is "an organization of individuals professionally engaged in governmental research" known as the Governmental Research Association. The Association maintains a secretariat at Chicago and holds an annual meeting usually in conjunction with either the National Municipal League or the International City Managers' Association.

**17. Where can assistance in the organization of a research agency be secured?**

One of the purposes of the Governmental Research Association is to encourage, foster, and assist in the establishment of new research organizations. It is hoped that this Primer will serve to arouse interest in the program which experience proves embodies the most successful methods for dealing with the problems of economy and efficiency in municipal and state government. Further information, literature descriptive of governmental research achievements, lists of government research agencies, and other material useful to a group of citizens who desire to organize a research program may be secured from the office of the Association.

# Publications of NATIONAL MUNICIPAL LEAGUE

## CAMPAIGN PAMPHLETS

15 cents each	\$10.00 per hundred	\$70.00 per thousand
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City Manager Plan at Work		Short Ballot
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# NATIONAL MUNICIPAL REVIEW

JULY + 1933

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Constructive versus Destructive Economy

••• GLENN FRANK

Saving Money in State Government

••• A. N. HOLCOMBE

How Massachusetts Has Kept Her Costs Low

••• JOSEPH B. ELY

The Crisis in Government Economy

••• ALBERT C. RITCHIE

Progress in International Municipal Research

••• G. MONTAGU HARRIS

Albemarle County, Virginia, Adopts Executive Plan

••• GEORGE W. SPICER

Sweeping Reorganization in Colorado

••• ALLEN MOORE and LASHLEY GREY HARVEY

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# THE LEAGUE'S BUSINESS

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**New Jersey Taxpayers' Association Endorses Manager Plan.**—The May issue of the New Jersey Taxpayers' Association official publication, *Taxegram*, carries a long excerpt from the pamphlet of the National Municipal League, "The Story of the City Manager Plan." "This plan," the editor comments, "may point the way out of the mire to many who are seeking a solution of their local problem of taxation."

**Splendid Response to New Radio Series.**—The new radio series on constructive economy in government arranged by the Committee on Citizens' Councils for Constructive Economy, of which Thomas H. Reed is chairman, was off to a splendid start on June 20 with Dr. Reed and Glenn Frank, president of the University of Wisconsin, striking the keynote of the series. Within forty-eight hours more than one hundred requests for additional information on the citizens' council program had reached the National Municipal League office. The fifteen-week series may be heard every Tuesday evening from 7:15 to 7:45 eastern daylight saving time, following Amos 'n Andy over the WJZ network of the National Broadcasting System. Tune in—here are the programs for the next six weeks:<sup>1</sup>

July 4—"The Crisis in Government Economy." *Albert C. Ritchie*, Governor of Maryland.

July 11—"Mr. Taxpayer versus Mr. Taxspender." *Daniel W. Hoan*, Mayor of Milwaukee; *Louis Brownlow*, Director, Public Administration Clearing House, Chicago.

July 19—"Protecting the Taxpayer's Dollar." *William A. Comstock*, Governor of Michigan; *Professor H. L. Caverly*, University of Michigan.

July 25—"Reducing the School Budget." *Professor John K. Norton*, Chairman, Joint Commission on Emergency in Education of the National Education Association; *Robert E. Simon*, Education Chairman, United Parents Association; *Professor George S. Counts*, Columbia University.

August 1—"Reducing the Library Budget." *H. L. Woolhiser*, City Manager, Winnetka, Illinois; *Ora L. Wildermuth*, Attorney, Gary, Indiana; *Carl H. Milam*, Secretary, American Library Association.

August 8—"Reducing the Welfare Budget." *Clarence Phelps Dodge*, Washington, D. C.; *Dr. Lewis Meriam*, Brookings Institution; *Frank Bane*, Director, American Public Welfare Association.

**Annual Convention of the League.**—The National Conference on Government, comprising the annual meeting of the National Municipal League, the Governmental Research Association, and the National Association of Civic Secretaries, will be held at the Hotel Chalfonte-Haddon Hall, Atlantic City, New Jersey, on November 9, 10, and 11, it was decided by the council at its meeting in Chicago, May 27.

**Commendation from the Legislative Reference Office of Colorado.**—"I am finding the NATIONAL MUNICIPAL REVIEW an increasingly valuable source of information for legislative reference work use. It is particularly gratifying that you are planning to publish the radio programs in the 'You and Your Government' series." (Signed, *Allen Moore*)

**Judges for the Annual Baldwin Prize Contest.**—The following have consented to serve as judges of the annual Baldwin prize essay contest: Robert M. Goodrich, Providence Governmental Research Bureau; Professor W. E. Mosher, Syracuse University; and Dr. William B. Munro, Pasadena, California. Seventeen essays have been received in competition, and the announcement of the award will be made on this page in a later issue.

HOWARD P. JONES, *Secretary*

<sup>1</sup>A folder containing the programs for the entire series may be had by writing this office.

## Taxes Can Be Collected

THE critical state of municipal finance is not due entirely to the depression. Put the blame where at least much of it belongs: upon civic lethargy and inertia, upon the failure of the so-called best minds of the community to appreciate that keeping local government going is the most important job they have. In communities where such a large proportion of the taxes are delinquent that the local government faces the necessity for defaulting on its debt obligations or abandoning certain local governmental services altogether, the chief factor in the situation is the mental attitude of its citizens toward the local government—not the depression which prevents them from having sufficient funds to meet their tax bills.

This is not to say that there is not a small minority of the population of any community which cannot meet its tax bills or any of its other bills, for that matter. It is to say that the majority of persons in most communities can pay if they will.

Glance at the reports of the telephone company in your own city, or the electric light company, or the gas company. You will find that they are continuing

to do business and that they are collecting their bills. True, they are more lenient in their credit policy and they have lost a percentage of their customers, but they are continuing to do business and to collect sufficient revenue to keep the business running.

Yet from the standpoint of the taxpayer—the same person who is paying telephone bills and electric light bills and gas bills—having water in the faucet and a policeman and a fire truck within call, to say nothing of schools and libraries and prevention of disease and parks and playgrounds—are surely as important as the services he is receiving from his public utilities. This is to make the comparison as gentle as possible. A check-up would certainly show that most delinquent taxpayers continue to run their automobiles and attend the movies and to do a thousand and one other things that cost money but which may be far less essential than keeping the local government going. A check-up would also show that the average citizen is getting a lot for his tax dollar. This interesting comparison from Milwaukee shows that all the city services cost less than the utilities:

## Cost of Municipal Services, Milwaukee, 1931

Type of Service	Total Cost	Per Capita Cost Year	Cost Month
1. Education			
(a) public school	\$10,759,017	\$18.16	\$1.51
(b) industrial	1,052,975	1.78	.15
2. Water supply	2,782,278	4.70	.39
3. Police protection (including pension costs)	3,109,447	5.25	.44
4. Fire protection (including pension costs)	2,348,463	3.96	.33
5. Street sanitation	1,750,488	2.95	.25
6. Parks and recreation	1,196,053	2.02	.17
7. Street construction and repair	913,779	1.54	.13
8. Health	814,007	1.37	.11
9. Garbage collection and disposal	465,740	.79	.07
10. Library	502,563	.85	.07
11. Museum	331,500	.56	.05
12. Courts	122,018	.21	.02
	<hr/>	<hr/>	<hr/>
	\$26,148,328	\$44.14	\$3.69

## Costs for Utility Services, Milwaukee, 1931

Type of Service	Total Cost	Per Capita Cost Year	Cost Month
1. Electricity	\$11,400,000	\$19.24	\$1.60
2. Transportation (street car and bus)	8,100,000	13.67	1.14
3. Telephone	8,000,000	13.49	1.12
4. Gas	5,400,000	9.11	.75
	<hr/>	<hr/>	<hr/>
	\$32,900,000	\$55.51	\$4.61

Yet, read these remarks of a prominent business executive:

"Not only in New York City but in other cities generally government has become almost a form of racketeering . . . by which the politicians take the taxpayers' money and divide it up in such a form as will be most certain to perpetuate themselves in office."

Or this statement of a prominent insurance man:

"Delayed tax payments are chiefly due to the fact that the average citizen believes his tax dollar to be largely wasted."

Or this comment of a banker:

"Urging citizens to pay taxes would only serve to put off the day of real municipal economy."

The day when the finger could be pointed generally at American cities in connection with the charge of graft and inefficiency has long since passed. It can still be pointed, but must be directed to specific dots on the map. Hundreds of American cities are honestly and efficiently managed today. If others are not, it lies within the power of the local citizenry to see that they are. Nevertheless, any solution for the

problem of tax delinquency must take into account the reaction on the part of many that a slice of the tax dollar is wasted. Taxes can be collected, but this argument must be met and silenced by removing its foundation. Groups attempting to solve the tax delinquency problem need to work in at least four directions:

1. A campaign of education to inform the public as to the value of their municipal services and what is going to happen if taxes are not paid.

2. Pressure through personal interview to be brought upon taxpayers who can pay but have not.

3. Study of the local governmental administration to see how it can be operated with greater efficiency and economy.

4. Mobilization of civic energy and intelligence of the community into a compact group such as a Citizens' Council representing all civic organizations which can translate opinion into action.





## HEADLINES

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The city manager plan for Washington D. C.,—this is the rumor on Capitol Hill where gossip has it that President Roosevelt will use his authority under the bill permitting him to reorganize the federal government to appoint a city manager for Washington. Nothing could be more appropriate—or more greatly needed.

\* \* \*

Of course, lower taxes are always possible. In Clay County, Georgia, for example, the *New York Times* reports there are no telephones in the county court house, officers sweep their own offices with brooms made of straw gathered from a nearby field, court terms are limited to two days each, and citizens are maintaining highways by volunteer effort.

\* \* \*

The question to whether there shall be a commission to draft a new charter for New York City will be submitted to the voters at the general election next fall, under the provisions of a local law passed by the New York municipal assembly. The commission would consist of seventeen members to be appointed by the mayor. Tammany's "new charter" might be interesting, but unlikely an improvement.

\* \* \*

The Democratic party in Michigan has endorsed proportional representation as a method of electing members of the state legislature. A constitutional amendment introduced with party backing failed merely because a few suspicious members thought it had to do with "reapportionment." But it may pass at the next session. When self-interest marries reform, they frequently both prosper!

\* \* \*

County consolidation is now possible in Minnesota as a result of a constructive economy measure passed by the legislature. A petition of not less than 25 per cent of the voters in each county in a proposed consolidation will place the proposition on the ballot at the next general election. A 60 per cent vote in favor of consolidation brings it about.

\* \* \*

The question is frequently asked, are municipal surveys worth their cost? City Manager Carr of Oakland, California, recently had a survey made of positions and salaries, discovered many instances of persons doing identical work but receiving widely different salaries, and saved \$158,000 in pay-roll as a result.

\* \* \*

"Dear Bill: These boys are against the city manager plan and have agreed to work all day if furnished with gas and oil. Take care of them and we will get together later and make it up." This letter, signed by the mayor of Hackensack, N. J., created quite a furor when published in the local press the day before the election at which Hackensack voted to adopt the plan. In the words of Ambrose J. Weems, "You can't fool some of the people some of the time."

# Organizing To Save Our Communities

Citizens' councils  
needed to stem tide  
of hysterical slashing  
of services

THOMAS H. REED

*Chairman of the Committee on Citizens'  
Councils for Constructive Economy*

**F**ORTY-FIVE state legislatures have just been economical for the first time in a generation, some of them reducing their budgets by 25 to 30 percent. Cities, counties, and school districts have

In a series of fifteen broadcasts over the N B C network, beginning June 20 and ending September 26, some of the most outstanding national authorities in the field of government will speak on various aspects of the problem of constructive economy in government and the way in which citizens' councils can tackle the problem in their own communities. The program has been arranged by the Committee on Citizens' Councils for Constructive Economy of the National Municipal League in cooperation with the National Advisory Council on Radio in Education and the American Political Science Association as a part of the "You and Your Government" series.

These radio talks will be published in the NATIONAL MUNICIPAL REVIEW, the first of the addresses appearing in this issue. Through this series will be presented the facts about economy and how it may be brought about without destroying essential services. Groups of experts in the fields of education, public health, recreation, public works, welfare, and planning will present in informal round table discussions many specific suggestions. You will not only want to listen in but will wish copies of the series for your files. Turn to page 306 for the program of the next six broadcasts.

been rapidly decreasing their expenditures except for unemployment relief, for the past three years. The cry for economy has been loud in the land and it has been answered. Shall we rejoice, or have state and local governments like most repentant sinners displayed more zeal than discretion? Have they been wise, or penny wise and pound foolish? In truth we are in danger of being as reckless in retrenchment as we were in spending. We are cutting our budgets in the same slap-dash haphazard way in which we built them up to the swollen proportions of 1929. We had a mad orgy of extravagance and are following it with equally hysterical economizing.

It has been said that the depression made us tax conscious. The pain of it has in some cases brought on delirium. No one can blame the taxpayer for wanting to see his burdens reduced. The big taxpayer no longer knows where his next million is coming from, the small taxpayer is sometimes uncertain about his next meal. But their natural reactions to depressions have been seized upon by the latest type of demagogue—the tax reduction demagogue—who preaches tax reduction regardless of where the cuts in expenditures are to be made. When forced to select objects for economy he makes his attack on the educational and social services as those least strongly entrenched in poli-

tics. He organizes the taxpayers, not for the purpose of finding the facts and passing reasonable judgments on them—of such taxpayer organizations there can never be too many—but into fighting groups which without understanding, knowledge, or investigation wield the big stick on public authorities. Hence hysteria in the public mind, in legislative halls, and council chambers.

#### EFFECTS OF "ECONOMANIA"

School terms have been cut short, teachers discharged, libraries closed, public health service curtailed, playgrounds abandoned, necessary public works suspended, crime prevention work crippled—not everywhere, of course, but frequently enough to indicate the danger, and almost everywhere these cultural and social services have suffered disproportionately to the more strictly political branches of government.

Nowhere has any serious attempt been made to arrive at the relative values of services so that the least valuable could be eliminated first. Almost nowhere has anything practical been done to reduce the absurd number of units of local government. In only a few states has any progress been made in simplifying the organization of state and local government, or in the introduction of sound business practices in budgeting, accounting, and purchasing. Little has been done to check the spoils system which raises the cost of government by filling public offices with incompetents. In other words constructive economy has been neglected for indiscriminate tax reduction, and the joke of it is that while in most states the general property levy has been reduced, new forms of taxes or substantial increases in the rates of old taxes have been enacted in at least thirty-five states. The achievement of permanent improvement in government practices seems as far off as ever. Hence the organization of the

Committee on Citizens' Councils for Constructive Economy.

Representatives of fifty-nine national organizations in the field of education and social service united to sponsor the movement for Citizens' Councils for Constructive Economy in government in the belief that the cultural and social services of government were threatened by indiscriminate economizing. Its promoters fully recognized that economizing was necessary, that reductions even in the current budgets of the social and cultural services in many instances must be faced as inevitable. No state, city, county, or school district can spend more than its taxpayers can pay within a reasonable period. Nor in these times should any unit of government be asked to support anything but essential services.

#### TWO LEGS TO STAND ON

The Committee on Citizens' Councils therefore stands for economy—every economy possible without the sacrifice of essentials in the various services of government. But it stands with equal earnestness for the principle that waste and extravagance should be removed as far as possible from the mechanism of government before cuts in service are considered, and for the principle that all economy should proceed from a careful study of all the pertinent financial and administrative facts.

This committee proposes to encourage the development of a Citizens' Council for Constructive Economy in every sizeable community in the United States. These Councils will be made up of representatives of the organizations interested in the promotion of the cultural and social services, and other civic groups. Organizations formed primarily for tax reduction will be invited to cooperate provided they are willing to join in an effort to learn the facts before jumping to conclusions. Other public officials and interested citizens will be

enlisted. The Citizens' Council once formed will begin by finding the facts for its locality, either directly by the work of its members, by enlisting the help of the accounting staffs of business houses and other organizations, or in the case of large communities by employing the necessary help. The Committee on Citizens' Councils for Constructive Economy, with offices at the National Municipal League, will help with advice, with literature and by supplying as far as may be the best technical standards by which the facts found by the Citizens' Councils can be measured and interpreted. If you are interested in forming a Citizens' Council communicate with the Committee on Citizens' Councils of the National Municipal League.

Do you want your schools open, your parks in use, your libraries continued, public health adequately protected, the unfortunate cared for? Do you realize what it would mean to the future of your community if even those additional students who seek to go to school in a depression were allowed to roam the streets; how disastrous it would be if all the children were locked out of school? Do you dare to think of the ravages of disease which may follow a let-down in public health service? Do you want your community to waste its slim resources on constructing streets in the wrong places and all the other mistakes which the absence of planning brings about? Of course you do not.

And all these cultural and social services can be protected if we can only induce our governing authorities to base retrenchment on a sane consideration of the facts and the possibilities of saving by governmental reorganization and the use of business methods. We know we have too many small units of government—townships, and school districts—even too many counties. We know that a simplified structure for state, city, and county government in which full executive responsibility is vested in one per-

son can do much to promote efficiency—economy with better service—because in enforcing responsibility to the people for government it is best to put our eggs in one basket and watch the basket. We know that business methods of budgeting, accounting, and purchasing can save a large slice of the taxpayer's dollar without reducing service a penny's worth. We know that a good merit system of appointment to public office can put honest and efficient workers in the place of lazy wasters. All these things were known long before the depression. They have been tried often enough to demonstrate their workability. Let states, cities, counties, and school districts try them before they begin denying the people the service to which they are accustomed.

#### FACTS OF THE DEPRESSION

We know some other interesting facts too—new facts of the depression period and newly discovered. We have heard a great deal about the unhappy lot of the delinquent taxpayer—usually depicted as a small home owner without a job and likely to lose his little all if tax penalties are enforced. Half our state legislatures have passed laws to help save them their homes. The fact of the matter is, however, certainly in cities, that while delinquent taxpayers of this class are very numerous, the greater part of the taxes now delinquent are owed by a few relatively large taxpayers. In Dayton, a Citizens' Council discovered that 40 per cent of a total of \$12,000,000 of delinquent taxes was owed by five hundred individuals. The remedy suggested itself. A committee was appointed to wait on these large taxpayers and induce them to pay—and they are paying.

Everyone respects the plight of the small home owner and no one would grudge him any extension of time new laws may give him. But the large property owner who simply prefers to

# Constructive versus Destructive Economy

The future depends upon preservation of public services and present social values; dramatic drop in income, not jump in cost of government, caused the trouble

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GLENN FRANK

*President, University of Wisconsin*

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THAT it is necessary for public institutions as well as private individuals to tighten their belts in lean years is an axiom that may be accepted without argument. I have broken my lance as often as any other American against waste, inefficiency, and the retention of public services that are manifestly obsolete. I lifted my voice and lent my pen in behalf of such economy when the economic skies were bright and the bloated statistics of our paper prosperity tempted private individuals and public institutions alike to a reckless prodigality. I think, therefore, that I have earned the right now, when the economic skies are dark and the stern fact of a depleted national income confronts us, to speak of the national danger that lies coiled at the heart of any economy that is not directed by a statesmanlike sense of relative values.

The necessity for economy is indisputable. The nature of economy is debatable. The form of economy may make the fact of economy either a national asset or a national liability.

There are certain basic considerations that I think the voting millions will do well to ponder if they want to keep clear the distinction between constructive and destructive economy, if they want to promote the kind of economy that will renew and prevent the kind of economy that will ruin the American social order.

## PUBLIC INCOME SHOOTS THE CHUTE

*Consideration number one:* The staggering deficits that have confronted local, state, and national governments since the collapse of 1929 have been due less to the rise in the cost of public services than to the drop in the public income.

In 1928 approximately 11 per cent of the national income went into taxes to conduct the enterprises and carry the obligations of government. In 1932 some 33 per cent of the national income went into taxes to conduct the enterprises and carry the obligations of government.

There are those who seemingly would have us believe that this dramatic rise of the tax draft on national income from 11 per cent to 33 per cent in four years was due solely to an unintelligent and unjustified, a wasteful and worthless, development of public services. The man in the street, hearing of this rise in the tax draft on national income from 11 per cent to 33 per cent in four years, is all too likely to think that the cost of public services has trebled in that time. Obviously this is not true. Had the national income remained steady at the 1928 level, the tax draft on national income for last year would have been not more than 18 per cent instead of 33 per cent, even if all the extraordinary expenditures in-

duced by the depression had been in the picture. The factor that lifted the tax draft on national income from 11 per cent to 33 per cent in four years was the dramatic drop in the national income due to the economic muddling that landed us in the depression.

#### BUSINESS LEADERS ON DEFENSIVE

I am quite aware that this does not remove the stubborn fact that a 33 per cent tax draft on national income is a serious matter with which statesmanship must wrestle. It does suggest, however, that the blame for the large proportion of the national income that last year went into taxes cannot justly be placed upon the shoulders of social leadership, but must, to a very material degree, be placed squarely upon the shoulders of the economic leadership that proved incapable of steering our economic ship past the shoals of depression.

And now this very leadership that has done so much to unbalance the nation's life seems willing, with heartening exceptions, to balance the nation's budgets even if the balancing involves the wrecking of all those scientific, social, and educational enterprises to which alone we can look to produce a leadership for the future that will be less inept, a leadership that might conceivably use this magnificent machine economy of ours to free the race from drudgery, poverty, and insecurity instead of letting us starve in a world of too much food and go workless in a world with a million undone tasks, suffering all the perils of scarcity in an age of plenty.

If the rank and file of Americans once see this obvious fact—that the undue amount of the national income that went into taxes last year was not because the cost of public services skyrocketed to a new high level, but because the national income nose-dived to a new low level—they will not be hoodwinked by

the sinister attempt that has been made to make social leadership the scapegoat for the sins of economic leadership.

This consideration is basic, if we are to administer economy constructively instead of destructively, because, unless we know whom to blame for our budgetary dilemmas, the very forces that are most to blame will go on branding even the most self-sacrificing public servants as bureaucrats, pay-rollers, tax-eaters, hogs at the public trough, and equally lovely designations. And this sort of propaganda, unless an enlightened people stamps it out, will divert men of capacity and self-respect from the public service for a generation to come. And it will be our children who will have to pay for our having permitted the public service thus to be denuded of worthy servants.

#### SERVICES ESSENTIAL TO CIVILIZATION

*Consideration number two:* The public services of government, for all the criticisms that may legitimately be leveled against them, are, by and large, the things that give to American civilization such stability and meaning as it has in this singularly unstable and doubtful time.

There is undoubtedly waste, duplication, and instances of the obsolete in public service. It is the business of statesmanship ruthlessly to discover and ruthlessly to do away with such wasteful, duplicating, and obsolete services. But great statesmanship will perform these surgical operations upon government without joining the blind reductionists who in pleading for the elimination of waste, are throwing public suspicion upon the whole public service.

In a late issue of *Scribner's Magazine*, the clear-headed Charles A. Beard painted a vivid picture of what would happen if the so-called "bureaucracy" should quit functioning for even one day.

## IF GOVERNMENT STOPPED

Water would cease to flow from faucets. Sewer pumps would stop. Guides to navigation on the seas and in the air would be cut off. Epidemics would spread with death-dealing swiftness. Millions of school children would roam the streets. Criminals and lunatics would break from their cells. Thousands of sick in hospitals would go uncared for. Publicly operated charities would close. There would be no bureau of mines or coast guard service or supervision of airways to protect lives on land and sea and in air. There would be no forest service to conserve and guard the national forest domain. American agriculture would have its access to modern science blocked and the American farmer would have to begin the trek back to the days of rule of thumb. There would be no public health service. There would be no fire departments to protect property. There would be no Reed Commissions to block the advance of yellow fever with the human sacrifice of their own bodies.

It behooves us to think twice before we throw our hats in the air every time a flippant cartoonist depicts public servants as swilling swine at the public trough. We shall do well to examine carefully the ax many forces want to swing at public services in order to be sure that it is not a private ax waiting to be ground.

History may well look back upon men who, in the midst of this economic crisis, lost their heads in a lurid onslaught against public services as the real anarchists, although many of them come from the ranks of the most conservative men of the time.

## LET PROSPERITY CARRY DEPRESSION

*Consideration number three:* It is not sound statesmanship to make the basic services of a civilization wholly dependent upon the current income of a period of depression.

A pay-as-you-go policy doubtless serves a good purpose in times of prosperity in that it prevents communities, states, and nations from plunging recklessly into debt. On the other hand, it ties the hands of statesmanship in times of depression in that it prevents government from spreading the load of depression out over prosperous periods.

The intelligent policy of public finance would seem to be to lower taxes and increase indebtedness during depression and, in periods of prosperity, to raise taxes and retire indebtedness. But this is impossible under a pay-as-you-go policy. It is, therefore, the business of statesmanship to devise ways and means of making the periods of prosperity carry part of the load of the periods of depression. Only so can we prevent transient depression from working permanent injury to basic public services that have been patiently perfected over the years.

And now I end my argument with a repeated plea that we administer the economy the times compel with a statesmanlike sense of relative values.

## NEEDED: A SENSE OF VALUES

On the Acropolis in Athens are the ruins of a lovely little temple dedicated to the Wingless Victory. The lore of later days has it that the sculptor chiselled this symbol of Victory without wings to express the hope of the Athenians that victory would never again fly from their city. The victory it celebrated is now forgotten of men, unless antiquarians have salvaged its story. And the temple is now a scarred ruin. But its mute existence leads me to ask what victories of ancient Greece have stayed and what have been snatched away? And it needs no new research to frame the answer.

The victories of Greece and of its empire that were victories of sheer force, physical and political, notable as they

were at the time, have gone from the minds of all save the historians. But the victories won by those Greeks who were intellectual pathfinders, the philosophers and poets and dramatists who expressed the Greek passion for truth and beauty and goodness, these victories have been wingless, they have never left Greece. The Greeks who dealt in deathless values themselves became deathless, and their legacy still survives to water the parched roots of the world's conscience and the world's culture.

History has made a revaluation of values in Athens. The transient values of force, the power of organized interests concerned with material conquests, won in the court of the time, but they have lost in the court of history. The permanent values of the spirit have won a delayed but decisive judgment. It has always been so! It is so now! It will be so for all time! But man is a stubborn and singularly obtuse animal. He declines to listen to the record. He persists in pursuing victories that will surely fly from him once he wins them. And he spends his life in quest of achievements that he should know will turn to ashes in his mouth.

This is a parable for statesmen of the world in general and of the United States in particular whether the day's work sets for them the task of balancing a budget or reconstructing an economic order. In the midst of fiscal difficulties and economic dilemmas we must keep our attention tethered to those deathless values that make a civilization great. We must play for wingless victories. And wingless victories can be won in the midst of a nation-wide retrenchment only if economy is administered constructively.

## ORGANIZING TO SAVE OUR COMMUNITIES

(Continued from Page 312)

force a loan from the community of the amount of his taxes is entitled to no sympathy whatever, and should not be allowed to hide behind the laws passed to save the poor home owner. One state legislature this year passed a law allowing four years to pay delinquent taxes with only a 3 per cent penalty. Of course, all tax payments practically ceased at once. Certainly we should not declare any community bankrupt and start to close its schools and board up its libraries, stop cleaning its streets, and discharge its probation officers, until we have made an honest effort to collect the taxes that are collectible. An energetic tax collector who regarded himself as a collector and not as a mere depository could accomplish wonders in these days. Public opinion aroused by a frank statement of the facts and judiciously directed by a Citizens' Council can save many a city from unnecessary suicide by investigating the delinquent tax situation and causing those who can to pay.

We must not forget that the beginnings of a new prosperity are here! Not a prosperity to be abused as we did the last, but whose near approach simplifies the problem of financing government. If we knew the depression was to last fifty years we would be forced to retrench far more drastically than if normal conditions are about to return. Our situation is no longer so desperate that we need to think of abandoning any of the essentials of civilized life. We can save ourselves by a policy of constructive economy and to that the movement for Citizens' Councils is dedicated.



# Saving Money in State Government

No hope of cutting state costs as federal budget was trimmed, in opinion of authority

A. N. HOLCOMBE

*Harvard University, Cambridge*

THE great reductions in public expenditures which have been recently made, or planned, by the federal government suggest the question whether similar savings might not be accomplished by the governments of the states. The federal government did not succeed in reducing its budget without an heroic effort. Would not a similar effort by the state governments produce similar results?

At the outset it should be stated positively that there can be no doubt about the possibility of saving money in state government. The practice of more rigid economy will always save some money in any government, and greater efficiency than has yet been secured can certainly be brought about in the governments of all states. Everywhere there must be some salaries which can be further reduced, if necessary, and some services which can be further curtailed. But in most states such savings cannot be very extensive. Rigid economies have already been introduced and further efficiency cannot be secured without extraordinary effort. There is no ground for believing that the state governments, even if they should make an effort like that which has been made this spring at Washington, could reduce their budgets by anything like the same amount that has been, or will perhaps eventually be, cut out of the federal budget. There are several reasons for

expecting much less in the way of reducing the cost of government from the governments of the states than from the federal government.

The first is, that the governments at the state capitals spend very much less money than the government at Washington. A few years ago, before the great depression brought the present necessity for economy, the federal government was spending money at the rate of between thirty-four and thirty-five dollars a year for every man, woman, and child in the country. At the same time the combined expenditures of all the forty-eight states amounted to a little less than fourteen dollars per capita. Even if the state governments could reduce their expenses in the same proportion as the federal government the amount of saving would be only three-fifths as much as that of the federal government.

## NO COMPARISON WITH FEDERAL BUDGET

But it would be unreasonable to expect the state governments to reduce their expenditures in the same proportion as the federal government. There is no single item in the budgets of the states like the appropriations in recent years in the federal budget for the relief of World War veterans, which can be slashed as the compensation payable to veterans was slashed under President Roosevelt's Economy Act last March. At the present time the state govern-

ments are spending a good deal of money for relief of the unemployed, but in the good times before the depression there were no relief payments by state governments, either to veterans or to others with a claim upon public bounty, from which substantial savings in bad times could be made. The possibility of any such spectacular reduction in the cost of state government, as has been brought about at Washington at the expense of the veterans, simply does not exist.

Nor is there any object of expenditure in state government that offers such promise of further savings as the federal expenditures for military and naval purposes. It is well known that a large part of the cost of the federal government is due to war, past or prospective. In 1928 over 80 per cent of the gross expenditures of the federal government, exclusive of postal expenditures defrayed from postal revenues, were made on account of war. If interest charges on the public debt and amounts spent for the redemption of war bonds be also excluded, two-thirds of all the net operating expenses of the federal government were accounted for by war. If the chances of another war could be diminished by the adoption of sound peace treaties, further great savings could be made in federal expenditures. In fact, considerable reductions have been brought about in recent years by the limitation of armaments, and there is no doubt that further savings could be made in the cost of preparation for war, if the world could be better organized for peace. But no such saving is possible in the expenditures of the state governments.

#### STATE EXPENDITURES CANNOT BE DRAS- TICALLY CUT

The expenditures of the state and local governments have always been chiefly for the purposes of peace. In recent years, at least before the depres-

sion created the urgent need of special payments for the relief of the unemployed, about one-third of the net operating expenses of state and local government went for education, between one-quarter and one-fifth went for roads, and about one-seventh of the total went for social welfare purposes. Thus the state governments are in a very different situation from that of the federal government. Less than 1 per cent of the net operating expenses of the federal government went for education, less than 5 per cent for roads, and only about 2½ per cent went for social welfare purposes. Altogether the federal government used for these three purposes less than 8 per cent of the money accounted for by its net operating expenses, while the state governments used over 70 per cent of their money for such purposes. It is clear that there is no possibility of any such reduction in the expenses of state government as has been brought about in the expenses of the federal government by cutting the cost of war. Doubtless in the good times there was some extravagance in the management of schools and in the building of roads, but education has to go on in bad times as well as in good, and the roads must be kept open whether business is active or slow. Moreover, the expenditures for social welfare purposes have to be increased rather than reduced in bad times. In short, governmental expenditures for the purposes of peace do not admit of any great curtailment in time of depression.

It may be said that the state governments used to spend much less money than they have spent in recent years and that surely some of the increase is unnecessary. It is certainly true that state government was formerly much cheaper than it is now. Twenty years ago the state governments were spending less than four dollars per capita instead of as recently nearly fourteen dollars per capita. In 1903 they spent only

about two dollars and a quarter per capita and in 1890 less than one dollar and a quarter per capita. The rate of increase in state expenditures has been greater than the rate of increase in federal expenditures, and there has been no such growth of war activities as has accounted for most of the increase in the cost of the federal government. But no one supposes that this growth in the cost of state government is the consequence of growing extravagance in the government of the states. On the contrary, all the evidence at hand shows that state governments are conducted more economically and efficiently now than a generation ago. State governments spend more money now than formerly, because our people demand more of their governments. We live in a progressive age, and the services rendered by our governments must advance with the times. We will not go back to the days when a high school education was a luxury for the favored few, and roads were so poor that automobiling was a hazardous battle with ruts and mud. The social welfare activities which the state and local governments have assumed in response to a quickened social conscience and a keener sense of obligation to the unfortunate cannot be drastically cut down, when the needs of the unfortunate have become more urgent than usual. Further argument on this point seems unnecessary.

#### CAREFUL BUDGETING ESSENTIAL

What can reasonably be expected of the state governments is the utmost care in the use of the money at their disposal. Economy and efficiency, like liberty, is purchasable only by eternal vigilance. If no spectacular savings can wisely be made in the cost of state gov-

ernment, little economies are possible in many different items of the state budgets. Greater efficiency is always possible by the practice of unremitting care in the management of public affairs. Such savings are undramatic and perhaps unappreciated by a heedless public. They are also very difficult of accomplishment unless state governments adopt the most businesslike methods of administration. The temptation for politicians from whom large savings are demanded by an impatient public is to seek big reductions in the big items of the budget. In many states the appropriations for education and roads have been ruthlessly slashed this winter. This is a shortsighted policy. The states which have made the best showing for economy and efficiency in recent years are those which had adopted before the great depression the most modern forms of administrative organization and which had established the soundest administrative practices. There are half a dozen states which made superior records for economy and efficiency in the years before the depression, because they had set up superior administrative systems. These are the states which have also met the problems of the depression most effectively. They are in all sections of the country, north, south, east, and west. Among them is the state of Massachusetts. There is nothing spectacular about the battle for economy and efficiency in this state. But the results are impressive, and the methods are such as might be followed in other states. What these methods are, and what results might be expected from their adoption in other states, where similar methods are not already employed, will be explained by the best of all authorities, the governor of the state himself.

# How Massachusetts Has Kept Her Costs Low

Ratio of increase in expenditures since the war less than any other state in the Union, declares governor

JOSEPH B. ELY

*Governor, State of Massachusetts*

IN 1917, Massachusetts finding in common with other states that the cost of government was mounting beyond reasonable bounds, set to work to put her house in order. Five years later the Commission on Administration and Finance was established. It is the business management office of the Commonwealth, composed of a budget commissioner in direct charge of all budget detail, a purchasing agent in direct charge of substantially all state purchases, a comptroller in charge of accounting and auditing, and a chairman with supervision over the functions of each. The state's business is run on an executive budget. On October 15 of each year the heads of all state departments submit to the budget commissioner requests for the amount of money which they deem necessary to carry on their statutory duties. Each request is based on the experience of previous years, plus the new needs of their respective departments. The requests are carefully analyzed by the budget commissioner who divides the essentials from what might be called the desirables, and a draft of the budget is made and submitted to the governor who, in turn goes over each item. As the amount of the budget is directly reflected in the state tax, the responsibility rests upon the governor to keep his budget within bounds. Once determined upon by the governor, the budget is submitted to the legislature for ap-

proval. The legislature may cut down any item or add new items, but is subject to the governor's veto or recommendation. Such is the method of budget making by the chief executive of the state.

## CUTTING UP THE PIE

Perhaps you would like to know for what purposes we spend our money. Imagine a large round apple pie, and then imagine the pie cut into pieces of different sizes. A 40 per cent piece goes for welfare purposes including soldiers' relief, mental diseases, hospitals, and correction. A 26 per cent piece goes into public works—roads, bridges and waterways. A 12 per cent piece goes into education. And the remaining 22 per cent piece is divided as follows: 3.1 per cent for the general administration of the state's business; 1.4 per cent for the legislative department; 2.4 per cent for the judiciary; 2.6 per cent for agriculture and conservation; 3.0 per cent for labor and industries, industrial accidents, public safety; 3.6 per cent for corporations and taxation, banking and insurance, and public utilities; 2.5 per cent for military affairs; 1.5 per cent for interest on debt; and .5 per cent for all other activities.

These pieces of pie have been somewhat changed in the last few years. In 1932, public works was 36.84 per cent and welfare 33.76 per cent. This year welfare is 40 per cent and public works is 26 per cent.

Now, when the budget is enacted into law each department runs its own affairs under the supervision of the executive department including the Commission on Administration and Finance, but each department finds its appropriation for particular purposes carefully specified.

#### CENTRAL PURCHASING SAVES

The purchasing bureau, under the purchasing agent has also resulted in large savings in the administration of state government. This central bureau, by careful study of market conditions is able to buy the common necessities, such as coal, flour, and the like under long-term contracts, with the advantage of mass buying. These are the reasons why the citizens of Massachusetts take pride in the fact that although the cost of government has increased since the war, the ratio of increase in Massachusetts is the lowest of any of the forty-eight states.

Part of the duty of budget making is an estimate of the revenues to be expected for appropriation. After the revenue from all sources has been finally estimated, any balance needed to meet expenditures is covered by a state tax, to be collected by the cities and towns, and it falls largely upon real estate. From 1930 to 1933 there has been a drop in revenue of one-third. In 1930 the state's revenue, apart from the state tax was \$36,000,000. In 1933 it will be not in excess of \$25,000,000. On the other hand welfare expenditures have nearly doubled, rising from \$5,000,000 in 1929 to \$9,500,000 in 1933. These figures do not include welfare payments of municipalities.

Before the war and since, most states have borrowed for everything in the way of permanent improvements. Massachusetts discovered in 1916 that this practice resulted in placing a heavy per capita load upon her citizens and she

gave it up. Since that time we have endeavored to put as much as possible of each year's expenditures into the tax levy of that year. As a result of this procedure, the net direct debt of the Commonwealth has been reduced from \$40,000,000 to \$12,000,000. The largest item of expense by the state is its welfare work divided into four main divisions of mental diseases, correction, hospitalization, and public welfare. It is interesting to note that we have 18,245 insane inmates for whom we provide institutional care, 1,385 cases of epilepsy, and 4,780 feeble-minded patients. We have 5,393 inmates in our correctional institutions, 1,344 inmates in our tuberculosis and cancer hospitals, and 4,678 inmates under public welfare. This makes a total of 35,825 men, women, and children under the direct care and supervision in institutions of the state government.

I have given you in considerable detail the operation of the Massachusetts state government in order that you may understand the care with which it has been administered over a long period of years. The state has been as free from extravagance, I believe, as any state in the Union. This fact has increased the difficulty of reducing its expenditures. And yet, the revenue appropriation forecast for 1933 of \$57,000,000 is \$8,500,000 less than the peak appropriations of 1930 from current revenue of \$65,500,000,—a reduction in two years of expenditures from current revenue of approximately 12 per cent. This has been possible because we know where our money goes and have a budget itemized to such an extent that it is possible to put the finger on the weak spots. Massachusetts has also reduced the pay of all her officials and employees, including the governor, whose salary was reduced this year, with his consent, from \$10,000 to approximately \$8,500.

## FURTHER REDUCTION IMPRACTICABLE

Further reduction in the expenditures of this state could only be accomplished by the elimination of functions which have been assumed by the government over a long period of years and the elimination of various units. You will realize how difficult it is to eliminate the responsibility of a unit of government for any function which it has once assumed. For example, Massachusetts for years has operated seven teachers' colleges, formerly called normal schools. I think that we could now do equally good work with a less number of such schools but the choice of the school to eliminate results in political turmoil which it seems impossible to overcome and, therefore, no school is eliminated. It is impossible to administer a state strictly as a business. Political considerations are human and must be recognized as making cold analysis of the business of government impossible. On the other hand, these same considerations make the government humane and reasonably responsible to the desires of the people. Further economies in Massachusetts are not reasonably to be expected in any substantial amount unless a violent concentration of public opinion should demand the elimination of some function which the government has now assumed.

There is one thing, however, which Massachusetts has never done. It has never looked to the federal government to furnish it with revenue. We in Massachusetts have never acquired either the art or the habit of carrying our troubles to the President or to the Congress. Nor do we propose to do so, even though today we pay a far larger percentage of the tax moneys which support the federal government than we could hope by any urgent prayer to receive from that government. We still cling to the theory that Massachusetts is a sovereign state responsible to herself alone for the exercise of her sovereign rights and for herself alone in the payment of her contracted obligations. If this theory were more closely observed elsewhere, the expenditures of the federal government would be less and the tax burden of the citizens would be less. And, it may not be a bad time to say that even in these times, where borrowing from the federal funds may be a necessity, that such borrowings should be on the sound assumption that they will be repaid into the federal treasury by the borrowing state. No other principle can safely protect the resources of the federal government and the equality of states or bring to any particular state a proper regard of its own position as a member of the Federal Union.



Citizens demand that education, health, welfare, and other services be maintained, but economical administration is necessary

# The Crisis in Government Economy

ALBERT C. RITCHIE

*Governor, State of Maryland*

IN THE midst of the rapid and far-reaching changes that are being wrought in our federal structure, there is at least one old-fashioned governmental virtue for which the demand is stronger and more insistent than it ever was. This is the virtue of governmental economy, and everywhere the demand is that the cost of government be reduced to the lowest practicable point.

It is true that this demand is of no recent origin. Through all history great political battles have been fought over tax questions. That is because those questions have a fundamental bearing on the form and principles and sense of justice of government itself. We who know what the British policy of Colonial taxation without Colonial representation did to bring about American independence, do not have to be told this.

It is curious how indifferent or how ignorant people have been in regard to government appropriations. It seems almost as if they thought government funds come like meteors from the sky, or that there is some sort of mystic or magical art which produces them.

The truth, of course, is that the government, whether national, state, or local, can spend nothing it does not collect, and everything it does collect comes from the people. In some cases the people pay directly, in others indirectly, but always they pay. Every dollar any

government spends is taken from the pockets of its own people.

Now there are few people these days who have more dollars in their pockets than their own needs require. Most of us have not that many. So if any government, federal, state, or local, is taking dollars from the people that are not really necessary to run the government, the people ought to know it and stop it. This saving might make the difference between want and sufficiency.

## INCOME DOWN, COST UP

I wonder how many people realize what it is costing them to run the governments under which they live. In 1913, only twenty years ago, the combined income and earnings of the American people were thirty-four billion dollars, and of that amount governmental expenditures took three billions, or less than 9 per cent.

I have not the figures for last year, but in 1931 the combined income and earnings of the American people were seventy billion dollars, of which amount governmental expenditures took fourteen billions, or 20 per cent.

If economy in government has been more often honored in the breach than in the observance, the depression has made the American people "tax conscious" at last. They came to see taxes as one of their heaviest burdens, and one they could no longer bear. This

in turn reacted on state and local governments, whose treasuries became depleted.

The situation was made infinitely worse by the necessity for unemployment relief. Public drives and appeals were increasingly difficult. Almost everywhere the next one did not yield as much as the last one yielded. So the burden had to be taken up by the cities and counties, and then by the states, and this called for additional appropriations and added still more to state and local taxes. Soon the demands got too large for current appropriations, so relief bonds were issued, and the impairment of public credit has often made it impossible to market these bonds.

While a very considerable part of the increased expenses of state and local governments is due to natural growth and development, and to necessities like unemployment relief, another very considerable part is undoubtedly due to new and to rapidly expanding governmental activities. As Merle Thorpe, editor of *Nation's Business*, said some time ago, "taxes mean activities." So if we would reduce taxes we must think more in terms of the activities of government, and of those which can intelligently be cut down or out, and more especially we must think in terms of those activities which can be reduced or eliminated without impairing useful or necessary public service, and those which cannot.

When you do that, the real difficulties begin.

#### BUT WHAT IS "NON-ESSENTIAL?"

Retrenchment in governmental expenditures is no easy matter at best. Everybody wants taxes cut, but nobody ever wants to cut the things in which he is interested. Try it sometime, and see the clamor which arises from groups of people often too large to be ignored, because they express a substantial public demand. What may seem non-essen-

tial to you seems vitally essential to them.

Moreover, the really non-essentials in government often do not amount to a great deal in dollars and cents. There is no need to try to catalogue them, and perhaps opinions would differ too much to make that possible, but if you add up the cost of activities which reasonable and impartial people would probably agree could be dispensed with, the chances are that the total would not make very much difference in the tax rate.

I think it can be fairly said also that no large part of the mounting cost of government is due to useless office holders. I would be the last to deny that in this country,—and for all I know in other countries too,—the public pay-rolls contain people who could be dispensed with, and it may be largely because of this that to classify almost everybody engaged in public service as mere "jobholders" seems to be a popular theme and one which catches the public fancy. All too little is said of the great majority of public employees, whose work knows no hours, and whose devotion to duty shows public service to be an honorable endeavor in their eyes. But if you removed all the public employees who could be properly dispensed with, I doubt very much whether there would be enough saving to make a great deal of difference in the tax rate, and in addition to that the ranks of the unemployed and the charges on the public bounty would be still further augmented.

If you put aside highway construction, because that is usually paid for now through revenues from gasoline taxation dedicated to it, then by far the greater part of the public funds in almost every state or community goes to education, health, and welfare. These are the principal items in nearly every public budget, and from the mere view-



point of dollars it would seem that here is the field where really substantial cuts could be made. And yet these are the very activities which I do not believe the American people want to see destroyed or impaired.

I do not mean that savings and economies cannot be made in the administration of these functions, and wherever possible that should be done. Nor do I mean that in emergencies or in crises even the impairment or suspension of some of these activities may not be temporarily justified. That may be the case.

#### CITIZENS WANT THESE SERVICES

What I mean is that these are the activities of government which concern most directly the health, the happiness, the contentment and the future lives of the American people. Government has many functions which deal with the rights and protection of property; with the enforcement of law and order and the public safety; with the regulation of business affected with a public interest, and so on. But the education of the boys and girls of today so that they may grow up to be men and women of knowledge, culture and character; the prevention and cure of disease, including adequate sanitary facilities, so that health and living standards and conditions may be high; the care of the sick, the afflicted and the dependent who are proper wards of the state; the rehabilitation of the inmates of our penal institutions; such measures of general and social welfare as are necessary in a progressing world and compatible with a people whose heritage is to care for themselves when they can;—these are high sovereign functions of government which are inseparable from human rights and human responsibilities. They should be performed with the most economy which is consistent with effective service, but I do not believe the American people will knowingly or long coun-

tenance a curtailment in them which would impair effective service.

Just here you have a budgetary dilemma, indeed a crisis in government economy. The public functions which spend the most money are the functions which cannot be too drastically curtailed.

#### WHERE THE MONEY COMES FROM

Public budgets usually comprise the revenues from direct property taxes and from indirect taxes as well, and usually it is only the direct taxes which show on the tax bills. So some governments take the easy way of keeping direct taxes low, and making up the difference by increasing existing rates of indirect taxation, or by creating new forms of indirect taxation, which are not reflected in the tax rate. The idea seems to be that the collection of such taxes is a painless undertaking.

But an increase now in any existing forms of taxation nearly always means diminishing returns, and economically it is hard to justify any new forms of taxation at all. Incomes are taxed about all they can stand. Large inheritance taxes on large fortunes are of questionable yield, because the large fortunes are no longer here. When you come to sales taxes in the states, they will either be passed on to the consumer, who is overburdened already, or if absorbed by the industry this may wipe out a slender margin of profit which may mean the difference between success and failure. Gasoline taxes are being worked to death; we want the cars on the road, not off.

So we are back where we began. There is no royal road to lower taxes. It does no good to reduce one kind of taxation and increase another kind or add a new kind. The only way to really lower taxes is to spend less money.

In accomplishing this it is important that state and local governments should act wisely and sensibly and not recklessly or unintelligently, and in order

to do that there are certain governmental agencies which are not helpful merely, but essential.

#### REORGANIZATION FIRST STEP TO ECONOMY

In the first place there should be such a reorganization and realignment of the departments of government as will centralize responsibility for their administration, coordinate functions which are related, eliminate waste and overlapping, and generally promote efficiency. This will furnish the framework or the basis for intelligent economy.

Next there should be the executive budget system, under which the governor of the state or the mayor of the city, as the case may be, after conferring with his several department heads, presents a balanced budget to the legislative body, and the legislative body has the power to reduce or eliminate items of appropriation, but no power to increase items or add new items.

Then there should be a central purchasing agency, equipped to secure the benefit of discounts and wholesale prices, and to take advantage of favorable market conditions.

Finally, there should be a central personnel department, equipped to prescribe the desirable standards for the various kinds of public service, except heads of departments whose selection should be discretionary with the governor or the mayor, and certain other appointments which for sufficient reasons are not usually included in the classified service.

Most of the states now have one or several of these agencies, but I do not recall any state except Maryland which has all four, and among the cities of the country Baltimore has all of them too.

#### THE TOOLS OF ECONOMY

These are the instrumentalities or tools for achieving an intelligent economy in the conduct of government.

Without them, or at least without most of them, reductions in appropriations will be a more or less "hit or miss" affair, and may actually do an injury to useful public services for which the savings effected might not compensate. But with these instrumentalities every state and every city has the means at hand for a studied and intelligent reduction in the cost of government.

Then the question becomes one of wise and discriminatory budget-making, to which generalizations cannot well be applied. The problem is a local one, differing in different states and communities, and actual reductions must reflect the wants and needs of the people of each locality, as well as careful consideration of the worth, value and efficiency of each governmental activity.

It is in furtherance of these objectives that the Committee on Civic Education by Radio and the Citizens' Councils for Constructive Economy are rendering valuable service to the whole country.

It may not be inappropriate now to relate exactly how the last session of the Maryland legislature, which adjourned on April 4, 1933, met the problem we are considering.

In Maryland, the state's fiscal year begins on October 1, and the legislature, which meets biennially, adopts the budget for the two succeeding fiscal years. In other words, the legislature of 1933 adopted the state budget for the fiscal year beginning October 1, 1933, and for the fiscal year beginning October 1, 1934.

The original budget for this biennium was prepared and submitted by me to the legislature early in January, 1933. My primary purpose at that time was to submit a balanced budget of state expenditures, that is, a budget which after caring for the established activities of the state government would provide an adequate surplus in the state treasury at the end of the budgetary period.

## CUTTING THE MARYLAND BUDGET

In order to do this, reductions in existing appropriations were necessary. Maryland, like all other sections of the country, was feeling the effect of hard times. State revenues were falling off and property values were declining. The state tax rate was only twenty-five cents on each hundred dollars of assessable value, but the people were demanding relief from every kind of taxation.

A balanced state budget, with an adequate surplus, was secured by reducing expenses and cutting salaries to an amount approximating two million dollars a year. Then, by discontinuing the work of eliminating railroad grade crossings,—because the railroads were not financially able to contribute their share,—and by applying this money to our sinking fund account, the state tax rate was reduced from twenty-five cents to twenty-two cents.

In this way the state budget was balanced and the state tax rate reduced. This was all that in anything like normal times the state could be asked or expected to do. It was more than most other states in the country were in fact able to do, because this result was accomplished in Maryland with no new or increased forms of taxation, and with no estimated increase in existing revenues, whereas state after state had been able to produce a balanced budget only through new or increased income taxes, or sales taxes, or higher gasoline taxes or other ways of securing new revenues.

In Maryland, however, we did not consider it enough to balance the state budget and reduce the state tax rate. We considered it necessary also to furnish tax relief to Baltimore City and to the counties of the state. The people of the counties were burdened with heavier local taxes than they could pay, and Baltimore City was carrying a greater burden for unemployment relief than it could meet.

## RELIEVING THE COUNTIES

In the counties, the principal items of local taxation were for public schools and county roads. Relief was given from the local road levies by providing that the state funds applicable for the construction of state lateral roads in the counties, should be expended on county road work and in meeting county debt service. This relieved some counties of their road levies altogether, and others to a substantial degree.

But the county school levies presented a more difficult problem. Economies were possible in the conduct of the schools, and these were made, but the public school system had to be maintained at the proper degree of efficiency, and this meant that if county school levies were substantially reduced, the difference had to be made up by the state.

At first I thought that this could be done by selected commodity taxes or by a general sales tax, the revenues from which would go not to pay any part of the expenses of the state government,—the budget already provided for that,—but solely to the reduction of school levies in the counties, and to financing unemployment relief in Baltimore City.

The more the subject was considered, however, the more apparent it became that the people could not really be helped through any new forms of taxation, and that the only way to give them actual relief was to raise the money necessary to reduce local taxes by making additional reductions in the state budget.

Accordingly, I tackled the budget again, and succeeded in cutting it by an additional \$3,000,000 each year, which was divided between Baltimore City and the counties. Baltimore's half of this grant from the state will serve to carry an issue of \$12,000,000 of state bonds, this being the amount of the

city's estimated unemployment relief needs for three years, which the state will pay from the proceeds of the bonds. The counties' half of this state grant will be applied to reducing county school levies to amounts which vary somewhat in the several counties, but are substantial in all.

All the county levies have not been made up yet, but in many which have been made up levies ranging from \$1.20 upwards have been reduced as much as fifty cents or more as the direct result of this economy program on the part of the state of Maryland.

#### EXPENDITURES CUT 30 PER CENT

The \$3,000,000 fund required to accomplish this local relief necessitated a cut of 30 per cent or more in almost every department and institution of the state, and the process was accomplished without that curious paradox whereby through some legerdemain states and cities often reduce taxes and yet manage to spend more money.

In Maryland, the state appropriations for the current fiscal year aggregate \$35,945,000. For the fiscal year beginning October 1 next they will aggregate \$31,940,000. In other words, the state government will spend something over \$4,000,000 less in the fiscal year beginning next October than the amount appropriated for the present fiscal year, and in addition to this \$4,000,000 saving, \$3,000,000 of the appropriations for the next fiscal year is the fund allotted to Baltimore City and the counties for unemployment and tax relief. This relief fund of \$3,000,000 does not, of course, represent a normal function of the state government. So far as normal governmental functions are concerned, Maryland's appropriations next year

will be more than \$7,000,000 less than the appropriations for this year.

I submit that no state in the country can match that record, or come anywhere near matching it. The state of Maryland, after first reducing state appropriations, balancing the state budget, providing an adequate treasury surplus and lowering the state tax rate, then financed the estimated unemployment relief expenditures of Baltimore City for three whole years and lightened most substantially the local tax burden in every county of the state by still further reducing the appropriations for its own state activities.

The cuts thus made in the Maryland state budget are obviously drastic, and in the midst of the legislative session there was little time for the intelligent sort of governmental economy which I have been advocating. The instant and vital thing was tax relief for the people, and that was given; but at the same time a substantial reserve fund was provided in the budget for the purpose of making up to any department or institution such amount, if any, as after thorough investigation is found necessary to enable it to perform its essential functions in an adequate manner. In other words this reserve fund is available to supply the necessary money to any department or institution whose appropriation is shown to have been cut too severely.

But I must conclude. The subject we have been considering is at best a difficult one. It is easy to carry governmental economy to the extreme, and perhaps easier still not to carry it far enough. The middle course is a wise, sensible, and discriminatory approach, and that I believe will be the best for the public good in the long run.

# Progress in International Municipal Research

United States urged  
to join in construc-  
tive work of Interna-  
tional Union of Local  
Authorities

G. MONTAGU HARRIS

*Vice President, International Union of Local  
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AN ACCOUNT has already been given in the NATIONAL MUNICIPAL REVIEW of the successful International Congress of Local Authorities which was held in London last year. The United States was strongly represented at that Congress by an official delegation, as has already been announced, and the reports drawn up by several members of that delegation are evidence of their appreciation of the amount of information gathered together in the papers submitted to the Congress, as well as of the value of the Congress itself as a means of making contacts with local government experts in all parts of the world and thus enabling them to exchange experience and ideas to the mutual advantage of their respective countries.

The London Congress was the fifth of those organized by the International Union of Local Authorities. The first was held in Ghent in 1913 and subsequent Congresses at Amsterdam, Paris, Seville, and Barcelona.

The Congresses, generally speaking, are held triennially and the next engagement is at Berlin in 1935, when it is to be hoped that conditions in Germany will be more propitious for such an event than they appear to be at the present time. Between the Congresses are held General Assemblies, which are gatherings of not quite so elaborate a

character as the Congresses, but to which outside visitors are welcome. A General Assembly will be held at Lyons next year, when one of the principal subjects to be discussed is the proposal to establish at the central offices at Brussels a rota of experts in each country on all the various branches of local administration, who would be prepared to give lectures in any other country to institutions which desired to avail themselves of their services.

## CLEARING HOUSE OF INFORMATION

It must be understood, however, that the Congresses and Assemblies are by no means the only activities of the International Union. At the central offices, information is collected from all the affiliated countries as to the activities of local authorities of all kinds. This information is carefully filed and much of it is disseminated through the official publications of the Union. In addition to this, any member of an affiliated organization can apply to Brussels for information as to the practice in other countries with regard to any branch of local administration, and if the information is not immediately available, steps will at once be taken to obtain it.

It was some little time before the authorities in Great Britain were able to see the advantage of joining this organization, but they have now done so, and

by their support of the London Congress have shown their general interest in the movement, while a number of them could give specific instances of the useful results of their membership.

ENTRY OF UNITED STATES IN UNION  
HIGHLY DESIRABLE

It is greatly hoped that the United States will similarly come into the movement. The representation at the London Congress did not in itself effect an affiliation to the Union and hitherto there has been difficulty in even suggesting how this could be carried out, as the constitution of the Union requires that in each country there shall be one center with which the International center at Brussels can communicate. The creation of the American Municipal Association, representative of the Leagues of Municipalities in most of the states, has greatly simplified the proposition and it is understood that, as a result of negotiations which have been recently taking place, the Association will act as the center for the United States, working through a committee of representatives of other American organizations interested in the subject. It may be mentioned that the British committee for the International Union consists of representatives of the Association of Municipal Corporations, the London County Council, the Urban District Councils Association, the Rural District Councils Association and the National Association of Local Government Officers, while other bodies which are not actually represented on the committee are, nevertheless, on the payment of a small annual subscription, connected through it with the International Union. These are such bodies as the Institute of Public Administration, the Institute of Mu-

nicipal Treasurers and Accountants, the Town Planning Institute, the British Water Works Association, the Chief Constables Association and a number of others.

The International Union publishes a periodical in the French language containing articles based upon the information collected from the affiliated countries. If the United States comes in along the line with the suggestions above made, it is proposed that, in coöperation with the British committee, a periodical shall be brought out in the English language to take the place, for English-speaking members, of the official French organ.

It is greatly to be hoped that a wide interest will be taken in this international movement. The European countries fully realize that an immense amount of valuable information is to be obtained from the forty-eight laboratories of local government which the states represent, and it is suggested that, whereas the exchange of information between the state Leagues of Municipalities is of the greatest value to all of them, it is really important to the local authorities throughout the United States to learn something of the successes and failures in different branches of local administration which are to be found in the records at Brussels, collected from the experience of some thirty to forty countries. The organization is there; its form is well established, and it is already doing most useful work. If the United States takes a hand in the matter and becomes qualified to appoint its representatives on the permanent bureau, the usefulness of the Union will be immensely increased and its importance in the world completely assured.

# Albemarle County, Virginia, Adopts the Executive Plan

Powerful opposition fails before campaign to improve government of Virginia County — Albemarle first to act under new optional law

GEORGE W. SPICER

*Chairman, Virginia Commission on County Government*

THE first Virginia county to take advantage of the optional forms act of the 1932 session of the General Assembly providing two alternative forms of government for the counties of the state (to become effective in any county when submitted to the qualified voters thereof in an election held for such purpose and approved by a majority of those voting thereon) was Albemarle, the home of the University of Virginia. This county on the second day of May, 1933, adopted by a two to one vote the county executive form, the alternative of the county manager form as provided under the optional forms act.

## THE NATURE OF THE NEW SYSTEM

Under the county executive form the entire legislative and administrative authority of the county is vested in a county board of supervisors of not less than three nor more than seven members (Albemarle having six magisterial districts, the number will not be changed) to be elected, one from each magisterial district, by the qualified voters of the whole county. This board will determine the policies of the county, enact local legislation, levy taxes, make appropriations and direct and control in a general way the activities of the county.

The board of supervisors is required to appoint a county executive—a full time officer who may, in the discretion of the board, serve as the head of

one or more of the departments of the county government. He is appointed for no definite term and may be removed at the pleasure of the board of supervisors. His chief duty is to act as the administrative head of the county. He is required to carry out the policies determined by the board, to coördinate the affairs of the county and to see that proper administrative procedure is installed and enforced. He is required to prepare the annual budget for the approval of the board of supervisors and to execute the budget as approved by the board. The budget as prepared by the county executive is a complete budget including all estimated revenues and expenditures of the county. For example, the school funds, now actually under the control of the school board and constituting the largest single item of the budget, will be coördinated with the general county budget and thus rendered subject to the effective supervision and control of the board of supervisors. The executive is required to make monthly reports to the board of supervisors in regard to matters of administration and to keep the board fully advised as to the financial status of the county, to examine regularly the books and papers of every officer and department of the government and to report to the board of supervisors the condition in which he finds them. He is required to attend all meetings of the board of supervisors and to recommend

such action as he may consider necessary or desirable.

Provision is made for the regrouping and consolidation of all the administrative functions of the county into a small number of departments, such as finance, education, law enforcement, public welfare, public health, and records. The board of supervisors is empowered to appoint, upon the recommendation of the county executive, the head of each of these departments and all other administrative officers and employees of the county, except the county clerk, the commonwealth's attorney, and the sheriff, who under the law remain elective. All of these appointed officers and employees serve at the pleasure of the board.

#### FINANCIAL CONTROL CENTRALIZED

Special attention should perhaps be directed to the substantial changes effected in the financial and educational administration of the county in the regrouping and consolidation of functions. The department of finance includes the assessment of taxes and the collection, custody, and disbursement of county revenues, the purchase and distribution of supplies, and the supervision of accounts. In brief, this department combines the present functions of treasurer and commissioner of the revenue, and in addition has charge of purchasing and the supervision of accounts. In normal times this change alone will probably save the county from ten to fifteen thousand dollars annually.

The present roundabout and complicated method of appointing the school board and the division superintendent has served to remove the administration of the schools as far as possible from the influence and control of the people or of the board of supervisors elected by the people. Under the county executive plan the school trustee electoral board, now appointed by the judge of the circuit court, is abolished and the members

of the school board are appointed by the board of supervisors to serve at the pleasure of the appointing board. The school superintendent is appointed by the school board as at present, except that the school board acts as the responsible agent of the board of supervisors. As previously pointed out, school expenditures are included in the general county budget, for the preparation and execution of which the county executive is made responsible. The board of supervisors fixes the salary of the superintendent and determines all expenses of the school board. Thus the supervisors are placed in the position, through a responsible executive agent, to exercise a direct and fairly continuous supervision and control over the financial activities of the school board.

In order to make the plan adaptable to counties of various sizes and conditions and to changing conditions in any given county the above departments are provided for, and the board of supervisors is empowered, upon the recommendation of the county executive, to re-assign, transfer or combine any county functions or departments. Thus, the plan can be operated with the minimum of overhead expense.

The fee system as a method of compensating county officers is abolished and all such officers, except one justice of the peace in each magisterial district and certain election officials, are paid a definite salary fixed by the board of supervisors. Fees continue to be collected as at present and paid into the county treasury, but no fees are retained by officers as compensation. The board of supervisors fixes the salaries, number of deputies, and all other expenses of county officers.

Under the plan the following officers are abolished: county surveyor, county coroner, constables, the school trustee electoral board, the inheritance tax commissioner, and two justices of the



peace in each magisterial district having its legal quota of three.

#### HOW THE MOVEMENT STARTED

Early in January (1933) the writer was asked to consult with a group of citizens regarding county government.

The meeting was originally called to effect a county-wide organization of citizens with a view to backing local legislative candidates who would support a platform of tax reduction and state aid. The writer told his audience that he sympathized with their desire for tax relief, but felt "we should start at home;" that there was little hope for relief at the hands of the state until the local governmental house had been set in order; that the most immediate and most promising opportunity for substantial relief from the present county tax burden lay in the adoption of one of the optional forms of county government by the voters of the county. The two forms were briefly explained.

In this meeting the Albemarle Citizens League was organized. A capable and public spirited member of the board of supervisors was elected president and a committee of twenty persons from all sections of the county was appointed. An executive committee of five members was appointed to direct a campaign for the adoption of the county executive form. Public meetings were held in all parts of the county for the discussion of the new plan. Opportunity for questions was provided and the keen interest of the people is attested by the fact that these quizzes sometimes continued for more than an hour. At the conclusion of each meeting a petition requesting the judge of the circuit court to call a referendum on the adoption of the county executive plan was presented for signatures. In some cases almost 100 per cent of the qualified voters present signed the petition. It was not at all difficult to secure the signatures of more than the necessary 10 per cent of

the qualified voters of the county, and the judge in consequence ordered the referendum to be held on the second day of May.

A statement contrasting the new plan with the old was printed and distributed over the county by the League.

#### THE NATURE OF THE OPPOSITION

When one considers the nature and extent of the opposition, the experience of the people of Albemarle in winning this victory for better government is most encouraging to the other counties of Virginia and the nation. The officeholders of the county, excepting the board of supervisors and the school officials, were solidly against the new plan and fought it desperately. The Commonwealth's attorney of the county stumped the county against the plan. It was difficult to find a lawyer around the court house who was not of the opposition. The chairman of the Democratic committee of the county worked actively against the new plan. The local press lent aid and comfort to the enemy.

On the other side were the residents and taxpayers of the county with no orators to fight their battles for them. The people were told the plain truth in a plain way and they recognized it. The Citizens League sought at all times to keep the issue clear. The people were told that no vote would be, or should be, cast for or against any county officer, but for or against a new system of government designed to remove the weaknesses and defects of the present system.

Other Virginia counties are attempting to follow the leadership of Albemarle. Princess Anne is holding a referendum on the county executive forum on June 29, and Northampton on August 1. A petition has been filed in Henrico requesting a referendum on the county manager form. Less advanced movements are under way in some half-dozen other counties.

# Sweeping Reorganization in Colorado

Administration consolidated into six departments by Code effective July 1; twenty-five boards and commissions abolished and entire financial procedure tightened up

ALLEN MOORE  
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**E**FFECTIVE July 1, 1933, Colorado made a thoroughgoing administrative reorganization of its state government. This step was made possible by the adoption of the "Administrative Code of 1933" by the General Assembly which met this year.

The act abolishes some twenty-five boards and commissions and consolidates the administration into six departments. Six elective executive officials head these departments; viz., governor—executive; treasurer—finance and taxation; secretary of state—state; auditor—auditing; attorney-general—law; superintendent of public instruction—education. The elective executive heads, with the exception of the superintendent of public instruction, constitute the executive council. They are the same officials who have constituted the state board of equalization and the state auditing board.

Directly under the governor are the budget and efficiency commissioner and the state purchasing agent. These two officials are confidential advisors of the governor and are not subject to civil service requirements. Their acts are reviewed by the executive council.

The budget and efficiency commissioner compiles a budget from estimates submitted by every department and agency of the state receiving state funds. After being passed by the executive

council it is presented by the governor to the general assembly. The governor accompanies his message by a survey of the budget, with the suggested bills for appropriation and revenue, making a complete financial plan for the biennium.

## CENTRALIZED PURCHASING ESTABLISHED

The state purchasing agent buys all supplies and equipment for the departments, institutions, and agencies. All purchases, with few exceptions, will be made upon requisition. All funds collected by any agency are to be turned over to the state treasurer.

The executive council has the authority to review all purchases and establish a uniform system of accounting for all agencies, institutions, and departments, and approve their budgets and work programs. The Code gives the heads of departments much freedom in administration but concentrates the fiscal control in the hands of the executive council.

The government of Colorado prior to the adoption of the Code was embodied in an archaic, out-moded administrative structure. The state constitution adopted in 1876, with its comparative simple framework of state government, may have been adequate to the exigencies of 1876 but it was hopelessly inadequate for the demands of 1933.

## REORGANIZATION BADLY NEEDED

Administrative reorganization in Colorado was long past due; the first definite movement in this direction took place in 1915 when the legislature established a committee to make a survey of the state government. This committee reported to the 1917 legislature in the form of an integrated administration under the governor and the adoption of a budget system was recommended. A budget system was adopted in 1919, but action on the other recommendations was deferred. A further attempt to reorganize the state government was made in 1921 without success. The next serious attempt was made in 1923, during Governor William E. Sweet's administration. The Sweet Code Bill proposing to centralize administrative authority and control in the governor and to consolidate, so far as possible under the constitution, all administrative agencies in nine departments with single heads appointed and removable by the governor, was opposed by the Lambert Bill providing for a centralized administrative cabinet.

No further movement toward administrative reorganization took place from 1923 until this year. Early in 1932, the Legislative Reference Office prepared a chart showing the organization of the state government. The chart received considerable publicity and reorganization became a campaign issue, both parties pledging a reorganization program. Upon the election of Governor Ed. C. Johnson, a committee was appointed by him with former Governor Sweet as chairman, with instructions to prepare a plan of reorganization.

Governor Johnson made this bill the major part of his legislative program along with a short ballot amendment to the state constitution and a civil service amendment. The bill was passed after

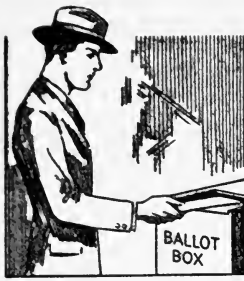
a spirited debate in the Senate and was approved by the governor on April 11, becoming effective July 1, as stated above.

## SHORT BALLOT AMENDMENT PASSED

Two constitutional amendments were passed and are now to be submitted to the people. They are the short ballot amendment and the civil service amendment. The short ballot amendment provides for the election of only three executive state officials, namely, a governor, lieutenant governor, and auditor to be elected for terms of two years. The original proposal was for four years. If the amendment is adopted it will then be the duty of the legislature to create administrative departments not to exceed twelve in number. The governor will be given the power to appoint the heads of these departments without interference from civil service. The legislature could then effect a more complete reorganization than is accomplished in the present Administrative Code, allocating to each of these administrative departments all of the executive functions of the state and thereafter any new functions created will be required to be assigned to one or the other of the particular departments. The short ballot principle is one upon which almost all students of government are agreed. The prospect for the adoption of the short ballot amendment appears to be excellent.

If the civil service amendment is adopted it will make possible the exemption of the heads of departments from civil service and also provide several other much needed improvements.

Colorado now has an opportunity, through the Administrative Code of 1933 as a transition measure, and through the ratification of the short ballot amendment, to acquire a truly modern, efficient, up-to-date government.



# PROPORTIONAL REPRESENTATION

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EDITED BY GEORGE H. HALLETT, JR.

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## Continuing the Proportional Representation Review

### **Amendments Introduced in Michigan.—**

On June 1 two constitutional amendments were introduced in the Michigan House of Representatives to legalize proportional representation for municipal elections and prescribe it for future elections of the House. These were in substance the amendments approved by three state conventions of the Democratic party, the chairman of whose P. R. committee, Walter I. McKenzie of Detroit, took the initiative in having the amendments prepared and introduced. Their essentially non-partisan nature was emphasized, however, through the joint sponsorship of Representative George A. Schroeder, Detroit Democrat, and Representative Ate Dykstra, Grand Rapids Republican.

The resolutions were referred to the committee on elections, which held three meetings on them with Mr. McKenzie, Mr. Hallett, and others and reported them in amended but satisfactory form (without recommendation because of the small attendance at the final meeting).

At this point an unexpected snag appeared. A member of the committee on revision and amendment of the constitution contended that no constitutional amendment should be passed upon without the consideration of that committee, and in spite of the lateness of the date and the remonstrances of the sponsors his contention was upheld by a small majority of the members. A factor in the vote was a widespread confusion between the terms proportional representation and reapportionment, which—although an amendment had been added for the specific purpose of meeting the fears of country members on that point—

undoubtedly influenced a number of members to support the request for further study in committee.

A meeting of the second committee was duly called by its Republican chairman but a quorum failed to respond. Interested leaders of both parties then agreed that too much educational work remained to be done to force the measures through in the hectic closing days of the session, and no further attempt was made.

In view, however, of the favorable attitude of all the leaders of the Democratic majority and of enough Republicans to make up the necessary two-thirds if the Democrats give the measures united support, there appears a good chance of passage at a special session if the governor should include such legislation in his call. If legislative action to put the question on the ballot next year does not prove feasible, recourse will be had to initiative petitions.

The need for proportional representation in Michigan has been for some time very apparent. In 1930 the Democratic party polled 42 per cent of the votes for governor, but elected only two representatives out of one hundred, and no senators out of thirty-two. In 1932, with a gain of only 13 per cent in the gubernatorial vote, the same party suddenly captured a majority in both houses and had the difficult task of legislating in a critical year with a majority membership almost totally lacking in legislative experience. Under P. R. a very considerable number of Democratic members would have been present in the preceding legislature and would have

brought the benefit of this experience to the task of organizing the new one.

The proposed constitutional provisions, as amended by the House committee on elections with the subsequent concurrence of the House, are as follows:

From House Joint Resolution No. 10

(Proposing a new section in Article III)

Section 9. Nothing in this constitution shall be interpreted to prohibit the use of preferential voting, or, where two or more members of a representative body are elected from one district, to restricting the number of members that an elector may vote for or that a majority may elect in order to produce proportional or minority representation.

From House Joint Resolution No. 11

(Proposing a revised section in Article V)

Section 3. The house of representatives shall consist of not less than sixty-four nor more than one hundred members. Representatives shall be chosen for a term of two years. For the election of representatives the legislature shall divide the state into not more than thirty-three districts of convenient and contiguous territory and apportionment shall be made as nearly as may be according to the population of such districts. Every district to be created shall have not less than three members. In first creating such representative districts the legislature may combine existing districts and assign to the new districts the same number of representatives as theretofore elected in the former districts contained therein, without further reapportionment.

The legislature shall provide for a system of voting for representatives whereby each elector shall have the right to indicate on his ballot a succession of preferences and to have his ballot counted for one of them by such system of proportional representation as the legislature shall prescribe, or for a system by which a minority party, casting one-third of the votes or more in any legislative district shall secure the right to elect one of three representatives in a district electing three members.

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**P. R. Proposed Again for Cleveland.—**

Peter Witt, the colorful independent leader who acted as chairman of the campaign committee for the P. R.-city manager charter of Cleveland in 1921 but helped to secure its re-

peal ten years later because he had lost faith in the manager plan, has made good his promise, made during the repeal campaign, to lead a fight to restore proportional representation. At his request a charter amendment was introduced on June 1 by Councilman Ernest J. Bohn to provide for a council of nine elected by P. R. from the city at large, a mayor elected by the alternative vote (the same system applied to the election of one), and certain other changes. The ordinance providing that this amendment be submitted to the voters of Cleveland was referred to the director of law and the council committee on legislation as an emergency measure.

Though favorable council action is hardly expected, there is already widespread realization of the unsatisfactory nature of the ward plan which is to be used at the councilmanic election next fall. The new charter required a redistricting of the city into single-member wards and the inevitable gerrymander, banished during the P. R. regime, has once more appeared. The 1930 census populations of the thirty-one new wards, arranged in order of size and expressed in the nearest thousands, are as follows: 22, 24 (2), 25 (3), 26 (3), 27 (2), 28 (6), 29 (4), 31 (3), 32, 33 (2), 34, 38, 39, 40.<sup>1</sup> The largest ward obviously has nearly twice the population of the smallest, with wards of nearly all sizes in between. Some of the shapes of the new wards are said to be fearful and wonderful to behold. The gerrymander was created by the Republican majority for its own benefit and passed over Mayor Miller's veto.

Mr. Witt's amendment, doing away with wards entirely and at the same time guaranteeing representation to all substantial minorities, would of course make any such travesty on justice impossible. A far less perfect remedy has been brought forward by Council President John D. Marshall, who has introduced a charter amendment providing for a council of nine elected from the city at large by the ordinary block vote. Mr. Marshall is a firm believer in P. R. but thinks that the electorate cannot be expected to take the two major steps of approving a small council elected at large and returning to P. R. at the same time.

<sup>1</sup>For these figures we are indebted to the Citizens League of Cleveland. The figures in parentheses are the numbers of wards having the approximate populations indicated.

In the preparation of his amendment Mr. Witt had the assistance of Emmett L. Bennett, director of the Municipal Reference Bureau of Cincinnati, and Saul S. Danaceau, sponsor of the present Cleveland charter. It carries out every one of the major recommendations made by the P. R. League and its Cleveland branch while the P. R.-manager charter was in effect.<sup>2</sup> It is also in line in most particulars, except for the absence of the city manager plan, with the recommendation of the Citizens League's Charter Commission of 1929-31, the recent declaration of the Cleveland League of Women Voters, the model city charter of the National Municipal League, and the present charter of Cincinnati. Since it keeps the many excellent features of the old P. R. provisions, it would in our judgment afford a vast improvement in election methods over anything that Cleveland has had before.

The principal differences between the P. R. provisions of the Witt proposal and those formerly in effect in Cleveland are as follows:

1. The Witt proposal provides for election at large instead of from four large districts. This would secure much better newspaper publicity in election campaigns and make easier the task of persuading high-grade candidates to run.

2. It decreases the size of the council from twenty-five under the P. R.-district plan to nine. This also would tend to raise the calibre of the council.

3. It raises the salary of councilmen from \$1,800 to \$5,000<sup>3</sup> (subject to change by the council but not during the term of the council making the change). Some of the best members in recent years have had to drop out because they could not afford to give the time necessary to fill the position of councilmen for a great city conscientiously for a salary of \$1,800.

4. It does away with the precinct count of first choices and provides that the ballot boxes shall be opened and all the counting done at the central counting place. In past elections there have been numerous charges of tampering with ballots in the precinct counts in certain parts of the city.

5. In the central count it provides that

every candidate or his agent shall have "the privilege of mingling with the counting staff and of examining any of the ballots closely, under the supervision of the director of the count; but these privileges shall not be construed to authorize the unreasonable impeding of or interfering with the counting." This is in accordance with recent practice in Cleveland, but a former board of elections interpreted the less specific provisions for a public count in the old charter in such a way as to prevent any adequate public supervision whatever.

6. It provides for the filling of any vacancy by a recount of the ballots which elected the vacating member together with the ballots which have not shared in the election of any member. This replaces the filling by appointment of a council majority, which in Cleveland has been used repeatedly by the majority to increase its strength improperly at the expense of the minority.

7. It provides, instead of the usual majority recall, that a majority election on the recall of a councilman shall be held only if the recall petition signed by 20 per cent of the voters includes a majority of those who signed his nominating petition and that if the recall is successful the place shall be filled, as in the case of any other vacancy, by a recount. This prevents the majority from using the recall to deprive a minority of its representation. In Cleveland's actual experience the majority recall of P. R. councilmen allowed under the old charter was never used.

In its proposal that the mayor be elected by the alternative vote while the council is elected by P. R., thus abolishing primaries for all city government officials, the amendment follows the long-established practice in Winnipeg and Calgary and the recent recommendation of Judge Seabury for New York City.

Other constructive proposals in the amendment are the abolition of lame-duck councils by having newly elected councilmen take office on the 16th of November instead of the first of January following the November election, the grouping of all municipal offices under the mayor in four departments, and the setting up of a municipal fire insurance fund.

If the council does not put the amendment on the ballot by a two-thirds vote, there is still a possibility of forcing the issue by petition. Some Clevelanders who believe in P. R.

<sup>2</sup>See the *Proportional Representation Review* for January 1928.

<sup>3</sup>\$6,000 for the president of the council.

think this should not be done until the city has had a real taste of the ward plan. In any case the Witt proposal has served a useful purpose in keeping before the public the constructive answer to the evils of ward elections.

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**Portland, Oregon, Considers P. R.**—In the discussions of a new city manager charter which have been going forward in Portland, Oregon, for the past year, leading last fall to the creation of an influential city manager committee and this spring to a public recognition of the advantages of city manager government by Mayor-elect Carson, proportional representation has taken a prominent place. In May the Portland City Club held a mock P. R. election, participated in by the Seattle Municipal League and students at the University of Washington, Oregon State College, University of California, and the University of California at Los Angeles in addition to its own members; and heard an address on the subject by Professor Joseph P. Harris of the University of Washington, recognized authority on election matters, who some years ago made a special survey of the workings of P. R. in the United States and Canada for the National Municipal League.<sup>4</sup> The *City Club Bulletin* for May 19 quotes Mr. Harris as saying:

"It [P. R.] has been a marked success in Cincinnati and Hamilton, Ohio, and Calgary, Canada. While it was in force in Cleveland the experience there was quite satisfactory, and everywhere the councils have been more truly representative of the wishes of the voters. . .

"Proportional representation works with absolute fairness to the various groups in the election, prevents the manipulation of the election, guarantees minority representation as well as majority control, and, most important of all, makes it feasible for nonpartisan citizens, interested in securing good government, to form a civic organization which will draft capable candidates and secure their election."

"The Practical Workings of Proportional Representation in the United States and Canada," Supplement to the NATIONAL MUNICIPAL REVIEW for May 1930.

**A P. R. Bill in Connecticut.**—The Socialist party of Connecticut sponsored a bill before the 1933 legislature (Senate Bill No. 231) to allow any town, city, or borough to adopt proportional representation with a partisan ballot "for the election of any or all local officials where more than one office of the same title is to be filled." The procedure prescribed for adoption was popular vote initiated either by ordinance or by petition. The bill did not attempt to set up actual P. R. machinery, leaving that to the ordinance or petition. A hearing was held before the Senate Judiciary Committee on March 7, but the bill was not reported.

P. R. is at present illegal in Connecticut, having worked too well for the satisfaction of Republican politicians in the town of West Hartford in 1921 and 1922.<sup>5</sup> The system was outlawed by the legislature against West Hartford protests in 1923.

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**Felix Adler.**—In the death of Felix Adler, founder of the Ethical Culture Society, on April 24th, the Proportional Representation League lost one of its oldest and most influential members. Mr. Adler became a member of the League within a year of its founding in 1893. In 1894 he signed an address presented to the constitutional convention of the state of New York<sup>6</sup> as one of the vice-presidents of the Proportional Representation Society of New York. A part of this address sounds strangely familiar today: "Although they [the Republicans in New York City] were entitled to eleven members of assembly, eleven aldermen, three state senators and three congressmen [in the elections of 1892] they were unable to elect one person to represent them. More than one-third of the voters in the city of New York were and are practically disfranchised." When the American P. R. League was reorganized in 1914 Mr. Adler became a member of its council, a position which he held continuously as long as he lived.

<sup>4</sup>See the *Proportional Representation Reviews* for April 1921, April 1922, and July 1923, and "Proportional Representation" by Hoag and Hallett, pages 207-208.

<sup>5</sup>This address was printed in the *Proportional Representation Review* for June 1894.



## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

**State and Municipal Bonds.** By William L. Raymond. Boston, Financial Publishing Company, 1933. 397 pp.

The second edition of Mr. Raymond's treatise on state and municipal bonds makes a very timely appearance in a period when, as the author says in his preface, "there have developed some difficulties with the bonds of certain of our states, counties, municipalities, and incorporated districts." Written primarily for the investor in municipal securities, it holds also a certain amount of interest for the general student of public finance because of its point of view and its disclosure of the need for the integration of sound principles of fiscal administration with this field of investment analysis.

Orthodox in its treatment, and making little attempt to set up new and elaborate criteria for the appraisal of municipal investments, the book reiterates from chapter to chapter the basic tests which should govern the judicious selection of such investments and, incidentally, which should determine the course of public borrowing. If, during the past decade, investment bankers had permitted themselves and their clients to be guided by the fundamental principles presented there would be less cause for concern over the municipal debt situation today.

It is not to be expected that a modest volume of less than four hundred pages can present an exhaustive digest of the entire state and municipal investment field, but Mr. Raymond has succeeded in including an amazing mass of material in support of his general principles and conclusions. Not all of it is organized or proportioned to the best advantage, and certain topics of major importance such as the relation of developing modern,

scientific methods of governmental financial administration and control to the safety of municipal investments are given only scant attention, but much of real value is included. The approximately one-half of the book which is devoted to state bonds is the most complete and has brought together a most useful and comprehensive compendium of information on this phase of the subject. The general summary of state debt history and the brief individual analysis of state credit conditions are especially convenient for ready reference purposes. The value of later editions will be enhanced by the inclusion of a more detailed index which will make the varied contents more available for reference use.

—FREDERICK L. BIRD.

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**The Government of the Metropolitan Region of Chicago.** By Charles E. Merriam, Spencer D. Parratt, and Albert Lepawsky. Chicago. The University of Chicago Press. 1933. 193 pp. \$2.00.

This little book contains a summary of a series of studies into the government of the Chicago metropolitan region, begun several years ago by Professor Merriam and his corps of able assistants, the detailed results of which have been published from time to time. The synthesis of the results of these investigations furnishes the background for a very careful diagnosis of the social and governmental ills from which Chicago has so long suffered and for a formulation of plans of treatment, temporary and permanent, which may bring the patient to convalescence and to full recovery. Some twenty-four statements summarize the findings of the collaborators as to the factual conditions, and numerous detailed suggestions



are made of the measures to be taken both for temporary and permanent bettering of the conditions now existing.

The important point in the attack upon the governmental problems of Chicago as set forth in this book is the recognition that they cannot be adequately understood nor practically treated except in connection with the larger problems of the entire metropolitan region, extending beyond the confines of the city and including some adjacent territory in Indiana and Wisconsin. This region with its hundreds of local governmental units, many of them overlapping, each with independent powers of taxation, presents a picture of governmental disorganization that has never been duplicated anywhere in this country. One does not wonder that under such a system good government has been unobtainable and that the forces of extravagance and crimes have run rampant.

Notwithstanding the dismal situation, the keynote of the book is optimistic. Professor Merriam has labored so long in this field, and without the support that his labors have richly deserved, that some let-up in his enthusiasm might be expected; but his faith in the ultimate reformation of his prodigal city is undimmed. He still believes that to a large degree the causes of its delinquency have been the indifference or hostility of those sections of the state beyond its limits and would even set up a separate statehood to rid it of its evil association with the government of Illinois. All this seems rather chimerical, unless it be regarded merely as a threat to coerce the state legislature. One may well doubt whether Chicago itself is not the one primarily responsible for its present situation and whether any ultimate solution of its difficulties can be brought about until the social, economic, and educational forces of the city unite behind the leadership of men like Professor Merriam. The reader is left with the impression that whatever the solution is to be, it must be worked out within the limitations of the present constitutional and legal organization within which the city moves and has its being.

—C. W. TOOKE.

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**Standards Yearbook, 1933.** By the Bureau of Standards. Washington, U. S. Department of Commerce, 1933. 255 pp. \$1.

The seventh edition of the standardization annual offers a summary of the recent devel-

opments in the standards field. The work of governmental agencies, national, state, and local, private technical and scientific societies, and trade associations is described. The volume informs manufacturers, purchasing agents, and scientists engaged in research of the phases of standardization which affect them by showing trends in industry, new specifications, or current research leading to standardization. To the layman the volume presents a field of unsuspected significance in industry, commerce, science, and government.

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**Municipal Costs and Finance.** Reprinted from *Engineering News-Record*, 1932. Chicago, 1933. 27 pp. 25 cents.

During 1932 the *Engineering News Record* carried a series of articles dealing with municipal finance and administration, by Frank W. Herring, D. B. Woodward, C. A. Dykstra, Clarence E. Ridley, and Carl H. Chatters, as well as a number of editorials in the field. These were widely acclaimed when published and their collection and reprint in pamphlet form is a genuine service.

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**Federal and State Tax Systems.** By Tax Research Foundation. Chicago, Commerce Clearing House Association, 1933. 209 pp. \$10.

The three earlier editions of this compilation have already proved the quality of the publications so that this fourth edition receives a ready welcome. It contains tax charts of the United States and the forty-eight states and thirty-seven foreign states or cities. In addition there are status tables of various taxes in a group of national governments, and status tables of more than fifty different taxes in the forty-eight states. The New York State Tax Commission under whose direction the material is prepared, Mayne S. Howard, the editor, and the numerous state officials and students of finance who supply the data, help to present a volume indispensable to legislators, research workers, and taxpayers.

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**Report on Fiscal Affairs of Chester and Delaware County, Pennsylvania.** Chester, Delaware, Chamber of Commerce, 1933. 37 pp. mimeo.

The long list of cities, counties, and states

being surveyed in the interests of taxpayers grows. Although the emphasis is all too often on the need of reducing taxes, there is accumulating an impressive library of material describing in detail the actual operation of local government, such as is evidently essential before improvement may be achieved. The study undertaken by a special committee of the Delaware County Chamber of Commerce has thus emphasized economies which may be effected in the government, estimated at \$300,000 annually as a minimum, out of an expenditure represented by the \$2,421,509 tax levy of 1932. The pamphlet is largely an attempt to point out how 1933 budget requests might be cut. This, unfortunately, overshadows the description of administrative method which is, in itself, such adequate proof of the need of reform based first upon efficiency and adequacy and second upon economy.

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**Causes of the Financial Breakdown of the Local Government of Fall River, Massachusetts, and Means Taken by Massachusetts to Re-establish the Finances of that City.** By John R. Donahue. Hartford, 1933. 40 pp. Fifty cents.

The title describes well the contents of this pamphlet. In these days when municipal default lists run into the hundreds, and rumors of many more circulate, and when accurate details are difficult to secure, the story of one of the most famous cases is especially interesting. When, furthermore, it is simply and completely presented it has a distinct value to municipal officials, other students of municipal finance, and to taxpayers as well as to financial institutions. Mr. Donahue, in compiling the Fall River material for the Connecticut Tax Commission, has written such a report.

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**Education for Citizenship.** Chicago, Committee on Civic Education, 1933. 52 pp.

The superintendent of the Chicago public schools, Mr. William J. Bogan, asked a committee to recommend a program of education for citizenship for the public schools of Chicago. The Union League Club of the city undertook to finance the study on which this very interesting report is based. Professor A. R. Hatton was chairman, Mr. Edward M. Martin, secretary, of the committee.

In civic education Chicago has already practiced most of the generally approved methods, at least in part. The need of further stimulation in order to assure effective democracy as well as the critical problem offered by Chicago justify serious concern there. Specific recommendations, adaptable to any city, are offered. Of especial importance the committee considered the use of a manual on the local government written for the students. Such a handbook has been prepared for high school students. The chapter headings listed in this report indicate its general value. This report itself is increased in value by the excellent bibliography of material on civic education. (Copies may be obtained through Mr. E. M. Martin, Union League Club, 65 West Jackson Boulevard, Chicago).

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**How Cities Can Cut Costs.** By Clarence E. Ridley and Orin F. Nolting. Chicago, International City Managers' Association, 1933. 58 pp. \$1.00.

The interesting series of articles on cutting municipal costs which recently appeared in *Public Management* drew wide attention. The editors of the magazine have happily brought together in book form their practical suggestions for constructive economy in local government. Sections of from three to six pages are devoted to economies in each of the following spheres of city government: management, office practice, financial administration, personnel administration, public welfare, public works, police administration, fire administration, public health, education, public libraries, planning and housing, elections, governmental structure. The economies outlined are those which will not only reduce expenditures, but will also improve efficiency and render more effective service.

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**Refuse Collection and Disposal: Costs and Methods in Cincinnati, Ohio.** By Hazen Pratt. Rochester, Bureau of Municipal Research, 1933. 16 pp. mimeo.

At the request of the Rochester commissioner of public works, John G. Ellendt, and with his full coöperation, the Rochester Bureau of Municipal Research undertook a study of the refuse collection methods of that city. Early in the investigation it became apparent that costs in Rochester were far above those in Cincinnati, and it was decided to study the

methods used there. This pamphlet, which is part one of the entire survey, reports on the Cincinnati methods. Following this there will be issued the reports on the experience in Rochester, in connection with various classes of refuse, and suggestions for possible improvement.

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**Comfort Stations in New York City Today and Tomorrow.** By Committee on Public Health. New York, Women's City Club, 1933. 66 pp.

Several years ago the public health committee of the Women's City Club undertook a preliminary study of comfort stations in the city. The Milbank Memorial Fund then gave financial assistance for a complete study. Although the report is primarily a description of the deplorable conditions in New York, interesting statistical material is given on the operation of public comfort stations in other cities. Dr. S. Josephine Baker was chairman of the committee which made the study.

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**A Bibliography of Public Administration, Part I—General Literature.** By Sarah Greer. New York, Institute of Public Administration, 1933. 90 pp. \$1.50.

Intelligent selectivity is one of the rarest of human traits in any field of endeavor and particularly so and consequently to be prized beyond measure among bibliographers. This new bibliography of public administration, published in response to a demand for copies of the earlier edition of Miss Greer's volume published in 1926 and which has been out of print for some time, is the result of careful qualitative consideration. The best blooms have been picked.

Part I, now published, thus presents a key that will unlock the door leading to the store-

house of general literature on public administration. Its thirteen principal divisions are as follows: bibliographic and reference sources; government documents; constitutions; theory and practice of government; legislative organization and procedure; science and art of administration; administrative law; national government, United States; state government, United States; local government, United States; national government, foreign countries; local government, foreign countries; and governmental research.

The need for such a book is particularly evident to any who attempt to fulfill the requirements of a clearing house for information on government. Thousands of queries flow across the desk which may be answered by a finger pointed at Miss Greer's new volume. It is not only a most welcome addition to the literature in the field, but represents intelligent response to a very definite demand.

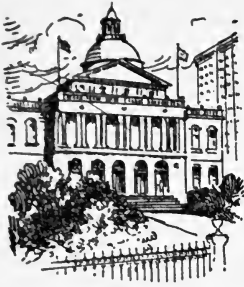
—HOWARD P. JONES.

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**Trends in School Finance—School District of Kansas City, Missouri.** Kansas City, Civic Research Institute, 1933. 40 pp. mimeo.

This is the second study in the series on local government finance now being done by the Civic Research Institute. With comment sufficient only to explain and summarize the tables which comprise the bulk of material, the report offers data on the assessed values, tax rates, condition of funds, income and expense, and bonded debt. Analysis is made of income and expenditures. The presentation of complete figures since 1920 with forecasts for the coming decade where important, makes this an invaluable document to those interested in city finance, including as it must, the underlying taxing districts such as that for school maintenance.





# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

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EDITED BY ROBERT M. PAIGE

*Secretary-Treasurer, G. R. A.*

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**G. R. A. Convention.**— The Executive Committee has decided that the 1933 convention will be held in Atlantic City with the National Municipal League. The dates will be November 8 to 11, Wednesday through Saturday. On Wednesday the only program will be that of the Governmental Research Association. On the following days sessions will be held jointly with the League.

Suggestions for the program, possible speakers, and timely subjects, will be welcomed.

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**Governmental Research Organizations in Chicago.**— The Public Administration Clearing House, 850 East 58 Street, Chicago, has recently published a booklet describing the six national organizations of governmental officials and several other agencies interested in cooperating with public officials in the discovery and application of accepted principles of management and public administration, which have during the past three years established headquarters adjacent to the University of Chicago. A copy will be sent to any reader of the REVIEW upon request.

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**Atlantic City Survey Commission.**— The new director of the Commission, Clifford W. Ham, is serving as the secretary of the Advisory Finance Committee appointed by the mayor and city commissioners of Atlantic City to study the municipal debt situation and to formulate a debt refunding program. This program will be based on the following principles: (1) In view of the economic situation, cash collections for some time will not be sufficient to operate the city and pay debt service. An adjustment of these items must be made and tax receipts appor-

tioned; (2) The security for a municipal debt is dependent upon the ability of a city to perform the essential functions of government. These include public schools, and the protection of public health, life, and property; (3) Repudiation or renunciation of the city's obligations will not be considered; (4) The bondholders will be asked to accept a percentage of the estimated cash collections on account of the interest. The balance of the interest will be evidenced by certificates payable when the city collects the taxes; and (5) The bondholders will also be asked to extend the due dates on bonds.

The 1933 budget is \$2,721,619, which is \$2,090,393 less than the 1929 budget.

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**Brookings Institution.**— A survey of the state government of Iowa made at the request of the governor has been completed and proposals for reorganization prepared for submission to the special session of the legislature called for August.

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**Buffalo Municipal Research Bureau.**— The survey of Erie County government made by the Bureau in 1932 disclosed the fact that while the abolition of township government must await a constitutional amendment, many reforms may be accomplished simply by statute. The Bureau is now advocating that steps be taken immediately to provide for a county executive, reduce the number of county supervisors, reclassify elective and appointive officials, separate legislative from administrative functions, fix authority and responsibility, revise tax laws, adopt efficient budget and accounting procedure, standardize salaries and wages, consolidate welfare agen-

cies, and reallocate certain functions of the county and the townships.

A survey of the pension systems of the Buffalo police and fire departments has been completed. A very considerable increase in the cost of the system to the city is forecast as inevitable if the present system is continued. The analysis of the system was made by the use of averages and trends; but it is believed that an actuarial survey based on statistics of each member of the force and each pensioner would reveal substantially the same facts.

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**Bureau of Efficiency of Los Angeles County.**— Early this year the County Board of Supervisors set up a committee on governmental efficiency. An appropriation was made for the work of this committee and office space and technical and clerical assistance provided by the Bureau of Efficiency. This committee is composed of representatives of all cities and all major civic and commercial organizations within the county. The technical committee of this larger group is composed of H. F. Scoville, director of the County Bureau; A. E. Stockburger, city manager of Alhambra; L. D. Gifford, research engineer for the California Taxpayers Association; and Gordon Whitnall, the technician employed by the committee with the title, coördinator.

The committee's task is to discover practical means of performing the necessary government functions within the whole county area as simply and economically as possible. Over 350 governmental agencies now operate in this area and it is safe to conclude that much simplification and consolidation would be economically desirable.

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**Bureau of Public Administration, League of Virginia Municipalities.**— A report on economy in police administration has been made by James E. Gates and W. M. Ballard, staff members, and Rowland Egger, director of the Bureau of Public Administration. Extension of motor patrol and telephonic communication, adjustment of day and night forces to crime conditions, replanning of police assignments, a central records bureau, abolition of special details, a state-wide teletype system and regional radio stations, and merit examinations for police appointments are a few of the recommendations made after a com-

prehensive survey of existing conditions and practices in Virginia police departments.

\*

**California Taxpayers Association.**— A survey of the government of Alameda County has been completed. This survey covered all of the various county offices and departments, the schools, courts and institutions, and the personnel administration. The report has been submitted to the County Board of Supervisors.

\*

**Citizens' Advisory Finance Committee of Newark.**— A study of cleaning costs of Newark's public buildings has been completed by the Committee's staff. The city's janitorial force cleans an average of only 2,465 square feet per employee, as compared with the janitorial forces of five private buildings studied which cleaned from 7,510 to 14,639 square feet per employee. The city also pays considerably higher salaries for this type of work than does private management. Through the combination of these two factors the annual cost for cleaning and watchmen's salaries alone amounts to 75.6 cents per square foot. In the public schools, the comparable figure varies from 7 to 13 cents, and in privately managed buildings, from 8 to 17 cents. The Finance Committee is offering to work with the officials in the Public Buildings Department in reorganizing the city's janitorial and cleaning services.

A report outlining desirable changes in the present budget procedure of the city has been prepared and submitted to the city commissioners. The adoption of the appropriation ordinance after the first of the year, the use of this ordinance which is made up of lump-sum appropriations, as a budget, the inadequate provisions for review of estimates by the city commission as a whole, and the lack of a central budget authority are criticized. As a first step toward an improved set-up the Committee recommends that a central budget bureau be created.

\*

**Citizens' Bureau of Milwaukee.**— The Bureau has recently taken part in three law suits to remedy the situation relating to (1) the under-representation of Milwaukee County in state legislature; (2) the retention of county taxes by the sixteen cities, villages, and towns other than Milwaukee within Milwaukee County for local expenditures, thereby

forcing the city of Milwaukee to make good (by additional taxes) the suburbs' delinquent county taxes; and (3) the use by the city of bond funds to finance current expenses.

The effort to have the 1931 apportionment act declared unconstitutional because Milwaukee County, with 25 per cent of the state's population, has but 20 out of 100 assemblymen and but 7 of the 33 senators, is not represented in proportion to population, was unsuccessful. The Supreme Court ruled against the city by a vote of four to three. The Bureau helped to compile the brief in this case.

The suburban towns of the county are following the practice of turning over to the county treasurer their delinquent tax rolls in lieu of the cash due the county. Milwaukee, on the other hand, turns over to the county treasurer the county's share of each tax bill paid. As it is necessary for the county to levy additional taxes pending the collection of the delinquent taxes, property within the city of Milwaukee is called upon to contribute an unfairly large proportion of these additional levies. However, the courts have held that the procedure of the suburbs is in accordance with the statutes. The Bureau will, therefore, make an effort to have the statutes changed.

The city administration has been, to some extent, cushioned against the depression by having available bond funds which could be used for operating expenses. The court held that the proceeds from future bond sales should be physically separated and that action could be held to compel this separation. It did not hold, however, that the city should replace past bond funds used for operating purposes which are now mere book entries. The case has been appealed to the Supreme Court.

In the last two cases the Bureau has taken part as a constituent member of the Taxpayers' Advisory Council.

\*

**Citizens' Research Institute of Canada.**—The widespread interest in public expenditures has resulted in the formation of associations of taxpayers throughout the Dominion and in the establishment of three new local agencies for governmental research. The requests for information and special services have taxed the resources of the Institute. In March, a financial survey of Mimico, Ontario,

was completed. During October and November, the director conducted, at the request of the municipal council, an administrative and financial survey of Burnaby, British Columbia. In November and December, the assistant director cooperated with several of the boards of supervisors of municipalities in the border cities district in the setting up of 1933 budgets. Early in the present year the Institute began the preparation of material for the metropolitan area committee of the county of York.

\*

**Dayton Research Association.**—A study of delinquent taxes begun in 1929 has just been completed. As the methods used in this study may be of particular interest to researchers they will be outlined in some detail. A card file of all delinquent properties was the most useful device developed. The study commenced with the 1923 duplicate and was carried forward to the 1929 duplicate and backward to the origin of the delinquency. Before the study could be started for each succeeding year the records were examined for delinquent taxes paid since the previous year. The card index has now been completed through the collection year of 1930, and contains 24,000 cards representing 30,000 parcels of property. A table has been prepared to show, by years in which they were levied, taxes which were delinquent in 1929, a total of \$976,000 plus penalties. Another table shows a similar analysis of special assessment delinquencies in 1929, a total of \$135,800. Special assessment levies delinquent at the end of the year increased from 12½ per cent of the amount charged in 1925 to 61 per cent in 1932. General property tax delinquencies increased from 4 per cent of the duplicate in 1924 to 42 per cent in 1931.

The recommendations of the Association for improving the situation include installment payment of taxes, changes in the assessment of penalties, personal solicitation of those owing large bills, and other measures including those which have been formulated in detail by the Municipal Finance Officers' Association. (See "How Cities Collect Delinquent Taxes.")

\*

**Des Moines Bureau of Municipal Research.**—The Bureau has cooperated closely with a legislative committee on tax reduction which organized local groups throughout the

state and formulated a legislative program. Forty-four of the seventy-four measures presented by this committee were passed in the 1933 session of the legislature. The Bureau assisted in originating, drafting, and checking these bills, in the publicity campaign carried on before the session began, and handled the statistical work during the session.

The chief economy bills enacted and the estimated annual savings for the entire state are as follows:

(1) A 36 per cent cut in city, county, and school operating levies for 1933 and 1934, under the operating levies for 1930. Numerous exemptions and grounds for appeal to the state budget director for further exemptions from reductions ordered by this bill are provided. It is estimated that this bill will reduce governmental expenditures in Iowa by about \$10,000,000 each year that it is in effect; (2) Repeal of the mandatory road levy laws making these levies optional. It is estimated that local units will take advantage of this law to reduce road levies by \$5,000,000; (3) Amendment of the teachers' minimum wage law to reduce \$50 and upwards minimum salaries, to \$40 monthly. This will cut educational expenditures by \$1,000,000; (4) Reduction of mandatory county, city, and state salaries will reduce expenditures about \$500,000; (5) Reduction of the mileage allowance for public officials to five cents per mile, will mean a saving of \$200,000; (6) Elimination of the state census in 1935; (7) Provision for the assessment of real estate every four years instead of every two years as at present; (8) Provision that tax rates shall be applied to the full value of real estate. At present every assessed value was divided by four to determine value for tax levying purposes. Approximately \$50,000 will be saved by eliminating this unnecessary step in the tax collection process; (9) Elimination of one set of assessment books in all counties. Estimated saving \$50,000; (10) Continuation of the drivers' licenses which expire this year, for two more years. This will save \$7,500; and (11) Abolition of the outside audit of state institutions. This will save \$37,000.

Other economy measures adopted, the savings from which cannot be accurately estimated, give the state printer specific authority to condense state reports; require publicly-owned cars to be labeled, and make it a

misdeemeanor to use public cars for private purposes; forbid public officers collecting witness fees; reduce legal publication expense, and eliminate certain mandatory courses in schools. A special session of the legislature will meet in August to consider the report the Brookings Institution which will submit covering its survey of state and local government. Additional economy measures are expected to result from this session.

\*

**Griffenhagen and Associates.**—The report of the joint legislative committee on organization and economy of the state of Texas, which was prepared with the assistance of the Griffenhagen firm has been presented. The proposed plan of reorganization provides for nineteen administrative departments and agencies under the governor as the chief executive in lieu of the 131, more or less separate and uncoördinated, existing units of organization. Each department is to be headed by a single managing executive to be appointed on the basis of qualifications. It is provided that in each department in which important policy-forming or quasi-judicial or quasi-legislative functions must be dealt with, a board or commission will be set up composed of members appointed for overlapping terms.

One of the most serious shortcomings of the existing state set-up is the lack of a central fiscal agency. This is to be remedied by the creation of a department of finance and administrative service which will be the budgeting, purchasing, accounting, personnel, and general service agency for all other departments. In addition to this department, which will serve as an integrating and coördinating agency, it is proposed that the governor be provided with an executive cabinet and permanent cabinet secretariat. The cabinet would be composed of the executive heads of the various departments. The executive secretary of the cabinet would be appointed by the governor on the basis of qualifications, particularly his training and experience in the executive management of substantial business or public enterprises. He would have an indefinite tenure, but could be removed for cause by the governor. His office would be considered of rank equivalent to that of the head of a major department. It is proposed

that an effort should be made to establish the tradition that this office is a continuing one. In effect, the executive secretary would be a "state manager."

As might be expected a number of constitutional amendments will be necessary to put all of the recommendations of the report into effect. However, most of the important recommendations involve only statutory changes.

A survey of the state government of Wyoming is under way. Howard Ferguson of the firm's staff has been assigned to this survey and is now in Cheyenne.

\*

#### **Hamilton County Taxpayers Association.**

—The Association was formed in August, 1932, as the successor to the bureau of governmental research of the Chattanooga Chamber of Commerce. In the past year this agency conducted negotiations with city and county officials which resulted in the merger of the two hospital boards. The reorganization of the city's pension system and the correction of certain unsound practices in the administration of the sinking funds were recommended. A survey of assessing methods was made and the tax assessor's request for an appropriation to install an up-to-date system was supported although the county court refused this request. The Association is sponsoring and actively supporting bills and ordinances which, if enacted, will provide for centralized purchasing, the adoption of a modern auditing and accounting system, and a commissioner of highways, a single administrative head appointed by the county court (with which position is merged the office of county engineer) for the present county highway commission of three citizens.

\*

#### **Kansas City Civic Research Institute.—**

An analysis of the cost of operating the fire department and the losses from fire has revealed some significant facts. Since 1921, fire losses have been reduced from \$6.78 to \$2.71 (in 1931) per capita. In 1932 the per capita loss was \$4.06. This is accounted for almost entirely from an increase in fires due to arson, explosions or of suspicious origin, which caused losses of \$52,000 in 1931, and \$712,000 in 1932.

The cost of operating the department has increased but little, and expenditures for 1932

will be but slightly if any larger than in 1922. The reduction in losses for the past six years over the preceding six is more than sufficient to pay the entire cost of operating the department for those years. The Institute points to three needed improvements in the operation of the department: the introduction and adherence to the merit system in selection and promotion, an adequate fire prevention division, and a sound pension system, fair both to employees and the city.

\*

#### **Los Angeles Bureau of Municipal Research.—**

A study of population trends in Los Angeles and in the nation as a whole has been completed by W. C. Yeatman and Allen Jones, and published by the Bureau. The report summarizes the studies of some of the country's leading statisticians which point towards a stationary or a declining population, and reveal that except for short boom periods there is a clearly established tendency for American cities to grow in corresponding ratio to the nation. Some special factors which may retard the growth of Los Angeles are pointed out. These include a birth rate lower than the other sections of the country; the slowing up of westward migration and increase in eastward migration; and the unstable age distribution (a great deficiency in the numbers under twenty years of age). James Stevenson, director of the Los Angeles Bureau, concludes from this report that "there is no probable need-justification for expanding public service facilities in Los Angeles and vicinity to take care of greater population. Before present capacities are fully utilized the effects of the general population decline will have made expansion unnecessary."

\*

#### **Rochester Bureau of Municipal Research.**

—A report on the procedure followed by the commissioner of elections in preparing the voting machines and handling the other details necessary to safeguard the count, has been made by Hazen Pratt of the Bureau's staff. The method of selecting election inspectors was also investigated and recommendations for additional safeguards made. One interesting suggestion is that election inspectors be appointed after competitive examination of the State Civil Service Commission.





## NOTES AND EVENTS

**Public Administration Service Established.**— A new coöperative consulting and research agency for cities, counties, states, and other governmental units has been organized under the name of Public Administration Service, with headquarters at 850 East 58 Street, Chicago. Its consulting work for public officials in the interest of constructive economy in government will be done on a non-profit basis.

The governing board of the Service, which will determine its policies, consists of the executive directors and secretaries of nine national agencies, all but one of which have their headquarters in Chicago: Public Administration Clearing House, American Legislators' Association, American Municipal Association, American Public Welfare Association, Governmental Research Association, International City Managers' Association, Municipal Finance Officers' Association, United States Conference of Mayors, and National Municipal League (of New York).

The Service is to be a continuation and expansion of the work heretofore carried on by the Research Committee of the International City Managers' Association. On behalf of the Committee on Uniform Street and Sanitation Records, representing the International Association of Public Works Officials and ten other national agencies, the same staff has already installed records and accounting systems and budgeting procedure for public works in over twenty cities, and has guided more than a hundred cities in adopting the Committee's standard practices, with substantial savings and improvements as results. Donald C. Stone and Gustave A. Moe, who have directed this work, will be director and chief accountant of the Consulting and Research Division of Public Administration Service.

In its expanded form, the Service will be

prepared to install budgets, general accounting systems, tax billing, cost accounting, special assessment records and procedure, public utility accounting and billing, public works records, police records, welfare records and cost accounting systems, hospital financial and cost systems, centralized purchasing, and personnel studies and systems. It will plan the reorganization of an entire governmental structure or of a single department or office. It will have at its disposal not only its staff experts, but the experienced members of the staffs of its constituent organizations; and when appropriate it will call in specialists of national reputation.

The basic policy of the Service is to work only at the invitation of public officers and in friendly collaboration with them. Civic groups may bring the Service to the attention of the operating officials, and may on occasion find it desirable to finance the cost of a model installation; but by the very nature of its work, the Service can function only as an aid to the public administrator.

The staff of the Service will continue the work of the Committee on Uniform Street and Sanitation Records, the National Committee on Street Maintenance Economics (upon which the American Society of Municipal Engineers is also represented) and of other committees working for improved governmental operations. The research programs of these committees engaged in formulating advanced and model practices and procedures will enable the consulting service to have at its disposal the very latest developments in the field.

The Service will also take over the publication of the monographs on problems of government and administration formerly issued under the name of Municipal Administration Service. Charles S. Ascher is the director of publications.

**Manager Form Proposed for Roanoke County, Virginia.**—A movement is under way in Roanoke County, Virginia, to obtain the county manager form of government. Albemarle County, Virginia, is one of the pioneers in establishing this form, and has furnished an example and guide for Roanoke. A petition is being circulated in the latter county, asking for the circuit judge to set a date for a referendum on the county manager form. Professor Julius F. Pruffer of the department of political science, Roanoke College, Salem, Virginia, is active in the movement and has given radio and other talks, led discussions, and furnished a series of newspaper articles. The Roanoke newspapers are supporting the activity.

\*

**Defeated City-County Merger in Georgia Receives Encouraging Vote.**—The proposal to merge the city of Macon, Georgia, and Bibb County was defeated on June 7 by a comparatively small majority in both the city and county. Victory in both would have been necessary to carry it. Considering the strenuous and bitter campaign waged by the officeholders, both of the city and the county, whose jobs would have been abolished had the merger been approved, the vote in favor of the proposal was quite gratifying.

The campaign developed no substantial objections to the merger act. Its sponsors were gratified that it withstood microscopic examination and criticism.

Appeals to prejudice, questioning of motives, and every variety of attack on its sponsors, coupled with the indifference of a large class of voters, and the suspicion and distrust of every new movement, especially in old conservative Macon, are responsible for the defeat of what its friends regard as the most forward step in local government which has been proposed in Georgia.

ORVILLE A. PARK.

Macon, Georgia

\*

**Barter in Milwaukee.**—Realizing that the burden of taxpayers of Milwaukee in supporting the unemployed was growing faster than their ability to pay, Mayor Daniel W. Hoan selected a committee of advisors to find a means of putting people to work through barter exchanges. They studied the various existing plans and evolved one for Milwaukee.

The mayor selected five men to whom he

gave the responsibility of organizing, without municipal recognition, a corporation, non-political, non-sectarian, and non-profit making. The plan placed organization ahead of operation so, when work started, it would be on sure ground. The only criticism of the new organization, known as Commodity Exchange, Inc., has been that it has moved slowly.

Joseph C. Brauer, head of an accounting organization, is the president, the others heading the organization being a merchant, a civil engineer, a labor union president, and an industrial engineer. Four divisions, accounting, sales contact, personnel, and expansion were established. From among the applicants for positions, crews visited the retailers and wholesalers to get them to accept scrip. These men built up a list of 283 acceptors in 84 commodity lines.

For each transaction on which scrip is to be issued, there must be a delivery of a commodity of sufficient value to balance the scrip, to allow for a part of the overhead, and to help in the construction of a surplus. An expiration date on the scrip allows control of the amount in circulation and helps in other ways.

It cost the taxpayers \$800,000 to \$900,000 a month to keep the unemployed of the county in idleness. Commodity Exchange, Inc., by putting people to work at needed jobs for which the employers have no money but only commodities with which to pay, reduces the amount of county aid, and it is expected that with the growth of the surplus, substantial donations to the county's relief work will be made.

Plans are being developed to extend the benefits of the enterprise into other counties. Branch organization took in the formation of crews for canvassing for work. Hundreds of small jobs were found. By May 1 this exchange, incorporated in February, had put more than 500 men at work and had opportunity for many thousand more.

The issuance of scrip grew. The lists of acceptors changed and retail stores had to be opened to provide places for steady acceptance. Commodity Exchange put in its own abattoir, grocery, meat market, haberdashery, and men's and women's apparel stores. Shoes are the next objective, and factories for the manufacture of certain garments thereafter.

WILLIAM S. BROKER.

Milwaukee, Wis.

### A County Manager Law in Nebraska.—

The forty-ninth legislature of Nebraska, which adjourned early in May, enacted a statute providing for the county manager form of government in that state. The question of adopting the manager plan must be submitted to the electorate if a petition signed by 10 per cent of the voters is filed with the county board, or it may be placed on the ballot by a resolution of the board. If adopted by 51 per cent of those voting for governor at the last election the plan shall go into effect the following January. The act provides that the policy-determining body of the county shall consist of a board of five members, paid five dollars for each day's attendance at sessions. The board shall appoint a county manager, who need not be a resident of the county, and fix his compensation, and is forbidden on penalty of forfeiture of office from taking part in the appointment or removal of any officer or employee in the administrative service. As the administrative head the manager shall supervise the collection and disposal of all revenue, secure proper accounting of all funds, look after the physical property of the county, exercise general supervision over all county institutions and agencies, and, with the approval of the county board, coordinate various activities and unify management. There shall be at least three departments: finance, public works, and public welfare.

The directors of these shall be appointed by the manager, who may himself head any one of them. The director of finance is to act as purchasing agent, and no equipment or supplies shall be delivered to any office or department except upon requisition.

Any county which shall have operated four years under the plan may abandon it under the same conditions required for its adoption.

LANE W. LANCASTER.

University of Nebraska

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### Legislation for Missouri Counties.—

The General Assembly of Missouri recently enacted several laws affecting county government. The most important ones confer upon the state auditor supervisory authority concerning county records. He must audit each office, without expense to the county, at least once during each term, except in two counties having county auditors.

He must formulate a system of bookkeeping which will be uniform for similar offices and accounts. He must devise for publication a uniform county financial statement for the calendar year. Heretofore official records, financial statements, and fiscal years have varied from county to county, making reliable comparisons impossible.

Unfortunately the auditor's field force is limited to ten examiners. These can make a beginning but cannot possibly install uniform records in all state and county offices and institutions by 1935, as stipulated.

The county budget law is second in importance. It divides the counties into two classes, making 50,000 population the dividing line. Its provisions differ greatly in the classification of proposed expenditures. In the five larger counties the budget officer classifies expenditures, making the budget flexible. In the 109 smaller counties, proposed expenditures must be distributed among six specified classes, these classes having priority in the order specified regarding payment of claims. This rigid budget is designed to compel economy and prevent borrowing through issuing warrants that must be protested for lack of funds. Such borrowing has ruined the credit of numerous counties.

A bill requiring centralized purchasing passed the House but died on the Senate calendar.

Hereafter, delinquent taxes on real estate will be collected by selling tax liens instead of by personal suits. The interests on delinquent taxes was reduced from 12 to 10 per cent per annum; the penalty from 4 to 2 per cent. But temporarily both are suspended, unless this provision be held invalid in a case now pending in the Supreme Court. The office of tax attorney was abolished, and his remaining duties conferred upon the prosecuting attorney.

Three different consolidations of county offices were made. The collector was made ex officio treasurer in counties having less than 90,000 inhabitants; the circuit clerk ex officio recorder in counties having less than 20,000. (The latter were already combined in thirty-seven counties.) The county superintendent was made school attendance officer, except in St. Louis County. The officers will receive no additional compensation for the new duties. A modified manager bill for Jackson County died in committee.

WM. L. BRADSHAW.

University of Missouri

**Los Angeles Primary and Election.**—June 6 was election day in Los Angeles, following a primary election on May 2 which, as frequently happens in Western cities, was practically as important a political event as the election proper. The primary served to narrow the field in the selection of a mayor, fifteen councilmen, a city attorney, a city controller, four members of the board of education, and twelve municipal judges, and was also marked by the repeal of a municipal liquor control ordinance and the adoption of a city charter amendment. The main issues were the attitude of candidates for mayor and council toward the municipal department of water and power; unemployment relief; and clean government. Candidates for mayor were reduced from ten to two; for council from eighty-one to twenty-two (four receiving majority votes in their districts, thus being elected); for board of education, from fifty-eight to eight; for judges, from thirty-one to two (eleven being elected at the primary). The total vote cast at the primary was 53 per cent of the registration, and at the election, 54 per cent.

CHARLES H. TYRUS

University of California

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**Detroit's Refunding—and Its Cost.**—Under the refunding agreement arranged between Detroit and its principal creditors, subject to proposed legislation, the tax-supported debt, maturing between 1933 and 1943—\$259,000,000—will be refunded into twenty and thirty year bonds maturing in 1953 and 1963. No principal will be paid for two years. Thereafter the principal will be retired gradually. The difference between 3 per cent interest for the next two years and the average rate of 4.5 per cent, as well as interest now in default, will be funded at 3¼ per cent.

Thus by refunding, a peak load for debt of about \$30,000,000 a year during the next five years is swapped for a much lighter burden during the next ten years. By this trade, however, a cost of \$19,000,000 a year until 1963 must be assumed when the holiday is over, whereas without refunding the cost would scale down rapidly. The cost of retiring the \$259,000,000 in principal and interest payments, would be about \$345,000,000 if refunding were unnecessary. Under the refunding plan the same cost will be about

\$469,000,000, a difference of \$124,000,000. This is equal to present tax operating expenses of the city for three years. In short, it is the most costly single enterprise which the city has ever contemplated.

It will be of concern to present taxpayers, as well as those of future years, that this additional cost of refunding be kept at a minimum, for the city must in the future replace many existing public improvements as yet not paid for and probably provide many new improvements.

\*

**Federal Government to Aid Construction of Municipal Public Works.**—The Industrial Recovery Act recently passed by Congress and signed by President Roosevelt includes important provisions for the assistance of states, counties, and municipalities with regard to the construction of public works. Out of a total of \$3,300,000,000 provided for public works, \$400,000,000 is in the form of outright grants to state highway departments for emergency construction on the federal aid highway system and extensions thereof into and through municipalities, and for secondary or feeder roads. Some \$2,000,000,000 is expected to be available to states, counties, and municipalities for other public works under those jurisdictions, the federal government being authorized to construct, finance, or aid in the construction or financing of public works mentioned in the Act. Thirty per cent of the cost of labor and materials may be an outright grant; and the President is empowered to extend the benefits of the Act to any state, county, or municipality "notwithstanding any constitutional or legal restriction or limitation on the right or power of such state, county, or municipality to borrow money or incur indebtedness."

An administrator is to be appointed for each state, with a technical staff and a local advisory board. He will pass on applications for the assistance described; those approved will be submitted to the central administration at Washington, where they will be considered from these points of view: general policy, soundness from an engineering and technical standpoint, legal feasibility, financial set-up, economic desirability, i.e., relation to unemployment, and the revival of industry, and from the standpoint of coordinated planning, taking into account the social desirability of the project and its relation to other projected works.

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The contents of the NATIONAL MUNICIPAL REVIEW are indexed in the *Engineering Index Service*, the *Index to Legal Periodicals*, the *International Index to Periodicals* and in *Public Affairs Information Service*.

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# THE LEAGUE'S BUSINESS

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**"Pay Your Taxes" Campaign Launched.**—Funds have now been made available for the Committee on Constructive Economy of the National Municipal League to carry on a "Pay Your Taxes" campaign, the general program of which was approved by the meeting of the Council in Chicago in May providing funds could be obtained.

**"Citizens' Councils in Action."**—This is the title of a new pamphlet now in press being issued by the League's Committee on Citizens' Councils for Constructive Economy. Copies of the pamphlet which tells of the accomplishments of councils already formed and contains suggestions for approaching the practical budgetary problems of constructive economy, may be obtained free of charge by members of the League upon application to the secretariat.

**Enthusiastic Interest in Radio Program Continues.**—The radio program being sponsored by the Committee on Citizens' Councils for Constructive Economy continues to hold the interest of the more serious "listeners in" and the volume of requests for further information proves the effectiveness of this series, which goes on the air every Tuesday evening from 7:15 to 7:45 eastern daylight saving time over the WJZ network of the National Broadcasting System. The programs for the next five weeks are as follows:

August 8—"Reducing the Welfare Budget." *Richard Boeckel*, Director, Editorial Research Reports; *Dr. Lewis Meriam*, Brookings Institution; *Frank Bane*, Director, American Public Welfare Association.

August 15—"Reducing the Recreation Budget." *John H. Finley*, Associate Editor, *New York Times*; *Col. H. Edmund Bullis*, Executive Officer, National Committee on Mental Hygiene; *Roy Smith Wallace*, National Recreation Association.

August 22—"Reducing the Cost of Justice." *Prof. Leon Carroll Marshall*, Institute of Law, Johns Hopkins University; *Frank J. Loesch*, Former President, Chicago Crime Commission.

August 29—"Are There Too Many Governments?" *U. S. Senator Harry F. Byrd*, Virginia; *Henry Morgenthau, Jr.*, Governor, Farm Credit Administration.

September 5—"Reducing the Public Health Budget." *George Folger Canfield*, Attorney, President, State Charities Aid Association; *Dr. Matthias Nicoll, Jr.*, Commissioner of Health, Westchester County, N. Y.; *Dr. Kendall Emerson*, Acting Executive Secretary, American Public Health Association.

**Baldwin Prize Award.**—George Budway, University of Illinois, was chosen by the committee on award as the winner of the Baldwin Prize for 1933. This award of \$100 has been made annually for many years for the best essay on municipal government by a college student. The subject of Mr. Budway's exceptionally well written paper is: "State Regulation of Municipally Owned and Operated Public Utilities."

Honorable mention for his essay on "The Law and Practice of Proportional Representation" was received by Edward Alfred Crane, of Harvard College; and third place in the contest was accorded Milo Fleming, of the University of Illinois, who also wrote on the subject of proportional representation. Mr. Fleming deserves special recognition in view of the fact that he held third place in last year's contest for an essay on an entirely different subject.

The committee on award consisted of Robert M. Goodrich, Providence Governmental Research Bureau; Professor W. E. Mosher, Syracuse University; and Dr. William B. Munro, Pasadena, California.

HOWARD P. JONES, *Secretary*



## A Federal Commission on Local Government

CONGRESS and the President of the United States were called upon by the Municipal Finance Conference (which brought an imposing array of public officials, bankers, and municipal finance experts to the University of Chicago campus the latter part of July) to provide for a federal commission which would be empowered to study the revenue systems of the various branches and units of government in this country and make recommendations.

There is little that could be done by the federal government in its relations with municipal government that would be more constructive than such action. It is a strange paradox of our present system of government that with more than half the population of the country living in cities, the federal government has taken almost no cognizance of the existence of such political entities. Municipal government is one of the crossroads at which constitutional theory and political reality part company. THE NATIONAL MUNICIPAL REVIEW heartily endorses the action of the Municipal Finance Conference. Indeed, it was in December, 1932, that the REVIEW editorially urged: "We should like to see as one of the first steps in Roosevelt's regime, which will manifestly be faced with the problem of developing closer relationships between

The resolution of the Municipal Finance Conference calling upon Congress and the President to appoint a federal commission reads as follows:

"We hereby recommend that the President of the United States and the Congress create a federal commission to be composed of representatives of the federal government, of the states, and of the local units with appropriate technical advisers and staff, for the following purposes:

"(1) to examine the whole existing structure of taxes and revenues, national, state, and local; the extent of unnecessary overlapping taxation; the appropriateness of the present division of functions of government; and

"(2) to suggest such rearrangements and reasonable interrelation of the functions and taxes as the present-day facts may demand."

the federal government and local governments on the firing line throughout the country, the appointment of a permanent commission on local government. Such a commission could serve as a fact-finding and coördinating agency and in the proper hands could make a real contribution to the development of an enlightened internal governmental policy."

In no major country in the world have the cities as little recognition in the political and governmental scheme

as in the United States. Yet no nation is as dependent socially, politically, and economically upon the smooth functioning of urban machinery as is the United States. Any step which tends toward the development of closer relationships between the national government and

the local units of government, of which it is estimated there are some 175,000, will be a step in the right direction from the standpoint of the efficient functioning of the machinery of democracy.

## Federal Public Works Program Under Way

As this issue of the REVIEW goes to press, word comes from Washington that a large number of municipal projects already have received tentative approval under the \$3,300,000,000 public works expenditure program of the National Recovery Administration. Since there probably will be a scramble for these appropriations which permit the Federal Administrator of Public Works to grant up to 30 per cent of the cost of materials and labor construction projects and loan the municipality the

remaining 70 per cent, citizens' councils and other civic groups interested in fostering the construction of schools, libraries, sewage disposal plants, water filtration systems, or other needed improvements which would be a permanent and valuable addition to the community should get into action promptly. Plans should be drawn and submitted to the state administrator whose appointment should have been announced by the time this issue has been published.

### Taxes Less Than 20 Per Cent of National Income

TO THE EDITOR OF THE NATIONAL MUNICIPAL REVIEW:

During the past year numerous extravagant estimates have been circulated concerning the relative proportion of taxes and the national income.

Preliminary estimates for 1932 furnished by the National Industrial Conference Board indicate that the total amount of taxes collected by federal, state, and local governments in 1932 would not be more than 20 per cent of the national income for that year, which is tentatively esti-

mated at \$40,000,000,000. Taxes for 1931 are estimated at \$9,300,000,000 or 17.6 per cent of the estimated national income of \$52,700,000,000, in that year. The last year for which final statistics are available is 1930. The national income for that year, according to the National Industrial Conference Board's computations, was \$70,700,000,000; and the combined total of federal, state, and local taxes, \$10,266,000,000, or 14.5 per cent of the income.

HAROLD S. BUTTENHEIM  
*Editor, American City*



## HEADLINES

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Monthly payment of taxes is being considered in Cuyahoga County, Ohio, as one effective means of reducing the amount of delinquency. Divide your tax bill by twelve and it won't seem anywhere near so large.

\* \* \*

City-county consolidation under the manager plan is being urged upon the Democratic party of Philadelphia as a platform that might bring victory by C. Burgess Taylor. No matter who advocates or opposes the plan, it is obviously the answer to the Quaker City's many questions these days.

\* \* \*

Severe penalties for delinquent taxpayers are the order of the day. In Mt. Vernon, New York, taxes on delinquent properties in which city employees live are threatened to be subtracted from their salaries. While there may be excuse for the small home owner, there is no excuse for taxes being delinquent on income-producing properties. Of course, in Massachusetts they'll put you in jail if you don't pay your taxes!

\* \* \*

Opening of Chicago schools will be postponed for two weeks this fall to save two million dollars in salaries and other expenses. The sacrifice of two weeks' schooling may not be so serious in itself, but it's a dangerous precedent. If two weeks will save two million, then four weeks will save four million. And where do we stop?

\* \* \*

An apt defense of the wide powers given President Roosevelt by Bruce Bliven, editor of *The New Republic*, likens the President to a city manager. "Uncle Sam, so he believes, has hired a competent manager, and . . . proposes to let him run the country," Mr. Bliven declared.

\* \* \*

Constructive economy won in Cleveland when the school board changed its mind about closing fifty-two playgrounds to save money. There is little doubt that it would have cost the community more if the children who were using those playgrounds were turned into the streets.

\* \* \*

Consolidation of Duval County with the city of Jacksonville, Florida, is authorized in a constitutional amendment approved by the state legislature to be voted upon by the electorate of the entire state in 1934.

\* \* \*

With some astonishment, observers of the effective operation of the manager plan in Teaneck, New Jersey, have read the news of a proposed recall election. Only a year ago word came from Teaneck of a 10 per cent reduction in the tax rate with no curtailment of services. Political toes must have been trod upon heavily in the process.

# Mr. Taxpayer versus Mr. Taxspender<sup>1</sup>

A one-act radio play  
with no change of  
scenery and the pub-  
lic official in the title  
rôle

Cast of characters:

MR. TAXPAYER.....*Luther Gulick, director, Institute of Public Administration, and Eaton professor of municipal government, Columbia University*  
MR. TAXSPENDER.....*Daniel W. Hoan, Mayor of Milwaukee, Wisconsin, since 1916*

**D**R. GULICK: How are you Mayor Hoan. I have known about you for years and heard about the good government of Milwaukee. I'd like to talk with you if I may about this problem of high taxes and tax reduction. I am sure you can be a real help on this. How long is it you have been mayor of Milwaukee?

MAYOR HOAN: Seventeen years.

DR. GULICK: That isn't an hereditary life position is it?

MAYOR HOAN: Oh, no! The people sent me back.

DR. GULICK: They must like your ideas. And that's why I want you to help me see through this tax reduction business. It's quite confusing.

You see this piece of buff paper with all this printing on it. That's the bad news I just got the other day. Look there at the top in red ink TAX BILL

FOR 1933. It's not a Milwaukee tax bill. It comes from the east. And look what it says after the dollar sign. In fact, it's got dollar signs all over the place. And see this. Here are one, two, three, etc., to seven separate tax rates. I never heard of half of the governments that make these levies. I'd like to see those bozos. And the whole thing adds up to \$3.190.

MAYOR HOAN: That's the tax rate. Your assessed value, over here on the bill, is multiplied by the tax rate to get the tax.

DR. GULICK: Oh, that's the way it works is it? But then they add on a poll tax. Well, that's only one dollar. Anyway, I met a fellow the other day, quite a smart chap, who said the thing is all wrong. He said you people over in city hall went right on spending money like drunken sailors, just as if there wasn't any depression. He gave me a great long list of figures about the reduction of the cost of everything. Government figures, mind you. He also talked about the banks and the railroads, and what the government ought to do to straighten things out. But most of all he was talking about taxes. He ended up, "They don't get any more out of me. I'm going to stop paying taxes." That didn't seem quite right

<sup>1</sup>This and the following articles in this issue are part of the radio series on constructive economy in government being sponsored by the Committee on Citizens' Councils for Constructive Economy of the National Municipal League. The program for the next five weeks is published on page 354. The broadcasts are the fifth series in the "You and Your Government" programs presented by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association.

to me, so I wanted to talk things over with you.

MAYOR HOAN: There is more of misinformation and of paradoxicalness bewildering the average mind on the subject of governmental costs and taxation than on any other subject with which I harbor an acquaintance.

There is, for example, a universal demand, past and present, for greater and greater governmental functioning and activity. There is, on the other hand, a widespread insistence that government shall reduce its expenses. The average citizen will furnish a list of activities a yard long of what he believes the government should undertake and the same person will bewail the fact that government should raise and spend the money necessary to meet his demands.

The average person is willing that the government spend oodles of money to assist his particular business or profession but is anxious to devise a tax-rate measure that will make the other fellow pay the cost of the piper.

There are hundreds of thousands of people in our country who would hang or deport the Communists because their purpose is to undermine faith in our government, but these same persons do not hesitate to propagandize and even to spend money to educate the public on the utter prodigality of government. Persons most prominent in business and civic life will caution us to speak most eloquently and patriotically on Memorial Day and on the Fourth of July but feel perfectly free to undermine faith in our government by decrying taxation and damning it all the rest of the year. Every citizen likes public service so long as he does not think of the tax bill. He likes one and dislikes the other. Why all this illogical reasoning? Why this public outcry against public expenditures?

In most part it is explainable because our pocketbooks are at war with our

patriotism. This is decidedly true of those who possess most of our worldly goods. The fact is that government, much as we dislike to pay our tax bills, has stood like the Rock of Gibraltar during this frightful depression to save us the agonies of complete chaos. While banks failed, factories closed, shops went bankrupt, pyramided utilities collapsed, the government was expected to function with more vigor and energy than ever. All who were in distress flocked to their governments with their hands out. Few, indeed, were those who did not seek some kind of governmental assistance or subsidy. Even the geniuses of banking, insurance and railroad giants are not to be excluded—nor the farmer, or the man out of work.

DR. GULICK: Yes, that's right. They all went bankrupt didn't they?

MAYOR HOAN: The fact is that private business virtually collapsed. They cut their pay-rolls to the tune of eleven billions of dollars a year—a sum greater than all the costs of the combined governments of the United States. Millions of people were thrown out of work and onto the poor relief and yet the very men who profited most by governmental subsidies at the top were most active and instrumental in organizing the "cut cost of government" leagues in this country. It was the bigger interests in all communities that led the assault on municipal service.

Is it not high time to call the attention of the citizens of this country to the fact that they are playing with dynamite when they so recklessly undermine and destroy faith in this Republic and all its agencies?

Our government is no more secure than the faith of the people in it. We have learned that in Europe governments change overnight. In all ages people have cared more about the food they eat and the clothes they wear than about their type of government. Is it not a precarious business to destroy

faith in our Republic at a time when there is so much of dissatisfaction and discontent? Dictatorships replace representative governments in Europe. Are we not paving the way for such an event here by destroying confidence in our own Republic? It appears that when one begins to fail in his business he looks about him for a goat upon which to heap all his woes. Thus it has become the outdoor sport in this country to damn the government and its wanton extravagance. By the way, Dr. Gulick, what do you pay in a year for your local public utility services?

DR. GULICK: You mean for gas, electricity, street car rides, and telephones?

MAYOR HOAN: Yes. What do these cost you for a year?

DR. GULICK: Well, now, let me see. Let me have your pencil a minute. Gas, electricity, car rides, telephone. That adds up . . . and you multiply by twelve.

MAYOR HOAN: Don't tell me the answer. Have you got it?

DR. GULICK: Yes.

MAYOR HOAN: Is the total bigger or smaller than your local tax bill?

DR. GULICK: Why it's bigger, quite a lot bigger. My property taxes aren't so much as the utility bills, are they?

MAYOR HOAN: Now tell me. Which do you get more service from those utilities or your local government?

DR. GULICK: The answer to that is simple, the government, of course.

MAYOR HOAN: And what's true for you is true for whole cities. In Milwaukee, for example, our privately owned public utilities, for the four services; namely, gas, electricity, transportation, and telephone, collect thirty-two millions of dollars a year while all local governmental expense is but thirty-one millions of dollars.

The real estate subdividers have been the loudest in their protest against taxes but these have said nothing about the

high interest rates on home mortgages. They shed tears for the small homeowner and his tax bill but do not publicize the fact that a 1 per cent drop in the interest rate on mortgages in Milwaukee would save our people five millions of dollars.

DR. GULICK: Mr. Mayor, I hear a lot about duplication in government departments. Can't we save something there by using the efficient principles of private business?

MAYOR HOAN: Much is said about duplication in governmental agencies; that it is constructive economy to do away with such duplication. I fully agree with this. There is much duplication and it can be eliminated, but only gradually. But how about duplication in private business? Is it not a fact that six or eight milkmen pass our doors before we arise in the morning? That one-half dozen bakery wagons pass later in the day? Do not the shopkeepers protest that there are too many stores; the railroad owners that there is too much duplication and competition in their services? Don't even the bankers complain that much of their trouble is due to the duplication of services by a multiplicity of small banks? I venture the opinion that there is much more duplication in private business than in government.

DR. GULICK: You are right at that. I guess that's why President Roosevelt is going to put the government into partnership with private business so that we can get rid of some of that. But Mayor Hoan, what about graft?

MAYOR HOAN: Oh, yes, the cry of graft is raised against government. It is true that some of our large cities are permeated with graft and corruption and that gang warfare persists in spite of government. What about the graft in private business? Is there not more graft and corruption in the Insull debacle than in a thousand small cities? Is it not unquestioned that the

racketeering in private business far exceeds that in public affairs even in the most corrupt of cities?

DR. GULICK: You hit the nail on the head then. I have watched municipal graft for years. And I have thought about it too. It isn't any worse than private business though the effect is worse because the government not only has the power to control our freedom but also furnishes community services that we can't get along without. It all goes back to what you said about government being more important to us than the utilities or anything in private business. Since that is true, graft in government is also more important to us than graft in the banks, or the utilities, or elsewhere. And we demand higher standards in government, too. Don't forget that.

But there is one thing I have noticed about graft. It seems to flourish where you mix politics and administration up together. If that's true then the first step is to separate politics and administration, isn't it? You can do that if you set up a system of government in which there is a definite place for politics and a definite place for administration, and have it definitely understood that politics has no business in the administration and administration has no business in politics. And then in administration you need to separate kinds of work that just don't go together without temptation. In a restaurant the waiter punches the check, but the cashier collects the money. That cuts out a lot of temptation. We need the same thing all the way through in arranging the work of government. It would eliminate a lot of minor graft. But of course, what you say is true. We can't make government much better than the moral standards of business in the community. We certainly have a lot of hypocrites throwing rocks at government.

MAYOR HOAN: Don't overlook the

fact that graft is nothing more than private business buying privileges from government. I have definite proof that graft in several large cities was instituted by private utility owners corrupting government. If you would eliminate the private grafters, there would be no graft in government.

DR. GULICK: You know, Mr. Mayor, I'm still thinking about this fellow I talked with the other day. He said that we have too high priced government. He said it was about time to cut the price and live within our income. What we need, he said is "constructive economy," with lots of "economy."

MAYOR HOAN: What does your friend mean by constructive economy in government? Do we really want the cheapest kind of government? When we are sick we do not look for the cheapest doctor. When we are hungry we do not look for the cheapest restaurant. When we buy clothes we do not purchase the cheapest suit. We really want the average or the best of these services and commodities.

What about government? Do we really want to send our children to the cheapest school that employs the cheapest school teachers?

DR. GULICK: I should say not.

MAYOR HOAN: Do we want the number of firemen and policemen cut to the danger point and do we want to pay them such low salaries that we may expect none but grafters and ignoramuses to man these departments?

DR. GULICK: I don't think so.

MAYOR HOAN: Do we want our public health services operated so cheaply that contagion and epidemics rage throughout our communities or that there is neglect in inspecting our food products resulting in poisoning us and our families?

DR. GULICK: No, no.

MAYOR HOAN: If the cheapest kind of government is what we really want,

then we might expect important industries to migrate to small villages where there is little or no public service.

One fact remains unchallenged—if despite all the marvelous developments in invention and industry in all lines of productivity in the past few years which have multiplied production tenfold and made all commodities and service available in abundance, if despite all this society may not be permitted to share and enjoy the fruits of this progress by being enabled to work less hours and to enjoy more leisure, better service and a better life—then we have woefully failed to take advantage of our progress.

DR. GULICK: That's all very true, but we are spending about 20 to 25 per cent of all our national income in taxes. My tax-striking friend says that's too much money to throw away for taxes in times like these.

MAYOR HOAN: Yes, I know. Some think that government is a sort of "sink-hole;" that all money paid in taxes somehow disappears. It is not recognized that practically all of the money paid in taxes goes immediately into pay-rolls and for materials, and is quickly placed into circulation—nor is it recognized by others that many of the employees of government are supporting on their salaries from one to four families and that to cut such persons out of their employment will increase the poor relief expenditures out of all proportion to the budgetary cuts.

I have on my desk a letter from the mayor of Chelsea, Massachusetts, a large suburb of Boston, in which he claims they have cut their budget drastically in every direction to comply with all demands—reduced salaries and services right and left; that poor relief expenditures have increased so rapidly that the tax rate is now \$43 a thousand. Obviously, this was not constructive economy, to ruthlessly cut this local budget without thought of the conse-

quences of increased expenditures in poor relief.

DR. GULICK: But Mayor, you don't believe in wasting city money merely to keep people at work and off the poor relief, do you?

MAYOR HOAN: I should say not. Waste must go. Unnecessary and useless functions must be routed out. But necessary work must be kept going, and at a high pitch of efficiency, without crippling the service with inordinate reductions undertaken merely because of hysteria over taxes by those who won't take time to look at the need for the services.

Now let me ask you a question, Dr. Gulick. What do the economists think we need in America to get out of this depression?

DR. GULICK: That's a big question, Mr. Mayor. If you laid all the economists end to end they wouldn't reach . . . a conclusion. But they seem to be pretty well set on a few points. The first is that we must make work for which people get wages so that they can live and spend money.

MAYOR HOAN: Stop right there. That's what government does. The best way to alleviate this depression is to make work, provide wages and increased purchasing power. When a government levies an extra dollar of taxes on each thousand of valuation to make work, it may cause the homeowner who is assessed \$5,000 to pay (if he has the money), \$5 more in taxes, but to the men who possess huge estates or office buildings assessed at several millions of dollars it will mean an increase running into many thousands of dollars. If the tax is reduced a dollar a thousand, not a single home will be saved. People do not lose their homes because of the tax payments but because they are out of employment and cannot pay their interest and mortgage installments. Granting that the purpose for which the money is raised is



legitimate and the money is wisely spent if the dollar is collected, those who have the money must pay. The proceeds are put into circulation. People are given employment both through the government and by private parties supplying the commodities purchased. In due time the entire community is better off. Point to the city that has pinched its public expenditures, crippled every public service in past years and I will show you that that city is probably a very poor place in which to live or to do business. It was the enterprising cities that did things in this nation that grew by leaps and bounds.

DR. GULICK: Mayor, what would you think of cutting government costs by turning various services like garbage collection back to private hands?

MAYOR HOAN: The first thing to consider in mapping out a program of sane economy is to determine first, whether a service is essential to the welfare of the community. Granting this, it is necessary to determine whether this service can be more cheaply and more efficiently performed by public rather than by private servants. I once issued a challenge to debate with anyone in our city who knew something about municipal government the proposition that our city performs public services at from 20 per cent to 50 per cent cheaper than any private firm could perform the same. Needless to say, no one accepted this challenge.

The city can perform its services cheaper than a private business even though there may be more waste. It can do so because it does not have the overhead. For instance, in the collection of garbage, keeping track of the amount of service rendered to each citizen, the printing of thousands of bills, the collection of these bills, the payment of huge salaries to the president or general manager, the payment of a large dividend—all of these factors are eliminated in public service. The salary

paid to the president of our local street railway company, of \$81,000 per year, is more than the combined salaries of the Mayor and thirty-three heads of departments in the government of the city of Milwaukee.

The per capita cost of sending a child to the public school is usually about one-half the cost of the same service in a private school. The same comparison can be made in practically all governmental services. This is true even where a charge is made against such services for the amount of taxes which such services should bear.

If then, it is granted that these services are essential and that the community or government can perform them at less cost to the individual through private endeavor, where is the economy in eliminating such services and compelling the citizens to either go without these services or to pay for them at a much higher price?

DR. GULICK: I can't see there is any.

MAYOR HOAN: Not one dollar should be placed in the budget that is not essential to pay the actual cost of necessary services to promote the public welfare but it is not constructive economy to reduce the budget below this amount. It is true that every city as well as every private business may improve its methods, but efficiency in government receives little publicity while, on the other hand, the mistakes are paraded in headlines. An efficient head of a department who goes ahead with his work quietly and performs his work with great merit, is seldom, if ever, given any recognition in the press. If, however, some head of a department becomes involved in some scandal, that story reaches the proportion of headlines, the public is thus led to believe that all public affairs must be corrupt while private business is "holier than thou." When the truth is told it will be said that the public has not taken on any new function until pri-

vate initiative has failed to meet the needs of the community. The operation of government is as necessary as it is to have a home to live in unless we are to concede that we should slip back to the level of savages.

If then, it is true that to have progress we must have efficient public service, it behooves every good citizen to take part in civic and governmental affairs and improve that government and when the time comes to pay the bill, to do so with a sense of civic duty.

DR. GULICK: In that case, the fellow who can, but doesn't pay his taxes cheerfully and promptly is just a plain traitor to his city and town. He is getting all the advantages of community service but he is running out when it comes to paying his share. He is not only pushing the burden off onto others, that is on to his neighbors, but he is greatly increasing his own taxes in the long run. In the first place, he has to pay the legal penalties. These often run up to 10 per cent. But there are many costs in addition. The city has to borrow money to run on, it may have to default on bonds—which increases future interest rates on bonds, for say ten years, the chief executives have to devote most of their time to financial troubles instead of to good management, and finally, the teachers and other employees who fail to get their pay spend a lot of time on other things and lose interest in the work of the city. I think it would be safe to say that a tax strike costs twenty cents on the dollar of taxes, as over against the normal and legitimate methods open to the citizen of expressing his demands for tax reduction.

So far we have been talking about the services and current expenditures. What about all these big debt burdens?

MAYOR HOAN: There is one policy that governments could and should pursue with greater enthusiasm that is not generally understood. We have

been too much in the habit of borrowing money on bonds and interest-bearing securities in order to put off on other generations the problems of paying the bill. The result has been that from 25 per cent to 60 per cent of many municipal budgets are used to pay off past obligations and interest burdens. In some cities as much as 60 per cent of every tax dollar collected goes for this purpose. In our city we have gradually lessened our borrowing proclivity until but twenty-seven cents out of each dollar goes to retire past obligations and interest.

More than this, we are accumulating a fund, year by year, which is now drawing compound interest which, within a period of the next thirty years, will be large enough to wipe out all our public debt. When that time arrives we will be able to reduce the tax rate about eight dollars a thousand. The interest burden is the curse of governments and it should be the object of all good citizens and officials to find ways and means to pay their bills as far as this is possible. This surely is a step in the direction of constructive economy.

DR. GULICK: That sounds good to me. The future is always too uncertain to make debts a comfortable thing to have around. Debts have a way of getting heavier and heavier when times get hard. If all our governments would go over onto a pay-as-you-go basis, as you recommend, it would be a great help.

As I look around, one of the troubles has been that the cities went into partnership with the shoestring land speculators in their developments. The city often did all the expensive work of putting in streets, sewers, and sidewalks. The money was borrowed. But when the time came to collect special assessments, the values were not there. Pay-as-you-go would put a stop to that kind of speculating, wouldn't it?

MAYOR HOAN: Yes, indeed. And it

would save the credit of the city in good times so that it would be available in bad times, just when public works are needed to prevent unemployment.

DR. GULICK: Coming back to this tax bill of mine with the seven different governments. It strikes me that somebody had better get busy and shake them all up in a basket and simplify the thing. I don't need seven governments to look after me. I grant you I need a federal government to deal with international affairs, the currency, and interstate commerce. I guess the federal government will also have to look after all the major national economic questions, too, like banking, transportation, labor conditions, insurance companies, and all this wasteful and ruinous competition. Certainly the state governments are about through in these fields. Then I need some kind of a regional government that will look after the larger regional questions of planning, water supply, sewage, health, highways and standards, and general regulations. I guess that means a state. And then I need a local government to do the rest of the job. That makes three governments. In big cities two would probably be enough. But certainly seven are too many. And I hear that here in Chicago there are some folks that live under eleven separate governments. That's too many cooks for the broth.

MAYOR HOAN: You are certainly right about that. You know, I believe that much of the hysteria about reckless slashing of governmental budgets is simply the passing outgrowth of depression. Our citizens have thoughtlessly rallied to the cry that if taxes can be drastically cut somehow their troubles will be solved. The fact is that after such reckless cutting we find ourselves in a worse condition. Our public service is crippled and the army crowding our relief stations grows proportionately. The doling out of relief has not improved the morale of our people. What they need is work and wages. If this cannot be supplied by private initiative then the problem must be faced by government. If those who pay for rugged individualism cannot find ways and means by which people may be employed and earn a living wage and provide the consuming power necessary to keep industry in operation, then the people of this nation or any other nation thus involved will see to it that this structure is changed to the end that every man will be able to find employment to receive in wages the full product of his toil, that he is thereby able to enjoy the fullest blessings in life growing out of the marvelous development of the past few decades. When this great end is achieved, people will not only be able to pay tax—they will be glad to pay.



# Protecting the Taxpayer's Dollar

Interviewed in radio broadcast, Governor of Michigan tells how his state has carried on during a critical year

WILLIAM A. COMSTOCK

INTERVIEWED BY:

H. L. CAVERLY

Governor of Michigan

University of Michigan

**DR. CAVERLY:** Governor Comstock, judging from the reluctance with which taxpayers have been giving up their dollars to government these last few years, I suspect that they do not have a great deal of confidence that their dollars are going to be "protected." If there is any protection, any safeguard of the rights of taxpayers and of the contributions they make to the public treasury, I believe they would like to know what it is. As governor of a large industrial state, just what do you have to do with *protecting* the taxpayer's dollar? Would not *collecting* the taxpayer's dollar be a better description of your job?

**GOVERNOR COMSTOCK:** Well, Dr. Caverly, collecting the dollars of taxpayers is certainly a part of my job—and not the smallest or the easiest part of it, either. But after all, protecting the taxpayer's money, assuring him that it will buy a full dollar's worth of government for him, is the only sound justification for collecting it in the first place.

**DR. CAVERLY:** Then you really consider that the essential protection, Governor, is giving the taxpayer his money's worth—that is, providing him with the maximum quantity and quality of governmental services that his contribution can be made to buy.

**GOVERNOR COMSTOCK:** I think Cav-

erly, that that is perhaps the most important element in the real protection of his interests. To collect nothing from the taxpayer would certainly *not* be to his interest. As you know, we are living in a pretty complicated society—a society which has to call upon government for protection and control and assistance at a thousand different points. Government nowadays has to supply the integrating element that binds together and adjusts all the diverse interests that combine to make up modern life. A present-day state government must not only perform its traditional function of safeguarding the lives and property of its citizens; it must provide their education, it must regulate their railroads and banks and insurance companies, it must control their movements on the highways, it must provide their recreational facilities, and, in times like these, not the least of its obligations is to make certain that every man shall have food and shelter despite the menace of unemployment. It costs money to be governed! But if government means the provision of these and a hundred other essential services, the taxpayer, in my opinion, probably never pays out a dollar that brings him a larger return than the dollar he is asked to pay in taxes.

**DR. CAVERLY:** I would admit all that, Governor, and I think the average tax-

payer would too. He isn't questioning so much, even today, the total value of governmental services; but he is wondering whether those services are being provided as cheaply as possible. He is wondering whether the money he pays really goes—all of it—for supporting them. Now, to get down to cases—how many of these taxpayers' dollars are you planning to take under your wing to protect in Michigan this next year?

GOVERNOR COMSTOCK: Do you mean the amount of taxes the state expects to collect, or the amount of tax revenues which will be available for the state to spend for general state purposes? In Michigan, as in a good many commonwealths, the two are by no means the same thing, though they are often confused.

DR. CAVERLY: I had in mind taxes for general state purposes, Governor—that is, the amount of taxes which will measure for this year the load placed on the taxpayer for conducting the general government of the state. But perhaps you will explain the difference between that and the amount of tax collected?

GOVERNOR COMSTOCK: Well, Caverly, the state government in Michigan expects to collect this year about \$46,000,000 in taxes, including all those types of taxes the proceeds of which go into the general fund of the state and are available for expenditure in whatever way the state may determine. A number of other taxes are collected by the state, however, which are really not state taxes at all. For example, our state constitution requires that certain of the taxes levied by the state, those on public utility corporations notably, be returned to the localities for the use of the schools, through our primary school fund. Furthermore, the taxes on gasoline and motor vehicles, collected by the state, are all required by law to be devoted to highway purposes—

partly by the state and partly by the counties and cities—for the direct benefit of those paying them. The tax revenues available for the general conduct of the state government are more restricted than is sometimes believed, and I have no doubt that much the same situation prevails generally throughout the country.

DR. CAVERLY: Even so, doesn't your figure of \$46,000,000 represent a considerable increase over comparable tax levies by your state in previous years? If I'm not mistaken, the increase must be in the neighborhood of \$16,000,000. I should think that this year particularly a substantial decrease in taxation would be altogether more in line with sound economy.

#### STATE RESPONSIBILITY INCREASED

GOVERNOR COMSTOCK: And so it would. But the important thing is the decrease of the *total* tax load, and not necessarily that part of it levied by any one grade of government. You must not leave out of account that the total tax burden includes not only the state levies, but also the far greater levies made by local governments—counties, cities, and so on—for the support of their own functions. There is a tendency in Michigan, and I think throughout the country, for state governments to take over certain governmental and financial burdens which their local governments are now finding too difficult to carry. The states are assuming an ever-increasing share of responsibility for financing the activities of the local units. That means, as far as it goes, an increased need for state revenues and increased levies of state taxes—but they are increases compensated for by the reductions in local burdens which are thereby made possible.

DR. CAVERLY: You mean to say, then, that the anticipated increase in state taxes in your state is explained at least in part by some transfer of responsibili-

ties from local to state government? If that is the case, what are the principal instances of such transfers in Michigan at the present time?

GOVERNOR COMSTOCK: Yes, the necessity in Michigan of assisting local government to a greater extent this year than in the past explains—and more than explains—why we plan to increase the flow of tax revenues into the state general fund. A considerable part of that \$46,000,000 will be returned to units of local government by the state.

Let me give you just two items. We are going to find it necessary this year to assist local governments in carrying the burden of welfare expenditures. The welfare load has become too great for many of our municipalities to handle, even with the assistance they have been getting from the federal government. We estimate that some twelve million dollars will be required for this purpose, and that amount has been appropriated. Likewise, the state will have to provide far greater assistance for our local schools than ever before, if educational facilities are not to be unduly restricted throughout the state. The local property tax upon which the schools have largely depended for their support is no longer adequate. Possibly fifteen millions will be necessary for the relief of local school budgets.

Now, eliminating such items as these, you will find that the cost of carrying on the old state functions in Michigan has been materially reduced. In other words, *the total cost to the taxpayer is not going to be increased this year. It will be lessened.* And furthermore, he will be getting more for his money.

DR. CAVERLY: Since that is the situation in Michigan, Governor, I can see that an increase in state taxes is not necessarily an increase in total taxes, in so far as the state is absorbing some part of the local burdens. I suppose, by the way, that you are planning to meet a considerable part of your state

tax needs this year from the new sales tax, which I believe has just recently been put in effect in Michigan?

#### RETAIL SALES TAX AN EXPERIMENT

GOVERNOR COMSTOCK: Yes, Michigan, like a great many of our states, is experimenting with the sales tax. Let me say, though, that while it is a new tax in Michigan, I don't regard it as an additional tax.

DR. CAVERLY: Just what do you mean?

GOVERNOR COMSTOCK: We are planning in Michigan to eliminate the tax on property as a source of state support and to relinquish the property levy entirely to local government. Our state property tax has been practically eliminated this year. Of course, in order to get rid of the state property tax, it was necessary to enact a substitute tax for the financial support of the state. We have turned to the retail sales tax, from which we expect to derive three-fourths of the state tax revenues.

DR. CAVERLY: Do you consider that change in tax bases a part of your program for protecting the taxpayer? In other words, what advantages do you expect to gain from making such a change?

GOVERNOR COMSTOCK: From the point of view of the state, we expect to gain by having a tax that will be dependable because it can be collected. American states and local governments have pushed the property tax too far; they have tried to levy a little bit more than the traffic would bear. The result has been tax delinquency on a tremendous scale. We could levy enough on property for all the purposes of government; but we can't collect it. In my opinion, property levies must be reduced and an alternative source of tax revenue developed for the state.

And from the point of view of the taxpayers, there will be gains also. The

sales tax will make the total load easier to carry, because it broadens the base upon which the load rests. The more widely and the more evenly the tax burden is spread, the easier it will be for everyone to pay his share.

DR. CAVERLY: You are inclined, then, to regard the development of state sales taxes as the permanent solution of the problem created by non-payment of property taxes?

GOVERNOR COMSTOCK: Not at all. Our sales tax is frankly an experiment. We are going to see how it works. But the problem of readjusting the tax load and reducing property levies must find *some* solution, and we hope our retail sales tax will fulfill the requirements. Of course, when the law has really been tested, and possibly modified in some particulars, and when the administrative regulations have been tried out, we shall be in a position to know whether the levy should be permanent or whether some better substitute for the state property tax has to be found.

DR. CAVERLY: Upon whom is the Michigan sales tax levied, Governor? You know that a great variety of these taxes have been tried in the last few years, and I have no doubt that the experience of Michigan with the levy will be of interest to a good many other states.

GOVERNOR COMSTOCK: The tax is on all persons selling goods at retail in the ordinary course of their business operations. It does not reach occasional sales by persons not in business, nor does it tax sales of services—that is, salaries, fees, or professional charges. Legally speaking, the tax is on the seller, not the consumer, although it is understood that the seller will have to take the tax into account in fixing his prices, just as he would have to pay attention to any other cost of doing business. Some of our citizens, I understand, dislike the special devices that have been introduced by particular

merchants for passing the tax on to them. They should understand that the state is taxing the merchant and is not responsible for any schemes for collecting the tax from consumers which the merchant may happen to invent.

DR. CAVERLY: It is certainly true that the rapid spread of the sales tax, in one or another form, has been the most arresting development in state taxation during the last two or three years. But if these taxes can be held strictly within the class of substitute levies and are not permitted to become additional tax burdens, I think they may assist the taxpayer in securing the real advantage of a somewhat more general spread of tax burdens.

But now, Governor, let me go back to a point you were making a few moments ago. I believe you suggested that an increase in the responsibility of the state in collecting funds to be used for local purposes would "give the taxpayer more for his money." I think we would agree that that is the real test of whether the taxpayer is securing protection. But just how do you reach your conclusion?

GOVERNOR COMSTOCK: The real test is whether the government—any government—operates with true economy. Economy does not mean spending the least possible money. It means getting the necessary governmental functions performed for the least possible money. And not only that, it means collecting the taxes to support those functions as cheaply and at the same time as fairly as possible. It is my view that American states during the next few years will find it necessary and economical to assume larger responsibilities for the financing of local functions—particularly for the support of primary schools—than they have ever done in the past. The state, after all, has a wider range of tax resources at its command than do local governmental units. Its finances are therefore more flexible and it can

spread the tax burden more equitably. Consequently, it is only through greater centralization in the financing of some of these local services—that is, in the process of tax collecting—that an equalization of opportunities for all the citizens of the state can be secured and at the same time the necessary taxes made to bear equally on all classes. Our states may seem to increase their demand for tax revenues during the next few years, but if they do it will not be for their own uses but only as collecting agencies for local government. That is a move in the direction of true economy.

#### GREATER CENTRALIZATION NEEDED

DR. CAVERLY: I think there probably *are* a number of special reasons for greater centralization in tax collection. Certainly any attempt to standardize educational facilities throughout a state which necessarily exhibits great differences in wealth and in ability to pay taxes in different sections is going to require state intervention. But it seems to me that this principle of centralization might be broadened in various ways, and made the basis of a number of substantial economies. And the taxpayer, Governor, wants economy in government carried just as far as it can be carried without endangering the performance of functions.

GOVERNOR COMSTOCK: I am becoming more and more convinced all the time that centralization, in a certain sense, is the key to the problem. I would not advocate, however, centralization of functions—that is, any wholesale transfer of duties from the local units to the state. The state is doing quite a sufficient number of things already. What centralization suggests to me is rather a greater concentration of administrative responsibility within the machinery of the state government itself. It has to be remembered, Caverly, that governmental organizations aren't

created. They grow. And in the course of their growth, they put forth a strange assortment of fruit sometimes, in the shape of numberless boards and bureaus and divisions which gradually get established for some purpose or other and don't often enough get abolished.

It is not merely that the existence of too many such organizations increases the number of governmental employees and inflates the state pay-roll. As a matter of fact, many of the members of our boards and commissions in Michigan serve without compensation. But their mere existence makes administration unwieldy and difficult. Getting things done takes too much time, time spent in sorting out the proper procedures and unwinding the red tape, time spent in getting the proper authority apprised of the problem and convinced of the proper solution. As a result, fixing definite responsibility for administrative deficiencies is frequently well-nigh impossible.

If we could simplify—very materially—our administrative set-up in Michigan and center administrative responsibility on a few key executives, the day-to-day operation of government could proceed far more smoothly and quickly and economically.

DR. CAVERLY: I don't believe, Governor, that you are speaking for the state of Michigan alone. It seems to me that major curtailments in governmental expenditures in all our states will have to depend on such changes as you are suggesting: changes and simplification in the structure of government and not mere blanket reductions in budgets. But in view of these possibilities of economy, it is certainly clear that state taxes, those levied for the support of the state government itself, and leaving aside collection of additional funds to be used by the local units, should show a substantial decrease during the next few years. They



*should* be less this year, don't you think?

GOVERNOR COMSTOCK: They most certainly should, and I am glad to say that in Michigan they will.

DR. CAVERLY: Well, that result certainly ought to be the most acceptable protection you could give to the taxpayer, Governor. How have you accomplished it? What specific economies in the regular and normal field of your own state government have you been able to effect?

GOVERNOR COMSTOCK: We haven't economized to any great extent by eliminating functions or abandoning specific services. I'm doubtful whether that would be real economy. What should be done, and what we have tried to do, is to perform the same functions and furnish substantially the same services at less cost to the state and to the taxpayer. The best evidence I can give you is to say that this year's appropriations for the standard state services, where comparison with previous years is possible, have been reduced by five and three quarter millions as compared with last year. Substantial economies in state government had already been made in 1932, so that this is a further reduction below an already reduced level of state operation. In Michigan we appropriate for periods of two years. The total comparable appropriations for the next two-year period are nearly sixteen million less than for the past two-year-period. The reduction is approximately 25 per cent.

DR. CAVERLY: Well, that is certainly a substantial reduction and a substantial contribution to the taxpayer's interest. But there is another phase of this matter of protecting the taxpayer that I've been wanting to ask you about. We all admit that essential governmental functions must be performed by the state, and it seems probable that there are elements of economy and advantage in collecting the neces-

sary funds for local purposes in greater part through the machinery of the state government, and likewise, in concentrating responsibility for the economical performance of state administrative duties. But how can the taxpayer feel assured that the funds he provides will be properly used—that, whatever their amount, the greatest service possible will be extracted from their use?

GOVERNOR COMSTOCK: In my opinion, Caverly, the only real assurance that the best use will be made of tax funds is to be found in the establishment of a sound budgetary system and in strict adherence to its provisions. A state, just like a business corporation—or an individual, for that matter—can get the most benefit out of its financial resources only by wise planning in advance. In Michigan, we have a very good budget law backed up by a fairly effective system of governmental accounting, which together go far to assure that the contributions of taxpayers shall be used for the purposes for which they were intended.

DR. CAVERLY: You are thinking of the budget system mainly as a device for planning, then?

#### AN EFFECTIVE BUDGET SYSTEM

GOVERNOR COMSTOCK: Planning and control both. Michigan's state budget is prepared every two years by the budget director and his staff under the direct supervision of the governor. We have in Michigan what is generally known as a joint executive-legislative budget, and the governor, as the responsible elected executive officer of the state, is made immediately responsible for devising a financial plan for the state. That plan or budget must not only determine how much is required to operate the state but likewise how the total should be apportioned among the many services to be performed in order to secure the maximum advantage to our citizens.

DR. CAVERLY: When that budget is prepared, of course, it has to be approved by the legislature, doesn't it?

GOVERNOR COMSTOCK: Yes, the legislature, of course, has full authority to make the actual appropriations. But the formulation of the budget provides it in advance with a workable plan for which the executive authority is responsible; and besides, you know that items in appropriation bills have been vetoed by governors before now.

Furthermore, a budget, once it is set up, provides a system of control. Our administrative board, which in Michigan consists of the elected officers of the state government, including, of course, the governor as presiding officer, has power to authorize the release of funds after their appropriation to the several departments of the state. Consequently, no money can be paid out of the state treasury unless in accordance with a legislative appropriation and unless authorized by the administrative board in the light of the condition of state finances at the time. The purpose, of course, is to make sure that the taxpayer's dollar shall be utilized only in the way determined by his legislative representatives and under such conditions as warrant its expenditure in the opinion of his elected state officials.

DR. CAVERLY: You seem to feel, then, Governor, that the essential step in providing for the planning of state finances and centering responsibility for them in the administration is the creation of an effective budget system.

GOVERNOR COMSTOCK: That is the case, but the budget system should provide very definitely for proper centralization of responsibility. In Michigan, for example, there is one weakness in our system which should be corrected. The state administration takes office in January, only a few days before the convening of the legislature, which should at once take up the consideration of the budget. For an incoming ad-

ministration, the time is inadequate to prepare the budget carefully unless the plans of the preceding administration are accepted or unless the legislative session is unduly protracted. We need a change not so much in our budgetary system itself but in the time schedule which governs budget preparation. Throughout the country, the better the provisions of the budget laws the greater the protection that is accorded to the funds of the taxpayer.

DR. CAVERLY: In connection with the budget as a financial plan, Governor, you mentioned the state accounting system. The state, of course, must keep its books of account as any business enterprise does. But I wonder why you regard the budget and the accounting system as interrelated?

GOVERNOR COMSTOCK: A budget is not much good unless you carry it out. A good state accounting system is required to enable us to know that the budget is being executed as the administration and the legislature intended that it should be. Consequently, there have been set up under the state administrative board not only a budget division but an accounting division—and, for that matter, a unified purchasing agency likewise. An adequate system of state accounting will show at all times the amount of funds available for each division of the state government—for every department and board and institution. It will indicate the legislative appropriations made for the use of these agencies and the extent to which those appropriations have already been drawn upon during the current year. A good system of state accounting will not only indicate on any given date to what extent each appropriation has been actually expended, but it will also show, as ours does, all encumbrances against that appropriation—i.e., all purchases that have been made or contracts that have been let the ultimate

payment of which will constitute an obligation against the appropriation in question.

The result is a continual check that enables us to know that no agency of the state is exceeding the allotment of the taxpayers' money that has been made to it. Consequently, we can be assured that that money will be used for the purposes for which it was raised.

#### CENTRALIZED PURCHASING MEANS ECONOMY

DR. CAVERLY: What about that purchasing agency you mentioned incidentally a moment ago?

GOVERNOR COMSTOCK: That too is a part of the attempt to see that the taxpayer secures as much as possible for his dollar. It's just plain common sense to concentrate the purchase of all the materials and supplies which the state requires in a single agency in order that the state, like a well-managed business, may take all the advantages possible of buying in large quantities and in the light of expert knowledge of market conditions.

DR. CAVERLY: There is just one further difficulty, Governor, with respect to the carrying out of the state's budgetary plans, that I would like to have you clear up. Each of your state budgets covers a period of two years. Suppose that during the course of such a period unexpected needs arise—emergencies which must be met by the state and for which no regular appropriations have been made. That sort of situation must come up occasionally with public as it does with private budgets. What do you do in such a case?

GOVERNOR COMSTOCK: There is one element of flexibility provided in our

budget system, as there must be in all budget systems. We make an annual appropriation for emergencies, which amounts to \$1,500,000 for each of the next two years, and which is provided in the budget just as any definitely anticipated expenditure is provided for. If I become convinced that a real emergency exists, I am authorized to call a session of the administrative board expanded into an emergency finance committee by the addition of two members of the finance committee of each branch of the legislature. This board can allocate funds for meeting emergency needs within the limits of our emergency appropriation.

DR. CAVERLY: Well, it seems to me, Governor, that you have been able to show that the taxpayer does have a substantial amount of protection after all. He certainly wants, now perhaps more than ever before, economy in the conduct of government. But I feel confident that he does not want impairment of valuable and essential governmental services. So perhaps we can agree that what he requires is in the first place a reasonable reduction in the cost of operating our states, but on top of that assurance that the funds he supplies will be made as productive as possible—that he will really get his money's worth. And if greater centralization of tax collection in the hands of the state will contribute to that result, and if further centralization of administrative responsibility will permit more efficient governmental operation at reduced expense, and if adequate budgetary and accounting procedures can assure him that his money will be devoted to proper purposes and expended in accordance with a wise plan, I believe he will not be too dissatisfied.

# Reducing The School Budget

With school population increasing, enlargement of area of administration seen as one of the possibilities for saving huge sums with no curtailment of service

GEORGE S. COUNTS

JOHN K. NORTON

ROBERT E. SIMON

*Columbia University*

*Chairman, Joint Commission on Emergency in Education, National Education Association*

*Education Chairman, United Parents Association*

**PROF. COUNTS:** Although economic conditions are apparently improving throughout the nation, and have been improving for some months, we are still in the grip of the most severe and widespread depression of our history. Besides working the many ills with which we are all familiar, it has placed extremely severe strains on government and greatly increased the difficulty of maintaining the public services. And among these services education is one of the most important and universal. Practically every community in the nation has been faced with great difficulties in keeping the schools open. All of us have heard innumerable rumors about the financial plight of the schools in these difficult times.

**MR. SIMON:** Yes, Counts, we have all heard the rumors; but what are the facts? Norton, as Chairman of the Joint Committee on the Emergency in Education, you have been gathering facts on the situation. What have you found out?

**PROF. NORTON:** The best available estimate indicates that the cost of all elementary and high school education for the school year just ended, was about \$1,900,000,000. The corresponding figure for 1930 was \$2,300,000,000. This drop of 400 million dollars in the nation's public school bill is due to re-

ductions in expenditures both for school buildings and current operating costs. A simpler way of indicating the reductions, which have been made in school expenditures since the onset of the depression, is to cite per pupil figures. In 1930, the average expenditure per pupil was \$90, as compared with an estimated per pupil expenditure of \$74 for the school year just closed. In considering these general averages, however, it is important to realize that they *are* averages and that the reductions in the financial support of education vary tremendously in different states and localities. In some states schools have been closed in certain areas. Eighty per cent of the rural schools of Alabama, for example, shut down before April 1. It is uncertain when they will re-open. Other states, such as New York, have kept all their schools open and have attempted to limit reductions in educational budgets to those justified by the criteria of economy and efficiency. A state by state and community by community enumeration of reductions in school costs shows great differences. One of the striking generalizations that can be made, however, is that those communities which were making the most meagre provisions for education at the onset of the depression have been hit the

hardest; while those which were making relatively adequate provision for education, have, generally speaking, made less drastic cuts.

#### COSTS HIGHER IN EARLIER DEPRESSIONS

PROF. COUNTS: But isn't the reduction of school budgets the normal thing during hard times? Simon, I think you know something about that question.

MR. SIMON: Yes, I have looked into the matter, but history shows quite a contrary tendency. During the major depressions of 1837-1843 and 1873-1878 the educational programs were expanded and costs increased. During the former period, the cost of public education in Massachusetts, under the influence of Horace Mann, became 35 per cent greater, and in most of the states of the Union increased amounts were appropriated. In 1873-1878 the cost of public education rose 53 per cent. School terms were lengthened, high schools were established, and compulsory educational laws were enacted. A better understanding for the present situation is imperative; and a more forceful public opinion must be aroused, if this depression from which we are now emerging, we hope, is not to go down into history as the first in which education was permitted to go backwards instead of forward.

PROF. COUNTS: Then, Norton, perhaps the explanation is that the reduction in school budgets at this time has been accompanied by a reduction of services.

PROF. NORTON: That is a popular idea, but the fact is that the schools in 1933 are providing schooling for more children than in any previous year in our history. Those who have not thought through the matter, frequently ask why school costs have not come down as fast as those of some business organizations. They forget that today the typical business organization and the typical school are in quite a dif-

ferent position so far as the load they are supposed to carry, is concerned. The schools are carrying a heavier burden in 1933 than in any previous year. School attendance has continued to increase some 200,000 each year since 1930. This increase is particularly heavy in the high school where costs are relatively high. Also the impact of the depression has been felt in all school grades. For many children the school house is the one place where they can find warmth in the winter. In certain sections, schools have even been forced to provide food and clothing for some pupils. In short, the schools had to do more during the past school year than ever before. The typical business organization has been in quite a different situation. Due to conditions growing out of the depression, there has been a lessened demand for its services. Its output has been correspondingly decreased, and consequently its operating expenses could be reduced. Not so for the schools! Business was never better for them. Society expected the schools to turn out a larger educational product in 1933 than in any previous year.

MR. SIMON: Then what is to be done? There are many staunch and generous friends of education who are having difficulties meeting their tax bills. Some of them in all sincerity might ask us, "Have you no constructive suggestions to make whereby economies could be effected without lowering the standards?" Counts, what is your answer?

#### ELIMINATE THE ONE-ROOM SCHOOL

PROF. COUNTS: Yes, I think there are certain economies that might be effected without impairing the quality of the service. To achieve them, however, is not so easy, because of the persistence of ideas and prejudices which come down to us from the horse-and-buggy age. Our public school system, as we

all know, was developed for the most part before the day of the automobile, the hard-surfaced road, and other modern forms of transportation and communication. As a general rule therefore the units for the support and administration of schools within a particular state are too small for efficiency. Thus in 1930, according to the report of the Office of Education, there were 148,711 one-room school houses in the United States. These diminutive units, each with its controlling committee of perhaps three citizens and more or less autonomous in educational matters, belong to a world that has passed away. They are costly reminders of the past. The school districts, of which they are the expression, are but symbolic of the irrational basis of school support and administration in the country. Undoubtedly the redrawing of the lines of school administration within the states would result in saving the nation many millions of dollars.

PROF. NORTON: Yes, Counts, but why confine yourself solely to the situation within individual states? The automobiles you talk about don't stop when they reach a state line. There are certain improvements in the organization of the schools which cannot be accomplished unless we look upon education, in some ways at least, as a matter of national concern. For example, there is the problem of training teachers. Under our present methods there are no means whereby a reasonable balance may be struck between the number of teachers actually needed and the number actually trained. Fifteen years ago there was a great shortage of teachers. Many schools were closed because certificated teachers were not available. Today there is an over-supply of teachers. An adequate statistical service and the arrangement of interstate agreements concerning teacher training would permit a sensible balancing of the demand for and the supply of

teachers. The result would be enough well-trained teachers, and savings in expenditures for teacher-training institutions. The school systems of the United States need codes which will bring a greater measure of intelligence and foresight into their operation, just as much as do the textile or the steel industry. Individualism has its place, and a large one, in education. But there are certain factors which now operate to reduce the efficiency, and to increase the cost of education, which cannot be met solely through an individualistic approach.

It is such considerations which doubtless influenced the National Advisory Committee on Education to point out, in its recent epoch-making report, that there are certain educational functions which cannot be discharged with economy and efficiency unless the federal government plays some rôle in the development of education in the United States. In fact, the current crisis has clearly demonstrated that injustice to millions of children is likely to result if the total responsibility for education is placed upon small local districts, or even solely upon individual states. The American economic system, which is the source of school support, shows little respect for either local or state boundaries.

#### FEDERAL AID FOR EDUCATION

MR. SIMON: Yes, and does that not mean that the cost of education might be borne at least in part by that division of government which is capable of tapping the largest tax resources? Every state in the Union finds it expedient and desirable to include in its budget an item for state aid in education for local communities. It uses its wider taxing powers to equalize the tax burden and to force the richer communities to support the poorer ones. Why then should not the federal govern-

ernment do likewise to a greater degree than at present? In Washington our representatives are talking about the "New Deal," enacting laws eliminating unfair competition and child labor, regulating working hours and wages, voting vast sums for the benefit of farmers and mortgagers, aiding states in building roads, bridges, and other local public improvements; but not one word has been heard about keeping schools open or maintaining proper educational programs. Who is going to maintain the spirit of this "New Deal" and carry on in the future if our school children have not been properly prepared to do so?

PROF. COUNTS: But gentlemen we are not getting the budget reduced. Are there not other possible roads to economy? Norton, you stated a few moments ago that budgets are actually being reduced. How is it being done?

#### REDUCING THE BUDGET

PROF. NORTON: Various methods are being used. The size of classes has been increased in certain communities—in some instances to the extent that it would be more accurate to say that pupils are being herded, rather than taught. In other instances, teachers' salaries have been cut. In some cases these cuts have been drastic. In many other cases the reductions have been reasonable. Expenditures for school buildings have been sharply reduced. Many communities have shortened the school term and the length of the school day, with resulting decreases in the amount of schooling provided. Some have even closed the schools for indefinite periods.

PROF. COUNTS: Those are certainly effective methods of reducing the school budget. But it seems to me that they all amount in the last analysis to reducing or impairing the quality of education. Working on such a principle we might reduce the budget to zero by clos-

ing the schools altogether. What is your view of these methods, Simon? You are a parent as well as a taxpayer.

MR. SIMON: The increase in size of classes is of great concern to parents. The true state of affairs is not told by school statistics. An average of forty children in a classroom may be very misleading. It may mean fifty, sixty, or in some instances even more. It may mean more children in one room than accommodations have been provided for. A teacher cannot teach so many pupils effectively. Under such circumstances the individual child does not receive the attention he is entitled to. As for teachers' salaries, it must be remembered that they purchase something more than mere teaching. We expect teachers to be an example and an inspiration, to develop good habits, to mould character, to supplement the home and bring out the best in the child. In a time of depression when parents' nerves are strained, then more than ever the teacher can be of great influence for good. But if she is underpaid and worried, her pupils are the sufferers. No, reducing teachers' salaries to a point where their efficiency is impaired is not a parent's idea of intelligent economy. As to your third point, Norton, before parents would concede that anything can be gained financially by the community through shortening the school day or year, or the school career of the child, they have to be shown some better way for taking care of the child when he is not at school. They know the ultimate cost of street accidents, gangs, and unsupervised play in the cities.

#### EFFECT OF LOWERING QUALITY

PROF. COUNTS: Then, Simon, if your remarks reflect the parents' point of view, the American people will oppose any drastic impairment of the quality of education, unless they have lost their faith in public education or their de-

votion to the ideal of equality or opportunity—and I am sure they have lost neither. Such impairment would turn back the clock of educational development in this country and precipitate an old battle that we all thought had been decided in the last century. Would parents, who could afford private schools, continue to send their children to schools with free tuition if they knew that the quality of instruction was of a distinctly inferior grade? We know of course that they would not. On the contrary, they would turn to private class schools and thus reestablish the double educational system of eighteenth and nineteenth century Europe, with one school for the masses of the people and the other, much richer, finer, and more extended, for the well-to-do. When the quality of public education becomes inferior to that of private education, then will our whole theory of public education and the ideals to which it gives expression be put in jeopardy. If our public schools are not to be the best that we can make them, they will inevitably tend to become schools for the poor, schools for paupers, as they were in the eighteenth century before the great battles for democracy were fought. When men advocate the impairment of public education, it would be well to inquire whether they are advocating it for their own or other people's children.

MR. SIMON: What do you educators think of the suggestion that parents should pay for the education of their own children in public schools, particularly at the level of secondary and higher education?

PROF. COUNTS: I would prefer to let Norton answer that question.

PROF. NORTON: There are really two issues involved in this question. First how many children are to be offered free educational opportunities beyond the elementary school. Second, just who is to pay the cost of this education.

If we limit high school and college education to a privileged few, we will be violating one of the most fundamental ideals of American life—namely, that every child, irrespective of his economic or social position, shall be given an equal opportunity to develop such talent as he may possess. High school education, and—in an increasing degree—college education, are as essential today as an elementary education was fifty years ago. In order to be admitted to a professional school of any standing, whether the profession concerned is medicine, nursing, law, engineering, or teaching, one must be a high school graduate. The first question asked applicants for jobs even in the typical commercial establishment is often—"Are you a high school graduate?" If the answer is "no" you are no longer considered for employment. In short, by limiting high school education to those who can pay, would be equivalent to shutting the door of vocational opportunity in the face of many worthy children. The same applies all along the line whether one is thinking of the cultural, the civic, or some other phase of life. This is not only true in the United States but in the countries of Europe. This is shown by a marked trend in these nations since the World War to provide free high school education for all. In short, both our most cherished social ideals and the whole trend of social evolution in the western world suggest the importance of keeping the doors of opportunity wide open—not only on the elementary school level, but also on the high school and college levels.

Assuming that educational opportunity is to be kept open, let us next ask, who should pay for it—the individual parent or society as a whole? Society as a whole should pay for it, for two reasons. First, if individual parents are required to pay tuition for their children, many worthy boys and



girls will obtain but half an education, because their parents are poor. Second, society should pay for high schools and colleges because it is of advantage to all of us that every child should have a chance to develop such capacity as he may possess. The fact that he may benefit as an individual is merely incidental. Unless the education which he receives makes him a contributor to the well-being of all of us, it is the wrong kind of an education. The thing to do is to be sure that every child receives the kind of education which will make him a better worker, a better parent, and a better citizen. Education which results in these values is a benefit to all society. General taxation for such a purpose is really a social investment, and one which brings large dividends.

After all, it should be remembered that the cost of providing a satisfactory educational opportunity for all children will be no less if the individual parent pays tuition. The cost, in the end, must come out of the social income. Therefore this cost can best be met if each of us contributes according to his ability—particularly since the thing bought is of value to all of us.

#### IN A NUTSHELL

MR. SIMON: Then it seems to me that the matter boils down to this: unless the American people wish to abandon certain deep seated prejudices regarding local control and support of education, there are no major sources of economy that do not impair the quality or reduce the quantity of education. Is that true, Norton?

PROF. NORTON: Yes, Simon, that is about it. From 80 to 90 per cent of the typical school budget is expended for salaries. This proportion cannot be reduced unless classes are increased in size, thereby decreasing the number of teachers needed; or unless teachers' salaries are reduced. As a parent and

a taxpayer, you have stated that you do not wish your child to be in too large a class, and that you insist that teachers' salaries shall not be cut below a level which will permit the employment of competent teachers.

Something less than 20 per cent of the school budget is expended for such items as supplies, fuel, insurance, and janitorial service. Better business procedures already adopted by progressive schools in the purchase of supplies, have resulted in some real economies. Greater care in the purchase and burning of fuel permits similar savings. Strict supervision of school janitors results in other small economies.

MR. SIMON: Well, Norton, you have made it clear that reducing school budgets is no simple matter to be lightly undertaken. It involves the whole question of the kind of education we are to provide for our children, and the present age unquestionably requires that they be educated well. They must be prepared to take their places in a society that is constantly changing and that is full of complexities. Our schools comprise our largest and most vital enterprise. If Henry Ford would not think of going back to the production of the old model T during this depression, how can we think seriously of doing just that kind of thing in the field of education. To be worthy of the name education must be alive and responsive to the needs of the times. The size and number of our school buildings are only in keeping with the demand and are symbolic of the spiritual transformation that education requires. The subjects taught and the opportunities of choice afforded the boy and girl in our high schools only reflect the multiplicity of occupations awaiting the pupil on graduation. The maintenance and improvement of our whole social structure depends upon the ability of the members of each succeeding generation to carry on the work of

their fathers and mothers. One no longer asks: "Can he read and write?" That is taken for granted; society expects much more of public education. The modern school does much that was formerly done in the home. It provides special care for the physically and mentally handicapped and for both the backward and superior child. It organizes guidance clinics for the maladjusted and engages in the reëducation of the unemployed, and the education of adults. Youth now must be prepared for the use of leisure time. We know that education does not stop with the granting of diplomas. The schools are the training camps of our peace-time army.

PROF. COUNTS: In concluding this round table discussion I would like to make one thing very clear. The present economic condition of the country is not permanent. Whether this depression was due to the incompetence of our economic leadership or to grave weaknesses in our economic system, as many believe, in time it will pass away. Consequently any reductions in the educational budget that are not justified in terms of efficiency and the improvement of the service should be regarded as temporary adjustments to an emergency situation. Communities all over the country have made such adjustments; they may make others. We are not interested in recommending any particular solution to the problem, but on the contrary, are merely desirous of placing before the people some of the major factors in the problem so that they may make their decisions with their eyes open to the issues involved.

I should also like to point out that the problem of taking care of children and youth during the years ahead will be one of great difficulty. With the coming of machine industry we passed child labor laws to prevent the exploitation of children in factories. This was followed by compulsory education laws

which have gradually extended the school age upward, in some states, to seventeen and eighteen years. Furthermore, the steady advance of technology has so increased the efficiency of the machine and the use of mechanical energy that the demand for human labor has been greatly reduced. As a consequence there are no jobs in industry for boys and girls, or even for adolescents. And all of these tendencies may be expected to continue in the future. Society must provide for the younger generation up to the age of seventeen, or eighteen, or even perhaps to a later age. Whether this is done through the school or some other agency is not the question under discussion. But certainly the American people are not to find the solution by retiring into the past and reducing school attendance. In that direction lies only disaster.

And now I would like to direct attention to the work and aims of the organization with whose coöperation these broadcasts are being presented—the National Committee on Citizens' Councils for Constructive Economy. This organization grew out of a conference on the crisis in education which met in Washington on the fifth of last January at the call of the President of the United States. Realizing that constructive economy cannot be promoted successfully by any purely national body, however representative, it has launched a drive for the organization of citizens' councils. Its aim is a local citizens' council, composed of representatives of existing civic groups and public boards, in every community in each of the forty-eight states and the District of Columbia. The National Municipal League, with offices at 309 East 34 Street, New York City, has consented to act as the center of coöperation and coördination in this work. Only through a general awakening of

(Continued on Page 388)

Experts discussing greater demands for library service; outline ways to scrutinize administration with a view to cutting costs

## How to Reduce the Library Budget

CARL H. MILAM  
ORA L. WILDERMUTH  
H. L. WOOLHISER

*Secretary, American Library Association  
Attorney, Gary, Indiana  
City Manager, Winnetka, Illinois*

**MR. WOOLHISER:** As a city manager, I want to say that the problem we are to discuss is a very real one. Tax collections have shrunk and budgets must be cut. As a taxpayer, Judge, I suppose you agree to that.

**JUDGE WILDERMUTH:** I certainly do. Wages are down, and the incomes from every business and every property has been drastically reduced. In many cases the income from property is not sufficient to pay taxes, much less living expenses of the owner. Why, Mr. Woolhiser, aren't governmental expenditures reduced in exactly the same way that private and business expenditures are reduced?

**MR. WOOLHISER:** Well, Judge, there is a real difference between the responsibilities of public and private business during a depression. Private business curtails its production immediately upon the falling off of orders. On the contrary, a depression causes a very pronounced increase of orders for governmental services of all kinds because these services are in general essential to public safety and welfare. The unemployed and their dependents must be provided with food, clothing, and shelter until such time as a revival of business can again furnish them employment. Police and health problems are increased. Indiscriminate reduction

of public expenditures without regard to the consequences may mean merely shifting expenses from the tax dollar to the private dollar without actually relieving the taxpayer's burden. Isn't that reasonable, Judge?

**JUDGE WILDERMUTH:** Yes, I suppose it is. There are times when government, especially the national government is just about the last hope we have.

**MR. WOOLHISER:** Don't say last hope, Judge. The national, state, and local governments are not necessary evils. We should look on them as the established agencies through which the people themselves do things together. We have police departments because it is less expensive to protect ourselves that way than it is for each householder to hire his own watchman.

**JUDGE WILDERMUTH:** Of course, I agree with that, Mr. Woolhiser. But you will have to admit that such operations as are necessary ought to be performed at the least possible cost and that some governmental activities are much more important than others.

**MR. WOOLHISER:** No question about that, Judge.

**JUDGE WILDERMUTH:** I think, Mr. Woolhiser, one serious mistake that is being made by those representing educational and social agencies is that of

assuming that all their activities are essential. This, of course, is not true. Under normal circumstances we regard educational and social agencies and kindred activities as being necessary to the organized well-being of society. In a time of depression we have to stop considering what is good for a well organized social structure and consider what is necessary for continued existence of the people. In my town we have been spending \$90,000 per month for poor relief and that is not enough. Our public library spends about the same amount each year. Suppose we are reduced to the necessity of eliminating one of these functions, which will it be, Mr. Milam?

#### FOOD COMES FIRST

MR. MILAM: If it actually came down in any community to a question of whether people should have enough to eat or have something to read, the librarian would agree with all the rest that food comes first. But that is a purely hypothetical question. No community is actually faced with that problem, if for no other reason than that the federal government has come to the aid of local communities in providing relief. The problem actually being faced by American cities, towns, and counties is simply that of making the wisest possible distribution and use of such money as is available for governmental services.

MR. WOOLISER: Mr. Milam, that sounds quite simple and easy, but because of the complexity of the services rendered by the modern city, public officials responsible for the coördination of all the various functions under their control are finding that the pruning process must be carried on with extreme care and with an eye to the relative importance of the numerous services which local government has been called upon to provide, particularly in recent years. These services may be

logically classed in three groups: (1) to protect life and property; (2) to provide certain physical necessities, such as sewage and waste disposal, streets and highways, and water supply; (3) to provide educational and social services essential to civilized existence.

JUDGE WILDERMUTH: The library obviously falls into this third group of services. But, Mr. Milam, just how do you, as a librarian, justify the library's claim to being an educational institution in view of its large circulation of fiction?

MR. MILAM: Many people do read novels, though only a small part of the library's book fund is used to buy them. Many people go to the library to continue the education they started in high school or college, to get ready for new jobs, to prepare for civil service examinations, to learn how to make money at home, to understand what caused the depression and what is being done about it. A check-up on what people are reading was made in the St. Louis Public Library on two days last June. A clerk borrowed a book on typewriting and another on letter-writing. An inspector of boilers and elevators borrowed a book on electric elevators. A Negro laborer borrowed a history of South Africa. And a college student borrowed "The Making of the Modern Mind." "The surprising thing," says Dr. Bostwick, the librarian at St. Louis, "is the small proportion of ephemeral books taken."

MR. WOOLISER: That is very interesting, Mr. Milam, but are you sure that the experience at St. Louis is typical?

#### SERIOUS READERS INCREASING

MR. MILAM: I am sure of that, Mr. Woolhiser, and I can illustrate it with the following statement from a librarian who checked up one day in his reading room to find out what the readers were actually doing. A woman who makes

scarfs to sell was getting some new designs. A man who was experimenting at home with a new varnish was getting a formula. A middle-aged man, who was trading his city home for a farm, wanted to know all about the soil and climate of the locality. A young engineer wanted everything available on subway building—for a civil service examination. In Baltimore, serious reading has increased by more than 50 per cent since 1929. In Oak Park, Illinois, it was 55 per cent. In one branch of the Chicago Public Library, 50,000 books on a thousand different subjects, not including fiction or biography, were taken by adult readers in a period of six months.

JUDGE WILDERMUTH: The depression has increased the use of the library in Gary. Is that true everywhere?

MR. MILAM: Yes, in the country as a whole, Judge, between four and five million people have become library borrowers in the past three years who have not used libraries before. The increase in circulation has been nearly 40 per cent. The public libraries of New York City alone circulated nearly 27,000,000 books last year, which is six and a half million more than the annual circulation in 1929. Reading and reference rooms have been crowded as never before.

MR. WOOLHISER: Mr. Milam, what kinds of books are more popular now than formerly?

MR. MILAM: The increase has been characterized by a demand for more books of educational value. Specifically, there is more demand now than at any time in a generation for facts and ideas on economic, social, and governmental questions. This is no doubt partly due to the intellectual and social unrest and partly to the fact that many excellent books and pamphlets have been published. I refer to such books as "Recovery," by Salter; "The New Deal," and others by Stuart Chase; "Look-

ing Forward," by Franklin D. Roosevelt.

#### PREPARING FOR FUTURE JOB

JUDGE WILDERMUTH: I happen to know also that there is a large use of technical material. I picked up a young man coming into town one morning with his arms full of books, and I noticed they were technical books. In response to my inquiry he said, "I am studying because I have nothing else to do. I am out of work. This is the way I have it figured out: when things open up there aren't going to be jobs enough to go around and I think they are going to take back the man that is best prepared, and I want to be prepared."

MR. MILAM: I want to say something more about the kinds of books people are reading. The Milwaukee Public Library recently made a study of its book circulation during the first four months of 1933 as compared with the circulation for the same months of 1929. The two groups of subjects which showed greatest advance were the social sciences with a gain of 112 per cent, and art and music with a gain of 180 per cent. And you are quite right, Judge, that there has been a big gain in the use of books on all vocational subjects.

JUDGE WILDERMUTH: I don't have to be convinced, Milam, that the library is doing important work, but I still think that library budgets must be reduced.

MR. MILAM: Two things must be said before we talk about reducing the library income. The first is, that there should be no reduction in any governmental service until actual wastes, if any exist, are eliminated. The second is, that the average library is called upon to do about 40 per cent more work for the public than it did three years ago.

MR. WOOLHISER: Assuming for the

moment that the waste in government has been eliminated and you face the problem of 10 per cent or 20 per cent reduction in income simply because that is all the money there is, what cuts do you think the library can make?

#### REDUCTION IN COSTS

MR. MILAM: I should examine the possibilities of reduction under three headings: general operating expenses; books and periodicals; and salaries. First, every possible economy should be made in supplies, heating, lighting, care of buildings, and other operating expenses. Your question has been answered in detail in "Current Problems in Public Library Finance," published by the American Library Association, and in a book entitled "How Cities Can Cut Costs," issued by the International City Managers' Association.

JUDGE WILDERMUTH: Isn't there a lot of unnecessary routine which might well be eliminated?

MR. MILAM: A certain amount of routine is necessary.

MR. WOOLHISER: I assume part of such routine is to protect public property, to avoid losing books.

MR. MILAM: Yes, it is important to know what books have been taken out and to see that they are brought back and made available for the next reader. However, we have not arrived at perfection in routines. Simplified charging methods have been tried with great success in the past few years, enabling librarians to handle a mounting circulation with no increase in staff. Other economies are being found in the routine of ordering and cataloging books and in all of the inside operations of the library. Under the pressure of necessity librarians will undoubtedly find other workable short-cuts.

JUDGE WILDERMUTH: Can you stop buying books for awhile?

MR. MILAM: I think that libraries can and should buy fewer titles and fewer copies of the latest popular novels. But it would be a serious mistake to discontinue buying books in general. In a reference room, for instance, an out-of-date book may be worse than useless because it gives misleading information. The reader of books on public questions and on vocations naturally wants the latest material and in the interest of intelligent citizenship he ought to have it. Moreover, replacements must be made as books wear out. In spite of constant attention books actually wear out—by thousands each year. Children's books have particularly heavy wear and tear.

MR. WOOLHISER: How important a part of the library's work is its work with children?

MR. MILAM: I can answer that in two ways. First, the circulation of books to children is about 40 per cent of the total. Second, the children's librarians have probably been more effective in their service—from an educational point of view—than have the librarians who serve the adults. Children's librarians know their books and the children. They do much to develop permanent habits of reading and good taste in the selection of books, and to broaden the outlook of the boys and girls.

#### HOW ABOUT FICTION?

JUDGE WILDERMUTH: Mr. Milam, would you stop buying new fiction altogether?

MR. MILAM: No. I should let readers depend largely on rental collections for current mystery and detective stories and others of a similar sort. But the library certainly ought not to discontinue its interest in literature as such, for it is the duty of the library to promote appreciation of literature—poetry, essays, dramas, and fiction—just as it is the duty of the museum to promote

appreciation of beauty in painting and sculpture. And I doubt whether the library has any higher duty than that of participating with other institutions in extending and strengthening appreciation of spiritual and cultural values.

However, if the necessary reductions cannot all be achieved in operating costs and the shortening of routine processes, the book fund will have to suffer.

JUDGE WILDERMUTH: How about reducing the hours of opening, especially in branch libraries, Mr. Milam?

MR. MILAM: Closing the library in the evening would produce the greatest saving but it is the library's busiest time and about the only time when working people can use it. A suggestion that all branches in Duluth be closed in the evening was vigorously and successfully protested by organized labor. If the hours are to be shortened the library should probably be closed in the mornings. In general, the hours of opening for each library should be adjusted to the needs of the particular community which it serves and the hours need not be the same in winter and summer.

MR. WOOLHISER: Is it not true that some libraries have gone further than necessary to make the borrowing of books easy? I refer especially to the establishment of small stations in corner drug stores, etc.

MR. MILAM: If these stations do little more than make it easy for patrons to borrow current fiction, then they ought to be closed in the interest of economy. As a matter of fact most stations of that sort have been closed and I doubt if they will ever reopen, for the library tends to put more and more emphasis on its educational service. There are other stations, in factories, for example, which perform a very important public function and which ought certainly to be continued.

#### THE SALARY PROBLEM

JUDGE WILDERMUTH: What about library salaries, Mr. Milam; have they been adjusted like the salaries of everybody else to the lower cost of living?

MR. WOOLHISER: If I may interrupt, Judge, we are now at the point which has given difficulty to all employers, both public and private. The largest item in municipal budgets is spent for wages and salaries and certainly if retrenchment is to be achieved some reductions must be made here. However, we must not lose sight of the fact that the rank and file of municipal workers did not share in the prosperity of the silk-shirt period. Most of them have had limited opportunities to build up an adequate reserve for emergencies and old age, and, because of the specialized character of their work, do not have as broad a market for their services as many workers in private industry.

JUDGE WILDERMUTH: Perhaps the cuts for public employees should not be in the same proportion as the cuts which most of us in private enterprises have taken, but shouldn't there be some flat cut which would at least give all of us the feeling that public employees are sharing the burdens of the depression?

MR. WOOLHISER: Anyone who has given a careful study to this matter is impressed by the fact that flat cuts in wages and salaries often work inexcusable hardships. A number of factors must be taken into consideration, such as length of service, increase in responsibilities without increase in pay, increased demands for specialized training. Many cities have found that substantial reductions in the wage and salary item of the budget can be made without undue hardships—by leaving vacancies unfilled, eliminating or shortening vacations, required leaves without pay, and by releasing assistants of clerical grade where the family has

other means of support. However, I think Mr. Milam will agree that where the cost of living has shown a definite downward trend, this fact must be recognized in adjusting the compensation of public employees.

**MR. MILAM:** The salaries of most library workers have been reduced. It seems to me that the important thing is that reductions should not be automatic. Salaries of librarians and all other public employees ought to be determined now and at all times in relation to the amount of education and special training required, the responsibility which is carried, the cost of living, and the salaries paid for other comparable positions.

**MR. WOOLHISER:** What about going on year after year paying rent for store-rooms for branch libraries? Would it not be economy in the long run to put up library buildings under the public works program of the Industrial Recovery Act?

#### FEDERAL AID FOR LIBRARIES

**JUDGE WILDERMUTH:** Under what circumstances may a library board obtain money for buildings?

**MR. MILAM:** The Act provides that for approved projects the federal government will make an outright gift of 30 per cent and will buy the bonds for the other 70 per cent. Now this would seem to be a good time for the construction of buildings actually needed as the costs are much less than they were a few years ago. Unless the rents paid are very low, it may be a good deal cheaper and better to build. The funds are available for extensions and repairs as well as for new buildings. I understand that anybody who wants to get in on this part of the New Deal will have to move fast

**MR. WOOLHISER:** Mr. Milam, it seems to me we haven't discussed yet some of the most important ways of economizing. In government as a whole

probably the elimination of the spoils system would be the most productive of genuine economy. How can some of our cities expect to give a dollar's worth of value in municipal service for the tax dollar when pay-rolls are loaded with inefficient political appointees and contracts are awarded on the basis of political influence? I realize that this does not apply to libraries except in very rare cases, nor to most of the four hundred odd cities now operating under the council-manager plan, which are conducted as efficiently and economically as the best of private business enterprises. Your people are appointed because of their training and experience and the appointments are usually not interfered with by the party organizations. Isn't this the time for the citizen to demand that a similar policy shall guide the administration of all government units and that party organizations shall function on the strength of their principles and leadership rather than at the ultimate expense of the taxpayer? But aside from that, there are other important economies in government which probably apply to libraries and schools and social agencies as well as to other departments. What I have in mind can be stated in these three phrases:

1. Reorganizing the areas of government. This would include the elimination of townships, consolidation of school districts, and increasing the size of counties.

2. Reorganization of the functions of government. This applies particularly to the elimination of unnecessary departments or the consolidation of several activities in one department.

3. Centralized administration and purchasing.

#### REGROUPING LIBRARY AREAS

**MR. MILAM:** You are undoubtedly right, Mr. Woolhiser. The first of these is particularly applicable to the library



situation. We now have thousands of small libraries, many of which receive so little income that they cannot possibly serve adequately the needs of their communities. At the same time there are some 40,000,000 people in the United States who have no local public library service. Most of these people live in the rural areas. Apparently the only way out of this difficulty is to bring into existence libraries which will serve the whole county or even several counties and to merge into these larger library systems the struggling little libraries now in existence. Let me say at once that a county library does not mean a single library. It means a central library in the county seat with branches and stations in every neighborhood constantly supplied with fresh material from the central library.

JUDGE WILDERMUTH: Is such action as you propose in the direction of economy?

MR. MILAM: Yes, unit costs are lower in the larger systems and the quality of service is higher. It is a case of better service for the same money or the same service for less.

MR. WOOLHISER: Isn't there also a chance for economy in the elimination of duplications of library service? Is it necessary to have libraries and librarians in the public schools and also children's rooms and children's librarians in the public libraries?

MR. MILAM: Yes, Mr. Woolhiser, there is an opportunity for economy which many libraries have already effected. Coöperation between the public library and the public school makes possible the elimination of duplication and the provision of excellent service at very low cost. In many places this coöperation is so close that it amounts to a single administrative responsibility for both the school libraries and the children's rooms in public libraries. And it is possible to have a contract agree-

ment which safeguards the special interests of both institutions.

JUDGE WILDERMUTH: What about charging a fee for library service? Nobody seems to object to paying a fee for permission to play golf on a public golf course in a municipal park.

MR. WOOLHISER: You can't quite compare the privilege of playing golf with the service rendered by a public library. The library exists to provide the means of self-education. Education is the interest of the state, and the educational institutions—school, libraries, universities—are engaged in the process of helping people to become intelligent members of society. In other words, society has a stake in what the library does. It is interested in having the library's influence reach the largest number of people in the most effective way.

JUDGE WILDERMUTH: I still think that the cost of government should be reduced, but I realize that the work and problems of public institutions like the library make the job difficult. Mr. Woolhiser, you are a city manager and a student of local government. What is the answer to this whole complicated business?

#### CITIZEN COÖPERATION NEEDED

MR. WOOLHISER: There is just one answer so far as I know and that is more intelligent citizen participation in public affairs. If you want to reduce public expenditures or to get more for every dollar you spend, which amounts to the same thing, there has got to be a careful study of local governmental activities, personnel, and costs. In one city with which I am familiar the public library costs the average taxpayer about 45 cents per month, or little more than the cost of a good magazine; and the figures show that he and his family took out an average of four books a month, not to mention the use of the library for reference purposes. Simi-

larly, he received the benefits of police, fire, and health protection, lighting and maintenance of streets, waste disposal, and park and recreational facilities, for only a little more than \$4.00 per month, or about the amount of his electric light bill. Wouldn't it be more intelligent to make a similar analysis of each service rendered by our governmental agencies in comparison with the cost and usefulness of other services contributing to our standard of living, before blindly condemning all public services as extravagant or unnecessary?

No two communities have exactly the same problems or can satisfactorily adopt the same solution. Within the past few months there has come into existence a proposal for the organization of Citizens' Councils for Constructive Economy. The national committee on this subject, under the National Municipal League and with the cooperation of fifty nation-wide organizations, is the one which sponsors this program. The proposal is simply this: that in every community there be brought into existence a council of representatives of existing organizations such as the League of Women Voters,

Parent-Teacher Association, luncheon clubs, chambers of commerce, women's clubs and other similar groups, and the public boards representing schools, libraries, playgrounds, museums, etc. The Council's first task would be to find out how the government spends its money and to evaluate the various undertakings. Its second would be to advocate, first, the complete elimination of waste; and then the placing of emphasis of local governmental expenditures on those activities which are of most importance to the citizens as a whole. Do you think that such a program would meet with the approval of the public libraries?

MR. MILAM: Yes, library boards and librarians everywhere would, I think, welcome an investigation by such a Council and would endorse its proposal to adjust public expenditures to actual needs and possibilities. I agree that this is the one sure way to constructive economy. Libraries and all other public institutions should be compelled to operate with the utmost efficiency and economy, but the elimination of waste in all government should precede the curtailment of socially useful services.

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## REDUCING THE SCHOOL BUDGET

(Continued from Page 380)

the forward-looking citizens of the nation can we weather the current economic storm without seriously impairing important and even indispen-

sable public services. The need of the nation today is not for economy, but rather for constructive economy—an administration of the common interests of the people that will give the very largest service for the least expenditure of resources.

# Effect of Home Owners' Loan Act Upon Tax Delinquency

Large sums should  
flow into local treasuries as properties  
are refinanced

EUGENE GREIDER

*Director of Research, New Jersey Economic Council*

THE Home Owners' Loan Act of 1933 was approved by President Roosevelt June 13 and is about to commence operation with a fund of \$2,200,000,000 to be used for the relief of home owners who are in danger of losing their property.

What proportion of this fund will go to pay taxes and assessments now delinquent?

And to what extent will the operations of the Home Owners' Loan Corporation result in bringing about payment of delinquent taxes and assessments out of other funds indirectly released?

Under subsection (d) of section 4, the Act provides that the Home Owners' Loan Corporation may acquire mortgages on homes valued at \$20,000 or less, in exchange for its 4 per cent bonds (interest on which is guaranteed by the United States) and may advance cash to pay taxes and assessments, cost of repairs, and expenses of the transaction, not to exceed an aggregate of \$14,000, or 80 per cent of the value of the home, whichever is less.

The Home Owners' Loan Corporation takes a new first mortgage from the home owner for the total of bonds and cash so advanced, which bears interest at not more than 5 per cent. Payments of principal may be spread over fifteen years, and during the first three years the corporation cannot require any pay-

ment on principal, if the home owner is not in default respecting the other covenants of his mortgage.

#### TAXES MUST BE PAID

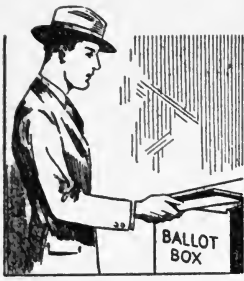
Practically speaking, the home owner can carry the mortgage by paying interest at 5 per cent and taxes subsequently levied. All taxes and assessments due or past due must be paid before the new mortgage is made and the corporation is authorized to advance cash for this purpose.

Under subsection (e) of section 4, the Corporation may make cash advances to owners of unmortgaged homes to pay taxes and assessments, and to provide for necessary maintenance and repairs, not in excess of 50 per cent of the value of the property.

For such advances the home owner will give a first mortgage, bearing interest at not more than 5 per cent, the principal repayable in installments over fifteen years, and no payment of principal to be required the first three years.

Under subsection (f) of section 4, the corporation may lend in cash, for the relief of home owners whose mortgagees will not accept the corporation's 4 per cent bonds, not more than 40 per cent of the value of the property, for the purpose of paying off the existing mortgage, taxes, and assessments due and necessary maintenance and repairs.

(Continued on Page 403)



# PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

## Continuing the Proportional Representation Review

**Presidential Amendment Reported Again.**—The constitutional amendment to apply the proportional principle to presidential elections sponsored by Congressman Clarence F. Lea of California, which was reported from committee in the closing hours of the 72nd Congress, was reported again unanimously near the close of the recent emergency session and will remain on the calendar for consideration at the regular session next fall. A similar amendment is being sponsored in the Senate by Senator George W. Norris of Nebraska.

The favorable report on the Lea amendment (73rd Congress, 1st Session, House of Representatives Report No. 262) was made on June 13 by Congressman Lozier of Missouri on behalf of the House Committee on Election of President, Vice-President, and Representatives in Congress. It makes a strong case for the amendment, drawn largely from the evidence presented to the committee by Mr. Lea, and follows closely Mr. Lozier's report of last March, which was quoted in this department for April. The only change made by the committee was the addition of a section requiring ratification within seven years of the date of submission.

The amendment, to quote the report, "would accomplish the following results:

"1. It would abolish the electoral college system and substitute therefor a direct vote for the election of President and Vice-President.

"2. The relative strength of the States in the election of a President would be retained as at present by preserving electoral votes for

each State equal to the whole number of its Senators and Representatives.

"3. Each candidate for President would receive such proportion of the electoral votes of the State as he received of the total popular vote therein.

"4. The candidate having the greatest number of electoral votes would be elected."

The arguments for this important proposal may be summarized as follows:<sup>1</sup>

1. It would make a reversal of the popular verdict less likely. Three times already a candidate has been defeated for president who polled more popular votes than his successful opponent, simply because all the votes cast for him in states which he failed to carry were disregarded. In the last presidential election it would have required a change of only 878,000 votes in certain close states, or 2.2 per cent of the total, to have elected Hoover president, though Roosevelt would still have had a popular plurality of over five million. On the other hand it would have required a change of only 116,000 votes to have deprived Hoover of all the electoral votes he did receive. A method of election under which the disposition of less than 3 per cent of the popular votes can make all the difference between no electoral votes and victory is obviously not to be trusted to elect the right man.

2. It would give every voter the satisfaction of helping his favorite candidate for president whether he voted with the majority in his state or not. In the last presidential

<sup>1</sup>Adapted from an article in the *Proportional Representation Review* for April, 1930.

election a million and a quarter Democratic votes in Pennsylvania and nearly two million Republican votes in New York had no more effect on the result than so much waste paper.

3. It would thus stimulate voting and contribute to the political education of the electorate. When no one except a member of the locally dominant party can hope to accomplish anything by voting, it is not surprising that only half of the qualified voters usually register their votes and that campaigning is largely confined to a few doubtful states.

4. It would make the best qualified candidates of all parties politically available for nomination regardless of their places of residence. Under the present system a candidate who does not live in one of the few large doubtful states is usually not politically available because it is the polling of most votes in those states rather than of most votes in the whole country that decides the election. In the last fourteen presidential elections the Republican and Democratic parties have nominated for president or vice-president thirty-two citizens of New York, Indiana, and Ohio, and only twenty-four from all the rest of the country together.

5. It would remove the present tremendous incentives to fraud, promises of patronage, and excessive expenditures of money in the doubtful states with large blocks of electoral votes. How great these incentives are is indicated by the fact that on at least four occasions the change of less than a thousand votes in a single state would have elected a different president.

6. It would remove the device of personal electors, which is not only useless but dangerous. If any of the electors should for any reason fail to carry out the very specific duties now prescribed for them by the Constitution, or should vote contrary to their pledges, it might easily change the result. The electoral college system has actually been responsible for gravely serious controversies on several occasions. In 1856 the electors of Wisconsin were prevented from casting their votes on the prescribed day by a severe blizzard. In the famous Hayes-Tilden dispute the personal eligibility of one elector was a deciding factor. Surely in so important a matter it is unwise to take such risks unnecessarily.

**A Proposal for Episcopal Church Elections.**—The first steps have been taken to apply P. R. to the election of the four clergymen and four laymen which the Episcopal diocese of Long Island elects at its convention as its representatives in the General Convention of the Episcopal Church. The Rev. Bradford Young gave official notice at this year's convention of the diocese of an amendment with the object stated, which will be voted upon at the 1934 convention.—W. J. M.

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**P. R. Elections of the Church of England.**<sup>2</sup>—Proportional representation has been used for the elections of the House of Laity and the House of Clergy of the Church of England since 1919 and 1921 respectively. After this ample opportunity to appraise the benefits of the system a new application of the principle has now been made. P. R. has been prescribed for the election of lay and clerical members of the Church of England's newly created Diocesan Boards of Patronage. The *Church Times* explains: "In the circumstances of the English Church, it is desirable that the principal sections of opinion should be brought into coöperation. This is what is at the back of the election by proportional representation."

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**P. R. Bill for British Local Elections.**<sup>2</sup>—

The "Local Elections (P. R.) Bill" of the British P. R. Society, to permit municipalities to adopt the Hare system of P. R. by local vote, which has passed the House of Lords in three successive years and been endorsed by no less than eighty municipal councils, was introduced this year in the House of Commons by Mr. Robert Bernays, Liberal. Before introduction it had been examined by the Ministry of Health and amended in accordance with the Ministry's suggestions. The bill came up for consideration on February 24, when Mr. Bernays' motion that it be read a second time was

<sup>2</sup>For this and other news about P. R. developments abroad in this issue we are indebted to the Proportional Representation Society of Great Britain, 82 Victoria Street, London, S.W.1, whose report for the year May 1932-April 1933, entitled "Parliamentary Government and Proportional Representation," we commend as a masterly review of the present critical world situation with regard to representative government.

seconded by Sir William Wayland, Conservative. As usual, members of all political parties were prepared to support the measure, but the strictly limited time allotted to the consideration of private members' bills was not on this occasion sufficient to permit debate or a vote.

The British P. R. Society has issued a new leaflet (P. R. Leaflet No. 30) which gives very striking examples of the need for P. R. in local elections and ends with a recommendation of the London County Council "that, in the opinion of the Council, it is desirable that local authorities should be empowered to adopt proportional representation for their elections."

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**A Conservative Proposal for the House of Lords.**—"In Great Britain, changes in the constitution and powers of the House of Lords were proposed by an important private committee, consisting of Conservative members of both Houses of Parliament. This committee recommended that the House should mainly consist of 150 members elected by P. R. by the hereditary Peerage from

their own number, and 150 appointed from outside. One of the suggestions made in respect of the outside element was that these 150 members should be elected by P. R. by members of county and county borough councils grouped in constituencies. The use of P. R. was recommended on the ground that it would give a fairer result than any other system."—Report of the British P. R. Society for 1932-33.

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**P. R. Upheld in Tasmania.**<sup>2</sup>—The province of Tasmania, which since 1907 has elected its House of Assembly by the Hare system of P. R. in a very complicated<sup>3</sup> and exact form, has recently given the system a fresh endorsement. Last fall the Nationalist Government introduced a "Constitution Amendment Bill" proposing, among other changes, the election of the House of Assembly by single-member districts. This change was defeated in the House committee of the whole on November 23 by 12 votes to 10, 4 Nationalist members joining the Labour opposition in support of P. R.

## THE GERMAN REPUBLIC, IN MEMORIAM

AN EDITORIAL

Though at this writing no official action has apparently been taken by the Nazi government of Germany to abrogate the P. R. provisions of the Weimar constitution, the expulsion from the Reichstag of the Communist, Social Democratic, State Party (Democratic), and Bavarian Peoples' Party members and the "voluntary" dissolution of the Nationalist and Centre (Catholic) Parties remove the last vestige of doubt that Germany must for the time being be removed from the list of countries using P. R. The representation of all elements provided by even a party list system of P. R. is of course the very antithesis of the Hitler ideal.

The step-by-step process by which the Nazi minority was arbitrarily transformed into the entire Reichstag illustrates dramatically a fundamental but little-recognized truth—that the denial of minority representation means the denial of majority rule. At the last P. R. elections—held, be it remembered, as recently as March 5 of this year—the Nazis polled not more than 44 per cent of the votes and elected 44 per cent of the Reichstag

members. The 8 per cent vote and representation of their former foes the Nationalists, only very recently allied with them for practical reasons, gave the new government a bare majority. The participation of the more moderate Nationalist Party was supposed to keep the Nazis in check and could have done so had the representative character and supreme authority of the Reichstag been preserved.

The fatal mistake was made when the Nationalists and others agreed to the exclusion of the large Communist minority from their share of representation. What had been a minority of the whole electorate and of its accurate reproduction in miniature, the Reichstag, became at once an absolute majority of the part that was left. Other parties continued to function only on sufferance of this new artificial majority and it was just a question of time before even the Nationalists,

<sup>2</sup>The complications do not affect the voter, who simply expresses his order of preference by numbers (1, 2, 3, etc.) as in P. R. elections in this country.

who had made the Hitler government possible, were forced to disband. Thus the denial of representation to even the most radical and despised minority put an end to majority rule and forced the whole non-Nazi majority out of political existence.

Of course majority rule is just as effectively defeated, with consequences somewhat less dire but serious enough, in some of our own governments. Representation here is denied to minorities not by edict but by the election system. A majority of what is left is not a majority of the whole electorate. If a majority of the whole electorate were required to govern, how many spoils machines would continue to function?

It is estimated that even Tammany Hall does not command the votes of more than a quarter of the electorate whom it governs in local matters and "represents" in state and national affairs. Only the virtually complete elimination of independent Democrats, Republicans, and Socialists by due process of primary and final elections gives it its Hitler-like control. Hence the insistent demand for proportional representation in New York City.

For those who are interested in the success of democratic institutions the big lesson of recent events in Germany is that minority representation is not just something mildly desirable—it is the *sine qua non* of majority rule. If representation is denied even to the most exasperating of political opponents, it may react against values that a majority holds most dear. The only safe attitude is that of the Social Democratic Party of Lower Austria, which at a meeting of its provincial executive and deputies on June 21 denounced Hitler and the Nazis as "the mortal enemies of democracy and the working class" but resolved nevertheless:

"That in our view it is not legitimate, on the basis of the Government's order prohibiting all activities of the National Socialist Party, to make it impossible for the deputies belonging to that party in the provincial parliament to carry out their parliamentary duties. According to our view of the legal situation, neither the federal nor the provincial constitution gives the Government the right to forbid freely elected deputies, mandated by the people itself, to carry out their mandates, and thus, by the mere issuing of an order, to modify the composition of the

parliamentary bodies elected by the people and transform parliamentary minorities into majorities. We reject such a method of procedure."<sup>4</sup>

During the fourteen years that P. R. was in effect in Germany the country unquestionably profited by the full representation which the election system assured to even the smaller groups of opinion, some of which supplied such world statesmen as Rathenau (Democrat) and Stresemann (Peoples' Party). In the face of seemingly insurmountable difficulties, the nation staged a recovery from the war that has made it in some respects the best equipped nation in Europe. In international affairs, thanks entirely to representatives of the parties that have now been outlawed, it won an increasing measure of respect and recognition and secured the early withdrawal of troops from the Rhineland, successive reductions in reparations, and a permanent seat in the Council of the League of Nations. Admitting all the difficulties of democratic government in an abnormally complicated situation, this is no record of which to be ashamed.

P. R. preserved the Republic on more than one occasion before the rise of the Nazis, when the issue between monarchist and constitutional parties was so close that the normal distortion of a "majority" system of election might well have upset the balance. It kept the Nazis out of power in two elections when their preponderance in numbers over any other single party over most of the country would have surely given them a fictitious majority in a plurality-elected Reichstag. And even in the war atmosphere of last March, with many of the candidates in jail or in hiding and their journals of opinion suspended, it gave Hitler a mandate to govern only in such ways as the more moderate Nationalists might approve.

Overwhelmed not by votes but by craft and by force of arms, representative government in Germany is no more. Its going has sacrificed for Germany at one stroke much of the world's hard-won good will, without which no nation can prosper. There is nothing in the record thus far to recommend for other countries anything but the fullest measure of true representation.

<sup>4</sup>From the International Information service of the Labour and Socialist International, Zürich.



## RECENT BOOKS REVIEWED

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EDITED BY EDNA TRULL

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**Local Government in Many Lands.** By G. Montagu Harris. Westminster, P. S. King & Son Ltd., 1933. 405 pp. 15 s.

In this second edition of his volume, the first of which appeared in 1925, Mr. Harris has, primarily on the basis of the papers prepared for the 1929 and 1932 meetings of the International Congress of Local Authorities, brought down to date and expanded his excellent summary of local government structure in twenty-six countries and in the British overseas dominions.

Such an ambitious project must of necessity tread lightly. However, Mr. Harris' facts are accurate, and except for a perhaps pardonable bent, in his "Summary and Review," to cheer lustily for dear old England, he has no particular prejudices to vend.

It would be impossible in a short review of a book which is so essentially a tabulation of what one distinguished scholar is fond of referring to as "damned dirty little facts" to enter into a discussion of the context. The book must be considered for what it is—a sort of axis around which much of the activity of the International Union of Local Authorities, whose moving spirit Mr. Harris is, revolves. Viewed in connection with "Tablettes Documentaires Municipales" and other publications of this organization, Mr. Harris' adjuration of documentation and his general canonical ring does not come amiss.

Mr. Harris' book is, in sort, a reference work with the footnotes omitted. As such it is a local government publication of the first order.

ROWLAND EGGER.

**The Tax Situation in Michigan.** By Harcourt L. Caverly. Ann Arbor, Michigan Municipal League, 1933. 66 pp. \$1.00

It has long been evident to students of the Michigan tax situation that a complete revision of the tax system is necessary. The property tax was already breaking under the strain upon it when the fifteen mill tax limit amendment was passed. This requires wide changes in procedure and perhaps in the general character of the tax system. For some years a group at the University of Michigan has been collecting state reports and other data essential to a study of the taxes in the state. Professor Caverly presents here a clear and simple analysis of state taxes and finance on the basis of this collection, offering factual rather than critical material.

The volume is divided into six sections, well supplied with invaluable tables and charts. Complete comparable figures are given on assessed valuations, tax levies, tax collections, revenues, expenditures, for state and local governments and school districts. The present Michigan revenue system is described as to source, method of collection, and distribution. An enlightening chapter on the fifteen mill tax limitation enacted by constitutional amendment last fall, suggests the numerous problems which will arise in the course of its operation and points out possible effects. A series of charts, maps, and tables are included to show facts about non-property tax revenues in other states.

As Professor Caverly states, a serious obstacle in the way of the enactment of satisfactory remedial measures in Michigan is the



lack of accurate, comprehensive, and analytical financial data. This he, encouraged by his colleagues at the University of Michigan and the Michigan Municipal League, has undertaken to supply in limited space. He has succeeded admirably.

E. T.

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**Some Observations on Municipal Practices in European Cities.** By Donald C. Stone and Alice B. Stone. Chicago, The International City Managers' Association, 1932. 158 pp. \$1.00.

The memoirs of the American delegation to the London meeting of the International Union of Local Authorities continue to come in. Mrs. and Mr. Stone present in this report a remarkably clear analysis of some of the leading topics of local government discussion from the viewpoint of European experience. The study is a series of papers on selected topics. Much of the material relates to England, but the major movements in Continental local administration are also touched upon.

The study reflects in large measure the problems with which Mr. Stone has been concerned in the United States, although in the initial part, in which the authors deal with general organization and personnel, they lapse at times into political science. The main body of the report, however, is concerned with such matters as uniform records, cost accounting, public cleansing, public works, etc.

In the aggregate, the productivity of this expedition suggests that local government generally is again deeply in the debt of the Spelman Fund, patron of the junket, and that the experiment will perhaps bear repetition.

ROWLAND EGGER.

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**Stop That Smoke!** By Henry Obermeyer. New York, Harper and Brothers, 1933. 289 pp. \$2.50.

It is always rather difficult to convince the public of the smoke evil. City dwellers seem to accept dirt with more or less resignation, and city councils have been slow to pass measures regulating this subject, or enforcing its regulation, while public opinion lagged so far behind. Indeed the very facts which have commonly been used to tell of the smoke peril are so overwhelming as to seem ex-

aggerated. Mr. Obermeyer has a complete collection of the evils of air pollution, and presents them effectively. The fact that all the soot deposited in American cities in one year, would, if concentrated in one average size city, bury it under twenty-one feet of dirt, is insignificant, perhaps, beside its corollary that "the progress of medical science has been offset by an increase in respiratory and other ailments directly due to dirty air" since dirty air diseases are killing 60 per cent more people in urban areas than the infectious diseases which they have displaced. The total of America's smoke bill is estimated at \$6,850,000 a day—through waste and spoilage. After marshaling the facts on the dangers of smoke, described perhaps by one of his own chapter headings, "a problem becomes a peril," the author considers the methods of smoke prevention. Practical suggestions on fuels and firing, furnace construction and smoke consuming devices are given, and the usual examples of the excellent results obtained in certain cities. The author stresses the necessity of reasonable ordinances governing smoke. It is unfortunate that in the immediate past some of the progress described by Mr. Obermeyer has lost ground because of serious curtailments of appropriations for smoke abatement. There is need of continuous effort at educating citizens as to the immeasurable benefits their taxes buy for them. Mr. Obermeyer offers in interesting style a book which should be of great aid in arousing general interest in smoke abatement which will result in a willingness to make the initial outlays which will result in ultimate economy for every member of the community as well as the heavy burner of fuel.

E. T.

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**Control of Local Finance Through Taxpayers' Associations and Centralized Administration.** By Claude R. Tharp. Indianapolis, Ford Publishing Company, 1933. 84 pp. \$1.00.

This booklet presents a brief account of the activities of some of the more successful state taxpayers' associations and a discussion of the various methods which are in use to control and limit the expenditures of local governments. The Indiana plan of state control, essentially a plan which gives the state board of tax commissioners final jurisdiction

over tax rates and bond issues as well as over assessments, is singled out for special attention and praise.

Mr. Tharp points out that tax rate and debt limits fixed by constitutions or statutes have proved highly unsatisfactory, and continues by outlining the following essentials to an effective plan for state control over local finance: "(1) an approach to the problem from the standpoint of expenditures as related to the local unit's ability to pay, (2) a mandatory budgetary system applicable to every governmental unit of the state, (3) a state supervised unified accounting system, (4) a mandatory state audit of the accounts of local governments, (5) a local board of review and a state board of review to which appeal may be made pertaining to local finance, and (6) an aroused and informed citizenship cooperating with public officials through state-wide taxpayers' associations."

The Indiana plan embodies all of these "essentials." However, the reviewer can hardly agree that "an ideal in control of local finance is being realized in practice probably to an unprecedented degree in Indiana." Budgeting and accounting are, of course, indispensable tools for the public administrator, and a state government can do a great deal to help local units in these matters. However, local government in Indiana, and in a good many other states, offers convincing evidence that the creation of a state board with mandatory powers to supervise local accounting and budgetary procedure does not automatically accomplish the ends in view. In fact, the general standard of municipal accounting is on a higher plane in some states where state authorities have merely advisory powers than in other states where state boards have compulsory and mandatory jurisdiction.

The review of local budgets by a state board with power to eliminate from the budget any proposed expenditure presents this question: Is a state board of tax commissioners a logical body to determine how much money shall be spent in providing various community services?

A tax board is primarily concerned with the collection of revenues and unless the board is sadistically inclined it is very likely to be unduly sympathetic towards the taxpayer. Furthermore, in assessing and collecting inheritance and railroad and public utility taxes and in reviewing assessments brought up on

appeal from county and local assessors and other authorities, the state tax board is chiefly in contact with the large taxpayer.

State control of local expenditures, of course, presents a different question than does the assumption by the state of complete responsibility for some local function now deemed to be of state-wide significance, such as maintenance of roads or schools. This type of state centralization is not considered in the present volume.

Mr. Tharp concludes his report very soundly by saying: "It is misguided effort that centers all the attention on the general trend of rising costs while the type of service for which (the tax) money is spent is neglected." However, there is some reason to believe that the Indiana plan of state control does center attention upon "the tax burden" and does practically nothing to improve services or to increase the efficiency with which municipalities perform their varied functions.

ROBERT M. PAIGE.

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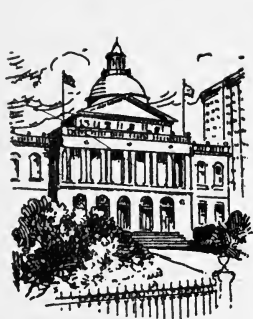
**Report of the Executive Committee of the Civil Service Reform Association. Treasurer's Report.** New York, Civil Service Reform Association, 1933. 32 pp.

Fifty years after the adoption of the first state civil service reform law, the Association is still actively engaged in improving the public service. The record of its year's work is interesting—and if discouraging it is so not because of lack of results but of distance still to go. The continued efforts of the Association to appraise the public of important weaknesses in our system are highly valued, and it is because of their recurrence that one is not surprised to read press reports that even postmasterships may be put on a merit basis.

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**The Airport Approach.** By Charles C. Rohlfling. New York, *Air Law Review*, 1933. 9 pp.

In an article in the *Air Law Review* for April, Dr. Rohlfling describes the importance of the unobstructed approach to airports, and its minimum requirements. He raises legal questions, cites court decisions, and quotes a number of ordinances enacted for the protection of municipal airports. Reprints of the article may be secured from Dr. Rohlfling at the University of Pennsylvania.



# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE

Secretary-Treasurer, G. R. A.

**Boston Municipal Research Bureau.**—An analysis of the city budget for 1933 was issued by the Bureau on June 15. This report presents a tabular comparison of expenditures by years, by departments, and by objects. The 1933 budget, in spite of an increase in relief expenditures, is 9.6 per cent, or nearly four million dollars, less than the 1932 budget. Exclusive of relief expenditures, the 1933 budget is down to approximately the 1925 level. However, no reorganization or consolidation of departments have been effected although the Bureau points out that large savings could be attained by such changes.

Herman C. Loeffler, formerly a member of the staff of the St. Louis Bureau of Governmental Research, has been appointed director of the Boston Bureau, succeeding E. J. Brehaut, who returns to his position as civic secretary of the Boston Chamber of Commerce. Sherman S. Sheppard is the assistant director of the Bureau.

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**Civic Research Institute.**—A complete analysis of the debt charges which Kansas City and Jackson County will have to pay in the next ten years has been prepared by the Institute. On the basis of this analysis the tax rates of the next ten years for interest and retirement of the debt are forecast and the total tax rates estimated.

\*

**Minneapolis Taxpayers Association.**—The Association has embarked upon a plan to get more intelligent and more widespread

interest in the city budget for the coming fiscal year. Early in May fifty-four civic organizations were invited to designate members to serve as representatives on a Council of Civic Clubs. This council has since held weekly meetings at which time the budget requests of the various departments are reviewed in detail. These meetings were unusually interesting and instructive because of the fact that the various municipal departments submitted their detailed replies to a questionnaire prepared by the Taxpayers Association. This questionnaire made the following requests:

- (1) List the appropriations under which your department operated in 1929, 1932, and 1933.
- (2) What services were *eliminated* between June 1929, and June 1933?
- (3) What services have you *curtailed* between June 1929, and June 1933?
- (4) What services would you eliminate or curtail if compelled to further reduce? Please state in order of preference.
- (5) State number of persons employed in your department in June 1929, June 1932, June 1933.
- (6) If the number in June 1933 is less than prior year, state the general nature of positions abolished and number in each.
- (7) If the above shows a reduction, state the general effect. Was it accomplished by eliminating or curtailing service, or by changes which secured more work from fewer people?
- (8) What per cent change in pay scales pertained in your department from June 1929 to June 1932? From June 1932 to June 1933?
- (9) Are any other changes imminent in 1933?
- (10) What conclusions do you care to offer as to the effect of the reduced cost under which your department is now operating?

Representatives of the various departments

appeared before the council to amplify and defend their answers to these questions. The Board of Park Commissioners was the first to submit its reply. This reply was in the form of a highly illuminating mimeographed document of fourteen pages, which is a strong statement of the case for parks. If other departments make equally comprehensive replies the citizens of Minneapolis will be exceptionally well prepared to deal with the problems of economy and retrenchment in their local government.

\*

**Peoples Conference on Government.—**

Kenneth O. Warner of the University of Arkansas has been selected as chairman of the Conference to serve during the ensuing year. The Peoples Conference on Government holds an annual meeting for discussion and consideration of all matters pertaining to Arkansas government. It also conducts investigations and surveys. During the coming year measures for the reorganization of state and county government will be studied and constructive proposals formulated. An attempt will also be made to deal constructively with the difficulties and problems of the state's school system. A committee of the leading educational thinkers and technicians in Arkansas will be appointed to carry on a comprehensive program of research in these problems. The Peoples Conference at its recent annual meeting resolved to lend its organizational facilities to communities desiring to form Citizens' Councils on Constructive Economy.

\*

**Philadelphia Bureau of Municipal Research.—**The city finished the year 1932 with a deficit of approximately \$15,000,000, a very creditable showing in view of the fact that it began the year with a deficit of \$17,000,000. The Bureau urges that the city reduce this deficit as rapidly as possible, and in addition that overdue obligations, whether represented by warrants, audited vouchers, mandamuses, or deficiency bills, be reduced to a minimum by suitably arranged loans.

\*

**Minnesota Taxpayers Association.—**A strong statement on the tax delinquency situation has been issued by the Association. The statement points out that while "assuredly

there is plenty of room for more tax reduction in the state and nation, it must be conceded that many local officials have been striving earnestly to cut down levies and in numerous cases they have made substantial reductions. . . . The credit of the municipality can be maintained only through tax collections. Taxes must be reduced all along the line but not paying them will reverse the effect."

The Association also reports that townships of Minnesota have reduced levies 25.21 per cent in 1932 over levies of the previous year. School districts reduced levies 11.49 per cent, counties 10.06 per cent, the state 9.12 per cent, and cities and villages 4.72 per cent. The total general property tax levy in the state was reduced \$12,000,000, or about 10 per cent.

\*

**Tennessee Taxpayers Association.—**The

appropriation bill passed by the state legislature in March provides for annual expenditures from the general fund of about \$13,000,000. As expenditures for the previous year were about \$20,500,000, a reduction of some 35 per cent was achieved. The Tennessee Taxpayers Association assisted the ways and means committee in drafting the appropriation bill after extensive analysis of expenditures and a thorough canvass of possibilities for economy. The recess finance ways and means committee has expressed its appreciation of the work of the association's staff in a letter from which the following is quoted:

"Without the work you did months before we even met, in the preparation of your financial studies of the state, and without the full coöperation of your staff throughout the recess, we could not have accomplished our task. You were worth thousands of dollars to us and to the state."

William R. Pouder, former city manager of Kingsport, Tennessee, and former consulting engineer, is the secretary of the Association.

A survey of Campbell County (population 26,000) has been completed by the Tennessee Taxpayers Association. Detailed recommendations are made for improving the accounting, budgeting, and other financial procedures. Centralized purchasing, the county manager form of government, and abolition of the fee system are some of the other recommendations.

**Schenectady Bureau of Municipal Research.**—Abbett Pulliam, the managing director of the Schenectady Bureau, has completed an analysis of the 1933 city budget and a survey of the government of Amsterdam, New York. This report was prepared for the Amsterdam Taxpayers' Association to furnish the factual basis upon which the Association could formulate its recommendations for a reduction in taxes. The report includes an extensive assembly of cost comparisons with other cities. The per capita departmental operating costs of Amsterdam are compared with the average departmental costs of all United States cities between 30,000 and 40,000 in population; also Amsterdam costs are compared with the costs of other New York State cities and with the average costs in Ohio, Massachusetts, and Pennsylvania cities of comparable size. The bonded indebtedness is similarly compared. The Taxpayers' Association, on the basis of this report, recommends a series of reductions in appropriations totaling \$133,000. The 1933 budget is \$489,000.

A study of the welfare relief situation in Schenectady has been undertaken and the first report published. Some recommendations are made for improvement in the record system and accounting but on the whole the Bureau was favorably impressed with the administration of relief in the city and county. The administration of veterans' relief, however, is criticized, and in a letter to the mayor, the Bureau suggests that a complete investigation and audit should be made of the veterans' relief.

\*

**St. Louis Bureau of Municipal Research.**

—The city budget for 1933-34, exclusive of expenditures for public works and relief, will be 11.8 per cent under the budget of 1932-33; and 23.3 per cent under the budget 1931-32. The Bureau coöperated closely with the board of estimate and with the new budget director appointed under the authority of a recent ordinance in the preparation of the budget, and reports that it is "difficult to see where further cuts of consequence could be made in appropriations for departments under city control, except by the abandonment or serious curtailment of necessary services." Because of a 20 per cent reduction in assessed valua-

tions in the last two years it is estimated that tax delinquencies will be 24 per cent less than in 1931-32. The Bureau states that there is good reason to believe that St. Louis officials will be able to maintain throughout the year "the excellent reputation of the city in fiscal and financial affairs."

\*

**Taxpayers League of St. Louis County (Duluth, Minnesota).**—An interesting and valuable report comparing the activities of the St. Louis County Poor Commission with the administration of relief in St. Paul, Minneapolis, and Superior (Wisconsin) reaches the encouraging conclusion that there has been a rapid and progressive improvement in the administration of relief in St. Louis County, and that there are indications that this improvement will continue. Branch agencies have been established to relieve congestion at the central office; a master file of all cases handled has been instituted; an improved type of relief order and a satisfactory accounting system have been developed; and an effective working arrangement with private welfare agencies has been established.

Criticisms of the relief administration and suggestions for further improvements are based on the need for thoroughly trained welfare workers in supervisory and subordinate positions and the need for more thorough investigation of every applicant's condition. The salary schedule is said to be inadequate to secure competent investigators. Prices paid for groceries, milk, and fuel by the St. Louis County Commission are believed to be higher than those paid in the other cities because of the absence of competitive bidding and a carefully thought out purchasing policy. It is recommended that a standard order system comparable to the system in successful operation in St. Paul, be adopted.

The amount of relief dispensed is based upon a schedule established during the period when the Commission was receiving funds from R.F.C. It provides a maximum of \$25 per month per family, though additional allowances may be made for rent and fuel. In 1932 the relief dispensed by both public and private agencies for groceries, fuel, rent and clothing, amounted to \$5.29 per capita in Minneapolis; \$5.80 per capita in Duluth; and \$6.95 per capita in Superior.

### Providence Governmental Research

**Bureau.**—A comprehensive survey of the Providence public schools has been completed. The increase in expenditures for education is exhaustively analyzed and the main divisions of school costs—general control, instruction, operation of plant, maintenance of plant, coordinate activities, and fixed charges—are discussed in detail. The following, in the opinion of the Bureau, are the more important deficiencies of the school system: (1) too many major executive positions; (2) too many subordinate executives; (3) too many servicing employees; (4) too many small classes; (5) too many expensive classes; (6) no adequate budgetary procedure; (7) no adequate cost accounting; (8) no adequate control of expenditures for instructional and janitorial supplies; (9) no adequate control over miscellaneous expenditures, such as light, heat, telephones, etc. Detailed recommendations for correcting these and other deficiencies are made. The report is eminently fair and impartial, giving full credit to the school system for its numerous excellencies.

\*

### Civic Club of Allegheny County.

The annual report of the Club reveals that its committees have been active along highly constructive lines. Most of the important bills before the Pennsylvania legislature during the 1933 session were carefully considered. Bills restricting personal assistance to voters, providing for permanent registration of voters, and providing for city manager form of government were vigorously supported. Old age pensions, minimum wages for women, civil service, ratification of the national child labor amendment, and abolition of the office of county delinquent tax collector were also formally endorsed. Opposition to the threatened substitution of an elective for the present appointive boards of education was mobilized.

The Civic Club and the University of Pittsburgh laid plans for the establishment at the University of a police school and crime detection laboratory. These plans were approved by the director of the Pittsburgh de-

partment of public safety but the curtailment of the budget made it necessary to postpone action for the time being.

### National League of Women Voters: Department of Efficiency in Government.

This department of the National League of Women Voters has as its program for 1932-34, the support of the following measures: permanent registration, direct primary, short ballot, reorganization of the administrative branch of the state government, the city manager plan, reorganization of county government, merit system, and executive budget. In addition to formally endorsing and supporting the above measures the League recommends that its constituent local groups study registration laws, proportional representation, federal aid, taxation, and other specific problems.

The League has proved to be a most effective agency for the dissemination of sound ideas about government. The governmental research movement has in the League of Women Voters a powerful ally for the accomplishment of the things for which it stands.

\*

### Utah Taxpayers Association.

—An analysis of the cost of assessing and collecting taxes has been completed. The average cost in 1931 is shown to be 1.38 per cent of the amount collected. The assessor's office in Utah County spent 1.05 per cent of the amount collected; the assessor of Daggett County expended 6.03 per cent.

\*

### Citizens' Advisory Finance Committee.

—A survey of the financial departments of the city of Newark is being conducted by the Committee at the request of Reginald C. F. Parnell, newly elected commissioner of revenue and finance.

A study of cleaning costs in the City Hall has resulted in a reorganization of the cleaning force under the direction of A. F. Minisi, director of parks and public property.

The city paid July 1 pay-rolls on July 14, but at this writing July 15 pay-rolls have not been paid. Debt costs are being met promptly and an arrangement whereby debt service will be met for the balance of the year has been worked out by the Citizens' Advisory Finance Committee and accepted by city officials.



## NOTES AND EVENTS

**Conference on Municipal Finance.**—On July 21, 22, and 23, a group of public officials, governmental researchers, investment bankers, and other experts in public finance and taxation met in Chicago for a series of round table discussions on municipal finance. Many problems in this field were considered including the extent of municipal defaults, adjustment of municipal debts, short term loans, security of public deposits, tax delinquency, and the distribution of revenues and functions of government. The Conference was sponsored by the Public Administration Clearing House, Municipal Finance Officers' Association, American Municipal Association, United States Conference of Mayors, and the University of Chicago.

Attendance was by invitation, and an effort was made to have the gathering representative of various points of view and various sections of the country. The following summary of the proceedings was prepared by chairman Louis Brownlow at the direction of the Conference:

The Conference accepted the reports filed by its three committees, one of which considered the problem of municipal debts, another that of tax delinquency, and the third that of the distribution of revenues and functions among the several levels of government.

Only one resolution was adopted. Based upon the report of the committee on distribution of revenues and functions, the resolution read:

"We hereby recommend that the President of the United States and the Congress create a federal commission to be composed of representatives of the federal government, of the states, and of the local units with appropriate technical advisers and staff, for the following purposes:

"(1) to examine the whole existing struc-

ture of taxes and revenues, national, state, and local; the extent of unnecessary overlapping taxation; the appropriateness of the present division of functions of government; and

"(2) to suggest such rearrangements and reasonable interrelation of the functions and taxes as the present-day facts may demand."

After accepting the report of the committee on municipal debts, the Conference approved in principle three recommendations with respect to the municipal debt problem:

1. That with respect to short-term borrowing in anticipation of taxes that every effort be made to synchronize the taxing year with the fiscal year so as to do away with the necessity of such temporary borrowing, and that other methods, such as installment collection of taxes, be introduced to reduce the borrowing needs and relieve the burden on the taxpayer.

2. That legislation be sought to place self-liquidating short-term municipal obligations on more advantageous terms in dealing with the federal reserve system and its member banks.

3. That with respect to long-term debt, in those relatively few cases where no other remedy is available, legal machinery should be provided by federal legislation for the emergency, which will enable local political subdivisions of government under the supervision of the courts and with adequate safeguards to arrange for the composition of their debt settlements with the holders of their obligations.

Based upon the report of the committee on tax delinquency, the Conference recommended that the remedy for the present situation be sought by pursuing three main lines of action:

1. By more intelligent and forceful administration of the existing tax laws.

2. By discouraging the trend, observable in some states, to enact legislation, indiscriminate in character, to extend the time of paying taxes, and to reduce or waive interest and penalties; practices tending to postpone payment of taxes even by those who have the funds and who otherwise would be willing to pay promptly. Tax collection officials, however, could well afford to enlist the assistance of public welfare agencies in determining the necessity for adjustment in specific cases.

3. By clearer and more understandable reporting of the activities of government and organized efforts to improve the spirit of cooperation among the taxpayers.

It was not the purpose of the Conference to make detailed recommendations concerning methods of procedure to carry these principles into effect, on account of the fact that the situation is so different in the several states.

A list of the participants in the Conference follows:

Carter W. Atkins, director, Bureau of Municipal Research, St. Louis; Frank W. Bane, director, American Public Welfare Association, Chicago; Paul V. Betters, executive director, American Municipal Association, Chicago; Fredrick L. Bird, director of municipal research, Dun & Bradstreet, Inc., N. Y. C.; Louis Brownlow, director, Public Administration Clearing House, Chicago; Carl H. Chatters, executive director, Municipal Finance Officers' Association, Chicago; Philip H. Cornick, Institute of Public Administration, New York City; Walter R. Darby, state auditor and commissioner of municipal accounts of the state of New Jersey, Trenton; E. F. Dunstan, Bankers Trust Company, chairman, Municipal Securities Committee of the Investment Bankers Association, N. Y. C.; C. A. Dykstra, City Manager, Cincinnati; Frank J. Flanagan, finance committee staff, City of Chicago; L. Arnold Frye, attorney, Hawkins, Delafield and Longfellow, N. Y. C.; M. L. Fuller, city auditor, New Smyrna, Florida; Hubert R. Gallagher, research consultant, American Legislators' Association, Chicago; A. R. Hatton, Northwestern University; Welles Gray, United States Chamber of Commerce, Washington, D. C.; Starke M. Grogan, chief statistician, Bureau of the Census, Washington, D. C.; Luther Gulick, director, Institute of Public Administration, N. Y. C.; Earl E. Hagerman, director of finance, City of Dayton.

W. O. Harris, staff accountant, Municipal Finance Officers' Association, Chicago; William B. Harrison, Mayor, Louisville, Kentucky; Henry Hart, executive vice president First of Michigan Corporation, former chairman of the Municipal Securities Committee of the Investment Bankers Association, Detroit; Clarence Heer, University of North Carolina, Chapel Hill, N. C., technical consultant for the Interstate Commission on Conflicting Taxation; Fred K. Hoehler, director of welfare for the City of Cincinnati and Hamilton County, Ohio, president, The American Public Welfare Association; Oscar F. Holcombe, Mayor, Houston, Texas; Robert Maynard Hutchins, president, The University of Chicago; Jens P. Jensen, University of Kansas, Lawrence; Howard P. Jones, secretary of the National Municipal League, N. Y. C.; L. G. King, National Casualty Company—representing Michigan insurance companies—Detroit; Glen Leet, American Municipal Association,

Chicago; Burdette Lewis, field agent, American Public Welfare Association, Chicago; Simeon E. Leland, state tax commissioner of Illinois, University of Chicago; John S. Linen, commissioner of taxation and corporations, State of Massachusetts, Boston; Arthur N. Lorig, research assistant, Municipal Finance Officers' Association, Chicago; Harley Lutz, Princeton University; Frederick N. MacMillin, president, American Municipal Association, Madison, Wis.; C. E. Merriam, chairman, political science department, The University of Chicago.

John H. Millar, editor, Millar's Housing Letter, Chicago; Frank H. Morse, Lehman Brothers, N. Y. C.; Rodney L. Mott, research consultant, American Legislators' Association, Chicago; Orin F. Nolting, International City Managers' Association, Chicago; John J. O'Connor, manager of finance department, Chamber of Commerce of the United States, Washington, D. C.; Robert M. Paige, secretary, Governmental Research Association, Chicago; A. Miles Pratt, commissioner of finance, City of New Orleans, La.; Thomas H. Reed, University of Michigan, chairman, Committee on Civic Education by Radio, National Advisory Council on Radio in Education; C. E. Rightor, former city controller, Detroit; Beardsley Ruml, dean, division of social sciences, University of Chicago; Sanders Shanks, Jr., editor of "The Bond Buyer," N. Y. C.; Harold Shenefield, director of finance, Lucas County, Ohio; Calvin B. Skinner, director, Cincinnati Bureau of Governmental Research; D. W. Springer, executive secretary, The American Society of Certified Public Accountants, Washington, D. C.; Donald C. Stone, research director, The International City Managers' Association, Chicago; Morris S. Tremaine, comptroller of the State of New York, Albany; Roland A. Vandegrift, director of finance of the State of California, Sacramento; G. B. Whitnall, city plan engineer, Milwaukee, Wis.; Coleman Woodbury, secretary, Illinois Housing Commission, Chicago; Edward A. Zimmerman, attorney, Zane, Morse, Zimmerman, and Norman, Chicago.

\*

#### County Manager Plan Endorsed at Virginia Institute of Public Affairs.—

The county government round table of the Virginia Institute of Public Affairs reached the following conclusions as a result of its deliberations the first week of July: (1) The trend toward state assumption of county functions indicates that the county is breaking down as a local governmental unit. Preservation of local self government in the county depends upon the county increasing its own efficiency. If this is not done, the county is in danger of being abolished through amputation of its functions.

(2) Centralization of responsibility in an executive head of the county government is recognized as a vital necessity in increasing the efficiency of county government in Virginia and in the perpetuation of the county as an administrative unit. The round table approves the optional forms of county government provided by the last session of the legislature and urges Virginia counties to give serious consideration to their adoption.

(3) County consolidation in many sections of the commonwealth is also recognized as a



necessity to form counties of sufficient population, area, and wealth to support the essential services of local government.

(4) Abolition of the fee system as a method of compensation of county officers is recommended.

(5) Adequate performance of the essential social and cultural services of local government is as important in a time of economic adversity as in a period of prosperity. The necessity for economy is recognized but it is submitted that this should be effected so far as possible through elimination of waste rather than through blind, indiscriminate slashing of important functions. This latter course is community suicide instead of economy. Attention is directed toward the possibilities for constructive economy through reorganization of local government and the elimination of useless agencies.

\*

#### National Conference on Slum Clearance.

—The intention of many municipalities to seek from the Federal Public Works Administration grants and loans for public housing projects was evident at the National Conference on Slum Clearance held in Cleveland July 6 and 7 at the call of the mayor and council of that city. A committee of lawyers and housing experts was appointed to prepare a report on the principles that should guide those who may be called upon to draft legislation authorizing the establishment of municipal housing authorities.\* The membership of this committee was as follows: Alfred Bettman of Cincinnati, president of the National Conference on City Planning; Charles S. Ascher of Chicago, secretary of the Public Administration Clearing House; Coleman Woodbury of Chicago, secretary of the temporary Illinois Housing Commission; Hugh R. Pomeroy, county planning adviser, California; Mrs. Edith Elmer Wood of Columbia University; and Walter H. Blucher, secretary of the City Plan Commission of Detroit.

\*

#### Utica Fails to Adopt Council-Manager Plan.

—The League of Women Voters and other progressive elements in Utica, New York, have been active in an attempt to

bring about the adoption of the council-manager plan in that city of 100,000 population, but the combined forces of the two political machines were too much for them. At a special election on June 30 the plan lost by a 3,000 majority.

### EFFECT OF HOME OWNERS' LOAN ACT UPON TAX DELINQUENCY

(Continued from Page 389)

Such advances will be secured by a 6 per cent mortgage with payments of principal in installments over fifteen years, and no payment of principal to be required for three years.

Under subsection (g) of section 4, similar authorization is given to exchange bonds and advance cash as provided in subsections (d), (e), and (f)<sup>1</sup> for the purpose of redeeming or recovering homes lost by owners through foreclosure or forced sale, or voluntary surrender to a mortgagee, within two years prior to such refinancing.

On first consideration the total likely to be available for paying delinquent taxes seems much smaller than would be expected until we take account of the extent to which special assessments burden home properties in many localities, and which in many instances must be paid off in full, as part of the refinancing operation, even though they may have been originally payable in installments over a long period of years, in order to establish priority of the new mortgage.

#### DISTRESS CASES FIRST

Against this fact, however, should be discounted the further fact that it apparently is the policy of the Board, due to limitation of funds, to refinance only those properties whose owners are in actual distress. In a state like New Jersey, where a tax sale merely involves the sale of a lien against the property, with the right of redemption within two

<sup>1</sup>The reference in this subsection to subsection (d) is to define the purposes for which cash may be advanced as there set forth. It does not limit subsection (g) to subsection (d) transactions, but leaves it inclusive of all types of refinancing specified in the foregoing sections of the 80 per cent, the 50 per cent and the 40 per cent types. The Board not only interprets subsection (g) in this way, but considers it also broadly to include redemption of properties sold for taxes, where the title is about to be lost to the home owner.

\*Attention should be called in this connection to the slum clearance provisions of the *Model City Charter* (1933 revised edition); and to *Elements of a Low-Cost Housing Law and Its Administration* published as a supplement to the NATIONAL MUNICIPAL REVIEW in February, 1933.

years, the moment of distress would be at hand only when the right of redemption is about to lapse, or where the municipality has brought, or given notice of intention to bring, an action to foreclose the tax lien.

It seems illogical to refuse aid to those against whose property a tax lien has been sold, because there exists a right to redeem, while extending relief in the face of an impending foreclosure. Presumably the heavy costs involved in a foreclosure proceeding justify this as a distress situation, but if one of the purposes of the Act is to prevent the piling up of burdensome charges which increase the load of debt against the property, it would seem reasonable to bear in mind the high rate of interest charged against delinquent taxes both before sale and afterwards, until the right to redeem expires. The probability that this view of the situation will ultimately prevail should therefore not be dismissed entirely.

Meanwhile, however, we should not expect that much more than 10 per cent of the amount employed for refinancing will be used for payment of taxes now delinquent. Nor is it likely to be much less than this when we take into account the item of special assessments. We arrive, therefore, at a rough estimate of 10 per cent or \$220,000,000 for the country as a whole. Considering that the maximum investment of the federal government in the Home Owners' Loan Corporation is only \$200,000,000 for its capital stock (the other \$2,000,000,000 authorized being in the form of its own notes secured by first mortgages on the refinanced properties) the expected result in bringing about payment of delinquent taxes equal to more than this capital as invested, is a most satisfactory one.

#### HOW MUCH WILL COME IN?

If the disbursements of the corporation could be distributed among the states roughly in accordance with population, a state like New Jersey would see well over \$7,000,000 of delinquent taxes paid, and a state like New York a little more than \$18,000,000. In New Jersey this would be almost equal to the total of unpaid teachers' salaries for the entire state, as of June 30, 1933.

As has been pointed out by G. Frank Shanley, manager of the Home Owners' Loan Corporation for the state of New Jersey, the indirect results are probably more important

than the direct. It may be expected that the direct refinancing of the more urgent properties, will greatly assist the building and loan associations and other institutions such as savings banks and insurance companies, in liquidating their most delinquent mortgages. This in turn will enable them to subscribe to stock in the Home Loan Bank, and by a re-discounting operation obtain funds with which to make advances for taxes to many of their borrowers, whose mortgages they can then refinance themselves. Where such institutions already belong to the Home Loan Bank, funds made available by the Home Owners' Loan Corporation can be used directly in the same way.

As Mr. Shanley points out, the number of mortgages refinanced in this way, as an indirect consequence of the Corporation's work, should total many times the number refinanced directly. The consequences with respect to tax delinquency should not be multiplied by the same factor, but should nevertheless be very substantial indeed.

In addition we may expect that a large proportion of the properties refinanced, both directly and indirectly, will be able to pay taxes subsequently levied in the year when due.

#### HELP TO MUNICIPAL CREDITS

Our conclusion therefore is that the Home Loan Act of 1933 should result directly in early payment of some \$220,000,000 of taxes and assessments now delinquent, indirectly in payment in the near future of a much larger additional amount, and should place the holders of a large proportion of these properties in a position to pay current taxes currently from now on.

We cannot say what proportion of the total of existing delinquency will be affected, in the absence of accurate data as to totals regarding taxes delinquent and unpaid, and the absence of any data at all as to the proportion of home properties included in such totals. But we can be assured, if we regard the rough estimate here made as conservative, that the relief to municipal governments, and in turn to county and state governments will be substantial.

It should assist materially in reducing the amount of tax anticipation loans now outstanding and should have a definitely favorable effect upon municipal credit.

# NATIONAL MUNICIPAL REVIEW

SEPTEMBER + 1933

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# NATIONAL MUNICIPAL REVIEW

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# THE LEAGUE'S BUSINESS

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**Mark These Dates on Your Calendar.**—The annual convention of the National Municipal League will be held on November 9, 10, and 11 at the Hotel Chalfonte-Haddon Hall, Atlantic City, New Jersey. An interesting and significant program is being arranged revolving around the general subject, "*The Part of Local Government in Recovery.*" Special railroad rates will be available.

\* \* \*

**Radio Mail Continues to Pour In.**—The present radio series on "Constructive Economy in Government" over the NBC network being sponsored by the Committee on Citizens' Councils for Constructive Economy, continues to bring a flood of mail to the National Municipal League Office.

The present series will be followed by a fall series on the *Crisis in Municipal Finance*. The remaining programs on the present series follow:

September 12—"Merit Versus Spoils." *Harry B. Mitchell*, Chairman, U. S. Civil Service Commission; *Prof. Clyde L. King*, Chairman, Public Utilities Commission of Pennsylvania.

September 19—"Reducing the Public Works Budget." *Carl Schneider*, New Orleans, President, International Association Public Works Officials; *Alfred E. Roche*, Commissioner of Public Works, Troy, N. Y.; *Donald C. Stone*, Research Director, International City Managers' Association.

September 26—"Saving by Planning." *Alfred Bettman*, President, National Conference on City Planning; *George McAneny*, Commissioner of Sanitation of New York City, and President of the Regional Plan Association of New York; *Flavel Shurilleff*, Secretary, American City Planning Institute.

\* \* \*

**Pay Your Taxes Campaign.**—The National Municipal League is launching a nation-wide "Pay Your Taxes Campaign" to educate the average citizen throughout the country to the importance of paying his taxes in this critical period if municipal credit is to be preserved and essential local governmental services continued. Some funds have been made available for this work and additional support is anticipated. It is, of course, recognized as an essential part of this program that public officials be awakened to the necessity for carrying on governmental services *efficiently*. In many communities administrative reorganization will have to take place before efficiency can be obtained.

The program will be directed by the Committee on Citizens' Councils for Constructive Economy of which Dr. Thomas H. Reed is chairman. Coöperating in the enterprise is a committee of twenty-one bankers which has already communicated by letter with thousands of bond dealers, bankers, bondholders and others throughout the country who are expected to coöperate in the campaign. The membership of this committee, set up as a permanent group to work with the National Municipal League in this undertaking, is as follows:

H. Albert Ascher, R. W. Pressprich & Co.; Philip A. Benson, President, Dime Savings Bank of Brooklyn; Herbert F. Boynton, F. S. Moseley & Co.; Eugene I. Cowell, The First of Boston Corporation; E. F. Dunstan, Chairman, Municipal Securities Committee, Investment Bankers Association of America; Lewis Gawtry, President, Bank for Savings in the City of New York; George C. Hannahs, Hannahs, Ballin and Lee; Henry Hart, First of Michigan Corporation, Detroit; Darwin R. James, President, East River Savings Bank; Orrin C. Lester, Vice-President, Bowery Savings Bank; John S. Linen, Second Vice-President, Chase National Bank; Frank H. Morse, Lehman Bros.; Ferris S. Moulton, R. H. Moulton & Co., San Francisco; Carl H. Pforzheimer, Carl H. Pforzheimer & Co.; A. W. Phelps, Phelps, Fenn & Co.; Archibald Richards, Estabrook & Co.; D. T. Richardson, Kelley, Richardson & Co., Chicago; F. Kenneth Stephenson, Stone & Webster and Blodget, Inc., President, Municipal Bond Club of New York; J. P. Ripley, Executive Vice-President, The City Company of New York; Charles J. Waldman, Kean, Taylor & Co.; David M. Wood, Thomson, Wood & Hoffman; and Sanders Shanks, Jr., The Bond Buyer, *Secretary*.

HOWARD P. JONES, *Secretary*.

## "An Opportunity— As Great as in Washington"

(from an address by Franklin D. Roosevelt, President of the United States, to his neighbors at Poughkeepsie, New York, August 27, 1933)

THE greater part of government, as it affects your daily lives and mine, is your local government.

The opportunity in this field of local government for improvement, for a betterment that will be felt in your lives, is just as great as it is in Washington.

When I was governor of the state for four years I used to do a good deal of talking about local government, and just as long as I live, whether I am in Washington or Dutchess County, I am afraid I cannot get over the habit.

I used to tell people that we have in this state more than 13,000 local units of government. You were all interested but I did not notice that you did anything about it.

I used to tell when I was governor about the fact that there were over 950 highway departments in the state of New York. You were interested but I did not notice that you did much about it.

I talked to you about the six or eight layers of government that you lived under, federal, state, county and town, electric light district, and fire department district, etc.—even sidewalk district, and I don't know how many other kinds of districts—and you were paying taxes in all of them. You know that and so do I.

But we haven't done much yet along that line. We haven't done much to reorganize in our local government—what you and I know to be an outworn system built up in the days of the ox-cart and unchanged in the days of the automobile.

—FRANKLIN D. ROOSEVELT.

## The Open Sesame to Tax Collection

TAX delinquency continues to be, by and large, the most pressing problem which local governments have before them. If money is not forthcoming from taxpayers, then school teachers cannot be paid, police and fire protection must be curtailed, and other essential services discontinued.

One of the curious phases of the situation is the spottiness of the delinquency. Delinquency is most apparent, as is to be anticipated, in the regions hit hardest by the depression. But listen to this:

"We have no tax delinquency in our state," declares confident Finance Commissioner Long of Massachusetts.

"We are collecting 98 per cent of our taxes," reports Research Director Goodrich of Providence, R. I.

"Ninety-four per cent of our outstanding taxes are in," smiles City Manager Dykstra of Cincinnati, Ohio.

What is the secret? Does the state of Massachusetts possess a magnet of strange powers which draws from the pocket of the unsuspecting citizen the amount of his tax bill whether he will or no? Does the city manager of Cincinnati chant over a slow fire strange words of some magic incantation that throws a spell over the citizens of that Ohio city?

No? Yet effects do not occur without causes unless the world is changing more rapidly than we have been led to suspect. What, then, is the key to the mystery?

"We arrest people who do not pay their taxes," blandly continues Commissioner Long of Massachusetts. "We don't, of course, have to put very many in jail. The threat is usually sufficient."

"We have efficient tax collection methods. We make it easy for citizens of Cincinnati to pay their taxes. Furthermore, citizens of Cincinnati know they are getting their money's worth

from their local government." Dykstra speaking.

"Prompt sale of property for taxes in Providence keeps collections high," Researcher Goodrich finds.

Through the door of their remarks marches comprehension. Citizens will pay their taxes if penalties are imposed sufficiently severe so as to make them willing to undergo some sacrifice to do so. Citizens will pay their taxes if the pressure of public opinion is in that direction; citizens will pay their taxes if the way is made easy for them to pay and hard for them if they do not. All this, of course, assumes their ability to pay. It assumes reasonable coöperation from the banks in lending money to individuals to pay their taxes. It assumes public officials willing to go to the same trouble to collect taxes that private business would to collect its bills.

The experience of Cook County is enlightening. Under a new statute commonly called the Skarda Act it is provided that when any tax is six months in arrears the county tax collector may apply to the courts to have himself appointed receiver for the property. As receiver he may apply income from the property to the payment of taxes. In the first three months that the statute has been in operation nearly twenty-nine million dollars has been collected in delinquent taxes.

If tax collections are bad in your city, stir up the public officials responsible for tax collection. If they won't or can't do more than they are doing, get a citizens' council busy on the job. If the public officials won't do it, and the citizens of a community won't do it, then deterioration of public services and default on obligations are the ugly shapes that obtrude in the offing. Neither one can a community afford to face. Action in time will prevent a chronic case of municipal headache.





## HEADLINES

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Consolidation of the seventeen governmental units operating in Milwaukee County is urged by the Citizens' Bureau there. Milwaukee is a compact metropolitan unit. But peanut politics, local tradition, and the even greater difficulty of lower tax rates existing in the suburbs must be hurdled before theory may become reality.

\* \* \*

Voters of two Wisconsin counties—Buffalo and Pepin—were denied by gubernatorial veto the right to determine whether their counties should consolidate. Majority approval in both counties was required under the terms of the enabling act which passed the legislature but was turned down by the governor who admitted, however, that he approved the "principle" of the bill. Apparently, this time, principle knelt before expediency.

\* \* \*

Yet the same governor signed a bill permitting adjoining towns to consolidate if approved by the voters after petitions have been presented and signed by the owners of two-thirds of the taxable property.

\* \* \*

Nevertheless, county government is making strides forward these days. The latest comes from Santa Clara County, California, where a new charter will be drafted shortly.

\* \* \*

Encouraging and significant, too, is the sight of the state treasurer of Pennsylvania appearing before the annual convention of the State Association of Court Commissioners and advocating abolition of township government and consolidation of counties.

\* \* \*

After a month in special session, the New York legislature has given the right to New York City to levy its own special taxes for unemployment relief, non-residents being granted protection under the statute.

\* \* \*

A bill providing for centralized purchasing for New York City was also passed by the same legislature. Russell Forbes estimated recently after a thorough survey of the present buying methods of the metropolis that centralized purchasing should save the city more than five million dollars a year.

\* \* \*

The city manager plan is beginning to take hold more rapidly than at any time during the depression now that citizens are beginning to appreciate the real meaning of "constructive economy." More money is probably wasted as a result of antiquated governmental machinery than through any other source in local administration. The following nine cities and towns will vote this month on a change to the manager plan: Ellsworth, Rockland, South Portland, and Washburn, Maine; Cliffside Park, Fort Lee, Garfield, and Westwood, New Jersey; and Beacon, New York. Petitions calling for elections on the manager plan are being circulated in several other cities.

# Reducing the Welfare Budget'

Improvement in administrative methods will save some money but prevention is the real answer

RICHARD BOECKEL  
LEWIS MERIAM  
FRANK BANE

Director, Editorial Research Reports  
Brookings Institution  
Director, American Public Welfare Association

MR. BOECKEL: Gentlemen, like many other private citizens, I am deeply concerned over the mounting public expenditures for welfare and relief. I am concerned as a taxpayer about what these expenditures are doing to my tax bills. I am more deeply concerned as a citizen over what these expenditures may be doing to my fellow citizens.

In my mind there are several broad questions to which you may be able to give the answers. As a taxpayer, I want to know whether the money we spend for public welfare is economically spent—whether it goes as far as it should, whether we could not get the same amount of service for less. As a citizen I want to know, whether through these expenditures we are not pauperizing a large group of our people, destroying their initiative and self-reliance. And—what is more important—I want to know whether our civilization cannot be developed in such a way as to remove the causes of distress, instead of piling out money to alleviate distress after it has arisen.

Mr. Bane, what activities and functions of government are usually in-

<sup>1</sup>This and the following articles in this issue are part of the radio series on constructive economy in government being sponsored by the Committee on Citizens' Councils for Constructive Economy of the National Municipal League.

cluded in what we call the public welfare budget.

MR. BANE: Mr. Boeckel, all those activities of government having to do with the care of the mentally ill and defective, the care and custody of the criminal and the care of the destitute and the dependent are generally denominated welfare functions. They include the maintenance and operation of hospitals for the insane, training schools for the feeble-minded, prisons and reformatories for the criminal, industrial and training schools for the delinquent and dependent child, institutions for the dependent and the operation of a broad social program designed not only to relieve the destitute in their own homes but to develop social practices which will tend to prevent and curtail mental illness and defect—crime, and destitution. In addition, welfare departments are concerned with the development of a broad child-welfare program which will, in so far as possible, insure for every child the benefits of home life, of health protection and suitable education.

MR. MERIAM: A large part of the welfare expenditures of the federal, state and local governments now goes for the maintenance of institutions and for the relief of the destitute in their own homes, does it not, Mr. Bane?

MR. BANE: Yes.

MR. BOECKEL: Then, in order to re-

duce welfare budgets we must do either one of two things. We must reduce the cost of operating these institutions and cut down the allowances to persons helped outside of them, or we must do something to reduce the numbers that are piled into our institutions and the numbers that, because of unemployment or other reasons, are destitute and must be fed, clothed and sheltered at public expense. To be specific, let me ask you, can the cost of operating hospitals and prisons, for instance, be reduced?

MR. BANE: Yes, and there are two ways in which it can be done. Many people in viewing the totals of governmental budgets figure the proposed expenditures against the estimated incomes of the country and then without further to do, and entirely without regard to the governmental service demanded and rendered, jump at a conclusion that it would be very easy and entirely beneficial to cut a large slice out of the budget. This is a mistake.

The cost of operating hospitals and prisons can be reduced immediately by reducing the quantity and quality of the service—this is the destructive method.

Administrative methods in many instances can be changed, coordination can be effected and personnel improved—this is the constructive route to economy.

MR. MERIAM: Suppose you elaborate on the two methods you suggest.

#### SORRY, THE HOSPITAL IS FULL

MR. BANE: Well, it is possible to reduce the cost of care for the mentally or physically sick by merely refusing to accept and provide for additional patients and further reduction can be made by shortening the food allowance of the patients in the hospital or by curtailing the professional services. Both of these methods have been tried in several places and they do save some money

now, if one cares to approve the method.

Then the cost of care and detention of the criminal can be reduced by turning him out. To some extent this has been done recently in one state. For the sake of economy, according to its proponent, a statute was recently enacted by the legislature of a certain state reducing by half the term of all prisoners committed to the state penitentiary in case their behavior is good. This will reduce costs. A man can be fed for five years for approximately half of the ten year cost. It naturally follows, of course, that more could be saved, if he were not detained at all.

The cost of internal administration of a prison falls largely under the classifications of food and personnel. It is entirely possible to reduce either or both of these items. Numerous incidents in recent years prompt one, however, seriously to question the advisability of drastic cuts of this type. Educational, vocational and medical facilities can be curtailed or eliminated and small savings made.

There is another way prison costs may be reduced. All able-bodied convicts can be required to work and produce goods to be consumed by the state, thereby to a considerable extent offsetting the cost of their care with a resultant saving in public expenditure. This method is not so popular with many people who are otherwise belligerently interested in economy. A case in point. The United States government has a military post in a certain state. Not far from it is a federal prison. In the interest of economy, the prison installed a large bakery and orders went out for the military post to secure its bread from the prison's bakery. From the private bakeries that had been supplying bread to the military post immediately came violent protests, demands that congressmen and senators do something about it, and an effort to exert pressure upon the commissioner

of prisons to discontinue the operation. The objections so often raised in Congress and other places to the use of state convicts, who must be supported by the state, in the building of state roads, a pure state use project, is too well-known to require further discussion.

MR. BOECKEL: But, Mr. Bane, the simple facts are, from the point of view of the citizen—public revenues have declined and at the same time I understand the numbers committed to hospitals and prisons have rapidly increased—you mention a constructive approach—what is it?

MR. BANE: In recent years the Brookings Institution has been confronted with just the dilemma which you indicate in its studies of the organization and operation of a number of state governments. Mr. Meriam has participated in some of these studies and constructive methods for reduction in welfare costs have been suggested. What about that, Meriam?

#### PREVENTION BETTER THAN CURE

MR. MERIAM: We have repeatedly pointed out that the cost of care and treatment of the mentally and physically ill can be curtailed by the inauguration of sound mental hygiene and public health programs.

A state welfare commissioner recently pointed out that commitments to the hospitals for the insane in his state had increased 44 per cent in the last five years. Again, he insisted, as he had been insisting for years, that the road to economy is prevention. Mental hygiene clinics that would locate and treat mental or nervous disorders in their incipiency, coupled with social service divisions in state hospitals, would on the one hand reduce the intake of these hospitals and on the other would shorten the stay of many patients in the institutions. What is equally important, such a program would tend to develop in the public generally a sane

conception of so-called insanity. Our attitude toward insanity could, perhaps, be made scientific, in much the same way that public health officials have revolutionized our thinking about tuberculosis within the past quarter of a century; and becoming scientific it would lend itself far more readily to a broad and effective program of prevention, treatment and cure.

MR. BOECKEL: And what about the cost of crime, particularly the immediate cost of the care and custody of the criminal?

MR. MERIAM: The cost of the care and detention of the criminal is inseparably connected with our criminal laws and their administration. If economy is to be had in this field our methods in dealing with criminals must be overhauled. This reform is nothing new, it has been urged for years. A few years ago the celebrated Wickersham Commission submitted an able report on just this subject but it had little effect. It was smothered in the aroma of beer and whiskey.

#### WHAT ROOSEVELT FOUND

It has been urged and demonstrated that probation and parole effectively administered not only curtail crime but save money. Let me quote from the President of the United States, while he was governor of New York. He said, "Until 1930 the state of New York had no adequate parole system. It spent a meager sum and the parole work of the state was supplemented by private endeavor. Four times, between 1920 and 1930, was the parole system investigated. In one report it was described as 'an under-financed moral gesture.' The Wickersham Commission describes the new parole system in New York State as the 'most comprehensive plan for a state parole department devised at a single stroke by any state in the Union.'"

But what of the cost? Let me re-

sume the quotation: "The cost of this parole work," Mr. Roosevelt said, "is necessarily greater than it was ten years ago, approximately \$380,000. But the expenditure of this additional sum saves the state considerably more. It costs to supervise a parolee \$80 per year; to maintain him in prison would cost \$450. So you see the state saves \$370 annually for each prisoner placed on parole. As there are 7,000 of these in New York, the annual saving exceeds two and a half million for maintenance alone. To build new prisons to house these 7,000 parolees would cost another twenty to twenty-five millions at least."

Constructive economy in this field is going to require constructive thinking. Throw the rascal in jail is extremely simple; it is also extremely expensive.

MR. BOECKEL: Quite! Your contention then, Mr. Meriam, and the contention of the Brookings Institution, is that the best way to reduce the cost of the care of those, who for one reason or another are let us say incapacitated, is to reduce the supply and to remedy some of the conditions which contribute to their incapacitation.

For years I have been impressed with the amounts, the very large amounts, expended from public funds for the care of defective, dependent and delinquent people as contrasted with the seemingly small amounts expended for prevention of those scourges that have for so long afflicted mankind.

If we are to get constructive economy in the handling of these problems, it is clear from what you say they must be attacked upon many fronts; we must protect and safeguard the public health, we must preserve and develop family life, we must improve and elaborate our educational methods, we must stimulate and vitalize our community life and we must so order and operate our economic system as to guarantee to everyone a reasonable opportunity to earn a living

and to insure a reasonable security in old age.

#### HELPING THE MILLIONS ON RELIEF

That brings me to a question that is of the utmost concern to me and to every other citizen of this country. It has recently been estimated that there are about 4,000,000 families in America who are at present receiving aid from one governmental agency or another—that the cost last year of supplying this aid was nearly one billion dollars. The financial problem involved is important; but of far greater importance is the broad social problem: what are we doing to these people—from one-fifth to one-sixth of our population? What is going to be the effect upon them of this long continued depression, with its destitution and want? Will our present policies and methods of giving relief preserve their morale or will they serve to pauperize and demoralize a large part of the present generation? This, it seems to me, is the most important question today in the entire welfare field—and it involves not only welfare costs today but most important, welfare costs in the future. Will you answer that, Mr. Bane?

MR. BANE: Without a doubt the situation with which we are now confronted is dangerous—it is dangerous to have millions of men and women out of employment—it is dangerous and costly to provide relief for those in need but it is even more costly and more dangerous not to provide properly for this large class. Here more than anywhere else, perhaps, do we need clear thinking, careful planning and efficient administration. We are at this moment in the court of last resort in the handling of the problem of relief. In our efforts to meet the needs we have progressed from emphasis on the duty of private philanthropy, to local responsibility, to some state participation, to loans from the federal government, and

now to direct federal assistance. There is nowhere else to go, we must make our present plans work, for the good of the destitute and for the good of all of us.

These costs cannot be reduced much now. The only constructive method of immediate reduction is to revive industry, develop public works and put men to work on jobs at decent wages, and while this is being done much money will have to be expended for relief—our common conscience is going to demand it. We can, however, reduce the ultimate cost and lay the groundwork now for a material reduction in welfare budgets in the years to come by providing for the destitute adequately and in such a manner as not to set them aside from the rest of the community in which they have once worked and lived and where they must live again.

The easiest way to pauperize millions of unfortunate citizens is to provide for them on a mere sustenance, disaster or famine basis—the shortest cut to welfare reductions a few years hence is adequate relief and effective administration now.

These are the “business principles” now being applied by the Federal Relief Administration and promulgated in their recently issued Rules and Regulations. They are the sane, conservative and intelligent “business principles” which take thought for tomorrow and not the wild, erratic and hysterical “business principles” that are largely responsible for our condition today.

#### THE BUSINESS OF GIVING AWAY MONEY

MR. BOECKEL: Mr. Bane, you say that sound business principles are being applied by the Federal Relief Administration. I have not heard much criticism of the federal work, but I think there has been a good deal of question regarding the business principles in local relief work both public and private. A good many people think that too much

of the money available for relief is paid out in salaries to the employees of the public and private agencies that are administering relief funds. These people think that the costs of relief could be materially reduced by cutting out these salaried employees. They want all the money to go for relief and little or none of it to go for administration. I guess you are thoroughly familiar with that argument, Mr. Bane.

MR. BANE: Yes, Mr. Boeckel. It is an old, old acquaintance.

MR. BOECKEL: What is your answer? I am asking in an effort to represent the many who hold that point of view.

MR. BANE: Well, Mr. Boeckel, I should not want to put barrels of relief money on the street corners and invite persons who regarded themselves as in need to help themselves and decide for themselves how much they should take. I should not advise the federal government to open wide the doors of its treasury and tell the governors of the states to step up and help themselves according to what they regarded as the needs of their states. In dealing with individual cases some reliable, competent, qualified person, responsible to the public relief agency, must determine the necessity for relief, the amount of relief to be given and the best form of relief. That person must see that everything is done than can be done to remedy the conditions that make any relief necessary. When local governments call upon state governments, the state must investigate to determine the need for relief, the amount required, the best form to be used, and what can be done to remedy conditions. The federal government has to do exactly the same thing when the states come to it for help. All along the line relief administrators confront the task of raising the funds necessary for relief which is a major administrative problem. Where money, especially public money, passes

from one person to another, or from one government to another, it is absolutely necessary that there be accurate accounting. All this work means not only handling a great mass of fairly minute detail but much broad constructive planning and social statesmanship. Good administration costs money to be sure but it saves far more than it costs. In the absence of good administration thousands upon thousands of dollars would be wasted and many people in need would not get the help they require. In many cases what people need is not so much relief money as help in making adjustments so that they can take care of themselves.

MR. BOECKEL: Mr. Bane, I thoroughly agree with you that public welfare administration calls for reliable, competent employees, trained professional workers, stenographers, bookkeepers and accountants, and expert administrators. But Mr. Bane, are we getting them? Are not a lot of the employees in the public welfare departments political appointees who are put on the payrolls to draw the salaries? Don't they waste a lot of money that should be saved or go for real relief?

MR. BANE: I'll pass that one on to Mr. Meriam; he has given a lot of study to public personnel administration.

#### THE SPOILS SYSTEM IN RELIEF WORK

MR. MERIAM: Boeckel, I can't give you a yes or no answer to that question. It depends on the state, or in some cases on the community within a state. Some states and a good many municipalities operate on the merit system and have reasonably competent employees all along the line. Others, even without a merit system have good employees but then there are some where the spoils system still prevails and where public money is wasted by incompetent, untrained employees appointed to draw the salaries. The Federal Relief Administration must necessarily take a

firm hand, and is taking it, in dealing with these backward states and municipalities for there is no reason why the federal government should put up relief funds to be wasted by incompetent local political employees. I think we can safely say that we are on the road to good administration and that those who want economy in government must demand good personnel in public officers.

May I generalize a bit. All of us who discuss economy in government must constantly keep in mind that there are two kinds of economy, destructive and constructive. Some people, thrown into a panic by increasing public expenditures and diminishing public revenues, go after government institutions and agencies with an axe, slashing blindly with little thought as to the immediate results and no thought at all as to the long time results. Everything they succeed in slashing off represents that much gain. More conservative people appreciate that such blind slashing results in crippling or destroying services that are indispensable to the welfare and safety of the people, in cutting down valuable trees that it has taken years to grow and that it will take years to replace. Conservative people fear the blind, panicky use of the axe; they advocate the calm, intelligent use of the pruning shears. They know that some parts of our government are overgrown and contain dead wood. All that overgrowth and dead wood they want cut down, but they want the cutting done with consideration for the future efficiency of government. The panicky group thinks mainly in the terms of the lump sum cost of government. The more constructive group thinks in terms of the distinct services rendered by government to the people. They consider the economic and social value of those distinct governmental services to the community, and they measure the cost of those

(Continued on Page 444)

# What Will We Do With Our Time?

Use of leisure to be chief problem of New Deal, editor believes, and more money will have to be spent for public recreation

JOHN H. FINLEY

*Associate Editor, New York Times*

SO FAR AS I know I was the first person in America specifically to urge—as I did in an address twenty years ago—that one of the aims of education should be the preparation for the best use of leisure time. I discovered after I had reached this conclusion that Aristotle had said the same thing over two thousand years ago. Indeed he made training for leisure the chief end of education. But he was thinking of the small leisure class and not of the many as we are today. I am now ready to say that the use of free time will become the chief social problem when the whole nation has been put to work for a shorter day and week. And it will be a much more difficult task of society to get people to use their free time wisely than to labor efficiently.

Civilization began when the pure individualists of pre-historic ages (in the long and tedious leisure between the times of spasmodic labor) practiced their crude creative arts. Then there developed a leisure class and a working class, one-fourth having all the leisure, as in Greece, and three-fourths all the labor. Then everybody was set to work. But hardly was that done when it began to be seen how fatal it was to human development that everybody should work all the time, and the hours of work were restricted: first for children (that they might grow and learn the fundamental lessons of the race), then for women and lastly for men as well.

And now civilization is entering upon a new day with a longer afternoon of leisure. I say afternoon for I am remembering Owen Young's mother's definition of unemployment and leisure: "It is the worst thing in the world to have a man sitting around the kitchen stove after breakfast. It is the nicest thing to have him come home early in the afternoon."

#### AN INTERESTING COINCIDENCE

It is a coincidence which others must have noticed that the National Recovery Administration and the National Recreation Association have the same initials. They are both N. R. A. movements in that they both have a national construction and reconstruction purpose—the one an economic recovery primarily, the other a personal developing or recovering of strength and of spirit. The second has a very definite and sequential relationship to the first. The National Recovery Act will shorten for millions the work period in the day and week. The National Recreation Association seeks to make possible the most beneficial use of the longer periods of leisure which the codes have suddenly provided. Having been devoting itself for a quarter of a century to this very problem of making joyous, creative and especially recreative use of leisure time for whole communities, it is prepared to be of service in this new era of man's freedom, due to his enlarged



free time. He may have lost some of his freedom in his hours of work. He has added to his freedom in his hours of leisure. In the planning for this new time—this "New Deal" as it is called—there should be every possible budget economy but it must be remembered that because of this very marked increase in leisure there will be the greater need of both educational and recreational services in every community of the land.

#### RECREATION AND CRIME PREVENTION

I have been asked to speak especially about the part that recreation has or may have in crime prevention. But I would rather speak of the positive side of recreation that in its compelling interest would in itself reduce the delinquency budgets. The total estimated cost of crime in the United States is upwards of \$350,000,000; in New York City alone over \$50,000,000, a per capita of \$7.76, while the cost of organized recreation in parks, playgrounds and school centers is only 22 cents per capita. The best way to reduce the total combined budgets of recreation and crime is to increase the provision for recreation. It will show itself in more than a commensurate cutting down of the crime budget. This is demonstrable. I regret that I have not the time to give supporting figures.

I turn again to stress the importance of saving to the good of the individual and society those hours of free time suddenly added to the calendar of millions—of making them more beneficent hours than they were as work hours.

I was brought up on a Sunday school song which began "Work, for the night is coming." It seems now, by reason of restricted hours of labor and the agonizing extent of unemployment, quite out of date. What we need to buoy our hearts is a song for the hours that can no longer be filled with work—the hours of free or compelled leisure

—but should none the less be used to make life as abundant, happy, and useful as it was for those who sang a half century ago with ardor the song of work which enjoined us to "work thru' the morning hours; to work while the dew is sparkling; to work mid springing flowers; to work while the day grows brighter, to work through the sunny noon; to fill brightest hours with labor, to give every flying minute something to keep in store; to work under the sunset skies, to work while the last beam fadeth, fadeth to shine no more; and even to work, while night is darkening, when man's work is o'er."

#### A SUBSTITUTE FOR WORK

It was a joyous song whose only sad line was "when man's work is o'er." The sad experience of the last few years is that millions have had no opportunity to "fill brightest hours with labor."

Substitute for the word "work" one which suggests the fullest active enjoyment of the hours which have been released for one's free use and you have a song for a new day and for the "New Deal," as it is called. I should use the word "play" if it still kept its original meaning, which was to "occupy one's self busily about a thing or person," to "cultivate," to "exercise one's self habitually in an action," to "rejoice" and "be glad."

But "play" is not quite comprehensive enough in its usual definition, though heaven knows, we need even play, just play for thousands of children who can have it only at their peril in city streets. But the word recreation is broad enough to include "play" in its every expression and also many activities that are usually not thought of as play—music, the drama, the crafts, every free activity and especially creative activity for the enrichment of life.

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# Play and Keep Mentally Well

High cost of institutions for mental disease can be saved through prevention by recreation

H. EDMUND BULLIS

*Executive Officer, National Committee  
on Mental Hygiene*

**T**ODAY in the hospitals of the United States there are more patients suffering from mental diseases than from all other diseases combined. In 1930, according to the last annual enumeration of the Federal Census Bureau, there were nearly 400,000 patients under care in our state mental hospitals alone, at a total cost to our taxpayers of about \$250,000.

## COST OF MENTAL DISEASE

New York spent almost \$45,000,000 in 1931 on maintenance of patients in institutions for mental disease. During the same year Massachusetts spent nineteen cents of every state tax dollar on the care of the mentally deranged.

About 75,000 new cases are admitted every year. At this rate, allowing for deaths and discharges, the population of our mental hospitals is increasing by about 10,000 a year. A recent study of mental-disease expectancy in New York State showed that one person out of every twenty-two becomes a patient in a mental hospital sometime during his or her lifetime.

## PREVENTION THE BEST CURE

These figures will give you some idea of the staggering burden of mental disease in the United States at the present time. While the recovery rates in mental hospitals are steadily increasing, thanks to improved methods of

treatment and to the stimulus of the mental hygiene movement, our greatest hope of reducing the tremendous expenditures for the mentally sick lies in prevention.

For the past twenty years the energies of The National Committee for Mental Hygiene and its affiliated state and local organizations have been increasingly devoted to the development of mental hygiene activities in colleges, schools, clinics, courts, and at other points in the community strategic from the standpoint of prevention. Our prospects for the reduction and control of mental disorders depend ultimately upon the building up of an adequate community organization and the encouragement and support of medical, educational, social, and other community measures favorable to the creation of a mentally healthful environment.

Among these none is more important than those which have to do with the development of recreational and other resources of the community that serve the leisure-time needs of our people and contribute to the preservation of their physical health. A sound mind in a sound body is still a good adage.

## A COMPLEX PROBLEM

Unfortunately, the prevention of mental illness is not as simple as the prevention of typhoid, tuberculosis or diphtheria. Our problem is more com-

plex. We know the kinds of backgrounds—such as family situations, troubled states of mind, mental conflicts, and painful life experiences that so often lead to one form or another of insanity and the lesser forms of mental disorder. The removal of such causative factors, however, requires a complicated method of procedure and individualized study and treatment in every case.

We cannot offer a mental-health blueprint of rules and directions comparable to vaccination and other protective devices such as are employed in the general field of public health. We do know, however, that people who are kept well occupied and not unduly subjected to fears and worries, are by that much freer of the threat of mental disease. Occupational therapy has been of enormous value in the treatment of the mentally sick. It is by the same token a powerful preventive of mental and nervous disorders. Recreation—one form of occupational therapy—is a vital factor in personality development, and no community can consider itself adequate that does not make extensive use of the benefits of recreation. It is one of the best prescriptions we can give for those who would safeguard themselves against mental illness.

#### DEPRESSION'S INFLUENCE

The present economic crisis is exposing thousands of people to the mental hazards of anxiety, fear, insecurity, and the stresses and strains that naturally spring from unemployment and economic distress. Our mental hospitals report a marked increase in new admissions and readmissions during the past year which they ascribe, in part, to depression conditions. Thus, we see that there is great need for communities to concentrate more intelligent thought, more money, and more effort than ever before upon properly planned recreational programs that in the long run

contribute to prevention and help to stem the tide of increasing insanity.

Food, clothing, and shelter are essential but they are not enough. If the unemployed are to maintain a normal balance, they must have something in addition to what is ordinarily provided by relief agencies. They need opportunities for wholesome emotional outlets; they need substitutes for anti-social behavior tendencies; in short, they need help in restoring a morale which has been in a majority of cases badly shattered.

It is not an easy matter for self-respecting people, who are willing to earn their way, to have to accept relief. They are unhappy and wretched, discouraged and depressed, even when their physical needs are provided for. They are being added to that large class of maladjusted people who feed our mental hospitals.

#### EFFECTIVE ANTIDOTE

Man does not live by bread alone. The spiritual hunger that comes from lack of something to do is second only to the physical hunger that comes from lack of food. Material relief may prevent starvation but it will not prevent the mental morbidity that so often leads to suicide, anti-social attitudes, discontent, and a general loss of character and morale. Wholesome recreation is an effective antidote to all of this.

During the World War, as an officer with the A. E. F., I had ample opportunity to observe the great morale-building forces of recreation at work among the troops. There was a concerted and organized drive to provide recreation for our soldiers, because it was felt that the emergency required it. A far greater emergency exists today among our unemployed who have not even the consolation of being considered heroes in a great cause.

In the light of these facts it is dis-

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# Reducing the Recreation Budget

Further cut in expenditures for recreation would be destructive, not constructive economy, expert insists

ROY SMITH WALLACE

*National Recreation Association*

THE cost of carrying on public recreation work is not large. The total budgets for about 1,000 cities as reported yearly to the National Recreation Association indicate a total expenditure in 1930, the peak year, of \$38,500,000; and in 1932, of \$28,000,000. Please note that the 1932 expenditures represent a 28 per cent cut from the maximum expenditures attained in 1930.

These expenditures represent a very small proportion of the total budget of the cities of the country. For instance, in New York City, the total expenditure of over \$1,600,000 represents a little over 1-5 or 1 per cent of the total budget of the city for 1932. Large savings in governmental expenditure obviously cannot be made in such insignificantly small budgets.

## PER CAPITA COST LOW

Not only is the total cost small, the per capita cost also is low. In New York, the public recreation work of the park departments and of the board of education, including the playgrounds, athletic fields, indoor recreation centers and a rich recreation program and serving in 1932 over 40,000,000 attendants cost only twenty-two cents per capita of population. In other words, for the cost of one admission to the movies, or of a half hour of playing pool, or of a pack or two of cigarettes, the citizens of New York provided for themselves and their children public recrea-

tion, indoor and outdoor, for 365 days of the year. Costs vary, but investigation will prove that public recreation supplies wholesome recreation at a lower per capita cost than can be provided in any other way

All this does not mean, however, that the recreation budgets of the country should not stand their share of the necessary reductions. Indeed, as I have indicated, they have already suffered a 28 per cent cut.

## BUDGETARY CUTS

First as a method of budget reduction have been cuts in salaries which have ranged from 5 to 20 per cent. Then there has been an almost complete elimination of new capital developments, a retardation to some extent replaced by the use of unemployed labor on work-relief projects in the recreation field.

Next we must report staff reductions, chiefly through the failure to enlarge the staff up to the usual size for the extra playground services required in the summer, and then also through dropping various types of special workers. In this respect the situation in recreation is comparable to the situation in education, where special teachers and special supervisors have so largely been eliminated. In the recreation field, special workers in story-telling, handcraft, music, drama, and athletic activities for women and girls

have in many cases been left out entirely.

There has been also some decrease in the amount and cost of the supplies and equipment ordered, that is in the number of baseballs, bats, volley balls, handcraft supplies, etc

Finally there has been, so to speak, a dilution of service by the use of volunteers and of the unemployed to supplement the services of a skeletonized professional staff. This has been accompanied of course by an increase in the number of training institutes and other devices used to increase the competence of these inexperienced workers.

#### QUANTITY AND QUALITY SUFFER

All of *these* methods of budget reduction have reduced not necessarily the *quantity* of the recreational service offered by the communities but in most cases the *quality* of the work done.

*Quantity* has suffered also. For instance in 1932 there were reported to the National Recreation Association a total number of 6,990 playgrounds in operation. This is a decrease of nearly 700 from the 7,685 in operation in 1931. There were only 1,629 athletic fields in 1932, contrasted with the 1,834 of 1931; there were 4,161 baseball fields as contrasted with the 4,396 of 1931. On the other hand there were a large number of indoor recreation centers open, namely 2,648 in 1932 as contrasted with 2,536 in 1931. Many of this larger number in 1932 were, however, open for fewer afternoons and evenings per week.

#### INCREASED NEED FOR SERVICE

It should be borne in mind too that the present depression which has made it so imperative to cut budgets has greatly increased the need for recreational services. Men, women and children have fewer dollars to spend on recreation at the movies, at summer

camp, at vacation resorts, in pleasure touring, etc., and they turn more than ever before to the free public recreational facilities. Furthermore there is a tremendously urgent need on the part of unemployed adults for something worthwhile to do with their enforced leisure. Idleness can be and is thoroughly demoralizing and hundreds of thousands of the unemployed, especially the young adults, have taken advantage of the public recreational facilities to keep up their physical fitness and their morale.

There has been therefore a general increase in the services rendered by the public recreation departments. The playground attendances for instance in 1929 were 159,000,000 as contrasted with 236,000,000 in 1932, an increase of 47 per cent. In the recreation centers in 1929 there were about 24,000,000 attendances whereas in 1932 the attendances numbered 34,000,000, an increase of about 41 per cent. The attendances at the summer playgrounds in 1932 showed an increase *per playground* of 45 per cent over 1931. Attendances at indoor swimming pools *doubled* between 1931 and 1932.

All recreational leaders have reported a very heavy increase, for both the playgrounds and the recreation centers, in the proportion of young adults—mostly unemployed—in attendance at these centers.

#### PUBLIC RESPONSIBILITY

It would seem desirable and important that cuts in recreation budgets, at this time when the need for public provision and the use of public provision are greater than ever before, be made with great care and discrimination. There is a principle of democracy involved, too. In the field of education, in some communities more days and years of schooling are required than in others; but we recognize public respon-

sibility to provide education for all. We have not attained this result in recreation: we recognize the need and we assume the public responsibility, but only partially and inadequately, and therefore unfairly. The White House Conference on Child Health and Protection estimated that at the maximum the present playgrounds can serve only about 5,000,000 children and that there are 27,000,000 more, of school age, for whom playground service, which should be available, does not exist. To suggest further cuts or eliminations in recreation budgets is therefore like suggesting a further amputation for a one-legged man.

While there needs to be in public recreation budgets as in all other budgets careful scrutiny, the elimination of all waste, extravagance, and duplication, and while the recreation budgets should bear and have borne their fair share in the necessary cuts to bring our expenditures within our income, it is not limitation and restriction but rather extension, to meet the normal need not yet adequately served, to accept democratically for all a responsibility now accepted only for a few, and to meet a special emergency need in these times of enforced leisure, that is the real demand.

## WHAT WILL WE DO WITH OUR TIME

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And the moral of all that we have said is that some of this provision has to be made by the communities. The individuals cannot do it for themselves. National provision for recreation is an essential corollary of recovery: so now we say with Shakespeare "Come now my Ariel bring a corollary."

## PLAY AND KEEP MENTALLY WELL

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heartening to find that instead of extending their recreational facilities at this time, many communities are shortsighted enough to treat recreational expense as a handy item for drastic budgetary curtailment. Regarding recreation as a luxury, they find it easier to reduce these facilities, in some instances even eliminating them entirely, than to practice economy all along the line. To the officials of such communities—and to the people who elect them to office—we leave this parting warning: There is as much wisdom in cutting the recreational budget at this time as there would be in curtailing the work of the health department in the midst of an epidemic of smallpox.

# The Judicial House that Jack Built

It's a ramshackle affair and costs untold sums to live in, much of which might be saved

LEON CARROLL MARSHALL

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IT is a curious thing that, notwithstanding our lively interest in the administration of justice, we know almost nothing concerning its cost. This is true even when the word "cost" is taken to mean merely outlays of the taxpayer's money; it is still more true if one includes such unmeasured costs as the lawyers' fees, the disruption of economic life due to delays and uncertainties of the courts, the losses due to preventable crime, or the wasteful use of the time of jurors, witnesses, and officials. We know very little, in any exact terms, concerning the social outlays incurred in ministering to the needs—or at least to the demands—of the blind goddess.

Indeed, so far as I am aware, a study covering even the expenditures of public money for an entire state and for all aspects of the administration of justice has been made<sup>1</sup> for but a single state, Ohio. In this state the total outlay of taxpayers' money for the administration of justice in 1930 ran about \$38,500,000 or \$5.79 per capita.<sup>2</sup> This was

offset, in part, by receipts of approximately \$6,839,000. About nine-tenths of these receipts flow in from the operations of the courts<sup>3</sup>—from costs in civil cases, costs and fines in criminal cases, and receipts from enforcement of liquor laws—and most of the remaining one-tenth comes from the sheriffs and their deputies. This annual gross bill of over \$38,000,000, with a net bill of, say, \$33,000,000 for but one of our states is certainly a tidy sum—one worthy of careful administration.

## OHIO STUDY SIGNIFICANT

Since Ohio is the only state for which we have exact information, let us examine in more detail this gross expenditure of more than \$38,000,000. Stated in terms of the governments making the expenditures, almost one-half, 44.3 per cent to be exact, is expended by the ninety-two city<sup>4</sup> governments; over one-third (35.6 per cent) by the eighty-eight county governments; only one-sixth (16.6 per cent) by the state government; and a trifling 3.5 per cent by the 773 villages

<sup>1</sup>Reticker and Marshall, *Expenditures of Public Money for the Administration of Justice in Ohio*. (The Johns Hopkins Press, 1933.)

<sup>2</sup>If carrying charges such as depreciation of properties and interest on investment are added, the figure mounts to \$42,000,000, and if federal outlays for the administration of justice in Ohio are added, the total becomes well above \$44,000,000.

<sup>3</sup>The courts are about two-thirds self-supporting. The courts of general jurisdiction and the higher courts are something more than one-third (38 per cent) self-supporting; the minor courts—including the municipal courts, the police courts, the mayors courts, and the justices courts—are definitely money makers.

<sup>4</sup>In general, a city in Ohio is an incorporated urban community of at least 5,000 population.

and 1,336 townships, thanks to the fact that administration of justice in these smaller units is conducted almost entirely on a fee basis. In other words, the local governments—the counties, cities, townships, and villages—spend five-sixths of the total. Accordingly, the wise control of expenditures for the administration of justice is, in this state, primarily a local government problem. In view of the well-known inadequacies of American local governments, this fact speaks volumes.

and the attorney-general; and all other items are trifling in comparison. To sum up, if one looks for the large areas of expenditures, he finds them to be the law-enforcing officers, the courts, and the correctional and penal institutions, in the order named.

Of course, the Ohio figures cover but a single state and but a single year. They may not be typical. If they are, they throw much light upon the economical control of these expenditures.

1. For example, as has just been

PERCENTAGE DISTRIBUTION, BY GOVERNMENTS, OF TOTAL EXPENDITURES FOR THE ADMINISTRATION OF JUSTICE, OHIO, 1930: FOR ALL PURPOSES AND SPECIFIED PURPOSES

ITEM OF EXPENDITURE	All Governments (Dollars)	All Governments (Per Cent)	The State	88 Counties	92 Cities	773 Villages	1,336 Townships
TOTAL EXPENDITURES	\$38,465,214	100.0	16.6	35.6	44.3	3.4	0.1
DIRECT EXPENDITURES							
Total	32,415,419	100.0	16.0	30.1	49.9	3.9	0.1
Courts	8,035,059	100.0	12.3	70.2	17.4	...	0.1
Legal officers	1,788,989	100.0	8.4	47.0	33.6	9.8	1.2
Corrections	5,837,137	100.0	66.6	23.1	10.3	...	...
Police, marshals, sheriffs	16,570,735	100.0	0.9	10.6	82.0	6.5	...
Miscellaneous	183,499	100.0	3.2	96.8	...	...	...
ALLOCATED EXPENDITURES							
Total	6,049,795	100.0	19.8	64.7	14.4	1.1	...
Buildings and lands	2,685,826	100.0	0.3	88.6	11.1	...	...
Quasi-judicial agencies	1,105,252	100.0	89.9	...	4.1	6.0	...
Service departments	1,254,417	100.0	15.7	68.4	15.9	...	...
Elections	504,300	100.0	...	84.5	15.5	...	...
Interest on debt	500,000	100.0	...	50.0	50.0	...	...

And for what purposes are these more than \$38,000,000 expended in Ohio! The largest amount goes for police, marshals, sheriffs, constables, and prohibition agents. These law-enforcement officers absorb not far from half of the total, 43.1 per cent to be exact. Next come the courts. They take up almost one-fourth of the total (23.7 per cent), if we include under the term "courts" such quasi-judicial bodies as the Public Utilities Commission and the Industrial Commission. A sizeable amount, 15.2 per cent of the total, goes to state and local penal and correctional institutions. The maintenance of buildings accounts for 7 per cent of the total; another 4.7 per cent goes to legal officers, such as prosecuting attorneys, city solicitors,

seen, the items calling for large expenditures are the law-enforcing agencies, the courts, and the correctional system. These, then, are items that will bear close watching.

2. Again, the Ohio figures show that the costs of administering justice are high, both in absolute numbers and per capita, in the populous urban counties where litigation runs to large numbers of cases. Here, obviously, is one type of local government situation that will repay examination.

3. And on the other hand, as among the rural counties, per capita expenditures run high in those of sparse population. The so-called small county is an uneconomical unit in this respect as in so many other respects. This fact



points definitely to a situation that cries for improvement.

#### LACK OF STANDARDS

4. The really striking thing about the behavior of these expenditures is their violent local variation. If you study the expenditures of the urban centers, you find great diversity. Similarly, wide variations are found among the less populous counties, among the various courts of the same type, among the expenditures for buildings and equipment—in brief, diversity of practice is the characteristic thing, no matter what expenditures you examine. This is, of course, only another way of saying that no real standards have been worked out in such matters; each local government has gone its own way with little centralized control. Administration of justice is thus characterized by a considerable absence of administration, as that word would be used by any business house.

This, indeed, brings us to the crux of the matter. The mechanism for the administration of justice in most of our states is not a device that has been carefully thought out in terms of the needs and the devices of a developing civilization. Like Topsy, it has "just grown." To an original log cabin of pioneer days, there has been tacked on, from time to time, a room here, a porch there, a back stoop yonder, a woodyard, a chicken coop, a shed for an ox-cart, an airplane hangar, and what have you. To add to the confusion, there are usually no passageways from one unit to another. It is, indeed, the house that Jack built and he was Jack-of-all-trades.

This situation exists in the law-enforcing agencies, in the courts, in the correctional system—everywhere. Take as a single example of this confusion the court system of Ohio. At the top is the Supreme Court; below are nine intermediate circuit courts of appeals; then come the common pleas courts—

the courts of general jurisdiction—in the eighty-eight counties. As for special and minor courts, there are these: one insolvency court, eighty-eight probate courts, eighty-seven coroners courts, seventy-nine juvenile courts, thirty-five municipal or police courts in as many cities, mayors courts in the remaining fifty-seven cities and in 773 villages, and 2,200 justices courts in the 1,337 townships. In addition there are such agencies as the Public Utilities Commission, the Industrial Commission, the Commissioner of Health, the Superintendent of Education, and the Superintendent of Insurance, not to mention an indefinite number of boards and officers exercising judicial functions with some type of clearance to the eighty-eight common pleas courts. There is, of course, a system of appeals running through this maze; but, aside from the appellate procedure, one may reasonably think of these more than 3,300 courts as separate and distinct with almost an absence of administrative supervision. It is simply incredible that a politics-ridden congeries of courts like this could be expending money economically. What is true of the courts is true of the other agencies concerned with the administration of justice.

#### ANTIQUATED METHODS COSTLY

Paradoxically enough, although there can be no adequate defense of the amount of money expended in the administration of justice, it is more than probable that we are not expending as much as we should. The point is that, at great expense, we are wastefully operating, in a civilization that calls for airplanes, a creaking ox-cart followed by a train of supplementary wheelbarrows. Hand-copying of documents by political clerks of courts goes on while adequate probation and parole systems are neglected. The old rituals are mouthed over in a slow-moving court when divorce by consent is really opera-

tive—and without intelligent safeguards or supervision. The local mechanisms suitable to the pioneer days drag along their costly paths while modern business and social problems wait their leisure. If, by quadrupling our present expenditures for the administration of justice, we could secure a "justice" suited to modern times, we should have made a tremendously profitable investment.

What are the things that need to be done to give us our money's worth in the administration of justice?

1. To begin with we need to take stock of the whole system. What, in the light of modern problems and in the light of modern science are our real objectives in the administration of justice? And, after we have become clear on our objectives, what agencies and devices will best enable us to attain these objectives? Everyone knows that modern criminology, and modern civil justice as well, no longer accept many of the objectives that were current when the present system of judicial administration was developing. Everyone knows that modern devices, such as parole, commissions, boards, and specialized courts tend to supplant, in part at least, the older devices. Shall we think the problem through in its fundamentals, retaining the useful elements of the older regime and really coordinating with them the newer devices; or shall we continue to plaster sporadic, unconnected lean-to's on the temple of justice! One method spells economy in the true sense of large results for needed expenditures; the other spells a continuation of indefensible waste.

2. Along with such functional planning of judicial administration there should be, of course, changes in court procedure. True, the importance of this element has become exaggerated in the public mind, thanks to the undue influence of a few spectacular instances of miscarriage of substantial justice

through worship of technicalities. None the less, there is here important work to be done, if justice is to be economically administered.

3. Whether or not we reform our objectives and our procedure, the organization of the court system cries aloud for simplification, for the development of coherence among the parts, and for real integration with the other agencies connected with the administration of justice. As matters are, the astounding thing is not that our courts work expensively but that they work as well as they do—one almost says, that they work at all.

4. This leads naturally to a fourth remark. It is high time that we stopped having an administration of justice that is lacking in administration. It is understandable how a sparsely settled agricultural community came to develop a court system in which each unit was, save for appeals, independent of every other unit; but there is no adequate excuse for a continuance of this regime in an age in which it is an absurdity. Somehow—through judicial councils, or ministries of justice, or other devices—the needed administration must be secured.

5. The need of a more effective administration of justice does not stand alone. We have seen how the bulk of the expenditures for justice are local expenditures and how the local variations are extreme. Improvement of the administration of justice is thus inevitably associated with the improvement of the whole framework of local government. Just as there needs to be a rethinking of the objectives and agencies of the administration of justice, so also there should be a rethinking of the objectives and agencies of local as contrasted with state government. Only as all these problems are treated as one, may we expect to have true economy in the administration of justice.

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# Reducing the Cost of Justice

Possibilities for economy in judicial administration of Chicago, Cook County, and Illinois considered

FRANK J. LOESCH

*Former President, Chicago Crime Commission*

THIS address is limited to considering the possible reduction in the cost of administration, both civil and criminal justice, in the city of Chicago, county of Cook, and state of Illinois.

The conditions there are probably typical of those of all other large centers of population in this country.

What Professor Marshall has just said of the growth and present condition of the court system of Ohio will fairly apply to Illinois as well.

In the one hundred fifteen years of the existence of Illinois no successful effort has been made to co-relate from the standpoint of the people a system of the administration of justice which would combine simplicity in court procedure, with reasonable speed in the final disposition of civil and criminal cases at a minimum of cost to the taxpayers and litigants.

In 1922 an admirable section on the judiciary was included in the draft of a new constitution which was submitted to the voters; but it came to naught because the people refused to adopt the new constitution.

## NEW CIVIL PRACTICE ACT

This year the legislature, at the request of the various Bar Associations of the state, adopted a Civil Practice Act to go into effect on January 1, 1934.

If it should be administered liberally in accordance with its terms it will in time simplify procedure, reduce the

costs of litigation, and speed the trial and conclusion of civil cases. It does not apply to criminal cases.

The present constitution was adopted in 1870. In the intervening sixty-three years no material alteration of it has been adopted by the people.

The constitution of 1870 was adapted to an agricultural state which Illinois then was. In that year the population was only slightly over two and one-half millions, while Cook County alone, has nearly four millions.

In 1870 Cook County had a population of about 350,000 or roundly 10 per cent of that of the state. In 1930 Cook County had about 52 per cent of the total population of the state.

The constitution fastens upon Cook County the political, economic, and social conditions of 1870, which have long been outlived, but the county and city can obtain no relief from those limitations which are now unsuited to their present populations and business needs, and to their social or economic problems.

## NO LEGISLATIVE RELIEF

As Cook County cannot legislate for itself; as the present constitution requires uniformity of all legislation affecting the counties and cities of the state, and the legislature cannot, and in some matters refuses, to give relief to Cook County, special to itself, that county and Chicago with four millions

of souls therefore find themselves limited to legislation suitable to the small counties of the state such as Brown, Harding, Pope, and others, none of which has a population exceeding eight thousand.

From that cause of inability to get legislation peculiar to their needs, spring many of the evils which afflict Chicago and Cook County, and are now without remedy.

From the foregoing named conditions proceed much of the costliness of justice, and its delay in Cook County.

That county has a Circuit Court with twenty judges; a Superior Court with twenty-eight judges; the two courts having original jurisdiction in all civil cases. There is a County Court with one judge and several assistants; and a Probate Court with one judge and several assistants. Chicago has a Municipal Court with a chief justice and thirty-six judges. All the judges of the Circuit, Superior, and Municipal Courts are elected for six-year terms; the county and probate judges are elected for four-year terms. In the smaller cities outside of Chicago, within the borders of Cook County, there are a number of city courts each having one judge and a clerk.

The judges of the Criminal Court of Cook County are designated to sit in that court from the judges of the Circuit and Superior Court by an executive committee of each of those courts. The nine judges of the Appellate Court of the first district are designated by the Supreme Court of the state from the judges of the Circuit and Superior Court.

The clerks for each of the Circuit, Superior, Appellate, Criminal, County, and Probate Courts are elected by the voters of the county. The clerk of the Municipal Court and the chief bailiff are elected by the voters of Chicago only. The sheriff of the county is elected for a four-year term. The

sheriff is not only a peace officer but by his deputies the process server for all the courts, except the Municipal Court. The chief bailiff of that court by his assistants is the process server for that court.

The mere enumeration of these courts with their officers is some evidence of the confusion in the public mind as to their several jurisdictions, the number of their functionaries, and the expense they are to the taxpayer and to the litigant.

#### THE PUBLIC SUFFERS

The evils of this system of a multiplicity of courts are numerous:

1. It is costly to the taxpayer to elect so many different court officials.

2. It needlessly increases the number of candidates for the various officers at the primary election, and subjects voters at all elections to a bombardment of campaign literature, expensive to the candidate to circulate, and of little informative value to the voter.

3. It's apt to make the voters indifferent to all elections and candidates, except in the presidential year.

4. It puts every court official, whether judge, clerk, sheriff, or bailiff into spoils politics. To win an election a candidate feels compelled to seek the support and funds of, and make alliances with the sporting and lawless element and with racial leaders of low morals who sell the votes of their followers for a price, whether for money and place, or for influence in protection for past, present, or future criminal action.

5. The unorganized voter, the citizen who minds his own business, and expects the law to protect him in his calling and in the peace of his home, property, and person, often finds he counts for nothing against the law-breaker whom he is compelled to prosecute or defend against.

6. It keeps the better element of

citizens from seeking office, and from placing themselves at the disposal of the voter for public service.

7. It leads to costly delay in civil and criminal justice, and frequent miscarriage of justice in civil cases, and the escape of notorious criminals from all punishment for their crimes in many criminal cases.

#### IS THERE NO REMEDY?

If the voter asks what remedy he can have against this state of things, the answer must be that at the moment he has none.

The politicians are not concerned in limiting the number of officers, or the number of public place holders. On the contrary they are continuously engaged in devising means to increase both and make more new places.

Even if the legislature were minded to aid Cook County to reduce the number of its courts to one, it could not do so because the constitution would invalidate such legislation; but it should be added that for the reasons last given, neither the politicians nor the members of the legislature are concerned to give any such relief to the public.

This situation acutely shows the folly of placing extreme constitutional limitations upon future legislatures, which prevent the latter from enacting needed remedial laws when changed conditions of sixty or more years require it.

It may be further inquired whether the disinterested public has not a remedy in the near future, and if so what it might be.

The answer is that only by reforming the present constitution can there be any effective remedy for the expensive and inefficient administration of justice in Cook County.

The public should concentrate upon and organize to secure that end.

#### CONSTITUTIONAL REFORM

In that new constitution must be in-

corporated an article which should consolidate all courts in Cook County into one, with branches covering the several activities of all present courts having a chief justice, who should have the power to designate the judges to sit in the several branches.

Only one clerk would be necessary, and he should be appointed by the chief justice or a committee of judges, as is done by the United States Courts.

The sheriff should also be appointed by the court so as to hold him amenable to discipline, or removal by the court, for neglect of duty or corruption in office of himself or assistants. A proper civil service honestly administered under the chief justice should secure and retain competent clerks and assistants to hold their offices during good behavior.

Some form of securing to the judges long terms should be worked out to take them out of the turmoil of electioneering through popular election for their offices. The present method of electing them to office for short terms has dragged them down into ward politics and has placed them under the control of political bosses, who have not at heart the interest of the public, the taxpayer, or the litigant.

#### TIME FOR ACTION

These facts, which I have stated with regard to Illinois and Cook County, might be repeated for most of the large cities of the United States with a mere change of name. The Cook County situation is not universal. There are some notable exceptions, as in the case of Detroit where criminal jurisdiction has been concentrated in a Recorder's Court. The administration of justice in both urban and rural communities throughout the country is as a rule affected by the same evils which I have described for Chicago, and in most of them the same remedy of basic constitu-

tional revision must be resorted to before any material improvement can be made in present conditions.

The one outstanding fact in this subject of "judicial reform" is that everybody who knows anything about it has been in substantial agreement as to the steps that must be taken, for at least a generation, and that with the exception of a few localities nothing has been done about it. The time has come when something should be done.

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### THE JUDICIAL HOUSE THAT JACK BUILT

(Continued from Page 426)

6. Finally and most important of all, unless the standards and morale of the bench and the bar assume a high level, all alterations of judicial and governmental machinery will come to precisely naught. A politics-ridden judiciary, a job-holder's concept of court and other local offices, a cheaply professional outlook of the bar—these spell waste, incompetence, and miscarriage of justice. And on the other hand, a socially-minded bench and bar would make any mechanism, however poor, yield good

results. The ideal, of course, is a mechanism well designed to do the work called for by modern society which is then manned by a competent, socially-minded bench and bar. Anything short of this means less efficiency than we have a right to demand.

It is by no means impossible to have an effective, economical administration of justice. If some strong state executive would lead the way, the movement would quickly spread to other states. Such an executive, operating at first within the limits of the existing state constitution, might well start with the government of the sparsely settled counties where such abundant opportunities for improvement exist. Or, conversely, such a movement to improve and coördinate local government, as is now under way in Hamilton County, might be imitated by other urban communities. True, existing state constitutions hamper; legislatures are notoriously loathe to interfere with local political prerequisites; exact information concerning what is and concerning what ought to be is none too plentiful. But even within the existing situation improvement can be worked out. Here and there it is actually happening.



# Too Many Governments

Taxpayer is smothering under blankets of government and democracy is in peril, Senator Byrd believes

HARRY F. BYRD

U. S. Senator from Virginia

ARE there too many governments?

There can be but one answer. The layers of government existing in nearly every section of our country are sapping the very lifeblood of the people and unless reformed may ultimately destroy the fundamental principles of our democracy. We have nearly 200,000 governments in the United States counting school districts. Almost everyone has five or more governments over him—federal, state, county, local, and school. Many people have three or four more.

Democracy can only survive if it efficiently furnishes to the people those things in public service necessary to our progress, the protection of life and property, and our happiness.

No wonder our taxation has increased from 8 per cent of our national income in 1913 to 33 per cent in 1932. Governments now support eighteen million of our citizens, or nearly one-sixth of our population. Our overlapping, unnecessary layers of government must be removed or we shall perish.

## TAXPAYER SMOTHERING UNDER BLANKETS OF GOVERNMENTS

The core of the trouble is that our governmental organization has failed to keep pace with the functions it is called upon to perform. There are too many governments, and there is too little efficiency. Units of government have mul-

tiplied so that the taxpayer today is blanketed under so many layers of government that he is as bewildered as he is burdened by duplicated and excessive taxation.

President Roosevelt, in his book *Looking Forward*, in setting forth his experiences as governor of New York, counted 13,544 separate, independent units of government in that state, and found that citizens in some communities were blanketed under ten layers of government.

With the federal government, forty-eight state governments, 3,000 counties, thousands of incorporated municipalities and townships, together with drainage districts, school districts, fire districts, sewage districts, lighting districts, road districts, water districts, each with governmental functions and imposing taxes, we have a maze of overlapping and duplicating units that necessarily results in inefficiency and excessive cost.

I have no fault to find with the increasing services of our governments, in response to the demands of modern times, in providing education, good roads, public health safeguards, and many other public benefits. They naturally increase with the progress of civilization and the growing complexity of our social and economic life.

Education, for example, is more extensive and costly as time goes on.

School attendance is made compulsory in many states, and in recent years the number of children in school has increased in much greater proportion than population. The school term is longer, and more subjects are taught than ever before. Nearly seven times as many children went to high school in 1928 as in 1900.

The demand for improved roads, not only the main highways, but from the farms to the markets, has increased by leaps and bounds, so that road construction and maintenance today constitute major activities of our governments and require huge public expenditures.

Public health, care of the indigent and unfortunate, and other public services are growing constantly in importance.

While these increasing public services are desirable and necessary, we are faced with the problem of how to obtain them with the governmental machinery now operating, without breaking the backs of the American taxpayers.

But I do think that if we are to avoid the bankruptcy of confiscatory taxation our governments cannot act as parents to all the people, but must confine their activities to essential services such as law enforcement, education, public health, conservation of natural resources, care of the incapacitated, and the building of roads, and only enter other fields when a great public emergency requires it.

#### HOW VIRGINIA MET THE PROBLEM

What can be done about it? I have had some experience with the problem as governor of Virginia, and trust that I may be pardoned for referring to some of the things accomplished in that state.

We set about to simplify our state government. In 1927 we took the state's eighty-five administrative agencies, and after abolishing some, consolidated the remainder into twelve departments. Forty-eight agencies had been collecting state revenue and many

of them disbursing part of it. A new accounting system was adopted requiring all state revenue to be paid into the state treasury, and all disbursements made by the state treasurer on a warrant of the state comptroller. The Virginia constitution was completely revised to permit the reorganization of the state government and accomplish numerous reforms. Virginia adopted a short ballot, giving the governor the power to appoint the heads of departments similar to the presidential authority to name the federal cabinet.

Both the state and the localities had previously taxed land and tangible personal property. A law was passed segregating this class of property exclusively for local taxation, leaving intangibles, incomes, and other sources for the state. This has greatly simplified the tax system, and has produced excellent results. Virginia's taxes on land are today the lowest of any state in the Union in proportion to value, and all our taxes are moderate.

A notable advance was made last year when the state, without a cent of new taxation, took over the farm-to-market roads for maintenance and construction. Some five hundred local road district units were abolished, and the local road tax was abolished. The county roads are being greatly improved under state administration, and the secondary as well as the primary road system is now financed entirely by the gasoline tax and motor licenses, enabling a substantial reduction in the local taxes on land and tangible personal property.

#### ECONOMIES PROMOTING EFFICIENCY

Numerous other reforms have been accomplished in redistributing functions of government with good results. For example, the almshouses have been consolidated in two-thirds of the counties, with considerable savings and better attention to the inmates. A law has been passed permitting counties of the state



to consolidate. If counties do not desire to consolidate outright, then groups of counties can unite in employing the same public officers. This can be done without surrendering the identity of the county and without inconvenience to the people, because good roads, automobiles, telephones, and radios have brought us all very close together.

I mention these reforms in Virginia merely as indicating the line of attack on the problem of increasing efficiency and reducing unnecessary expense.

I believe a great deal can be accomplished in state and local government. First and foremost, we must have a radical readjustment of local government. We must abolish many thousands of units of local government and consolidate thousands of others too small to operate alone. And then much can be accomplished by (a) simplification of the state machinery by the elimination of useless and overlapping bureaus and commissions, and the consolidation of administrative agencies into a few departments whose heads shall be responsible to the chief executive; (b) a budget, which must be kept in balance, and a central accounting office for all revenue and disbursements; (c) a central purchasing agency; (d) the segregation of local and state sources of taxation to avoid duplicated taxation; (e) the transfer to the state of local activities which will least interfere with local government and where increased efficiency and greater economy may be effected. The transfer of local road maintenance to state control in North Carolina and Virginia has produced splendid results.

The accomplishment of these reforms may require a political revolution, but I predict the people will demand them.

#### HOW NATION AND STATE SHOULD SHARE TAXES

I believe the federal government should cooperate with the states in the simplification of our tax system to avoid duplication of taxes. I am a member of a committee, of which Senator King

of Utah is chairman, to consider this question. Certain classes of taxation should be reserved by the government and others given to the states. The federal tax on gasoline of one and one-half cents per gallon should be promptly repealed and gasoline taxation reserved for the states. The government could well undertake the collection of a uniform gasoline tax to be remitted to the states on a fair basis of the motor cars licensed. This would collect millions of dollars of gasoline taxes now being evaded because of the "bootlegging" of gasoline between states where the state taxes vary, and would enable the gasoline companies to establish uniform gasoline prices.

The federal government could also properly consider a manufacturers' sales tax, eliminating food, clothing, medicine and fuel, and provide for a rebate to the states of a substantial part of the total tax on a basis of the purchasing power of the respective states. These and other things the federal government could fairly do. After all, taxes come out of our pockets just the same, regardless of the governmental unit collecting them.

I am a strong believer in local self government as the bulwark of our political system. But local government must justify itself by efficiency and economy. Conditions of transportation and communication compel a revision of the local machinery which is hampered too frequently by methods of the horse-and-buggy days gone by. The rebuilding of our rural civilization, which is so essential to the full development and happiness of the nation, must be accomplished in great measure by better government in the localities. Every citizen should study and investigate his local government, and demand that it be efficient and economical. When we have removed some of the layers of government and organized the essential activities on an efficient basis, then and then only can we enjoy the benefits of government to which we are entitled at a cost which we can afford.

# Bigger and Better Governments Wanted

Much money can be saved taxpayers through increasing size of local units, administrator points out

HENRY MORGENTHAU, JR.

Governor, Farm Credit Administration

ARE there too many governments? Every taxpayer should be asking this question. If there are too many governments, the taxpayer is paying the cost of the inefficiencies and waste resulting from the excess. And when something affects taxpayers, it affects all of us; for there are few persons who are not paying some kind of a tax now. If the property tax doesn't get you, the income tax, the gasoline tax, the check tax, the telephone tax, or some one of our many taxes does. Therefore, all of us are interested in the question of "over production" of governments.

First of all, how many governments are there? The nation has a government, and the forty-eight states each has one. Then, every state is divided into counties, each of which has a government. The number of counties in a state ranges from three in Delaware to 244 in Texas. The forty-eight states are divided into more than 3,000 counties. Massachusetts, with only fourteen counties, has the fewest counties relative to her population. In the states of northeastern United States, the counties are further divided into townships or towns which are political units. In the other states, townships are usually only geographical units for they seldom provide governmental services. Furthermore, where people are concentrated, incorporated villages and even cities have been organized. All of these units,

the nation, the states, the counties, the towns, the cities and the villages, provide general governmental services. By such is meant the providing of highways, police protection, health protection, courts, aid to dependent citizens and such services of general or widespread interest.

In addition, some governmental units provide specific services. The school district provides education only. The special districts provide special services among which are lighting, fire protection, water, sewage disposal, drainage, and irrigation.

## FOURTEEN THOUSAND GOVERNMENTS IN NEW YORK STATE

To impress upon you the number of governments, allow me to tell you the organization of New York, the state with which I am most familiar. In New York, there are fifty-seven counties outside of New York City. Within these fifty-seven counties, there are 932 townships, fifty-nine cities, and 527 incorporated villages. In addition to these, there are approximately 10,000 school districts and nearly 2,500 special districts, most of which are lighting, fire protection, and water districts. Thus, in this one state, there are approximately 14,000 governments each contributing its share to the tax bill. And New York is not exceptional in this matter; other states are as completely

over-organized. The states west of the Mississippi generally do not have the township organization, but they do have more counties. Missouri, with 114 counties, probably has too many such governments.

Our present governmental organization is an inheritance. It was much the same in the eighteenth century as it is today. Methods of transportation and communication, however, have changed. A township organization with its supervisor, town clerk, justices of the peace, constables, assessors, tax collectors, and overseers of the poor, was useful in the eighteenth century. If a crime had been committed, a county sheriff thirty or forty miles away or the state police 100 miles distance could not have been notified in time to be of any service. Today, a state trooper can reach the scene almost as quickly as the local constable. Today, a taxpayer can write a check on his local bank and mail it to the county treasurer for three cents. In earlier days, he had to carry the cash to the collector; therefore, a town collector was very convenient. The township organization was probably necessary in our grandfathers' day. It is not necessary today.

Two miles was a long distance to school in the earlier days, because the children had to walk. Thus, small rural school districts resulted. Today, the school bus takes the farm children to school and these small districts are no longer necessary. We can now have the larger, more efficient districts.

The development of government has been a patchwork affair. We have decided that the sheriff and the constable could not cope with modern criminals with their present means of transportation. We added the state police, but we did not abolish the constables or the sheriff. So, today, in most states, we have constables, sheriffs, and state troopers, all of which overlap in their duties.

At one time, all the highway work was done by the townships in our eastern states. Next, the county took over some of the most important roads, and finally, when highways became a part of the national transportation system, state departments were organized. Again, the smaller highway organizations were not abolished.

Too often, when it has been necessary for a larger unit of government, such as the county or state, to perform a government service previously handled entirely by smaller units, the complete service has not been transferred. A part was left for the smaller unit. This has often resulted in leaving to the smaller unit an amount of work too small to be done efficiently. The township of today is only a skeleton of its once more efficient self.

#### GOVERNMENT A COÖPERATIVE

What should be our criterion in deciding whether or not we have too many governments? To me, a government provides definite services at a specific cost. In other words, a government is a coöperative association which provides highways, schools, police protection, libraries, health protection, relief to the unfortunate, and other such services. Its members are the citizens of our nation. If, by decreasing the number of units of government, the same quality of services can be provided at a smaller cost, I would say, "We have too many governments." My answer would be the same if the larger units do not reduce the cost of the service but did provide a better service. In many instances, larger units will both decrease the cost and provide a higher quality of service.

Many noteworthy studies are available which show the effect of the size of a governmental unit on the cost of performing various services. Some of these I have found most helpful were made by the Department of Agricultural Economics at Cornell University.

One of the studies shows the effect size of one-teacher school districts on the cost of education per pupil. In 108 schools in which the average daily attendance was six pupils or less, the cost of education was \$274 per pupil. On the other hand, 111 schools had nineteen or more pupils. In these schools the cost was only \$67 per pupil. The cost of education for the 638 districts studied averaged \$110. Thus, if all of the school districts in the six New York counties had been made as efficient as the largest ones, the school tax bill would have been cut by 40 per cent, which would have meant a saving of \$400,000 in these counties. Quality of service was not sacrificed by the larger districts because the teachers employed were better educated and received larger salaries than those in the smaller schools. The large schools also provided better libraries and teaching facilities. Thus this one study has shown that if we are to obtain good education at the lowest cost, we have too many school districts.

Another of the studies deals with township government in New York. Three-fourths of the cost of township government in that state is for highways and one-fourth for the other services, such as protection of persons and property, aid to the needy, health protection, general administration, property assessing and tax collection. The study shows that those towns with the most highway work to do, resulting either from large highway mileage or from more work per mile of highways, did that work most efficiently. The towns with large mileages of highways had more highway machinery and used this machinery to greater advantage. This study indicates that in order to obtain a more efficient and a less expensive upkeep of town highways, the highway systems of several townships should be consolidated or the entire township system of highways transferred to the

county highway systems. Some states are going even further by putting all highway work under the state highway system.

The analysis of the cost of the services other than highways in this same study indicated that the most populous towns had the lowest cost of general government per capita. Thus by consolidating townships or transferring the present functions of the townships to counties, the present services of town government could undoubtedly be obtained at lower costs.

Studies of county government seem to indicate that the consolidation of counties would be to the advantage of the taxpayer. It would reduce the cost of government and his tax bill.

#### WHY CONSOLIDATION IS DIFFICULT

These studies have shown that we do have too many governments. Why don't we reduce their number? There is considerable opposition to changes. Some of this opposition comes from the present officeholders, who would lose their jobs, and the much more numerous group of would-be officeholders, who expect to run for office sometime. In addition, there is the pride of the local citizen in his township or county. But the greatest opposition results from the inequalities among such units. Because of differences in the taxable wealth over which the cost of government is spread, the tax rate would be increased slightly by consolidation in the wealthy towns, school districts, or counties, while being decreased greatly in the least wealthy ones. Therefore, the wealthier unit would not favor the union. On the other hand, the less populous town, or county will object to consolidation, because its citizens will be the minority on election day. With the loss of its specific representation, the town or county fears the loss of its desired patronage of

(Continued on Page 448)

# Reducing the Public Health Budget

Expansion rather than reduction needed, experts agree, but if cuts must be made, here is the way to make them.

GEORGE FOLGER CANFIELD

*Attorney, President, State Charities  
Aid Association*

MATTHIAS NICOLL, JR.

*Commissioner of Health, Westchester  
County, New York*

KENDALL EMERSON

*Acting Executive Secretary, American  
Public Health Association*

MR. CANFIELD: Dr. Nicoll, I read an editorial yesterday commenting on the need for drastic reduction in governmental expenses. As a taxpayer my heart warmed to the suggestion. I began thinking over the various government services and I had a beautiful time slashing this department, eliminating that, and consolidating others until I came to the health department. There I stuck. You and Dr. Emerson ought to be able to help us out and I want to ask you some questions.

DR. NICOLL: Well, Mr. Canfield, Dr. Emerson has gone pretty deeply into the problem of cutting health budgets from the national point of view and I have had my own problems during the past few months, so we ought to be in shape for a quiz.

MR. CANFIELD: You see the difficulty lies in the fact that, although I have been interested in community health and welfare for many years, I have not yet been able to decide what, if any, activity of health service could be cut out with safety to the people's health. For I have not discovered any of the customary indications of extravagance in administration. Certainly the salaries, even in prosperous times, have been meager enough considering the responsible character of the work. Still, in

the interest of economical government, and as a layman and a taxpayer, I want to ask you this question, "Can I not have health protection for my family and my community at a lower cost than I now pay for it?"

DR. EMERSON: That query certainly brings the topic of discussion right out into the open. In the opinion of the American Public Health Association the question can be answered only by an emphatic negative. Why, in the best of times public health appropriations have never been sufficient to do a really first class job.

PREVENTION SAVES MONEY AND LIVES

MR. CANFIELD: Isn't that rather an arraignment of the health department's work?

DR. EMERSON: Not at all. The fact is that there are well established methods of health protection in the world today which no health department has ever been able to use because it never had the necessary money. Through the application of such methods countless lives could be saved and a vast amount of chronic invalidism avoided. Despite the marvelous advances made in the past fifty years in health protection it is conservatively estimated that one-half of a practising physician's work

is still treating disease which could have been prevented if we had applied the knowledge we now possess.

MR. CANFIELD: But wouldn't the expense of putting into operation any such elaborate methods as you imply be an extravagance which no government could bear, however prosperous?

DR. EMERSON: On the contrary the cost of preventive medicine is never more than a small fraction of the cost to the individual and the community of treating preventable disease, especially if you reckon in the loss in wages while people are ill and the economic loss to society caused by avoidable deaths during the productive years of life.

MR. CANFIELD: From your statement, then, it would seem to follow that it would be a real form of government economy to *raise* health budgets instead of *lowering* them during hard times.

DR. EMERSON: That is a logical and fair deduction but I fear most of our legislators would not be persuaded to see the matter that way. It takes a quicker brain than theirs. You see it's this way. Those who make the public budget are officeholders. Officeholders are for the most part politicians and politicians keep a keen eye on vote-winning measures. Of all government departments I believe it is fair to say that the health department has been kept freest from political intrigue. It is not a productive vote-getting medium. Hence cutting its budget is an agreeable pastime. I believe it is fair to add, however, that in making such cuts the legislators are quite unaware of the risk to the public involved in such procedure.

MR. CANFIELD: But doesn't the public realize how important the health department is?

DR. EMERSON: No, it doesn't. The American public—like all other nationalities, I fancy—greet each innovation

in health or any line of discovery with a blast of publicity, a snowstorm of ticker tape, and a wave of enthusiasm. Then it quickly accepts the novelty as a matter of course, as something to which it is entitled without cost.

#### WHAT THE PUBLIC EXPECTS

MR. CANFIELD: Yes, that is a very human trait. But suppose I ask you, Dr. Nicoll, to run over briefly some of the things a health department must do to give adequate health protection to a community. Of course there must be some difference between the work needed in a large, crowded city as contrasted with a rural community.

DR. NICOLL: There is a difference in the amount of work needed but the principles are the same. Broadly speaking the health department's objective is to reduce to a minimum the chance that preventable disease or accident will overtake any member of a community. To do this it must have experts who understand the living and working conditions under which people thrive with the least danger to their health and safety. They must have good housing without overcrowding. They must have good air to breathe, pure water to drink, and adequate provision for the disposal of sewage and waste. In addition to providing a healthful environment the public health service must insure to all the people protection against communicable diseases such as tuberculosis, scarlet fever, diphtheria, smallpox, and the venereal diseases. Since all of these are germ diseases they may be spread either through contact with other cases or through food and food handlers. Quarantine and immunization measures must be employed to prevent direct infection, and inspection of food supplies and food handlers, restaurants and so on must be constantly maintained. Especially is this supervision important in the matter of the milk supply, but it is also essential in meat packing plants,

bakeries, truck gardens, oyster beds and the like, including also the transportation of food supplies. The health department must maintain a laboratory with every known means for the early detection of infectious disease. Trained workers must stand always on guard ready to pounce on the first case that appears and put an instant stop to its spread. Without adequate public health control in our crowded civilization epidemics would spread like wildfire and in no time at all we might have a scourge in a large city like New York which would equal in horror the Black Plague of the Middle Ages. That isn't all the health department does, Mr. Canfield, but it will give you an idea of the size of the job.

MR. CANFIELD: It certainly does, Dr. Nicoll. And yet we have been going to and fro about our business, just taking all these things for granted, as we do the schools, the subway, or police and fire protection. And the people don't understand that we can't enjoy such health insurance without paying for it, as you have pointed out, Dr. Emerson.

DR. EMERSON: One reason is that health departments never have been good advertisers. They are too busy. But another reason lies in the fact that health protection is an invisible process. It works behind the scenes. When tax money goes into hospitals, or bridges, or schools, the public can see the results. Appropriations for roads are cheerfully made because we can ride on them, but it is like pulling teeth to get a few cents to fight a microscopic germ which can easily prevent our ever taking that ride.

MR. CANFIELD: But still might it not be possible, Dr. Emerson, to reduce the health department's budget in some way without affecting any of the essential work it is required to do?

#### FOLLY TO CUT BUDGET

DR. EMERSON: That has already occurred, Mr. Canfield. During the depression health budgets have been cut in varying degrees, but thus far the efficiency of the departments has not been seriously affected. However, the danger point has been reached. If a serious epidemic should arise today in certain localities it is doubtful whether health departments would have adequate means and personnel left to combat it. You can't go on reducing a cow's daily food ration indefinitely and still expect her to give milk. The ingenuity of health officers has brought about certain consolidations in the service which enable more economical operation without loss of efficiency, and certain types of work that contribute more to the comfort than the safety of the public have been eliminated, such as the work of the sanitary and plumbing inspection. We don't like bad smells from uncollected garbage, dirty back yards or plumbing leaks, but after all they affect our aesthetic sense rather more than our health and we can economize there without doing serious harm. But we have done as much cutting along this line as we can. At the present moment the health departments pretty much the country over have their backs to the wall. Health officers know that any further cut in budgets means a direct blow at the safety of the public. This fact has been hammered into the heads of legislators again and again yet even now further reductions are threatened. There are communities in this country today that have a health department only because of the devotion of the doctors and nurses on the staff. Their salaries have been cut so brutally that they might nearly as well be working without pay. I don't know how they manage to live. Do you, Dr. Nicoll?

DR. NICOLL: As Dr. Emerson says, practically every health department

could have used efficiently and economically two, three, or four times as much money as it was given to operate with in boom times. Today we can say six, eight, or ten times as much. Practically all health departments are understaffed, overworked, and underequipped. Yet despite that fact the personnel—the doctors and nurses, of the public health service are probably the most highly trained technically, the most loyal, and the most efficient of any group on the public pay-roll. They are not political opportunists. By far the largest proportion are in it because they love the work. For most of them it is a life of self sacrifice for which the rewards are either meager or non-existent.

MR. CANFIELD: This is most impressive and what you doctors are telling, the people have never even dreamed of. The American Public Health Association is supposed to have its finger on health conditions throughout the country—what is the situation today, Dr. Emerson?

#### PRESENT SITUATION ALARMING

DR. EMERSON: We have tried to keep in touch with the developments in every part of the country through questionnaires to health officers, from reports of our field workers, from the reports of field workers of organizations affiliated with us, such as the National Tuberculosis Association, and so on. The picture is not a very cheerful one, and in many instances it is actually alarming. Taken as a whole, it is causing us considerable concern because it indicates that the men who control the purse strings of public funds are sadly lacking in a comprehension of what public health protection is and how it is secured. Our reports range from the splendid statement of Governor Lehman, of New York, who declared recently that he had not taken a single cent off the state health department budget and would not do so next year if he could pos-

sibly help it, to the action of the legislature of another state which cut its health budget 62 per cent. In most of our city health departments personnel and pay have been cut to the bone, and, as one prominent mayor said, even that is being scraped.

MR. CANFIELD: Dr. Nicoll, you're the commissioner of what is reputed to be one of the best county health departments in the country. Isn't there anything you can suggest that will help lighten the load of the taxpayer and still give him adequate health protection?

DR. NICOLL: I can in theory, Mr. Canfield, but looking at the situation practically you must remember what Dr. Emerson has told us—that many health departments already have had their budgets cut far below the limit of safety. The standard of safety, or if you wish, the standard of health department appropriations, should be *at least* one dollar per capita annually. Even in good times, however, we spent in this country only about fifty cents per capita for official public health protection. Today, with slashes already made in these budgets, there is precious little left of that fifty cents. If you cut too much you wipe out the health department entirely.

MR. CANFIELD: There certainly doesn't seem to be much margin. But go ahead.

DR. NICOLL: The services of the health department may be roughly divided into two classes. The first includes the minimum essentials. Dr. Emerson can tell you about these—the American Public Health Association has been studying this question very carefully. The second class includes activities which could be reduced, with some loss and inconvenience to the public to be sure, but without grave danger to its health. Among these are the research and educational services of the health department. It is evident that advance in public health practice like everything else depends on constant



study and research. This costs money. It can be postponed during such a period of depression as this though its loss will be felt in the future by retarding the introduction of new protective measures. As you have already seen the public doesn't know nearly what it should of the important work of health departments. One of our duties is to educate the public into a knowledge of its own interests. This can wait though at no small ultimate cost to the public itself. In addition there are minor savings which Dr. Emerson has mentioned in the matter of inspection and the abatement of nuisances to which people have grown accustomed and to which they are entitled even though many of them bear very little on essential health protection.

MR. CANFIELD: That sounds like saving some money, though as you suggest it is likely to prove both a loss and an inconvenience to the public. But what are these essential services, Dr. Emerson, which your Association selected as being so vital?

#### CERTAIN SERVICES ESSENTIAL

DR. EMERSON: No health department can pretend to serve the minimum needs of any community in this country today unless at least five activities are provided for through permanent trained personnel, and directed by a qualified and experienced health officer. These are:

1. Keeping records of births, deaths, and reportable diseases.
2. Control of communicable diseases, including clinics for the control of tuberculosis and venereal diseases.
3. Sanitary supervision of water, milk, and food supplies.
4. Protection of maternity, infancy, and childhood, including health services for school children.
5. Laboratory diagnosis of communicable diseases, and the bacteriological examination of water and milk.

Furthermore, the American Public Health Association urges that if any cuts in the functions and personnel of a health department are necessary, they should be left to the health officer himself as the person in a community best equipped to decide where reductions can be made with the least hazard to public safety.

MR. CANFIELD: That all sounds reasonable to me. Both of you seem to have given this question considerable thought. However, Dr. Nicoll, does that exhaust the possibilities of saving money?

DR. NICOLL: There is another possibility, but it won't apply to every community because the plan already is in practice in many places—and that is size of the administration unit. We believe in New York State that the most efficient unit for public health administration is the county. President Roosevelt, when he was governor of the state, appointed a committee of experts to study this question. This is what they recommended at the end of their study last year: "That the present system of local health service in the state be reorganized by substituting the county for the town and village as the local unit, with the appointment of a county board of health, and health commissioner in all counties. That the county health district include the whole county; cities being permitted to retain their boards of health and health officers, but that boards of health in towns, villages, and consolidated health districts be abolished." Ex-President Hoover has frequently advocated the establishment of county health units.

MR. CANFIELD: How would that be any improvement over the present system?

#### CONSTRUCTIVE ECONOMY

DR. NICOLL: As far as taxes are concerned it would mean better health protection for less money. "A county

health department would eliminate present duplication and overlapping of effort. It would make for efficiency by substituting one responsible board for the many town and village boards of health, and for the county nursing committee, county milk inspection committee, county school hygiene committee, and boards of managers of county general hospitals and county laboratories." Furthermore, "new and much needed health activities can be undertaken which are not now carried out, and are not possible under the present system." Naturally this would mean better service for rural areas and villages which now have little in the way of health service except what the state can give them. A county health department would bring to such places the same protection as only the wealthiest cities in each county now have—more effective control of tuberculosis, the venereal diseases, and other communicable diseases; protection of maternity and infancy; safeguarding of public milk and water supplies; more effective public health nursing service, and other elements of a modern public health program.

MR. CANFIELD: You say these things were recommended for New York State. Would you recommend the county health department system for the entire country, Dr. Nicoll?

DR. NICOLL: I should say that the county health unit might well be recommended to all states as an appropriate principle in planning effective health administration. However, there are certain reasonable modifications of the program which apply in special regions. For example, in New England the health district may work outside of county lines since the county in those states, by long custom, does not have the same governmental significance as it does in other states. Again there are some counties, especially in the south and west, which are too small and poor to

support an adequate county health unit. Here a combination of several counties in one unit may be more effective and economical. But the principle remains the same especially in the matter of maintaining a full-time trained staff for the service. As one health worker has put it, "generally speaking it is true that any county which can have a county court house can support a county health department."

MR. CANFIELD: It seems we are all in agreement that the budget of the health department should not be cut if the public is to be protected adequately from disease and epidemics. But there is another side to this question that has to be faced too. It is all very well to say that things should be thus and so, but old John Public pays the bills—and the fact we have to face is that John Public simply hasn't got the money now. With less money to be divided among each government service it either has to be spread thinner so that all may have the same proportion as before, or it should be disbursed according to the greatest need. Which basis is more equitable?

DR. EMERSON: I think every intelligent person will agree that the practice of applying a horizontal cut to every department—that is, impartially reducing each budget by the same per cent—is merely the device of the lazy or ignorant legislator who will not or cannot compare the needs of each department and distribute public funds among them on the basis of importance or necessity. The latter is the only intelligent way to handle this situation, and I believe every taxpayer has the right to insist that his representative take the trouble to do that. Surely every citizen must realize, for example, that during the past few years the department of buildings and construction has had less and less work to do, while the work of the health department has increased enormously.

MR. CANFIELD: There again you two,

as doctors and experts in public health, know more about the situation than I do. Just what effect, Dr. Nicoll, has reduced income had on public health?

#### HOW DEPRESSION AFFECTS HEALTH

DR. NICOLL: I suppose we who are so close to the situation often forget that other people don't know those things. Well, the first result is that families move to cheaper quarters. When the pinch becomes greater they tend to "double up"—that is, two or three families move into quarters that were built for only a single family. Cheaper quarters are always in the poorer and congested neighborhoods, of course, so the first result is that their sunshine and fresh air are reduced. The second result is that overcrowding makes transmission of disease easier, both from person to person and by way of vermin. Furthermore, when the family budget is reduced the standard of food is reduced too, which usually means less nutrition. So a person's resistance to disease is not only lowered by less food, fresh air, and sunshine, but through overcrowding he is placed in greater danger from infectious disease and is less able to throw off such infection because he is undernourished. On top of these things he is subject to a mental strain that plays an important part in his ability to fight both his circumstances and disease. Many laymen pooh-pooh the importance of worry in such cases, but believe me, it can make all the difference between life and death. In fact the wave of suicide during the depression is one of the results of mental strain that could not be endured any longer.

MR. CANFIELD: How does all this increase the work of the health department?

DR. NICOLL: Clinics get far more work than they can handle.

MR. CANFIELD: How's that?

DR. NICOLL: Why, people who

formerly were able to go to their own physicians now have to apply for free medical treatment. Our nurses and doctors too, have much more work because of the greatly increased population in their districts. And let me remark here that public health nurses are the best investment a health department can make. Other branches of the health service also have more work during these times—infant welfare stations, milk stations, maternal consultation centers, and venereal disease clinics.

#### CONCLUSIONS

MR. CANFIELD: Well, from what you gentlemen have said I get two distinct sides to this picture: the first is that modern society has the knowledge and ability to prevent much of the disease it now suffers from. The second side is that although our political representatives are clever enough to see that a few dollars spent for a health department will prevent disease that requires expensive hospitals to cure, they never have financed a health department so that it can use all the available knowledge and do a really first class job. Nevertheless, a time has come in our history when money is scarce, which means that some, and perhaps all of the official departments of our community must operate on less. Now the question seems to be that there are only a certain number of activities of the health department in which cuts can be made, some of which are either obsolete or are not properly matters that come under the head of the health department. It seems furthermore that according to the American Public Health Association there are five activities that a health department *must* conduct if it is to meet the minimum needs of community health protection. These five activities are: the recording of births, deaths, and reportable diseases; the control of communicable diseases; control of water, milk, and

food supplies; protection of maternity, infancy, and childhood; and maintenance of a laboratory. Am I right so far?

DR. EMERSON AND DR. NICOLL: That's right—you've got it.

MR. CANFIELD: There is opportunity for reducing the cost of health protection by making the county the unit of administration according to the recommendations of the committee that studied this question in New York State. A county health department can do more efficient work for a greater number of people at a lower per capita cost, and will eliminate duplication and overlapping of effort. The cost of providing adequate health work should not be less than one dollar per capita annually, but few communities have ever approached this standard. Any cuts that must be made should be made by the health officer himself because he is the only trained person in the community who knows what cuts can be made safely without danger to the public. Does that cover it?

DR. NICOLL: A perfect summary by a first class lawyer, eh, Dr. Emerson?

DR. EMERSON: Absolutely. Clear statement and sound conclusion.

### REDUCING THE WELFARE BUDGET

(Continued from Page 415)

services against their economic and social value. They reject the panicky thought that the end of our country and our civilization is at hand. They believe we shall get through this depression by the application of our intelligence and our courage and not through hasty action taken in blind panic. Nowhere is calm intelligence and courage required more than in dealing

with the activities of our government, national, state and local, because it has become increasingly apparent that our governments are the agencies to which we must turn to get us out of the difficulties that confront and threaten to engulf us. All government activities that relate to our economic and social welfare are more important today than they have ever been before in the history of the nation. We must strive for constructive economy and efficiency in government, especially in this field of public welfare.

### TAXES MUST BE PAID

MR. BANE: Meriam, I think every sober-minded patriotic citizen will agree with you that never before in the history of our country have the activities of our governments that affect social and economic welfare been so important and yet many people are refusing to pay the taxes that are necessary to support their governments. Investigations have shown that a large part of the so-called delinquent taxes are not owed by poor home owners but by the well-to-do owners of large properties. They prefer to borrow the amount of their taxes from the whole community rather than to pay them for the use of the whole people. A strike against the government on the part of any considerable body of taxpayers is a serious menace to all our institutions. Fortunately, the Committee on Citizens' Councils for Constructive Economy, under whose auspices we have given this broadcast, is fighting this menace. They urge that we all support our government by paying our taxes and that we join in demanding sane constructive economy in public welfare and in public administration generally.

# County Reorganization Stirs Old Dominion<sup>1</sup>

Citizens of many sections of Virginia see chance for efficient local government in centralized authority provided by new optional forms

JEFFRIES HEINRICH

*Extension Instructor in Citizenship and Government, University of Virginia*

SINCE the passage of the Optional Forms Act<sup>2</sup> by the General Assembly of Virginia in the early part of 1932 much interest has been focused upon the receptivity by the counties of the executive or manager plans provided therein for voluntary adoption. Albemarle County's action in adopting the executive form on May 2, was described in the June issue of the REVIEW. Though the counties have been slow to take cognizance of the legislation, recent developments indicate that the reorganization movement will come in for due consideration with increasing rapidity.

On June 29, the executive form was rejected by Princess Anne, a county with a population of 16,282 and largely rural in character with the exception of the seaboard between Norfolk and Virginia Beach. The vote against the plan was 1,986 to 800. Not a precinct carried a majority for the change. Here again, as in the case of Albemarle, the opposition was led by the officeholders who followed much the same sort of procedure. The day of the election a disturbed voter wrote me as follows:

"I have been informed by one of the

judges of the court house precinct at noon that more North Carolinians had voted than Virginians. They claim a year's residence in Princess Anne County and the right to vote without paying capitation tax. I would thank you for an interpretation of the law."

The Virginia law allows persons who are otherwise qualified to vote in a special election (which this was) held on or after the second Tuesday in June providing they prove to the satisfaction of the registrar one year's residence and have been assessed their capitation taxes for the current year, but the taxes need not have been paid at the time of the said election. The election in question has not been contested, though doubt apparently exists as to whether all persons voting were duly qualified.

A personal visit to the county a few weeks prior to the election indicated that much educational work still had to be done by those advocating change to overcome the opposition, who packed the meetings with the obvious intent of disturbing the peace. They undoubtedly had the votes behind them, as the results indicate.

## MANAGER PLAN LOSES

Northampton County, one of the two rural counties comprising the Eastern Shore of Virginia and having a population of 18,565, held a referendum on the manager plan on August 1. Several

<sup>1</sup>Adapted from paper read before the Institute of Public Affairs, University of Virginia, July 6, 1933.

<sup>2</sup>Chapter 368, Acts of Assembly, Session 1932, (p. 727) Relating to the Organization and Government of Counties. Reprint of act obtainable from Division of Purchasing and Printing, State Capitol, Richmond, Virginia.

weeks prior to the election, citizens in charge of the campaign reported that they were reasonably certain of success, though they found it difficult to estimate the extent of the whispering campaign by the officeholders. However, their lines were broken during those final weeks and the manager plan was defeated by a vote of 931 to 387. The *Eastern Shore Herald*, in an editorial on August 5, attributed the defeat to the assumed six hundred fixed votes of the approximately sixty county officers "from judge to janitor." Discounting these, it maintained that "well over a majority of the voters who had no direct or indirect interest in the county pay-roll voted for a change" and that this protest vote "on the way our county affairs are being run cannot be brushed aside lightly; nor is there justification for much rejoicing on the part of the victors in this contest except on the ground that their incomes are secure until the seed sown in this campaign have had time to fructify and the people then have an opportunity again to express themselves."

One of the proponents of reform stated that they were quite well satisfied with the vote after considering the handicaps under which they worked. He explained that many half-hearted supporters voted against the plan because they saw little likelihood of defeating the present supervisors and were unwilling to entrust to them the appointment of a manager. He described the influence of the county officers in all local civic organizations with one exception. He stated also that the committee had only the contributions of five or six men with which to conduct an educational campaign.

#### CONSOLIDATION UNPOPULAR

Considering the situation objectively one would think that the two Eastern Shore counties might advantageously consolidate. Inquiry on this subject

made of one of the leaders in the reorganization movement brought this reply:

"The question of consolidation of Accomac and Northampton has been left very much in the background by us. Should such a thought, even, be injected into our campaign, I am sure that shotguns would be put into action. The trend of the times will ultimately call for consolidation, but when it comes, whether by act of legislature or otherwise, I am confident that the National Guard and the State Militia will have to be stationed on the Eastern Shore for several months to command order. Why such should be the case is quite a mystery to me, but I am sure my interpretation of the condition is not overestimated."

Such is the attachment to native heath in Virginia that this quotation might easily be applicable to any other counties in the state. This sentiment will doubtless prove to be the chief obstacle to geographical consolidation.

Henrico, the urban county around Richmond, with a population of 30,310, will consider the adoption of the manager plan on September 19. Until recently the citizens' organization advocating the plan has been fragmentary and incomplete, but it now has definite plans for an intensive campaign during the final month. Its members believe that the poor administrative practices which they revealed in their campaign for signatures to the referendum petition prompted the board of supervisors recently to appoint a county engineer and purchasing agent. They consider this a distinct gain.

Roanoke County, with a population of 35,289 and preponderantly urban in character, will vote upon the executive plan at the time of the general election in November. In contrast to the other counties where a petition of citizens prayed the judge for the referendum, here the county board of supervisors

asked for the election, and, contrary to the wishes of the citizens who had asked them to act, demanded the executive rather than the manager plan. They claimed that a manager would be a dictator. What entered into the judge's decision I do not know, but setting the date of November 7 in effect delays the installation of the plan, even if carried, until January, 1935.

In two counties, Hanover and Elizabeth City, citizen committees have been formed to consider the adaptability of one of the alternative plans to the county. There is evidence of interest on the part of individuals in at least nineteen other of Virginia's one hundred counties.

#### SUMMARY OF SITUATION

A summary of the situation in Virginia thus shows:

The manager plan adopted by one county.

The executive plan adopted by one county.

The executive plan rejected by one county.

The manager plan rejected by one county.

Referenda dates set in two counties.

Citizens' committees formed in two counties.

Evidence of interest in at least nineteen other counties.<sup>3</sup>

The movements in all the counties have shown marked similarities. In general they have been citizen movements against entrenched, powerful officials who profit by the confused existent organization and administrative system. Boards of supervisors have in two cases supported change, (Albemarle and Prin-

cess Anne) and in two cases are allied with the opposition (Roanoke and Henrico). They took no open stand in Northampton.

Excerpts from printed pamphlets of citizens' committees directing the reorganization movement show that they are working to eliminate the present system of county government rather than any particular officers:

"No vote will be cast for or against any county officer, but for or against a new system of county government designed to remove the weaknesses and defects of the present system. . . . There is a strong tendency for the state to take over functions formerly exercised by the county. . . . The present tendency will continue unless county government is made more responsible and more efficient. The real issue before the voters of the county then is whether local self-government shall be rescued for the county by the adoption of a responsible, economical, and efficient system of government, or whether it shall be entirely lost through the process of further state centralization."<sup>4</sup>

"Will you help to lower taxes and give your county a form of government which will be within your control?"<sup>5</sup>

"It (the law) provides for a complete and sweeping change in the form of government under which the counties may operate. . . . This is the first time Virginia counties have been given a chance to have a voice in the form of government under which they live."<sup>6</sup>

These citizen movements have been

<sup>4</sup>Albemarle Citizens League: "An Important Issue Before the Voters of Albemarle County."

<sup>5</sup>Leaflet: "The County Executive Form of Government, a Government of the People, by the People, and for the People, Questions and Answers," published by the Better Government Committee of Princess Anne County, Virginia.

<sup>6</sup>Leaflet: "County Manager Form of Government," Brookland District Citizens' Association (Henrico County).

<sup>3</sup>This summary, it should be said, disregards experimental steps in the direction of county management taken earlier by several Virginia counties, among them, Augusta, which has had an executive clerk, equivalent to a manager, for several years.

prompted by the expensiveness and inefficiency of the present form of government pointed out in the several studies made of county government and borne out most positively by the state auditor's investigations. Upon the refusal of one county board to pay the auditor's bill, he wrote: "This department does not regard your resolution of May 29 as being such an earnest desire on your part to administer the affairs of your county capably as it is to justify the bad record which you have made in tax administrative practices and which my predecessor (T. Coleman Andrews) has outlined."<sup>7</sup>

The arguments and tactics of the opposing forces in each case are parallel. They seek to draw red herrings across the trail to frighten the people, claiming that adoption of either plan means loss of popular control, usurpation of power, and disappearance of the magisterial district. They misrepresent the intent and letter of the act. They warn against a dangerous, untried experiment.

The real danger is that the people in their ignorance will give heed to such arguments without examining conditions and studying the proposed plans for themselves. The necessary legislation for correcting the prevailing system has been passed. The people are offered the

opportunity of informing themselves.<sup>8</sup> In the final analysis the future of county government in Virginia is in their hands. It is to be hoped the decision will be on the basis of facts.

### BIGGER AND BETTER GOVERNMENTS WANTED

(Continued from Page 436)

highways. Thus, we have both sides fighting consolidation. Consolidation is, therefore, difficult to obtain.

The citizens, it seems to me, should look upon a unit of government as a coöperative business. The purpose of the coöperative is to provide the best quality of education, highways, health protection, relief to needy citizens, and other such services at the lowest possible cost. If such a coöperative has more officers than necessary for the job it should reduce their number, or if there are too many associations for a low cost of service, consolidation should result. Providing government is a business. It should be businesslike.

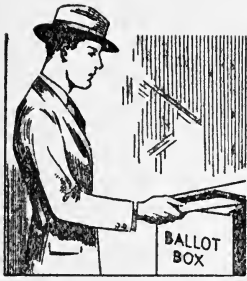
I have stated that the question: "Are there too many governments?" must be answered by every taxpayer. If you are satisfied in paying more taxes than necessary, your answer is "No." Otherwise, it is "Yes." I, for one, am certain that there are too many governments.

<sup>7</sup>Richmond *Times-Dispatch*, June 17, 1933, p. 1.

<sup>8</sup>See University of Virginia News Letter, May 1, 1933, "Educational Campaign on County Government."







# PROPORTIONAL REPRESENTATION

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EDITED BY GEORGE H. HALLETT, JR.

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## Continuing the Proportional Representation Review

**County Government Committee.**—The second report of the National Municipal League's County Government Committee, "Principles of a Model County Government," published as a supplement to this REVIEW, constitutes a new and significant endorsement of the principle of proportional representation. In the specifications for the method of electing the county board, which the committee recommends should have extensive legislative powers and also power to appoint and remove a county manager, the Hare system of P. R. is given as the preferred alternative. Taken with the renewed recommendations of P. R. in the new editions of the "Model State Constitution" and the "Model City Charter" published in March and May of this year, this puts the League's carefully chosen committees of governmental authorities on record in favor of a complete program of proportional representation for all of the important legislative bodies which they have considered. Copies of the reports may be purchased separately from the League ("Principles of a Model County Government," 35 cents; "Model State Constitution," 50 cents; "Model City Charter," \$1.00).

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**A City Without Financial Worries.**—After seven and a half years of government under a really representative council and city managers chosen by it, with a practical organization of citizens to give it backing, Cincinnati finds itself in a financial situation which few cities in these days can fail to envy. In his budget message for 1934, submitted to

the Cincinnati council June 28 and published in the Cincinnati *City Bulletin* July 18, City Manager Dykstra summarizes the city's happy plight as follows:

"Gentlemen:—I transmit herewith the City Manager's budget estimates for 1934. The grand total of requests runs to \$14,200,299.00 as compared with last year's total of \$15,192,151.00. Last year the 1933 request was approximately \$1,000,000.00 less than the 1932 request. The 1934 request bears this same relation to the amount asked for in 1933. Thus this year's budget estimates run approximately \$2,000,000.00 less than the estimates of two years ago. . . .

"I am glad to report the continued low cost of services in the city of Cincinnati. This low cost for service, and the fact that our citizens continue in large proportion to pay their taxes, make possible our sound financial and administrative policy during the critical times through which we are passing. The result is that the city is paying all of its bills, is nowhere in default, and has no need for short-time borrowing or for accommodation from the banks. . . .

"It is possible at this time to forecast that Cincinnati will maintain a balanced budget through the year 1933. Several sources of revenue which were not anticipated in the 1933 appropriation ordinance have provided the city with a comfortable balance. These excess revenues have been held sacred and inviolable during the current year. The return by the state of the excess intangibles, the unexpected beer tax, and balances in the

Mill Creek Sewer Fund amount to \$665,446.00. Besides this balance it is believed that the city can operate and find itself with a surplus at the end of the year of more than \$46,000.00. These facts explain the item in the general fund, 'Unexpended Balance,' herewith submitted, \$711,722.00." . . .

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#### Upper House of New South Wales.—

The legislature of New South Wales has passed a measure—referred to in this department in April 1933—to prescribe the Hare system of P. R. for its upper house, the legislative council. The council is to consist of sixty members, fifteen elected every fourth year by the members of both houses. The bill takes effect only if approved at a popular referendum. New South Wales used P. R. for the direct popular elections of its lower house from 1918 to 1926, when it was abolished for political reasons by the party then in power. This new application of the principle and the recent recommendation of a Royal Commission that P. R. be used for the direct elections of the Senate of the Australian Commonwealth bear witness to the impression left by the province's earlier experience.

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#### Further Gains in South Australia.—

As you know, the two branches of the Labour party each brought in bills last year for P. R. but they were lost. However, I foresaw that they could not go to the country without P. R. in their platforms, and this was so. The ex-premier, Mr. R. S. Richards, made it a chief plank, and Mr. Dawes, leader of the Labour party, followed suit. In addition we had the support of every independent candidate except one.

The government returned to power under the Australian Senate system, which is one of the most pernicious electoral systems known, has been returned on a 32 per cent vote of those voting, and as all other candidates supported P. R. we are able to claim that 68 per cent of the people have pronounced in favour of our reform, particularly as some of the winning side are supporters. Of about 127 candidates we were able to advertise no fewer than 80 as supporters.—Mrs. Jeanne F. Young, president of the Proportional Representation Group of South Australia, Adelaide.

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#### New Applications of P. R. Proposed for

**India.**—At a time when parliamentary government is being abandoned in Germany, the

British Government is undertaking the task, in which it has had the coöperation of many representatives of India in three round table conferences, of framing a new constitution for India establishing parliamentary government. There are differences of opinion as to how far responsible parliamentary government should be introduced in India. But whether responsible government is to be limited to the provinces of India, as was suggested in the Simon Report, or whether it should be carried a stage further, as proposed in the Government's White Paper,<sup>1</sup> there has been agreement of opinion both in India and in Britain that the parliaments of India must contain representatives of the minorities. On this point the Simon Commission, containing members of all British parties, were unanimous, and during the round table conference the British Government pledged itself to guarantee such representation. The representation of minorities in parliaments, and even in the governments, is indeed the key principle running through the proposed new constitution. The exclusive rule of one party or group is made almost impossible.

In the absence of agreement on better and less rigid methods of representation, there will be created for the minorities separate electoral registers and separate constituencies. This will provide for representation of communities, but may not, and is unlikely to, provide for the representation of that moderate opinion within each community on which the smooth working of the new constitution may depend. In the absence of suitable methods of election, moderate opinion may have little or no representation.

For certain important purposes, it is proposed to make use of proportional representation with the single transferable vote. The Simon Commission recommended that the federal legislature should be elected by this method by members of the provincial legislatures. In the Government's proposals, the recommendation is limited to the election of the upper house of the federal legislature, the Council of State, which, in respect of 136 of its members, will be elected by the provincial legislatures. In addition, it is proposed that in the provincial legislatures of Bengal and of Bihar, which consist of two chambers, a substantial part of the upper house shall be elected by P. R. In every new constitution proportional representation seems to find a

<sup>1</sup>Proposals for Indian Constitutional Reform. C.M.D. 4268. 1932.

place, and the present British Government and Parliament, in the new constitution for India, will give its sanction and approval to a fresh use of the proportional system.—Report of the British P. R. Society.

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#### Greece Continues Experimentation.—

In Greece the general election of March 1933 was held under the system of the block vote. M. Venizelos was defeated by some twenty seats in this election, but it would seem from the figures available that the opposition, the Popular party and its allies, polled in the nation as a whole slightly fewer votes than those cast for Venizelos and his allies. In Athens, which elects 21 members "at large," the number of voters supporting the 21 candidates of the Popular party, was, roughly, 44,000; the number supporting the Venizelist party was 42,500; the election gave twenty seats in Athens to the Popular party, and only one to the party of Venizelos. A turnover of 1,000 votes in this constituency would have drastically changed the composition of the Chamber; M. Venizelos, instead of being in a minority, would have had a majority of the seats.

On two occasions P. R. has been used in Greece. It produced a representative chamber in 1926, and a coalition government was formed with M. Zaimis as Prime Minister, a government that marked the passing of Greece from dictatorship to a parliamentary regime. P. R. was abolished by decree by M. Venizelos on his return to politics in 1928, and the abolition of the system gave his party a large majority at the ensuing election. It was re-introduced in 1932 to prevent the Royalists obtaining a majority of seats on a minority of votes; it was abolished prior to the election, March 1933. The figures quoted above show that the present system, the block vote, is most uncertain and unfair in its results. It has on this occasion resulted in a very marked division between "old," or Southern Greece, and "new," or Northern Greece. In contrast to his failure in Athens, M. Venizelos obtained all the eighteen seats in Salonika. Such artificial exaggeration of differences does not make for the consolidation of the country. We may be confident that the "block vote" system will not last; the day will come when P. R. will be introduced, not because of its possible effect on an election in

immediate prospect, but because it creates a parliament fairly representative of all parts of Greece.—Report of the British P. R. Society.

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#### Hands Across Our Northern Boundary.

The trustees of the Proportional Representation League, which still maintains its corporate existence though its work is now consolidated with that of the National Municipal League, have recently elected Ronald Hooper, managing editor of the *Winnipeg Evening Tribune*, an honorary vice-president of the League and now announce with gratification Mr. Hooper's acceptance. The honorary vice-presidencies of the P. R. League are always held by distinguished proportionalists of other countries to signify the international character of the movement for true representative government. The other present incumbents are the Rt. Hon. Lord Parmoor of England, Chairman of the General Council of the British P. R. Society; John H. Humphreys, Secretary of the British Society, who is looked to as the leading spirit of the P. R. movement in all parts of the English-speaking world; and Professor E. J. Nanson of the University of Melbourne, Australia.

Mr. Hooper richly deserves the tribute paid him by the P. R. League's trustees. As secretary of the formerly active P. R. Society of Canada he was the chief individual moving force behind the adoption of P. R. in a number of Canadian municipalities, including Winnipeg and Calgary where after more than a dozen years it is still in successful use, the adoptions of P. R. for provincial elections in Winnipeg, Calgary, and Edmonton, and the inclusion of P. R. as a policy of the Liberal party and several locally influential minor parties, notably the United Farmers of Alberta, which re-affirmed its advocacy at this year's convention. Fittingly enough, he is now reeve of the important Winnipeg suburb of St. James, elected by the "alternative vote" (the Hare system applied to the election of a single officer) and serving in conjunction with a P. R. council.

Mr. Hooper succeeds the late Dr. James W. Robertson, one of the most prominent figures in the public life of Canada, who died in 1930. Dr. Robertson was the first principal of Macdonald College, federal dairy commissioner, chief commissioner of the Canadian Boy Scouts, and president of the

national council of the Red Cross Society, to mention a few of his manifold interests and activities aside from his long advocacy of proportional representation.

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#### More Campus Elections by P. R.—

In January of this year the Student Board of Columbia University adopted proportional representation with the single transferable vote for its future elections. The change was made at the suggestion of Professor Joseph D. McGoldrick as a solution to the problem of giving representation to unorganized voters.

"Complicated as it is," the *Columbia Spectator* said editorially on January 13th, "the single transferable vote plan recommended by Professor McGoldrick and passed yesterday by Student Board should meet with the hearty approval of every undergraduate who is interested in 'good government.' The plan fits the needs of the campus in promising to minimize the power of any bloc, prevent effective 'deals' and provide just representation for all college interests. The plan was utilized by the Board yesterday in a bold stroke which should free class elections and general elections from the stigma of disreputable politics, for this year at least."

The first election was held in February and resulted in the election of one independent and one representative of the fraternities. The total poll exceeded by nearly two hundred the number polled in the corresponding election in 1932 and (to quote the *Spectator* again) "candidates, their friends and well-wishers stood around on chairs, the radiator and the filing cabinet as the vote counting progressed." The candidate who was fourth on first choices was one of the two elected when the ballots which would otherwise have been wasted on hopeless candidates were made effective by being transferred to their next choices. Both sides in the contest expressed satisfaction with the new plan.

Five other members were elected by P. R. in April.

Among the other university student bodies which have recently used P. R. is that of the University of Colorado, which used the plan in its elections in 1930. "It was in operation only one year," writes Mrs. Vinita C. Randall of the University, "and the result was a three-three-three split between the three parties. This result corresponded almost ex-

actly with the popular strength of the factions.

"The general opinion among student leaders is that the plan worked exceedingly well, considering that it was in operation only one year. . . . The election system went out of use when all forms of elections were abrogated, but it is certain that the Hare system was not responsible for this situation, except that it was responsible for the inability of the campus politicians to scheme with any degree of success, and the result was that they caused a situation that eliminated the popular government of the campus at that time."

The University of Colorado is situated in the city of Boulder, which has used P. R. for its city council elections since 1917.

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#### The Constitutionality Question in Missouri.—

Of exceptional interest to Missouri proportionalists and to all students of the constitutionality of proportional representation is "The Constitutionality of Proportional Representation as Applied to Elections in the State of Missouri," by E. M. Grossman and F. Warner Fischer, published in the *St. Louis Law Review* for December 1932. This painstaking analysis first takes up the general question of whether a constitutional guarantee to qualified voters of the right to vote "at all elections" rules out P. R., as held by the Supreme Court of California, and concludes that the case for P. R. under this language is strong. It holds, however, that a state permissive law or a change in the state election laws is necessary before P. R. can be adopted in view of a provision in the Missouri constitution which explicitly states that any charter adopted by chartered cities, including the city of St. Louis, shall be "in harmony with the constitution and laws of the state."

This conclusion, if correct, is of considerable practical importance to St. Louis and Kansas City, in both of which there are substantial incipient movements for P. R. The charter of St. Louis, adopted by popular vote in 1914, contains the provision: "Whenever it may be done in harmony with the state constitution and laws, the Board of Aldermen shall by ordinance provide for and regulate municipal elections and registration of voters and may provide by ordinance for nonpartisan nominations, preferential voting, or proportional representation."



## RECENT BOOKS REVIEWED

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EDITED BY EDNA TRULL

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**From Plan to Reality.** New York, Regional Plan Association, 1933. 142 pp. \$2.00.

For those who are sceptical of the "power of large plans to stir men's minds" the recently issued report of the staff of the Regional Plan Association—the organization formed to carry on the task of making the Plan of New York and its Environs a living force in the evolution of the New York metropolitan region—should dispel most doubts. Here we have the picture of an entirely unofficial program for the physical development of the largest urbanized area in the world which has through its sheer merit and the devotion of a group of men with vision apparently succeeded in becoming accepted as a general guide towards the practical solution of problems of regional development. Granting, as do the authors of the report, that the regional plan at the time of its promulgation included many projects that had already been officially approved or were even in process of realization, there nevertheless seem to have occurred too many "coincidences" in respect to individual projects to permit the influence of the plan to be set aside. If the data reported are exact—and the standing of the Regional Plan Association forbids any other assumption—then the original proposals of Thomas Adams and his associates are most emphatically guiding the efforts of the twelve million inhabitants of the region towards a more livable and serviceable environment.

Not only does *From Plan to Reality*—perhaps "towards" would have been better than "to"—present a valid argument for the usefulness of the particular plan which it discusses, but it may well stand as a practical

example, of which there are none too many in this country, of how such an instrument may be expected to function under the conditions which prevail to a greater or less extent in all similar areas. In some cases the plan has provided the exact model for a public improvement; in others it has evidently acted by indirection and inspired variations which the authors of the report accept as of equal value with the original suggestion; in still other instances—the Chrystie-Forsyth Street area, for example—the suggestions of the plan seem to have been ignored.

In view of the constant revisions in detail which must characterize all programs on so gigantic a scale as the New York regional plan the question of whether or not a given improvement agrees with the original proposals is of course subordinate to the question whether it promotes, under changed conditions, the social purposes underlying the plan as a whole. While the present report does not deal with the economic shifts in the area to the extent which might be wished, the generous acknowledgments of credit on the part of its authors show that the larger conception has not been lost sight of.

In its makeup, *From Plan to Reality* fully maintains the high standards of the survey and plan volumes. Nineteen diagrams, thirty-five photographs, and various summary tables serve to fix the message of the text. There are two main sections, one devoted to the appraisal of actual developments in the New York region since 1929 and the other to considerations of selected projects in the light of recent advances in the art of planning. Even though possibly not intimately acquainted with

the territory, the reader of this report, if provided with a planning background, cannot fail to appreciate the technical value of these discussions. Indeed the present volume, like those of the plan itself, carries out a tradition of education in the principles of sound planning which gives it an importance far beyond that of recording the progress of the past four years.

THOMAS L. HINCKLEY.

Massachusetts Institute of Technology.

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**State Grants-in-Aid in Virginia.** By Tip-ton R. Snaveley, Duncan C. Hyde, and Alvin B. Biscoe. New York, The Century Company, 1933. 244 pp. \$2.50.

This volume, published by The Century Company for the University of Virginia's Institute for Research in the Social Sciences, is an important addition to the rapidly growing list of volumes dealing with state-local relations. In scholarly fashion it traces the development of state subventions to local units in Virginia, pictures the present status of these grants, and offers pertinent criticisms.

The first chapter, "The Theory of Grants-in-Aid," is a discussion of the various methods of distribution and the problems involved. Then follows the story of Virginia's experience with segregation of state and local revenue, under the caption "State Subventions and the Tax System." The thesis of this second chapter is that local sources of revenue are inflexible and are rapidly proving inadequate; that increasing demands on the state treasury will, therefore, be made by the local communities; and that the natural result will be larger and larger subsidies—probably for an increasing variety of purposes. It follows as a matter of course that the subsidy system should be made as efficient as possible.

Four of the nine chapters are devoted to education, one to highways, and one to health and welfare combined. These chapters are the heart of the volume. They present a detailed and critical analysis of Virginia's subventions to local units—the purposes for which grants are made, the bases of distribution, attempts to establish and enforce state standards, administrative methods employed, and results accomplished. Numerous charts and tables accompany the text. Specific criticisms and specific suggestions for improvement are scattered throughout these chapters, al-

though there is a chapter at the end of the volume devoted solely to criticisms and recommendations. The authors urge that state money be apportioned on the basis of need—that is, in direct ratio to the cost of each function and in inverse ratio to the estimated wealth of the several local units of government. This means, of course, that the state must play an increasingly important part in the administration of those services for which subsidies are granted. It must determine the exact cost of each service for each community, basing its conclusions on minimum standards which it establishes and enforces. Equally important, it must find the true value of each community's taxable wealth—chiefly its real need for state assistance. Real estate values are a crude gage of financial ability to support public services, but they can be determined more accurately than other indices for which greater theoretical justification can be found.

With these conclusions it is difficult to disagree. The only obvious flaw in the several subsidy plans prepared by the authors for the various functions of government is that each function is treated as a distinct entity, whose cost bears no relation to the cost of other services. That a close relationship does actually exist is recognized in the closing pages of the volume, however. "The services performed by the localities constitute a unified program of a single fiscal unit with the financial needs of one activity balanced against the needs of the other functions. It is essential, therefore, that all services required or desired by the locality be viewed, not as a collection of individual services, but as a coordinated whole." (Pp. 209-210.) But this sage advice appears as a last-minute warning; it finds no place in the numerous specific recommendations.

The volume is well written, and there are no marked variations in style or in method of presentation to indicate the separate contributions of the three authors. Brief discussions of state subventions in fourteen other states shed some light on what is being done outside of Virginia. From every standpoint the book is excellent, and should serve as a model for similar studies in other commonwealths.

AUSTIN F. MACDONALD.

University of California.

**The London County Council from Within.** By Sir Harry Haward. London, Chapman and Hall, Ltd. 1932. 437 pp. 21 s.

This book is very much more than the record of forty years spent in municipal service; it is much more than an explanation of the enormous and complicated financial machinery of the government of the British metropolis, and of the principal undertakings of that government in that period. It is a liberal education in the science and art of governmental administration for it is as careful to record failures as well as successes and therefore it imparts not only knowledge but wisdom.

Best of all, it is the record of official activity by one who not only took for granted certain attitudes toward government but who was surrounded by others both elected and appointed who shared such views. What these attitudes are can be judged by sentences such as these:

"... no breath of suspicion in respect to corruption to my knowledge ever rested on the administration." "Let me here record the fact that I carefully avoided identifying myself in any way with either party on the Council and my political views are unknown to members." Some day those attitudes will dominate the minds of all those in charge of American metropolises and in that day we shall attract and hold in the service of our cities many men with the same splendid character and high ability as the painstaking author of this book reveals himself to be.

WALTER J. MILLARD.

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**Handling Communicable Diseases in New York State Municipalities.** By James B. Hume, Jr., Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1933. 51 pp. \$1.00.

Under the auspices of the publishing organization and the School of Citizenship and Public Affairs of Syracuse University, Mr. Hume undertook to secure from the cities and first-class villages of the state, information on their methods of dealing with communicable diseases. Sufficient material was collected to make it possible to present a comprehensive picture of the subject, with a number of short comparable tables of statisti-

cal data. Chapter headings include the reporting and investigation of communicable diseases, their care and control, home isolation, hospitalization, and recommendations.

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**Condemnation Procedure and Land Purchase Practices in New York State Municipalities.** By Elwyn E. Mariner. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1933. 59 pp. \$1.00.

Mr. Mariner conducted his study under the auspices of the publishing organization and the School of Citizenship and Public Affairs of Syracuse University. It was undertaken to show the approximate magnitude of the problem of condemnation in New York cities and villages, to set forth the general and local laws governing the acts of municipalities in acquiring real estate, to show the results obtained including the effect of various procedural factors on the cost of the land, to point out comparable material, and to suggest improved legislation, both general and local. After a brief introduction and description of the laws, the author gives his attention to the acquisition procedure existing and results obtained. In conclusion he offers recommendations for future action.

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**The Administration of Municipal Sinking Funds in New York State.** By A. Howard Myers. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1933. 39 pp. \$1.00.

There were, on December 31, 1931, twenty municipalities of New York State which had sinking fund debts, averaging 74 per cent of their total bonded debt. It is with the administration of the sinking funds that Mr. Myers is concerned. Making his study under the auspices of the Graduate Faculty of Political Science of Columbia University and the New York Conference of Mayors, he analyzed the state legal provisions and supervision of sinking funds, local legal provisions and administration, and the condition of the funds. The author offers several suggestions for improving sinking fund administration, notably through more complete supervision by the state.

**A Study of Delinquent Taxes in Dayton and Montgomery County.** Dayton, The Dayton Research Association, 1933. 80 pp. mimeo.

With Dayton and Montgomery County, Ohio, admittedly in a very precarious financial position, a study of one of the major factors leading to that situation, tax delinquency, is of peculiar interest. The Dayton Research Association has done a thorough analysis of tax collections over a period of years. General taxes, personal taxes, and special assessments have all been given attention. Although the long time study is of great value, one is tempted to wonder if conclusions might have been any different had more of the depression years been included. Interesting suggestions for the collection of the delinquent taxes are offered and a number of pages are devoted to tax collection methods in other cities.

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**Final Report of the Illinois Housing Commission.** Springfield, 1933. 34 pp.

The Illinois Housing Commission was created by act of the Illinois legislature in 1933 to investigate housing conditions, to make recommendations for their improvement, and to draft the necessary legislation. In this report of the Commission submitted to the legislature in 1933, the proposed housing bills are summarized and housing is discussed under the two major heads of meeting the current economic emergency and planning a long-term housing program.

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#### MUNICIPAL REPORTS

ALBERT LEA, MINNESOTA (10,169). *Annual Report for 1932.* By C. C. Ludwig, City Manager. 24 pp.

LEXINGTON, KENTUCKY (45,736). *Annual Report, 1932.* By Paul Morton, City Manager. 38 pp.

WICHITA, KANSAS (111,110). *Civic Progress, 1932.* By Bert C. Wells, City Manager. 70 pp.

The Albert Lea report, though of vest pocket size, presents practically all the facts regarding the city government in which a normal citizen would be interested. Several pictures depicting city activities and a few charts indicating trends in fire, health, police, and like activities, add to its attractiveness.

A hasty glance at the well-drawn charts shows that in 1932 only 32 per cent of the major offenses were cleared as compared with 50 per cent for the previous year. This figure is quoted here to illustrate honest reporting of crime statistics—not a universal practice by any means, though improving. A feature that will immediately arrest the eye of Mr. Taxpayer is the schedule of salaries of all employees, from the city manager to the dump tender. A small city wanting to know how to report to its citizens should use this as a model. The fact that it was in the hands of the reading public twelve days after the end of the year should not be overlooked by those who seek excuses for publishing a report four to twelve months late.

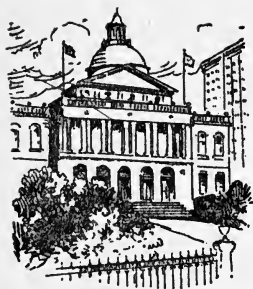
The Lexington report—the first under council-manager government in that city—has many striking features. The main criticism is its shortage of illustrative material. A clear chart of the activities of some department would have interested the taxpayer more than the likenesses of his official family whom he may see daily. Nevertheless it is an excellent report for a glance will tell you that the tax rate was cut from 2.62 to 2.50; that the year ended with a cash balance of nearly \$12,000; that operating costs were \$144,000 under the previous year; that the public debt was reduced \$187,000; that a modern accounting system was installed; and so on down the list of accomplishments that convince the taxpayer his public affairs are being capably managed.

The Wichita report is by far the most attractive of the three and in nearly all other respects it represents a high record mark of public reporting. We must take exception to its length and express disappointment over the omission of a letter of transmittal. It would be hard to improve its charts and the character of its well-chosen pictures. The change of type to emphasize important facts greatly aids the hasty reader and gives one the high spots in a moment. The accomplishments include a 5 per cent reduction in the tax rate; first honors in the National Safety Contest; the purchase of a new thirty-three acre park; a decrease of 31 per cent in car thefts; and an increase of 12 per cent in book circulation. In the light of such facts can one say that public reporting does not pay?

CLARENCE E. RIDLEY.

The University of Chicago.





# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE

Secretary-Treasurer, G. R. A.

## Governmental Research Agencies.—

The following governmental research organizations are now affiliated with the Governmental Research Association. Those marked with an asterisk are represented in the Association by individuals who did not belong to the association in 1932. Those organizations in bold-face have been organized recently. If these new organizations are not preceded by an asterisk the director has been a member of the G. R. A. for at least a year.

### NATIONAL

- \*American Legislators' Association
- American Municipal Association
- \*American Public Welfare Association
- \*American Political Science Association
- \*Bureau of Agricultural Economics; U. S. Department of Agriculture
- \*Bureau of Social Hygiene
- \*Finance Department; Chamber of Commerce of the United States
- Griffenhagen and Associates
- Institute for Government Research
- Institute of Public Administration
- International City Managers' Association
- \*Municipal Finance Officers' Association
- \***Municipal Management and Research Company**
- Municipal Service Department, Dun and Bradstreet, Inc.**
- \*J. L. Jacobs and Company
- \*National Industrial Conference Board
- National Municipal League
- \*National Recreation Association
- Public Administration Clearing House
- Public Administration Service
- United States Bureau of the Budget

### STATE

(State-wide in scope)

- Peoples' Conference on Government (Arkansas)
- Bureau of Public Administration; University of California
- \*California Taxpayers' Association

- Bureau of Business and Government Research; University of Colorado
- Bureau for Government Research; Indiana State Chamber of Commerce**
- \*League of Kansas Municipalities
- \*Bureau of Business Research; University of Kentucky
- \*Bureau of Municipal Research; Harvard University
- \***Massachusetts State Branch of the National Economy League**
- Bureau of Government; University of Michigan
- \***Minnesota Taxpayers' Association**
- Municipal Reference Bureau; University of Minnesota
- \***New Jersey Taxpayers' Association**
- Taxpayers' Association of New Mexico
- Bureau of Training and Research, New York State Conference of Mayors
- Division of Research in Public Administration, New York University**
- School of Citizenship; Syracuse University
- Ohio Institute
- \***Pennsylvania Economic Council**
- \*Research Bureau, Pennsylvania State Chamber of Commerce
- \***Tennessee Taxpayers' Association**
- \*Bureau of Municipal Affairs; Norwich University
- Bureau of Public Administration; University of Virginia
- Municipal Reference Bureau, League of Virginia Municipalities
- \*Department of Efficiency; State of Washington
- Bureau of Research in Government; West Virginia University
- \***Wisconsin Taxpayers' Alliance**
- Hawaii Bureau of Governmental Research

### LOCAL

#### CALIFORNIA

- \*Bureau of Budget and Efficiency of the County of Los Angeles
- Bureau of Budget and Efficiency of the City of Los Angeles
- \*Los Angeles Bureau of Municipal Research

- San Francisco Bureau of Governmental Research
- CONNECTICUT  
**New Haven Taxpayers' Association**
- DELAWARE  
Taxpayers' Research League of Delaware
- ILLINOIS  
Chicago Civic Federation and Bureau of Public Efficiency  
\*Social Science Research Committee; University of Chicago  
Public Affairs Committee, Union League Club (Chicago)
- INDIANA  
\***Lake County Taxpayers' Association (Gary)**  
Civic Affairs Department; Indianapolis Chamber of Commerce
- IOWA  
Bureau of Municipal Research of Des Moines
- LOUISIANA  
**Bureau of Governmental Research of New Orleans**
- MARYLAND  
Baltimore Commission on Governmental Efficiency and Economy
- MASSACHUSETTS  
**Boston Municipal Research Bureau**  
\*Civic Bureau, Boston Chamber of Commerce  
Boston Finance Commission  
\*Boston Good Government Association  
\***Fitchburgh Taxpayers' Association**  
New Bedford Taxpayers' Association
- MICHIGAN  
Detroit Bureau of Governmental Research
- MINNESOTA  
Taxpayers' League of St. Louis County (Duluth)  
Minneapolis Taxpayers' Association  
\*St. Paul Bureau of Municipal Research
- MISSOURI  
Kansas City Civic Research Institute  
Civic Department, Kansas City Chamber of Commerce  
St. Louis Bureau of Municipal Research
- NEW JERSEY  
**Citizens' Advisory Finance Committee of Newark**  
\*Atlantic City Survey Commission
- NEW YORK  
Buffalo Municipal Research Bureau  
\*Elmira Association of Commerce  
Institute for Public Service (New York City)  
\***Citizens' Budget Commission (New York City)**  
\*Municipal Affairs Department; New York City League of Women Voters  
Rochester Bureau of Municipal Research  
Schenectady Bureau of Municipal Research
- OHIO  
Bureau of Municipal Research; Akron Chamber of Commerce  
Cincinnati Bureau of Governmental Research
- Municipal Reference Bureau; University of Cincinnati  
\*Dayton Research Association  
\*Toledo Commission of Publicity and Efficiency
- OREGON  
\*Portland Tax Supervising and Conservation Commission  
\*Research Committee; Portland Chamber of Commerce
- PENNSYLVANIA  
Philadelphia Bureau of Municipal Research  
Thomas Skelton Harrison Foundation (Philadelphia)  
Taxpayers' Association of Wyoming Valley (Wilkes-Barre)
- RHODE ISLAND  
**Providence Governmental Research Bureau**
- TENNESSEE  
Hamilton County Taxpayers' League (Chattanooga)
- WISCONSIN  
Milwaukee Citizens' Bureau
- CANADA  
Toronto Bureau of Municipal Research  
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- Bureau of Governmental Research of Kansas City, Kansas Chamber of Commerce.**—A report covering the work of the Bureau since its organization in 1927 has been issued. A summary of the results of the Bureau's activities shows:
- "A definite saving in governmental expenditures of approximately \$1,847,000. The enactment of fourteen regulatory laws sponsored or approved by the Bureau. The adoption of methods and procedures suggested by the Bureau in six cases. The rejection or discontinuance of costly and unsound plans and methods in six instances. The publication of thirty-two bulletins and thirty-three reports for the information of the public and at the request of officials."
- These results seem amply to justify the conviction of six years ago that an expenditure of six million dollars in local government required an independent authoritative agency to promote a more business-like administration of government.
- Clifton Roberts is now the director of the Bureau, having succeeded Merle De Wees who is now with the Duluth (Minnesota) Taxpayers' League.
- \*
- Nevada Taxpayers Association.**— Under an act passed by the last session of the legislature the state embarked on the policy of carrying its own insurance against losses through defalcations and embezzlements on

the part of public officials. The next logical step, in the opinion of the Taxpayers Association, is to provide for state fire insurance on all property belonging to the state, counties, cities, and school districts. The savings in this field it is believed would greatly exceed the savings on official bonds and the reasons for adopting the policy would be equally sound.

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**Cincinnati Bureau of Governmental Research.**—The present emergency has forced Cincinnati from the previously held position that the community responsibility for poor relief should be under both the administrative and financial control of the private charitable organizations. Within the past year the financial responsibility has definitely shifted over first to local and then to state and national authorities. However the present organization for relief administration in Hamilton County is based on coöperative arrangements between the more than twenty-eight public and private welfare-relief agencies which were operating in the relief field before the current business depression. In the opinion of the Bureau, the time has come for a complete reorganization of the welfare-relief administration.

After a thorough survey the Bureau has made a detailed report which includes the following recommendations:

Complete assumption by the county welfare department of "all of the activities of private social agencies which involve either the direct or indirect expenditure of public funds."

The creation in the county welfare department of five major divisions: records and accounts, warehouse and supplies, emergency work, case work, and transient service, each division to be headed by a well-qualified director.

The transfer of all the activities of the city department of public welfare, with the exception of the workhouse and employment bureau, to the county welfare department.

The centralization of all social case work which is carried on in connection with the distribution of public funds in one case work division.

The following questions were used by the Bureau as criteria in planning the reorganization proposals:—

1. Does the organization facilitate comprehensive financial planning and budgetary con-

trol? Can centralized purchasing, accounting and reporting be effectively administered?

2. Is a uniform and fair standard of public relief maintained?

3. Is there a uniform employee classification and pay plan for all social workers engaged in the program?

4. Is the organization set up along functional lines? Is responsibility for given parts of the program clear cut?

5. Is duplication of effort prevented in the most efficient manner possible?

6. Is the proper distinction made between the newer type of unemployment relief cases and the traditional charity case load? Does the fact that case workers of the private agencies handle both types of cases have any effect on this question?

7. Has the addition of the great amount of unemployment relief work interfered with the regular programs of the private agencies?

8. In general, is the present organization so constituted that the board of county commissioners is able to effectively formulate and carry through a planned relief program on a country-wide scale?

Russel Drake of the Bureau's staff worked on this report and at the conclusion of the survey was loaned to the county welfare department to assist in the installation of the Bureau's recommendations.

\*

**New Bedford Taxpayers Association.**—An analysis of the operating costs of various city departments has been prepared by Hart Cummin, director of the Association. Net operating costs doubled between 1918 and 1927, but appropriations for 1933 were just about 25 per cent higher than operating costs in 1918. The percentage distribution of expenditures has been calculated for 1918, 1927, and 1933 and this makes possible some interesting comparisons.

The Association is now making a study of welfare costs in an effort to determine what is their relationship to industrial pay-rolls in New Bedford. From the data already collected it is believed that it is possible to estimate the probable decrease in welfare costs which will follow a given increase in pay-rolls.

\*

**Providence Governmental Research Bureau.**—A memorandum on the need for two

new senior high schools proposed for Providence has been prepared. In this memorandum the Bureau estimates the additional annual costs involved in this construction program and thoroughly analyzes the extent to which existing facilities are inadequate. The Bureau is of the opinion that Providence schools are utilized to about 70 per cent of capacity whereas 90 per cent capacity use is both feasible and desirable.

\*

**Wisconsin Taxpayers Alliance.**—A recent survey has shown that high school districts in Wisconsin cover less than 20 per cent of the area of the state. Towns and villages lying outside of a high school district can provide high school education by paying tuition to a neighboring district. However, whereas 25 per cent of the children of school age in *cities* are attending high schools, only 8 per cent of the children of school age in *rural* areas are attending high schools. The fact that close to one-half (43 per cent) of the public high schools in Wisconsin are below the desirable minimum of 100 pupils enrollment, that only 20 per cent of the area of the state is included in high school districts, and that the rural children are not attending high schools, shows that high school education is not being made available to large numbers of children in the state.

The Wisconsin Taxpayers Alliance is directing the attention of Wisconsin citizens to the fact that educators believe large amounts of the taxpayers' money are being spent for educating small numbers of pupils in the low enrollment high schools, that the education they receive must, of necessity, be less complete than that of the child who attends a larger city high school and that the solution lies in enlarging and strengthening the small enrollment school by increasing the area from which they receive pupils, and in centralizing the direction of a completely coordinated system of education within each county under a county board of education.

\*

**City Affairs Committee of New York.**—An excellent summary of the Seabury investigation has recently been prepared by a

committee of which John Dewey was the chairman and published by the City Affairs Committee. Such high points of the investigation as the disclosure of how the political bosses choose Supreme Court judges, the incomes of district leaders of the party, the sources of ex-mayor Walker's income, and the political control of the magistrates courts are succinctly summarized. Brief chapters on the significance of the investigation and Mr. Seabury's recommendations are also included. The booklet should be very useful in bringing these significant disclosures to the attention of the general public.

\*

**New Jersey Taxpayers Association.**—

At the recent annual convention the organization unanimously adopted a platform approving the recommendations of the Princeton survey of the state government. The Association also recommends that *all* state expenditures be included in the Governor's budget, that the highway department be placed under the direct control of the state highway engineer in place of the present four-man commission, that the pension funds be investigated and placed on an actuarial basis, that the state adopt a pay-as-you-go policy for financing capital improvements, and that unemployment relief be financed by economies and retrenchments rather than by bonds. For improvement of local government the Association favors consolidation of municipalities, a clarification of the budgetary and bond procedure to restore municipal credit, the revision of state laws fixing local officials' salaries and relating to tenure of office, the revision of those present laws which obstruct the progress of any community toward a change to any form of local government which the citizens may wish to vote upon, reduction of the costs of education, and a commission to study and investigate in a scientific way the salaries in the state, county, and municipal services and to work out equitable salary schedules.

Wilder M. Rich, director of research for the Taxpayers Association resigned to become city manager of Hackensack, N. J., on July 17. A. R. Everson is the executive secretary.



## NOTES AND EVENTS

The International City Managers Association's annual convention will be held at International House, Chicago, on September 18 to 20. A splendid program covering problems of finance and personnel administration, and matters pertaining to the city manager profession have been prepared.

\*

**First Federal Loans to Cities.**— Pushing ahead in its drive to get men back to work on useful projects, the Federal Public Works Administration has sent approved contract forms to five municipalities which had applied for loans and grants to construct water works systems. This announcement made on August 24 by Public Works Administrator Harold L. Ickes marks the actual beginning of the public works program, in its relation to cities, in the first granting and lending of federal funds to municipalities on their signature.

The cities of Arab, Alabama; Pahokee, Florida; Saylorville, Kentucky; Clarkton, Missouri; Fort Benton, Montana; Spearfish, South Dakota; and Newcastle, Wyoming, are those affected.

The five loans and grants covered by the contracts involve the expenditure of \$296,000 on the basis of a loan of 70 per cent of the total amount and a grant of 30 per cent of the labor and material cost upon completion of the work in a manner satisfactory to the Public Works Administration.

The form of contract, similar in each instance, calls for compliance with the rules and regulations of the Public Works Administration as prescribed by the President and with the policies adopted by the Administration.

Preference shall be given "so far as feasible and practicable" to the use of materials produced under codes of fair competition as provided in Title 1 of the National Recovery Act" if price, quality and quantity available are satisfactory to the Government."

The government reserves the right to inspect all work as it progresses and shall have access to all pay-rolls, records of personnel, invoices of materials and other data relevant to the performance of the contract.

All contractors and subcontractors are to report each month to the Department of Labor as to the number of persons on their pay-rolls and the man-hours of work provided.

All contracts and subcontracts shall prescribe minimum wage rates to be paid skilled and unskilled labor. A schedule of such rates is to be conspicuously posted at the site of the work. The 30-hour week is to prevail so far as practicable and feasible except in executive, administrative, and supervisory positions.

The contracts provide that the grant is to be made only after the government has found that the project has been constructed in "an efficient and economical manner" and that the financial and other affairs of the borrower are in good order and that its budget has been balanced or "that action is in process or in good faith assured therein, reasonably designed to bring the ordinary current expenditures of the borrower within the prudently estimated revenues of the borrower."

The loans are to be repaid with interest at 4 per cent per annum, payable semi-annually.

In addition to the projects mentioned above, the Public Works Administration has approved "in principle" projects totalling \$702,068 which are chiefly water works and sewerage systems. Other projects approved include:

Housing Projects, Neptune Gardens, Inc., Boston, \$3,500,000; Spence Estate Housing Corporation, Brooklyn, \$2,025,000; American Federation of Full-Fashioned Hosiery Workers, Philadelphia, \$845,000; Dick-Meyer Corporation, New York, \$3,210,000; Suburban Housing Association, Hutchinson, Kansas, \$40,000; and Triborough Bridge Authority, New York, \$44,200,000. (Loan, \$37,000,000; grant, \$7,200,000).

**Tax Tangle in New York City.**—A special session of the New York State legislature has authorized New York City to levy special taxes to help it in its present financial emergency; but the constitutionality of the law is in considerable doubt. Furthermore, the city administration has no comprehensive tax program. Perhaps because of the furor raised by Mayor O'Brien's earlier automobile tax proposal, the administration seems inclined to leave tax plans to Samuel Untermyer and the committee headed by Peter Grimm, realty representative and head of the Citizens Budget Commission, which was called to the city's assistance at the urging of Mr. Untermyer, who is taking his appointment of city financial adviser with great seriousness and vigor, and has not hesitated at drastic criticism. Mr. Grimm, however, has not welcomed such a responsibility for the committee, which, he states, is for the purpose of devising economies. The administration had made the proposal that the state be empowered to advance to the city a part of its share of next year's tax levies, but this the legislature declined to allow.

Th only tax that seems certain of adoption is a five-cent impost on taxicab rides. A city-imposed sales tax has been discussed, despite the opposition to more sales taxes that has arisen, and the adverse tendency as to business recovery which such a tax would be expected to have. A further horizontal cut in salaries of city employees has been suggested, but such a contrast to the nation-wide policy of higher wages would be a desperate and politically hazardous move. Meanwhile the obvious alternative of a reduction in the number and pay of political appointees, exempt from civil service requirements, remains, with little likelihood of being adopted by the administration in any drastic fashion.

\*

**New Mexico to Vote on Tax Limit.**—On Tuesday, September 19, a special election will be held in New Mexico at which four constitutional amendments will be voted on. The first relates to prohibition. The second limits the debt incurring power of school districts and limits the voting on such proposals to owners of real estate in the district. The third creates twelve judicial districts with at least one judge each.

The fourth of the amendments to be voted

on imposes a limit of twenty mills per dollar of assessed valuation, upon taxes levied upon real or personal tangible property for all purposes, except special levies upon specific classes of property and except necessary levies for public debt; but it permits laws to be passed authorizing additional taxes outside of such limitation, when approved by a majority of the electors.

\*

**Bettors Joins Federal Administration.**—Appointment of Paul V. Bettors, of Chicago, executive secretary of the United States Conference of Mayors, and the American Municipal Association, as liaison officer for the Federal Emergency Administration of Public Works with municipalities, has been announced by Colonel Henry M. Waite, deputy public works administrator.

\*

**Citizens' Councils in Action.**—A Citizens' Council for Constructive Economy formed in Des Moines, Iowa, this month is the sixteenth that has been organized since the late spring. In twenty-four other cities preliminary meetings are being held and plans made for the formation of councils. Sixteen citizens' councils which had been formed before this year have associated themselves with us and have adopted the program of constructive economy in government and are directing efforts toward this end.

In nearly two hundred other communities there are individuals or organizations in touch with the central committee which is acting as a clearing house for information regarding the work of citizens' councils. The interest is confined to no one section of the country; these communities are located in forty-six states.

\*

**The Kansas Legislative Council.**—A new experiment in legislative procedure has been undertaken in Kansas. The law of March 13 provides for a legislative council of ten senators and fifteen representatives, with the president of the Senate and the speaker of the House serving respectively as chairman and vice-chairman. The council is large enough to give representation to the principal geographic areas and economic interests of the state. It is directed by law to meet at least once each quarter during the interim between the regular sessions of the

legislature, as a fact-finding and investigating body for the purpose of preparing a program for the succeeding legislature. The council is also required to study the possibilities of consolidations in state government and simplification of local government. Having provided a council chosen exclusively from its own membership, the legislature is in a position to extend effective support to the council's recommendations.

The Kansas legislature must attempt two years' work within a period of fifty to seventy days. When the next biennial session convenes most of the members arrive with one or two pet bills each, but without much conception of what a legislative program for the state as a whole should comprise. Attention is centered on local bills while the committees begin the arduous task of culling over as many as 1,400 bills and resolutions. It frequently happens that measures of great public importance are not ready to be reported out of committee until two weeks before the end of the session. It is not altogether surprising, therefore, that the recommendation of the Kansas (State) Chamber of Commerce for the creation of a legislative council gained the immediate approval of experienced legislators and the endorsement of numerous statewide organizations.

The council will tend to restore the legislature to its rightful place as a coordinate branch of the state government. Advocates of the council idea do not anticipate that it will eliminate the lobbyist. They do believe that it will develop legislative leadership, improve the quality of law-making, and raise the level of legislative intelligence. With comparative abundance of time there will be opportunity for all groups and interests to be heard; statistics can be compiled, and the results of technical research studied.

At its first three-day session the council adopted rules and organized four committees and ten subcommittees. Sixteen proposals were introduced and referred for study; among them proposals for redistricting of schools, home rule for cities, a corporation code, and correction of conflicting statutes. The immediate task facing the council is to prepare for a special session of the legislature in November to take advantage of recently enacted federal legislation.

C. S. STRAIN

Kansas City Chamber of Commerce

**Public Administration Clearing House Opens Washington Office.**— On account of the increased necessity for rapid clearing of information between federal officials and many of the organizations in the field of public administration, the Public Administration Clearing House has opened a branch office in Washington at 734 Jackson Place. Louis Brownlow, director of the Clearing House has made an arrangement with Arnold Bennett Hall of the Institute for Government Research of the Brookings Institution to borrow the services of Lewis Meriam. Mr. Meriam has assumed charge of the Washington office as manager for Mr. Brownlow.

\*

**Effective Non-Partisan Government in Detroit Threatened.**— Michigan party democracy is following a course which threatens ruin to Detroit's non-partisan system of government, beginning with the honest election system established by state law in 1915. Governor Comstock recently signed the Ruff elections bill, passed as the legislature was adjourning. It would force on 450 non-partisan cities and villages of Michigan the requirement that in all state and national elections, party representatives be employed in all election precincts. Hopeless confusion would result. Whatever the motives of the Democrats, the change would put partisans of the two major parties in complete charge of elections and leave non-political counting of ballots out in the cold.

It also is known that for the first time in many years, Detroit's non-partisan election of a mayor and nine councilmen will be featured by a Democratic party slate. Having got control of the state government November 8 last, due to the Roosevelt landslide, Democrats now seek to make it unanimous by an effort to capture control of heretofore non-partisan Detroit.

The Detroit Citizens League is meeting the issue by organizing, with the Michigan Municipal League, a city-state campaign for a referendum on the Ruff law, thus arresting its operation at least until a state-wide vote can be taken in November, 1934. The League also will attack the Ruff law in the courts, as a violation of home rule and of non-partisanship in city government. Evidently Detroit is beginning a long campaign to determine the permanency of its non-party government,

and particularly of its remarkably efficient system of local elections.

W. P. LOVETT

Detroit Citizens League

\*

**Austin, Texas, Elects a City Council.—**

The 1933 campaign for the election of a city council in Austin, Texas, developed a novel contest. On the one hand was the citizens' ticket, comprising five successful business men drafted and placed in nomination against their will, refusing to wage a campaign of any description and beseeching their friends to do them the service to allow them to be defeated at the polls. On the other was the people's ticket, made up of five men who accepted nomination without hesitation and who confessed frankly that they desired to be elected. The one found itself without public support, except for a series of newspaper advertisements, a few radio addresses, and one rally, all of which were planned and executed by private citizens with little or no coöperation from the candidates. The other carried its cause to the people through the usual channels, employing newspaper advertisements, the radio, and the public forum, and its members did their own talking in large part.

Austin has had the commission-manager form of government for some seven years, during which time the faction which effected the adoption of the manager plan has retained control continuously, nominating and electing its candidates for the council regularly every two years.

Those interested seriously in the spread of the manager plan and the acceptance of the spirit as well as the letter of that plan will hardly be satisfied with the decision of the voters of Austin, who elected four people's candidates and one citizens' ticket man to serve as their council for the next two years.

ROSCOE C. MARTIN

University of Texas

\*

**New York City Tax Report Far from Model.—**Too generally is assessing the Cinderella of government service. Even surveys too often skirt the problem. Few cities are given significant reports. Real estate owners tolerate this omission, to their serious injury.

New York City's tax report illustrates this, although twenty years ago New York led in tax reporting, and admitted it. Though it deals with twenty billion dollars in valuations there is not a syllable of comment, analysis, or interpretation.

When tax truths, meanings, trends, correctable evils are desperately needed as never before, the latest tax report, just out for the work done in 1931, is not only two assessing seasons late, but lacks information about tax remissions, certiorari proceedings, the comparison of sales prices with assessed valuations, the number of appeals with their successes and failures by boroughs and amounts, borough comparisons, relation of land to improvement valuations, district changes, principles used in cutting land valuations and in allowing for building depreciation.

There is not a word against a state equalization that loses the city two millions a year on special franchises alone and that has been yearly taxing the city in income tax losses.

If the facts were reported about these matters, taxpayers would be able to save huge sums now paid out to tax specialists and tax fixers and other huge sums left in favored pockets.

WILLIAM H. ALLEN

Institute for Public Service

\*

**Staunton Retains Council-Manager Plan.**

—Staunton, Virginia, which adopted the council-manager plan of city government in 1920, has passed through an active campaign wherein the opponents of the plan sought to have it replaced by a council elected by wards, an elected mayor, and an optional city manager, so-called. On June 29 the matter came to a decision at the polls, with 853, or 55 per cent, out of 1,544, voting to retain the existing plan. This is a slightly smaller proportion than voted for the plan in 1920; but the ward-council-mayor proposal was supported by the leaders of both local Democratic and Republican groups, as well as the fee officers, spoilsmen, and politicians generally. The citizens advocating the present plan were organized in a Good Government League, and had newspaper support.



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**Principles of a Model County  
Government**

• • • R. C. ATKINSON

With a foreword by Professor John A. Fairlie

Report No. 2 of the Committee on County Government  
of the National Municipal League

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# COMMITTEE ON COUNTY GOVERNMENT

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## Foreword

This report is the third presented by committees of the National Municipal League as contributions toward a more satisfactory form of county government. The first committee, appointed in May, 1929, presented in August, 1930, a proposed bill for a county manager law, as a basis for introducing the manager system in county government.<sup>1</sup> It was recognized that this dealt with only one part of a larger problem; and on the recommendation of the first committee, an enlarged committee was appointed in the summer of 1931 to study and report on a more comprehensive plan. This committee set up several subcommittees to deal with various parts of the problem; and at meetings, held at Buffalo, Washington, Chicago, and Charlottesville, Virginia, considered preliminary reports from subcommittees.<sup>2</sup> In August, 1932, a report on *Constitutional Barriers to Improvement in County Government*, by Howard P. Jones, was published, with a series of Recommendations for Constitutional Provisions on Local Government.<sup>3</sup> These recommendations have since been accepted by the League's Committee on State Government, and incorporated in the revised edition of the *Model State Constitution*, issued in February, 1933.

Since the last noted report, meetings of the committee have been held at Detroit, in December, 1932, and at Chicago in May, 1933, for further consideration of the general plan of county organization. The present report embodies the results of this extended consideration, approved by the committee as a whole. It includes a brief discussion of the present situation and statement of general principles, followed by more detailed exposition on the composition, officers, procedure, and powers and duties of the county board; the county manager; the administrative departments; and personnel administration.

This statement presents the substantive provisions which should be embodied in a county government law or a county charter, based on the recommended constitutional provisions. The detailed draft of a bill or proposed charter will involve consideration of existing constitutional provisions and varying conditions in different states and sections of the country; and no attempt has been made to present the precise wording of the final enactment for any particular state or county.

In the plan proposed, attention may be called first to the recommended composition of the county board. This body should be composed of from five to nine members, elected at large, preferably by the Hare system of proportional representation, but on nomination by petition without party designation in any case. This is to be the policy-determining body, with larger legislative powers than is now usual, but relieved of detailed administrative duties.

The administrative arrangements are based on the manager plan, with a limited number of departments, and provisions for the selection of personnel.<sup>4</sup>

In the preparation of this plan, acknowledgment is made of the careful work of R. C. Atkinson, chairman of the subcommittee on this subject, whose drafts formed the basis for the committee discussions.

JOHN A. FAIRLIE, *Chairman.*

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<sup>1</sup>Supplement to the NATIONAL MUNICIPAL REVIEW, August, 1930, Vol. 19, No. 8.

<sup>2</sup>NATIONAL MUNICIPAL REVIEW, August, 1932, Vol. 21, No. 8.

<sup>3</sup>*Ibid.*

<sup>4</sup>The purpose of this report has been to present the principles for the organization of county government on the basis of the more commonly established functions, without considering proposals for reallocating functions as between the county and the state or other units of local government. Provision has been made for the transfer of powers and functions as between different local units; but the problem of county-state relations has not been discussed.



# Principles of a Model County Government

Report No. 2 of the  
Committee on County  
Government of the  
National Municipal  
League

R. C. ATKINSON

*The Ohio Institute, Columbus*

## INTRODUCTION

As the searchlight of investigation is thrown upon county administration in state after state, it becomes increasingly clear that county government as it exists today is clumsy, antiquated, and needlessly expensive. Though a serious effort has been made in the last twenty-five years to adjust state and city government to twentieth century requirements, little thought has been given until recently to the reorganization of county government. Yet no part of our political system more completely disregards the principles of effective governmental organization than does the county.

### **The Present Situation**

The present system of county government is the product of a thousand years of piecemeal growth. Its foundations were laid in medieval England, and the superstructure has slowly risen through the intervening centuries. Like some ancient structure it bears the imprints of many a builder and its rambling arrangement betrays the utter absence of consistent plan. While important additions have been made in the last generation, the main outlines of county organization have come down from the days of the oxcart and the mud road. The greater part of the structure remains substantially as it was in the middle of the nineteenth century

and some features much as they were in the colonial period.

Though the machinery of county government has changed but little in the last seventy-five years, the scope and magnitude of county activities have undergone a veritable revolution. Where the administration of justice was once the dominant phase of county activity, the improvement of highways, the conduct of institutions, and the care of the poor have become the outstanding county functions from the standpoint of size and cost. The automobile has involved the county in vast expenditures for the maintenance and construction of local and secondary roads. Improved transportation and communication in turn have permitted rural areas to enjoy services formerly confined to cities and have brought in their train new problems, such as county planning and the control of vice and crime. At the same time, the growth of great suburban areas about the larger cities has tended in some cases to thrust municipal functions upon the county. Thus the sphere of county activity has been expanding, though there has been some counterbalancing transfer of activities from the county to the state.

The net effect of all these changes has been an immense increase in county costs. In New York, county property taxes rose from \$15,600,000 to \$72,900,000 between 1910 and 1930; in

Ohio, they practically quadrupled during the same years, amounting to \$61,100,000 in 1930; and in Wisconsin, they increased 500 per cent to a total of \$31,200,000 at the end of the period.

Despite the rapid growth of tax burdens, a system of county organization has been permitted to continue which is cumbersome and almost inevitably inefficient. Contrary to the practice of all private corporations and nearly all important governmental units, the county has no administrative head. The county board performs the functions of such an officer in a measure, but only in a measure. The actual conduct of county affairs is scattered among from eight to a dozen separately elected officials and a long array of boards, commissions, and lesser appointive officers. Because of the method of their selection and the inability of the county board to control their personnel, many of these agencies escape effective supervision and control. They claim direct responsibility to the voters for the conduct of their offices, but their number is so great and the work of their offices in many cases so obscure that little effective control can be exercised by the electorate. Thus, an arrangement originally purporting to be democratic has tended in reality to foster irresponsible administration.

The multiplicity of separate agencies likewise interferes with the effective performance of county functions. Duplication and overlapping of work are to be found at various points, and in some cases closely related activities are scattered among a number of independent bodies in curiously hodge podge fashion. For example, the care of the poor is divided among some half dozen separate agencies in the average Ohio county, one body administering blind relief, another soldiers' relief, a third

mothers' pensions, a fourth providing for dependent children, etc. Such disorganization obviously affects both the cost and the quality of county service.

The extreme decentralization of county government also seriously hampers the use of two of the most essential tools of economical administration—the executive budget and centralized purchasing. Even where these devices are provided for, their effectiveness is often greatly limited by the resistance of independently elected officers and by the hesitancy of members of the county board in exercising the powers they actually possess over officials who are their political equals.

#### **Principles of Reorganization**

The plan of reorganization proposed by this report is based on the following principles:

1. The provision of a wieldy but representative policy-determining body elected by the people and responsible to them for the conduct of county government.
2. The creation of a single, responsible executive head chosen by the policy-determining body and accountable to it for the administration of county services, *i.e.*, a county manager.
3. The choice of administrative officers through appointment by the chief executive, thus providing a short ballot and centralized administrative control.
4. The concentration of activities in a few departments on the basis of function.
5. The provision of a substantial degree of flexibility to permit adjustment to varying local situations.

Subject to local constitutional requirements, the proposed plan is suitable for embodiment either in a county government law of state-wide application or in an individual county charter.



# PRINCIPLES OF A MODEL COUNTY GOVERNMENT

## I. THE COUNTY BOARD

The county board should be constituted distinctly as a legislative and general policy-determining body. At present such is far from being the case. The board possesses a combination of policy-making and administrative functions. It levies taxes, appropriates moneys, issues bonds, authorizes improvements, and in some states has a limited measure of ordinance power. As a rule, the board also appoints a number of officials and exercises such central administrative supervision as the present system of county government affords. In addition, it frequently dispenses poor relief, approves the payment of bills, and has a hand in the purchase of supplies. Thus, a very substantial portion of its time is ordinarily consumed by purely administrative and often routine tasks.

The present combination of policy-determining and administrative functions is undesirable. Not only does it place heavy demands on the time of board members, but it imposes upon them tasks for which they are usually ill-equipped. The average member, elected on a program of tax reduction or additional highway construction, is generally ignorant of the technique of public purchasing, for example, and unequipped to handle the administration of poor relief. These are matters calling for experience and training which the community has no reason to expect the member to possess but which it rightly should demand of the administrative officers to whom such duties are assigned. The separation of administration and the determination of general policy is a principle well recognized in private business, where the board of directors normally confines itself to matters of general policy and the selection of major administrative officers. The principle is also embodied

in a large proportion of the city charters adopted during the last two decades. In the interest of efficiency the county board should be relieved of its administrative duties and permitted to focus its attention on problems of policy.

While it often has been said that the county possesses no legislative authority, the day is at hand when provision must be made for local police regulations and other forms of local legislation in unincorporated areas. If such a development is to take place, the county board is the logical body in which to vest the authority. The board should be organized, therefore, with a view to a substantial increase in its importance as a legislative and policy-making body.

### A. Composition

1. *Size of membership.*—The county board should consist of not less than five nor more than nine members.<sup>1</sup>

A body of this size is small enough to transact legislative business expeditiously and yet large enough to provide a fair opportunity for the representation of the principal groups in a typical county. The large boards of supervisors now found in some states are frequently unwieldy and are certainly not needed for the adequate expression of public opinion. Their size and the smallness of the districts from which their members come are apt to emphasize narrow, local interests to the detriment of the county as a whole. On the other hand, the question may well be raised whether a commission of three, as provided in many states, is sufficient to afford reasonable representation of the various elements or sections of even a rural county. If proportional representation is adopted, as proposed by this report, a body of at least five is needed to achieve the results for which

<sup>1</sup>The large, urban county attempting the integration of county and municipal government may well present special problems of representation requiring a different provision.

that system is intended. Since the county board is to be relieved of purely administrative activities, it is not essential that the membership be kept at the lowest possible figure.

## 2. *Nomination and election*

a. Plan I—The Hare System of Proportional Representation.<sup>2</sup>

Proportional representation has decided advantages in the choice of the county board. Not only does it remove the necessity of an elaborate nominating system, but it insures the fairest and most accurate representation provided by any method of election. Both majority and minority groups are certain to secure representation in approximate ratio to their voting strength. Moreover, the system automatically adjusts itself to varying lines of cleavage within the electorate, which, in the case of counties, are numerous and subject to considerable change. In addition to the factors of race, religion, and party membership, the division of the county electorate is likely to be affected by sectional controversies over highway programs and differences between the urban and rural elements. Regardless of the basis of division, however, proportional representation insures each group of substantial size actively seeking representation its fair share of the membership of the county board. This cannot be said of any other system of election.

The advantages of electing the governing body from the county at large by proportional representation are especially evident in the mixed urban and rural county with an increasing urban population, particularly where the urban population is divided among two or more centers. Under such conditions a districting scheme is apt to be soon outgrown and lose its fairness, if indeed an arrangement of districts can be de-

vised which initially affords both elements of the population their proper share of representation.

Proportional representation also tends to limit party organizations more nearly to the representation to which the number of their adherents entitles them. Long experience with other systems of voting has demonstrated the ability of comparatively small, but well-organized and skillfully directed, groups to control local elections. Though proportional representation is no panacea for machine rule, it at least gives the independent element a better opportunity of securing a reasonable voice in the conduct of local affairs.

The chief objections to proportional representation have been the complexity of the system of counting the ballots, which frequently is not understood by the electorate and gives rise to unfounded complaints on the part of defeated candidates, and the delay in announcing the results of elections. While these criticisms indicate the necessity of a definite effort to educate the voters as to the meaning of proportional representation, they certainly should not be permitted to outweigh the fundamental advantages which that system possesses.

(1) *Nomination.*—Nomination should be by petition. One per cent of the electors of the county as determined by the vote for governor at the last state election (but not less than 50 nor more than 500 in any county), would be a reasonable number of signatures to require. Signers are usually limited to helping nominate one candidate.

Under proportional representation the process of nomination need not be made particularly difficult. As the ballots of minor contestants tend on their elimination to be counted toward the election of the stronger candidates of the same general group or party, this largely removes the incentive to run candidates for the purpose of splitting

<sup>2</sup>For a detailed explanation of the Hare system see the National Municipal League's *Proportional Representation Leaflet* No. 5.

the opposition vote. Nevertheless, the requirement of a substantial petition is desirable to limit the contest to bona fide candidates.

(2) Term of office.—Members should be elected for a two-year term.

Proportional representation greatly reduces the possibility of frequent or sweeping changes in the membership of the county board. Even a so-called landslide, which may under other methods of election completely alter the complexion of a legislative body and deprive it of many of its most experienced members, usually involves the shifting of only a comparatively small percentage of the voters from one party to another. With proportional representation the seasoned and better-known members standing for reelection are likely to be returned in spite of party reverses. The adoption of a comparatively short term, therefore, does not involve serious sacrifice of experience or particular danger of instability of policy. For the same reason overlapping terms of office are unnecessary with proportional representation.

b. Plan II—Majority Election-at-Large

While the committee considers proportional representation the most desirable method of electing the county board, it feels that a suitable alternative plan should be offered for the use of counties which are not sufficiently acquainted with that system to permit its adoption or which are barred by constitutional obstacles from the use of such a plan.

(1) Nomination.—In most counties nominations should be by petition of 2 per cent of the electors of the county as determined by the vote for governor at the last state election, not more than one thousand signatures being required in any county.<sup>3</sup> Each elector is

usually allowed to sign petitions for as many candidates as are to be elected.

In the average, relatively homogeneous, rural county a simple method of nomination is to be preferred. Though the requirement of a 2 per cent petition should discourage petty candidacies, it must, of course, be recognized that nomination by petition without proportional representation permits minority elections and the use of dummy candidates for the deliberate purpose of dividing the opposition. Moreover, the primary system does not in reality eliminate these possibilities, but rather shifts them from the final election to the primary. While it gives the appearance of majority election, it may be no more than a formal choice between candidates who are in both cases the products of minority selection. Unless local political conditions definitely require such a system, the county electorate should be spared the bother and expense of primary elections.

(2) Method of election.—Candidates should be elected from the county at large.

Election at large is preferable to the district system in the case of counties. It avoids gerrymandering and strife over district lines; and at the same time it reduces the tendency of members to view problems from a purely sectional standpoint, which may be a considerable nuisance, especially in the handling of road improvement programs. In addition, it favors the candidate with county-wide reputation as against the

perennial condition. If adopted, provision should be made that any candidate receiving a majority of the votes cast at the primary should be declared elected.

A surplus of minor candidates could be avoided under nomination by petition by requiring candidates to post a forfeit conditional on securing at least 10 per cent of the votes cast for the office at the election. A similar requirement, but with a much smaller required vote because of the method of counting, is in effect in some places with proportional representation.

<sup>3</sup>The non-partisan primary is suggested for large urban counties and others where there is danger of minority election becoming the

local man, which tends in general to raise the caliber of the board. While it may fairly be said that the clash of opinion in county affairs is frequently between urban and rural or sectional groups, the county is likely to benefit through the election of the board on a basis that makes members responsible to the county as a whole and discourages the narrow, sectional viewpoint.

The strongest argument for geographical representation can probably be made in the case of the mixed urban and rural county, where one or the other element may choose the entire membership of the board under election-at-large. The best remedy for this situation, however, is not to be found in a district system of election but in the adoption of proportional representation.

(3) Term of office.—Members should be elected for a four-year term, part retiring every second year.

In fixing the term of board members, the importance of experience and stability of policy must be considered as well as the need of responsiveness to changes in public opinion. As the work of the board is mainly of a business rather than a legislative nature, the first factors deserve special weight. With proportional representation the system of election tends to carry over a considerable nucleus of seasoned members from one term to another and check violent changes in the character of the body. With majority election-at-large, on the other hand, a complete change of membership may occur at a single election and it is, therefore, desirable to provide for a longer term of office with partial renewal every other year to secure the stability needed for the formulation and execution of county programs.

c. Provisions applicable to both plans.

(1). Ballot—The non-partisan ballot should be used.

(2). Date of election—County elections should be separated from state and national elections.

County government has been cursed by national party politics. Though county political leaders have been mainly interested in local spoils, the voters have solemnly gone to the polls and elected sheriffs, coroners, and county commissioners on the basis of national political issues. County candidates must cease to ride in on the tail of the national ticket and be forced to stand for election on their own merits or demerits if any considerable improvement in county government is to be made. This requires the separation of county elections from those for state and national offices and the removal of the familiar party labels which prevent many a life-long Democrat or Republican from voting for local candidates on the basis of fitness.

3. *Recall*.—On the petition of 15 per cent of the voters of the county, as determined by the vote for governor at the last state election, the county board should be required to submit to the voters, at a general or special election occurring not less than forty nor more than sixty days after the filing thereof, the question of recalling the member designated in the petition. If a majority of those voting on the question vote for recall, the member named should be recalled and at the same election a candidate should be chosen, in accordance with the regular provisions governing the nomination and election of members, to fill the vacancy for the unexpired term.

With a four-year term for members a recall provision is a desirable safeguard, but with the short term provided in Plan I it is by no means essential.

4. *Vacancies*.—Vacancies should be filled within thirty days. The usual method is by majority vote of the remaining members of the board, the person so chosen to serve until his suc-

cessor has been elected and has qualified. With proportional representation vacancies are sometimes filled by a recount of subsequent choices on the particular minority of ballots by which the vacating member was chosen.

If the term is four years, a member should be elected at the next election held in the county to fill the vacancy for the unexpired term, provided the term does not expire within ninety days.

5. *Compensation of members.*—Members should receive their actual and necessary expenses (and an annual compensation of \_\_\_\_\_).

Whether members of the board should receive a definite salary and, if so, in what amount, are questions which must be determined in the light of local conditions. Whether better members will be secured if the position carries a reasonable salary is open to considerable argument. In determining the matter it should be borne in mind that under this plan the county board will be relieved of administrative duties and as great demands will not be imposed on the time of members as formerly.

## B. Officers

1. *Chairman.*—A chairman should be chosen by majority vote of the members to preside over the board for a term of two years.

2. *Secretary.*—The director of finance should be *ex officio* secretary of the board with the privilege of delegating the actual work to a deputy.

With the exception of large, urban counties there is no need of a full-time clerk of the county board, especially as the board is relieved of the approval of claims and similar routine, time-consuming tasks. Since the board must be kept currently informed as to the condition of county finances, the head of the finance department must be in frequent attendance and can most appropriately serve as secretary.

## C. Procedure

1. *Meetings.*—Regular meetings should be held at least once a month, special meetings being held on the call of the chairman or of a majority of the members.

2. *Rules of procedure.*—The board should be authorized to adopt its own rules of procedure, but the following provisions should be laid down by statute or county charter:

a. A majority of the members elected should be required to constitute a quorum.

b. The affirmative vote of a majority of the members elected should be required for the passage of resolutions and ordinances.

c. It should be required that resolutions and ordinances be introduced in written or printed form and a copy be supplied to each member; that at least one day intervene between introduction and adoption; that a recorded vote be taken on the question of adoption; and that all such measures be published within ten days after passage.

d. Ordinances should not take effect within thirty days after passage except in the case of emergency measures and ordinances dealing with appropriations, tax levies, assessments, and public improvements. The vote of at least—members should be required for the passage of an emergency measure.

If the county board is to be given a considerable amount of ordinance power, as seems desirable and inevitable, the basic rules as to the introduction, consideration, and adoption of ordinances should be laid down in much the same way as is customary in city charters.

## D. Powers and Duties

The board should have the following powers and duties:

1. All powers and duties vested in the board by law except as otherwise provided in this outline.

County powers should be defined mainly by statute. A constitutional grant of home-rule powers, similar to the grant of "all powers of local self-government" or "all powers relating to municipal affairs" in the case of cities, is not to be recommended in the case of counties.<sup>4</sup> In the first place, the county operates largely as an agency of the state for the performance of functions in which the state possesses a definite interest and as to which the legislature is justified in imposing regulations and fixing the limits of county authority. In the second place, where municipal home rule exists, a corresponding general grant of powers to counties might lead to serious confusion and conflict. On the other hand, county powers should be defined by the legislature with sufficient liberality to avoid the need of perennially tinkering with county laws.

2. All powers and duties vested by law in the county which are not definitely assigned to some other office or body, and the authority to determine the agencies to which such powers and duties shall be assigned.

3. Authority to provide for the assumption and discharge by the county of such powers and duties vested in local subdivisions or in special districts

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<sup>4</sup>A clear distinction should be made between home rule as to the form of governmental organization and home rule as to governmental powers. The committee favors allowing counties considerable freedom to adjust the machinery of county government to local needs and wishes, but does not favor a blanket constitutional grant to counties of "powers of local self-government." However, the committee feels that it should be possible to transfer powers from municipalities to the county, or vice versa, especially in large urban centers where the county embraces the metropolitan area. In such case the county might acquire municipal home-rule powers by transfer. The views of the committee are embodied in the county provisions of the 1933 edition of *The Model State Constitution* issued by the National Municipal League (Secs. 78-86).

as are transferred to the county in the manner provided by law.

This provision is inserted in contemplation of the future transfer of functions from local units to the county. In many cases work performed by these units can be more economically and efficiently handled by the county. Where the outright elimination of such units is not possible or desirable, the door should be left open for the transfer of activities. By this means much can be done toward gradually clearing up the present undergrowth of small and overlapping local units.

4. A substantial measure of ordinance power.

There is increasing need of local legislation for county areas. In the judgment of the committee the county board should have authority, for example, to provide for county planning and zoning, and considerable power to regulate conduct outside incorporated places. The automobile and the improved road have carried into rural areas many problems, such as the regulation of motor traffic, the control of gambling, vice, and commercial amusement places, which formerly were confined to municipalities.

In counties which are metropolitan in character, and perhaps in all counties, the county board should have the same ordinance-making powers as municipalities, to be exercised within the county over all territory outside the corporate limits of such municipalities. Such a grant of powers would make possible the exercise of adequate police protection and regulation outside the corporate limits of municipalities, and would also discourage the multiplication of municipal governments within the county.

However the policy pursued by the state as to county ordinance powers does not affect the plan of county organization herein provided.

5. Power to appoint and remove the

manager as provided in section II-A.

6. Power to adopt and amend an administrative code establishing departments and divisions in departments and determining the functions and duties of each, except in so far as they are definitely prescribed by law. A two-thirds majority of the members elected should be required for the adoption or amendment of this code.

It is not desirable to attempt to set up the whole departmental organization by statute or county charter. If the administrative machinery of the county is to be adjusted to local requirements, the authority must be vested in the county board. In order to distinguish organic legislation as to administrative structure from other county by-laws, it is desirable to incorporate it in an administrative code and to require an extraordinary majority for its passage to give it greater stability.

7. Power to levy taxes and special assessments and to borrow money for such purposes, in such manner, and subject to such limitations as may be provided by law.

8. Power to make an annual appropriation of money for all county purposes and such special appropriations as may be necessary from time to time, within the estimated resources available for expenditure.

Effective control over county expenditures demands that the appropriation of money be entirely centralized in the county board. At present responsibility for county finances is often dissipated and efforts to secure economy are impeded by provisions permitting various bodies to determine their own scales of expenditure or vesting the control in some agency other than the county board.

9. Power to adopt a salary schedule fixing the rates of compensation of the various classes and grades of positions in the county service.

Where the fee system remains, county

officers should be placed on a salary basis and be required to turn their fees into the county treasury. In general, it is better to leave the determination of the salaries of county officers to the county board than to attempt to fix them by statute. The latter is a clumsy and unsatisfactory process. It prevents a proper adjustment of compensation to the importance of the office or the value of the official in any given case, and it subjects the legislature to constant pressure for salary adjustments as to the merits of which it is largely ignorant. The practice of leaving the determination of the salaries of employees to the various officials is also unsatisfactory as it results in serious inequalities among persons in different offices doing similar work.

10. Power to require special and periodic reports from administrative offices and bodies concerning their operations and problems within their spheres of activity.

11. Power to investigate the conduct of any county officer, office, or administrative body and to provide for an independent audit of the administration.<sup>5</sup>

12. Authority to enter into contract with the adjoining counties or other units of local government within its boundaries or contiguous thereto for the purpose of performing jointly any function of local government. This provision would permit two or more counties to employ jointly a purchasing agent, health officer, or other official, to enter into agreement to construct a hospital to be used jointly and to conduct other enterprises of similar character.

#### **E. Initiative and Referendum**

As it is to be expected that the legislative authority of the county board

<sup>5</sup>There should be an independent outside annual audit of the county administration preferably by state authorities. If the state does not provide such service, the county board should have an outside audit made at least once a year.

will be expanded and that it will acquire an increasing measure of ordinance-making power, provision should be made for the initiative and referendum.

1. *Initiative*.—The electors should have authority to propose an ordinance, other than an appropriation or tax-levying ordinance, for the consideration of the county board by petition signed by 3 per cent of the voters of the county. If not passed within sixty days or if passed in amended form, the sponsors of the ordinance should have the right to require the submission of the original measure to a vote of the people by filing a supplementary petition signed by at least 3 per cent of the electors. The question should then be submitted at the next election occurring not sooner than thirty days nor more than thirteen months thereafter. If there is no regular election within thirteen months, a special election should be called. If approved by a majority of those voting thereon, the ordinance should go into effect as provided therein; and if the ordinance has previously been adopted in amended form by the board, such amended ordinance should thereupon automatically be repealed.

2. *Referendum*.—The electors should have authority to require any ordinance or resolution, except appropriation and tax-levying measures, to be submitted to a vote of the electors by petition of 5 per cent of the voters filed within thirty days after passage by the county board. Upon the filing of the petition the operation of the ordinance or resolution should be suspended if already in effect, and the question of approving or rejecting the measure should be submitted at the next election occurring not sooner than thirty days nor more than thirteen months thereafter. If there is no regular election within thirteen months, a special election should be called. If approved by a majority of those voting on the ques-

tion, the ordinance or resolution should go into operation immediately and if disapproved it should be repealed thereby.

#### F. Prohibitions

1. No member elected to the county board should be eligible for appointment to the office of county manager or to any other office or position in the county service during the term for which he was elected.

2. Neither the county board nor any member thereof should direct or otherwise interfere in the appointment or removal of any officer or employee in the administrative service of the county, subject to appropriate penalty.

3. No member of the county board or other county officer or employee should have a personal financial interest, directly or indirectly, in any contract with or sale to the county.

## II. COUNTY MANAGER

On the whole, experience has indicated the superiority of the manager type of local government under American conditions. Though neither this nor any other modern plan of organization has yet had a fair opportunity to demonstrate its value in county government, the success of the manager principle has been sufficiently tested in cities and in private business to warrant its application to counties. The differences which distinguish the work of the average county from that of other local governments are not such, in the judgment of the committee, as to remove the necessity of a responsible executive head or to change the applicability of recognized principles of administrative organization.<sup>6</sup>

<sup>6</sup>One of the committee members, Professor Kirk H. Porter of the State University of Iowa, does not entirely concur in this view. In his opinion, "The county is sufficiently different from the city so that arguments in favor of the county manager do not apply with equal force. Certain of the county func-



Briefly, the chief advantages of the manager plan of government are these: In the first place, it favors the selection of the chief executive on the basis of administrative fitness. Experience amply indicates that popular election places the primary emphasis on campaigning ability and frequently results in the choice of utterly untrained executives. On the other hand, appointment permits a careful examination of administrative qualifications and opens the choice to persons of suitable experience residing outside the local community. The manager plan would make possible the gradual development of a body of professional county executives from whom selections might be made somewhat as is now the case in the field of school administration.

In the second place, the manager plan goes as far as organization alone can go toward separating the policy-determining and administrative functions. This tends to relieve the administrative organization from party interference and to permit the development of skilled administration. Unlike the elective executive, such as the mayor of a city, the manager is not chosen for his stand on local issues and is not expected to take the leadership in the adoption of general policies. His function is that of administering the policies laid down by the board. As he is freed from the necessity of campaigning for election, he is under less temptation than is the elective mayor to shift his attention from administrative duties to matters of politics, and he has much less incentive to use the appointing power for partisan purposes. In fact, if he views his position as a profession, as city managers are generally coming to do, he has strong personal reasons for

resisting partisan interference in order to protect his own record as an executive.

A third advantage of the manager plan is the clean-cut centralization of responsibility for the conduct of public business. The manager has general supervision and control over the various administrative departments and is properly accountable for the effectiveness of their operation. The governing board, in turn, is not only responsible to the electorate for the determination of general policy, but as the agency selecting and removing the manager it is also responsible for seeing that policies are successfully executed by the manager and his subordinates.<sup>7</sup>

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<sup>7</sup>Where the adoption of the true manager type of organization is not feasible due to popular opposition to the high degree of concentration of authority provided therein, a modification such as the so-called "executive plan" provided by the Virginia optional county government law (1932 Acts of Assembly, Chapter 368) offers a hopeful compromise. Under this plan the executive is chosen in the same manner as a manager and has much the same powers except that officers and employees are appointed by the board on the recommendation of the executive. This corresponds substantially to the plan of organization frequently followed in school administration. The purpose of such a compromise plan should be achieved if board action were confined to the appointment of department heads, lesser positions being filled by appointment by the appropriate officer subject to civil service requirements.

The committee has also considered the elective executive plan, but does not believe that it meets the requirements of a model system of county government. The committee feels that appointment is distinctly preferable to election as a method of selecting administrative officers and that a clearer line of demarcation should be drawn between the policy-determining and the administrative functions than is provided by the elective executive plan. However, this plan does provide a short ballot, a definite, responsible administrative head, and a clean-cut departmental arrangement, which are essential changes in the structure of county government. Where the manager plan is not obtainable, the elective executive plan deserves careful consideration. If adopted, it should provide that candidates for the office of chief executive be nominated by petition or, if that is not feasible, by non-

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tions differ so widely from each other as to have virtually nothing in common. To tie them together for purposes of administration under one common manager is to attempt a purely artificial unity."

### A. Appointment and Removal

1. *Appointment.* — The manager should be appointed by the county board without restriction as to place of residence at the time of appointment and should serve for an indefinite term.

The imposition of a local residence requirement is highly undesirable. In many cases it is necessary to go outside the county to secure a person of adequate experience and ability to fill the position. Moreover, there is often a definite advantage in selecting an outside man without local enemies or political affiliations.

2. *Removal.*—The manager should be subject to removal by the county board at any time but should be entitled, upon his demand, to receive a written statement of the reasons for his removal and a public hearing thereon before the board.

### B. Powers and Duties

The manager should have the following powers and duties:

1. To appoint, suspend, and remove the heads of the various departments and the members of all boards and commissions whose appointment is not otherwise provided for. Any officer suspended or removed should be entitled, upon his request, to receive a written statement of the reasons for his suspension or removal, to present a written reply thereto, and to receive a public hearing before the manager before the order is made final. The statement of reasons, the reply, and the final order should be filed with the secretary

partisan primary. A term of four years is recommended.

The committee does not believe that the commission plan offers sufficient improvement over the existing arrangement to warrant its consideration. It fails to provide a single, responsible executive head and it leaves the choice of department heads to popular vote, both of which are serious defects. Its chief advantages over the present arrangement are the grouping of activities into a limited number of departments and a shorter county ballot.

of the county board as a public record.

2. To supervise the administration of the affairs of the county; to transfer employees from one department or body under his supervision to another as needed; to see that all resolutions and ordinances of the county board and all state laws applying to or required to be enforced by officers, offices or bodies subject to his control are faithfully executed; and to investigate the conduct of any such officer, office, or body.

3. To attend the meetings of the county board; to participate in the discussion of matters coming before the board, but not to vote thereon; to keep the board informed as to the conduct of county affairs; to submit periodic reports on the condition of county finances and such other reports as the board requests; and to make such recommendations to the board as he deems desirable.<sup>8</sup>

The manager has no veto power or vote in the board. However, the board would naturally look to him for information and advice in dealing with problems of general policy, most of which involve the departments under his direction. It should also be clearly understood that the board is to be kept informed as to the work of the administrative branch of the government. While the manager is the head of the county administration, he is directly answerable to the board, which in turn is the body responsible to the public for the general conduct of the county government. Close working relations must be maintained, therefore, between the manager and the board. With the small size of the board here recommended these relations can be informal in large part.

4. At least thirty days before the

<sup>8</sup>Directors of departments should also have the right to attend meetings of the county board and to participate in discussions relating to their departments.

opening of each fiscal year, to prepare and submit to the county board a budget presenting a complete financial plan for the coming year, which should set forth in detail the proposed expenditures for each department, office, and body and the anticipated income from which such expenditures are to be financed.

5. To require the various departments, offices, and bodies subject to his supervision to prepare a work program; and to allot the amounts appropriated by the county board for each such department, office, or body by purpose and fiscal period.<sup>9</sup>

6. To serve as the purchasing officer of the county, unless the administrative code has assigned that activity to the department of finance.

Definite provision should be made for a system of centralized purchasing regardless of the size of the county. In the average rural county purchasing can be handled either by the manager with the aid of his office assistants or by the director of finance. The former arrangement is the one usually employed in small cities operating under the manager plan. In large counties, however, a full-time purchasing agent should be provided, normally as the head of a division of purchasing in the department of finance.

7. To have direct charge of the administration of the county personnel system and, if so provided by the administrative code, to appoint a personnel officer to serve as his agent in the handling of personnel matters.

The provisions of the personnel system are outlined and discussed in section IV.

8. To serve as the head of an administrative department if so provided by the administrative code.

It will be feasible and desirable for the manager to serve as the director of one of the departments in the case of the small county. Thus, he might properly head the department of finance or of public works if his training were appropriate. But in the large county the duties of the managership itself should claim his full attention.

9. To perform such other duties as may be required by the county board.

### III. ADMINISTRATIVE DEPARTMENTS

#### A. The Departmental Arrangement

1. County activities should be grouped into a few closely-knit departments primarily on the basis of function.

This is one of the most essential features of any plan of county reorganization, but no single pattern can be presented which will suit all states or all types of counties within the average state. The departmental arrangement must be adjusted according to the functions performed and the magnitude of the services conducted. While much can be said in favor of the requirement of a uniform arrangement within a given state, the added convenience to non-residents and state officials in dealing with county government must be weighed against the possibilities of economy through the adaptation of the departmental plan to the work to be done in the county concerned. In general, efficiency of operation must take precedence over the convenience of outsiders and state officials. To impose on the small rural county, for example, as elaborate a system of departments as might be required in the large, urban county would be obviously absurd, though some states now require practically the same array of offices in all counties. This does not mean, however, that a considerable degree of uniformity cannot be attained. As a rule, the functions performed by counties are substantially uniform in a given state

<sup>9</sup>For a more complete statement of budget provisions see the *Model Municipal Budget Law* prepared by the National Municipal League.

though urban counties may conduct some services which are not maintained or are only slightly developed in rural counties.

2. *Basic Departments.*—The following departments would be needed under typical conditions:

a. Department of finance.

The principal powers and duties of the department of finance should be as follows:

(1) To assess property for taxation in the manner provided by law and to prepare and apply special assessments under authority of the county board.

(2) To collect all taxes and special assessments levied by the county board and all taxes and assessments of other governmental units for the collection of which the county is responsible.

(3) To negotiate loans and the sale of bonds and notes under authority of the county board.

(4) To receive, disburse, and have the custody of county funds and moneys, such moneys to be deposited at interest with banks selected in the manner provided by law upon their providing adequate guarantee for the security of the deposits.

(5) To assist the manager in compiling data for the annual budget.

(6) To certify all contracts and purchase orders, before they are let or placed, as to the existence of adequate unencumbered appropriations therefor and the availability of sufficient funds for payment.

(7) If so provided by the administrative code, to serve as the central purchasing agency of the county.

(8) To examine all claims against the county and to draw warrants for their payment upon their approval.

(9) To maintain a complete system of accounts of county finances, including detailed appropriation accounts kept on an accrual basis.

(10) Promptly at the end of each month, to prepare and submit to the

manager and the county board a statement of the condition of each appropriation and fund, and at the close of each fiscal year a complete report of the financial transactions of the year and the condition of the county's finances.

The department should be responsible for the examination and settlement of claims, but not for the final audit of county finances. The post-audit should be left to the state examiners where the state periodically audits county finances. In other states it should be made by a competent person or firm employed by the county board for such purpose.

b. Department of public works, including:

(1) Road and bridge maintenance and construction.

(2) Ditch maintenance and construction.

(3) Other engineering services.

As a rule, counties are responsible for the care of a large part of the rural road system. In addition, they frequently engage in drainage work and occasionally perform other engineering services, as for example, the construction and maintenance of sewer and water systems in some Ohio counties. With comparatively few exceptions a department of public works is essential.<sup>10</sup>

c. Department of health and welfare, including:

(1) Public health administration.

(2) Operation of hospitals.

(3) All forms of poor relief.

(4) Operation of charitable and correctional institutions.

Though health and welfare services have been separately administered in most large jurisdictions, a joint depart-

<sup>10</sup>The situation is different, of course, in North Carolina and most counties of Virginia, where the state has taken over the local road system.

ment is preferable under typical county conditions. The services are so inter-related as to necessitate the closest possible coöperation between the agencies conducting them. Relief cases are frequently traceable to ill health, while hospital and nursing cases often involve serious problems of poverty and family readjustment. In the small county a single department ordinarily should make for the most efficient handling of the work, if a properly equipped person can be secured to head the department. The county board should have authority, nevertheless, to create separate departments of health and welfare if found desirable. The adoption of health regulations should be vested in the county board as the legislative body of the county rather than in a separate board of health.

3. *Additional Departments.*—The county board should have authority to create additional departments and to define their powers and duties through the administrative code.

4. *Schools and Libraries.*—In states where the county is the basic administrative unit of school administration, and in other states where there are county schools and county libraries, the relation of school and library management to the general system of county government constitutes an important problem. In a completely integrated system of local public administration schools and libraries would be organized as distinct departments, under the supervision of the county board and the county manager. But American practice has placed these matters in the hands of special agencies largely or completely independent of other public authorities; also the schools are usually classed as a state function with a considerable degree of state supervision. Where a county board of education is maintained, the county superintendent of schools should be appointed by it; the school budget should be made part

of the general county budget; and provision should be made for agreements between the school authorities and the county board to place under the supervision of the county manager the administration of such school functions as the construction and maintenance of buildings and the purchase of supplies.

5. *Court Officers.*—The committee has not attempted to deal in detail with those county agencies which are largely adjuncts of the judicial system. It favors the appointment of the clerk of court by the judge. The committee also feels that the office of sheriff as now constituted should be abolished and its civil duties transferred to the clerk of court. The police duties of the sheriff and the operation of the jail should then be turned over to a county police agency, the jail being used only as a place for the detention of persons awaiting trial. Should the prosecuting attorney be appointed by the state, as some consider that ultimately he should be, provision should be made for the appointment of a legal counsel by the manager. The recorder's office should be abolished and recording should be assigned to the clerk of court.

## B. Internal Organization

1. *Department head.*—Each department should be headed by a director appointed and subject to removal by the manager.

There are several reasons for preferring a single official to a board as the head of a county department. If the manager is to be held accountable for the conduct of the various departments, he must have adequate control over the officials immediately answerable to him. The intervention of boards between the manager and the officials in active charge of departments interferes with effective supervision by the manager and tends to set each department off as an independent agency. Moreover, experience indicates that individual

responsibility is more likely to produce results in the administration of activities than is group responsibility. Where desirable, advisory boards can be created to aid the director in the formulation of departmental policies and to establish closer relations with public and private agencies interested in the services conducted by the department.

2. *Divisions.*—The county board should have authority through the administrative code to establish and rearrange divisions within departments and determine their spheres of activity. The heads of such divisions should be appointed in accordance with the provisions of the personnel system by the director of the department subject to the approval of the manager.

The creation of divisions within departments should depend on the magnitude of the various activities conducted. In small counties it will not be necessary, as a rule, to create divisions, but in large urban counties such units will be essential. The decision should rest with the county board acting with the advice of the manager. As the director is responsible for the conduct of the divisions within his department, the choice of division heads should be in his hands.

3. *Appointment and removal of employees.*—Appointments and removals should be made in accordance with the provisions of the personnel system by the director of the department in which the positions are located, except in so far as the power has been vested in division heads by action of the director.

4. *Advisory boards.*—The county manager should have authority to appoint an unpaid board of citizens to act in an advisory capacity to the head of any department.

#### IV. PERSONNEL ADMINISTRATION

Regardless of the size of the county, a systematic plan of personnel administration is needed, both to assure em-

ployees fair and even-handed treatment and to secure for the county the fullest return from its expenditures for salaries and wages. Experience demonstrates that a good personnel system is an important aid in recruiting and retaining a competent body of officials and employees and in developing the morale and efficiency of the organization. In no branch of government has the lack of such a system been more evident or more costly than in the county. A complete break with long-established traditions of political pull, favoritism, and slothfulness is essential. A satisfactory plan of personnel administration need not involve additional administrative machinery in the average county and the expense would be trifling.

#### A. Personnel Agency

1. The manager should have charge of county personnel administration and should perform, with the assistance of his subordinates, the duties indicated below under item D.

Under the manager form of government the responsibility for personnel administration properly rests with the manager, and in nearly all counties the work can best be performed by him or by an assistant under his supervision. Such a plan is preferable to the establishment of a civil service commission both from the standpoint of principle and of practical operation. Not only is control of personnel one of the most important functions of the manager as the administrative head of the county—and one on the exercise of which his success or failure may depend—but in most cases he is likely to be the best-equipped person available for the handling of county personnel problems. It should be remembered that the manager is not an elective officer and that more and more the managership is acquiring professional status. Experience in cities comparable in size to the average county indicates that better re-

sults can be had through the manager than through a commission of citizens inexperienced in the handling of public personnel problems.

2. The county board should have authority to provide in the administrative code for the appointment by the manager of a personnel officer to serve as his agent in the performance of the duties indicated below under item D.

In populous counties a full-time personnel officer is needed. In counties of small or medium population the position can be combined with other duties. A reasonable degree of training or experience in personnel work should be a prerequisite to appointment to this office.

#### **B. Positions Subject to the Personnel System**

All positions in the administrative service should be included in the personnel system except the following: manager, directors of departments, elective officers, and members of unpaid boards and commissions.

#### **C. Rules and Regulations**

1. *Rules.*—The county manager, or the personnel officer subject to the approval of the manager, should prepare for consideration and adoption by the county board a body of personnel rules and amendments thereto dealing with matters of general personnel policy not covered by the county charter or laws or the determination of which is not vested in the manager or the personnel officer thereby.

There are some matters of general personnel policy, not properly belonging in the county charter or laws, which can best be incorporated in a body of rules adopted by the county board. Among these should be included rules governing the administration of the classification and salary plans adopted by the board and the rules laying down the policies of the county as to such

matters as vacations, sick leave, service ratings, and transfers.

2. *Regulations.*—The county manager, or the personnel officer subject to the approval of the manager, should adopt and amend regulations in accordance with the county charter or laws and the rules of the county board, setting forth the detailed procedures to be followed in administering the personnel system.

#### **D. Duties of the Manager or Personnel Officer**

The manager, or the personnel officer acting as the agent of the manager, should have the following duties:

1. To maintain a complete and up-to-date roster of county officers and employees showing the title of each position, its rate of pay, and other essential information pertaining to each individual or position.

2. To prepare for the action of the county board a classification of all positions on the basis of duties and responsibilities and, after the adoption of such a classification, to administer the same.

3. To prepare for the action of the county board a proposed pay plan including rates of pay for each class of positions and, after the adoption of such a plan, to administer the same.

4. To recruit persons for appointment to and promotion in the county service by conducting competitive tests of either the assembled or the non-assembled type to determine the relative qualifications of applicants; to establish employment lists based thereon; and, when vacancies are to be filled, to certify to the appointing authority the name of the highest person on the appropriate employment list.

If it is not feasible to provide an appropriate employment list before a position must be filled, a temporary appointment should be permitted, with the approval of the manager or per-

sonnel officer, for a period not to exceed 60 days, nor subject to extension or renewal.

5. To check and certify the correctness of pay-rolls before payments are made.

6. To administer the personnel rules and regulations relating to hours of work, attendance, leaves of absence, transfers, lay-offs, suspensions, removals, and other matters affecting employees in the service.

7. To perform such other duties as may be prescribed by the personnel rules and regulations.

#### **E. Removals**

Employees in the personnel system should be subject to suspension and removal by the appointing officer, but should be entitled to receive a written statement of the reasons therefor and to secure a prompt hearing thereon by the manager if requested, the decision of the manager to be final. The written

statement of reasons, the employee's written reply if any, and a copy of the findings and decision of the manager should be preserved as a public record in the office of the manager or personnel officer.

#### **F. Prohibitions**

The following practices should be definitely prohibited, except in the case of elective officials as to numbers 2 and 3:

1. The appointment, promotion, demotion, suspension, or removal of any officer or employee for political or religious reasons.

2. The solicitation of contributions for political parties or purposes either from or by any county officer or employee.

3. Holding party office or actively participating in a political campaign while employed in the service of the county.





# NATIONAL MUNICIPAL REVIEW

OCTOBER + 1933

The Part of Local Government in Recovery

Merit Versus Spoils in Public Employment

• • • HARRY B. MITCHELL

Political Patronage Threatens Democracy

• • • CLYDE L. KING

More Money For Public Works

• • • DONALD C. STONE—CARL SCHNEIDER—  
ALFRED E. ROCHE

Saving By Planning

• • • FLAVEL SHURTLEFF—GEORGE McANENY—  
ALFRED BETTMAN

A Philadelphia Magistrate Tells His Story

• • • J. T. SALTER

*MARK THESE DATES ON YOUR CALENDAR—NOVEMBER 9, 10, AND 11  
THE NATIONAL CONFERENCE ON GOVERNMENT  
HOTEL HADDON HALL, ATLANTIC CITY, NEW JERSEY*

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# THE LEAGUE'S BUSINESS

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THE annual National Conference on Government is to be held at the Hotel Haddon Hall, Atlantic City, New Jersey, November 9, 10, and 11. Recognizing the importance of this gathering under the present conditions of civic stress, the general topic chosen for the Conference is: "The Part of Local Government in Recovery," and special invitations have been sent to the governors of all states, mayors of leading cities, executives of chambers of commerce, of commercial and civic institutions, and others directly interested in the perplexing problems of present-day government.

Among the subjects to be covered at the Conference are:

**Government Control of Liquor**  
**The Relief Problem This Winter**  
**Constructive Versus Destructive Economy**  
**Improving Municipal Credit**  
**Anticipating and Meeting Emergencies in Local Government**  
**The Recovery Program**

The Conference will bring together public officials, citizen groups, and governmental experts from throughout the country for consideration of the fundamental problems facing government today.

Participating organizations are the National Association of Civic Secretaries, Proportional Representation League, Governmental Research Association, National Municipal League, and National Conference of Citizens' Councils.

Members of the National Municipal League and all other delegates are entitled to special hotel rates and substantially reduced transportation on the leading railroads. A complete program together with railroad certificates and other information will be mailed to members of the League and coöperating groups within a few days. For reservations, railroad certificates, or for any other information, write to the National Municipal League, 309 East 34 Street, New York City.

\* \* \*

**Nomination of Officers for 1934.**—The Committee on Nominations has proposed the following officers for 1934, subject to election at the annual meeting of the National Municipal League during the thirty-ninth annual convention in Atlantic City, New Jersey, on November 9, 10, and 11:

*President*, Murray Seasongood, Cincinnati; *First Vice-President*, H. W. Dodds, Princeton; *Second Vice-President*, Miss Belle Sherwin, Washington, D. C.; *Honorary Vice-Presidents*, Henry J. Allen, Wichita; Charles A. Beard, New Milford, Connecticut; H. L. Brittain, Toronto; Henry Bruere, New York; Harry F. Byrd, Winchester, Virginia; Frederic A. Delano, Washington, D. C.; Samuel S. Fels, Philadelphia; Russell Forbes, New York; John M. Gries, Washington, D. C.; A. R. Hatton, Evanston; John R. Haynes, Los Angeles; Frank O. Lowden, Oregon, Illinois; C. E. Merriam, Chicago; W. B. Munro, Pasadena; Frank L. Polk, New York; Thomas H. Reed, Ann Arbor; Chester H. Rowell, Berkeley; Mrs. F. Louis Slade, New York; A. Leo Weil, Pittsburgh. *Council*, Louis Brownlow, Chicago; Louis I. Dublin, New York; Joseph P. Harris, Seattle; Louis P. Head, Dallas; David Hinshaw, Westtown, Pennsylvania; Frank Morse, New York; William E. Mosher, Syracuse; William B. Moulton, Chicago; Laurence A. Tanzer, New York; John G. Winant, Concord, New Hampshire.

The Committee on Nominations has the following personnel: Thomas H. Reed, Ann Arbor, *chairman*; H. S. Buttenheim, New York; A. R. Hatton, Evanston; Mrs. Virgil Loeb, St. Louis; and Lawson Purdy, New York.

HOWARD P. JONES, *Secretary*.

## The Part of Local Government in Recovery

EARLY next month the National Municipal League holds its annual Conference on Government. Never in our history has a gathering bearing this title been so desperately needed, and never before has there been such an opportunity for this Conference to influence the course of events. It comes in the midst of the bitterest fight for existence that local self-government in America ever has faced, and just in time to speak the words that can weld into some kind of reasoned order the onrush of excited citizens who, in a thousand divergent organizations and movements, are hurrying to the rescue of our institutions. Finally, it comes as American states and communities face the appalling task of reorganizing themselves to deal adequately with the problem of liquor control.

The Conference program is outlined elsewhere in this issue. It is conceived to deal with the crises that are uppermost in men's minds. It offers opportunity for discussion and for authoritative pronouncement on the vexed questions of defaulting municipalities, tax delinquency, municipal credit, on the rights and wrongs of the

public works program as an aid to recovery. Especially significant is the part allotted to the Citizens' Councils for Constructive Economy. They bring the voice of the people to these deliberations in a way that has never been heard before. Organized for many purposes and under many different names throughout the country, they may be expected to inject a needed note of practical public viewpoint into the expert discussions of governmental problems, and they can take the results directly to the people.

How great an influence the Conference can exert depends on the size and representative character of the gathering. Realizing this, the National Municipal League is asking every civic and governmental agency in this country to send a delegate to this Conference. To members of the League, this request is particularly urgent. Membership is more than a matter of dues and of reading reports. There are times when active participation in the work is essential, if the League is to maintain the service of public leadership for which it is being supported. Now, if ever, is such a time.

## Towards Understanding

IN SPITE of rain, vacation time, and NRA, which have had the major claim to public attention in the last two months, the "Pay Your Taxes" campaign is augmenting and gathering momentum. The idea of a nation-wide drive against tax delinquency is penetrating business and industry clear to the man on the street. In various newspapers, arresting "Pay Your Taxes" advertisements are appearing, sponsored not by the tax gathering powers but by banks and by leading industrial institutions. They recall the days of Liberty Loan drives. Telephone, radio, screen appeals in motion picture houses, volunteer house to house campaigns by the unemployed—and by civic employees anxious to avoid this status—all are parts of this unique public movement. More than that, the New York Bureau of Municipal Information reports "sermons given in churches about the Restoration of Faith in Local Government." Surely we have travelled far since the drinking song of Robert Burns'

day, "The De'il Fly Away with the Exciseman." It must be a relief to one invaluable but sorely tried branch of our public service to feel that the Lord is on the side of the tax collector at last!

Even a depression has its positive side. If the straits of our cities result in a better public understanding of the need and nature of taxation, and a more tolerant attitude toward the tax gatherer, something will have been gained after all. Perhaps it has required the present menace to all that is best (as well as all that is worst) in our institutions of public service to make the taxpayer understand his responsibility for the tone of his government, whatever that tone may be. At any rate the "Pay Your Taxes" campaign is actually beginning to take the public fancy. This is an achievement in itself. Who ever dreamed that a time could come when paying your taxes would appeal to the imagination?

\* \* \*

## Adopt the Manager Plan

FOR many months taxpayers the country over have been storming city halls and county courthouses insisting upon reduction of governmental expenditures. In many instances they have been willing to sacrifice schools, libraries, public health service, recreational centers, and others of the important social and cultural services of government in the mad scramble for lower tax bills. Article after article in the NATIONAL MUNICIPAL REVIEW and other publications has dealt with the problem of curtailing budgets without abandoning essential services. In brief the solution lies through the elimination of waste in administration. And some 450 cities have found the way by adoption of the city manager plan. Yet there are still several thousand municipi-

palities in this country operating under inefficient, archaic forms of government which have weaknesses inherent in their very structure.

Citizens who would tackle the problem of reducing taxes need to appreciate the necessity for clear courageous thinking. Ancient fallacies of democratic dogma traditional to American everyday expression must be discarded. Political camouflage must be seen through. Smooth phrases that are only half truths must be recognized for what they are.

Fundamental reorganization of the structure of most local governments in this country is an essential preliminary to efficient and effective administration. The manager plan—city or county—is the simplest method of bringing this about.



## HEADLINES

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Governor Alfred M. Landon of Kansas has taken a stand for the short ballot, thus joining the list of distinguished advocates headed by Woodrow Wilson, Theodore Roosevelt, Franklin D. Roosevelt, Charles Evans Hughes, Senator Harry F. Byrd, Governors O. Max Gardner and William T. Gardiner, Richard S. Childs, and many others. Governor Landon is recommending submission of a constitutional amendment reducing the number of state elective offices to the approaching special session of the legislature.

\* \* \*

Wholesale merger of state and local governmental offices and units is being advocated by Governor Mike Conner of Mississippi who is considering a special session of the legislature to revise the state constitution. Howls from the political bleachers are drowning out the shriek of hurricanes from the Gulf.

\* \* \*

Talk about abolishing townships—twenty-one townships in Lake of the Woods County, Minnesota, have committed suicide! Unable to pay their way, they have dissolved and their affairs have been taken over by the county commissioners.

\* \* \*

The story of how Atchison, Kansas, under the city manager plan cut its bonded debt 70 per cent and its tax rate 35 per cent in twelve years is told by Ed. W. Howe in the September issue of the *Rotarian*. The satisfactory thing about it is that any city can do likewise if citizens will organize and make the effort.

\* \* \*

Attend a city managers' convention some time—you will probably be agreeably surprised at the dignified professional atmosphere of the sessions. You will go a long way before you find a conference at which community problems and solutions are more intelligently discussed. It's a far cry from Tammany's annual pow-wow.

\* \* \*

The Detroit city council has voted to submit at the October election a proposed charter amendment spreading the payment of delinquent taxes over seven years. Hotels are heavy delinquent tax offenders in Detroit, owing more than \$2,000,000. A drive to collect these has been launched by the city.

\* \* \*

Dead men frequently vote at closely contested elections in this country; but to Pittsburgh goes the distinction of being the first city to permit a statue to do so. No, this has no reference to the ancient and discredited yarn about the plumber under the kitchen sink. But "James Anderson of Federal Street" on the registration list was discovered to be a bronze statue in front of the Carnegie Library.

# Merit Versus Spoils in Public Employment

Administration of government is a business and only those qualified should be appointed to office

HARRY B. MITCHELL

*President, United States Civil Service Commission*

THE Civil Service Commission is the expression through law of the desire of the American people for betterment in the service rendered to them by their employees. It had its birth fifty years ago and its scope has been increasing ever since. It is the crucible through which proposed employees of the government must pass before they are accepted as such. Having passed through that crucible, future advancement depends on themselves. True, the system does not always work to perfection. Sometimes errors are made and the most competent person is not selected for this, that, or the other job. Sometimes because of human frailties, the most deserving do not advance and the less deserving do. But these are the exceptions.

What the American people want to know is whether, in practical operation, the classified civil service is bringing to them better results than the system which prevailed before its creation—commonly referred to as the spoils system. If better results are not being thus attained, then examination and classification should be discontinued. If better results are being thus attained, then the system should be extended until all except policy-forming positions are included within the classified service.

## BEFORE AND AFTER

Let us look first at the condition which prevailed before the enactment

of civil service reform legislation. Every four years, according to George William Curtis, a pioneer in the reform movement, "the whole machinery of the government is pulled to pieces, . . . presenting a most ridiculous, revolting, and disheartening spectacle. The business of the nation and the legislation of Congress are subordinated to the distribution of places among eager partisans." It is a rather drab picture that Mr. Curtis presented. Undoubtedly, in those days, good men were selected to fill many of the places, but the question of their fitness for the job was generally secondary to political service. That criticism applied not only to those who held important positions, but also to those in minor jobs all through the federal service.

No one who is at all familiar with the situation would care to deny that there has been vast improvement since the days George William Curtis described. Practical tests have shown that the government service has vastly improved in efficiency since that time. Then practically all positions in the government were changed when the party in power changed. Today, more than 450,000 positions, or approximately 80 per cent of all those in the federal executive civil service, are filled through open competitive examinations, and governmental employees go on with the work to which they are accustomed, no matter what political changes the voters may bring



about. Can anyone question that the people of the United States get better results from these trained, tested, and experienced employees than they did from those who came into the service with each partisan change without examination or test of any kind, but solely on account of political preference?

The other day some one wrote to the Civil Service Commission pointing out that the country had just passed through four years of stress and trouble comparable to the years of the World War; and that inasmuch as veterans of the World War were given preference in civil service ratings because of their service in that war,—five points for veterans not disabled and ten points for disabled veterans—that soldiers of the New Deal, who had enlisted in the war against depression and fought the good fight for democracy, ought to be treated in a like favorable manner. This writer proposed a system of rating preference in which those who had enlisted early were to be especially favored and later recruits on a descending scale; and local party committees were to submit evidence as to whether preference was due and to what extent. A proposition such as that is laughed at today, but is it not an improvement over the system which prevailed prior to 1883? It at least provides for some test as to competency. Then, service to the party was practically the only test.

#### HOW PUBLIC COMPARES WITH PRIVATE BUSINESS

The objective in all civil service betterment is a system of employment which will insure the strictest economy in the expenditure of that part of the federal funds represented by the civilian pay-roll, and absolute equality in promotions, reductions, dismissals, and working conditions generally. There is still much to be attained. Methods of selection have reached a high degree of accuracy but beyond that stage there

has been less advancement. The present method of rating the efficiency of employees is generally regarded as anything but satisfactory, and may I say that the new Civil Service Commission is going to give a good deal of attention to bettering it.

In these days no large private business enterprise would think of operating without a personnel department. The selection and advancement of employees is regarded as highly important for the success of any industry. Not to be done in a haphazard sort of way but through persons trained for that particular job. The Civil Service Commission is the central personnel department of the United States government. In the heads of several of its divisions it has outstanding authorities on personnel problems; and I have no hesitation in saying that it is an efficient organization. I had inquiry made a short time ago to determine whether this governmental agency was operating as economically as private agencies were operating. It is rather difficult to make exact comparisons because different businesses require different methods and because one very often does more or less than another; still the conclusion reached by those engaged in the inquiry was that, taking all these differences into account, the government personnel service was costing less than the same service for private interests, and in some cases, very much less. I mention this because there is a very widespread opinion that government operations are comparatively costly and inefficient, while the figures seem to show that the reverse is the case in federal personnel administration.

The argument for the merit system in governmental affairs is that the administration of government is a business, and that so far as the duties of public officials are administrative, as distinct from policy-forming and creative duties, that those who are to perform these

duties should be selected solely on account of their training and capacity to perform these duties. Places which have to do with forming the policies of any particular government in power should properly go to those who are in sympathy with that government; but in this connection, it is rather significant to call attention to the practice of the British government, where the governmental set-up is very similar to ours, in making changes in only about eighty places when the party in power changes. In varying degrees, the same thing is true in other of the more advanced nations of the world.

#### CONTINUAL RESEARCH NECESSARY

In order that the government service may be bettered, it is most necessary that continual study be given to the question of how this is to be done. Therefore, it is a part of the duties of the Civil Service Commission to be ever searching for better ways of examination, better methods of rating employees on their efficiency, better methods of understanding the traits in human nature which make for individual advancement or retardation. As the average of the individual goes up or down, so the average of the service goes up or down. Such a study, from its very nature must be very largely psychological; therefore, we have in the Civil Service Commission a Division of Personnel Research, engaged in an endeavor to find out how better results can be obtained in the government service; how employees may be encouraged to do better work, and how those in supervisory positions may help those under them to do better work. Incidentally, this research work is of value not only to the federal service, but it may be and is being utilized to the advantage of service in state and local governments, and to some extent by private industry.

In addition to its own Division of Personnel Research, there is also work-

ing on the same problem, in an advisory capacity, the Council of Personnel Administration, under the chairmanship of the president of the Civil Service Commission, with the chief of its Research Division as director of the Council. This Council consists of the members of the President's cabinet and the heads of some of the independent agencies, or some one designated to represent them—generally the personnel officer of the department or agency. The purposes of the Council as set forth in the executive order creating it, are to develop a more effective and economical system of employment and personnel management in the federal government and to promote the welfare of its employees. Roughly, the purpose is to make the federal service more attractive as a career, and thereby improve it, not only from the viewpoint of employees but from that of the employers—The American people—as well.

#### MAKING PUBLIC SERVICE ATTRACTIVE

There is need of more training in the United States for public service. In order to have special training that is necessary in the higher positions, there must be reasonably assured permanency. If these positions were assured as much permanency as in Great Britain for example, there would be boys and girls in the United States fitting themselves for governmental service and there would be courses in our schools and colleges of the best class to train them. In July, 1931, at the University of Minnesota, there was held a conference of federal and university officials to consider the subject of university training for government service. Representatives of the Civil Service Commission participated with other officials interested and many of the leading universities of the country were represented. Consideration was given to methods of interesting educational authorities in the sort of courses to be offered, and to further interesting governmental authorities—

and that applies to state and local as well as national—in availing themselves of the better equipped people who would thus be offered. Unsettled conditions have retarded the movement for the time being but it is fully expected that there will be further effort along this line in the near future.

Considerable advance has been made in federal employment by the enactment of such measures as the Employees' Compensation Act, the Retirement Act, and the Classification Law. The last-named has for its purpose a definite classification of duties and appropriate salaries; so that the same pay for the same service shall prevail throughout all the governmental departments; and the director of the budget is now endeavoring to have the classification system extended to those agencies whose employees are not in the competitive system.

For the past two years, the United States Civil Service Commission has recommended in its annual reports legislation to empower the Commission to hear and determine finally appeals of employees who have been reduced in salary, rank or grade, suspended from duty, or dismissed from the service, the decision of the Commission to be binding. At present, an employee who feels that he has not been justly treated has no court of appeal. In the recent special session of Congress, an effort was made to provide a remedy through giving the Commission more power. That particular plan failed, but the matter is going to receive further consideration in the future; and the Civil Service Commission, at the direction of the President, is considering the possibility of setting up conciliation committees in the various departments for the consideration of grievances and alleged grievances, with the right of final appeal to the Commission. The desire is to work out a plan whereby the employees will be assured of all that they are entitled to and still prevent any

hampering of the executives in the departments by encouragement of inefficiency.

The ideal in employment, whether public or private, comprises these things: the man or woman best fitted for the particular job in all cases; the utmost in intelligence, knowledge, and diligence upon the part of all employees; just compensation for duties performed; due reward in promotion for competent service; fixity of tenure so long as conduct and work are good and so long as employees are needed; reasonable working hours that allow adequate time for recreation and further education; the best of working conditions, and an equitable pension system for employees who become disabled or who outlive their usefulness. That is perfection. In employment, as in other affairs of life, the ideal seldom, if ever, is attained. But perfection is something that constantly can be strived for, and the striving assures improvement.

In conclusion let me say that contact with the work of the Commission increases respect for the merit system. My contact has been comparatively brief but from that contact has come not only a better understanding of the advance that has been made in public service during the past fifty years, but also a realization of the further advance that may be made in the future. In our research work, in our examination work, and in our classification work, we have made progress in the past and there is hope for progress in the future. The goal of an ideal system of civil service employment is still far ahead of us, but we are progressing. Undoubtedly there have been mistakes made in the past and undoubtedly there will be other mistakes made in the future; "still we must labor and bend and toil, making anew the things we spoil," until there is produced in this beloved country of ours a civil service system that will inspire the individual and win the confidence of all the American people.

# Political Patronage Threatens Democracy

Most expensive waste  
in government runs  
into millions of dol-  
lars every year with  
no benefit to tax-  
payer

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THE filling of public offices with men selected solely for their party services costs the taxpayer money—real money—a great deal of money. The padding of pay-rolls amounts to about 25 per cent of the average public payroll in those cities and states without a good system of merit appointment in their civil service.

The public employee who holds his job because of his services as a political henchman has little time and often little ability to serve the public. The public's work has to be done by some one else, and that means two salaries for one real job. Only occasionally can a public employee serve the political grafters who maintain him in his office, and at the same time work for the taxpayer. Most political machines when unhindered by good civil service laws provide a double set of officeholders—one to serve the public interest, and one to serve the machine. The ratio is usually about three public servants to one political fence-builder. The public servant is in his office regularly and usually works hard—has to because the fence-builders are outside workers. And the taxpayer foots the bill for both sets of officeholders.

This is bad enough. But it is not the worst of the situation. It is the least expensive part of the spoils system.

## THE POWER OF PATRONAGE

Political patronage is used to compel the state legislature or city council to support measures costly to the taxpayer and against the public interest. It is used to defend the whole costly system of bad government which weighs so heavily upon the public's back.

Patronage and the desire for patronage lie at the root of most of the evil activities of politics and is the very life of every political machine. It is impossible to estimate the cost in dollars and cents of the use of patronage to control legislative bodies, but it runs yearly into many millions. And the worst of it is that no hope for reform can be seriously entertained until the spoils system has been abolished.

This is bad enough, to be sure. But other practices are equally expensive and offensive, such as putting patronage into welfare and into the expenditures for roads, public buildings, and other public works. The taxpayer has a right to expect that the dollars he pays for relieving human misery will none of them land in the pockets of idle, unnecessary, or grafting employees. Efficiency in public works expenditures means dollar returns for the taxpayer's investment. Patronage is also used to shield graft in public office. Certain employees may be useful because they can be counted on not to tell all they

know, and any department can be well seeded with such if there is no good civil service law to prevent it.

All these abuses of patronage cost the taxpayer heavily. So the budgets pile up. Then the poor taxpayers wonder what it is all about!

#### FAITH IN DEMOCRACY WANES

With such abuses rampant, is it any wonder that faith in democracy wanes? With confidence in democracy gone, the dictator comes along in times of stress. The dictator may abolish freedom of discussion, freedom of the press, and even freedom of religion. Yet I think any fair-minded person will recognize that certain dictatorships in recent years have been an improvement over a patronage-ridden democracy. The fault lies not so much with democracy as with the abuse of democracy by the patronage hound who happens to get control of public appointments.

Shall public employees serve first the self-seeking politician?

Or shall the public employees serve the needy taxpayer?

Shall a man hold his job for service, or shall he get it and keep it through political self-seeking?

Americans have spent one whole century trying to find the answer to those questions. The only answer given outside of the exposure of political scandals is a growing demand for the merit system of filling public office.

Exposures of political scandals have usually been in the interest of just another equally bad political set. To "turn out the rascals" has usually proved to mean only to turn another set of rascals in. I am aware of the social value of these exposures. They keep the careful politician on his toes. But they do not cure the system.

For experience has taught us that many office seekers who cry most loudly against political grafters have themselves turned out to be only another

type of grafter or racketeer. In this outcry to turn the rascals out the professional political reformer has often been the worst hypocrite of all. Therefore, the people as a whole have not yet settled down to complete confidence in government.

#### THE BEST POLITICS

We are now all pulling together to restore prosperity. In this effort public officials play a new and more important part. Confidence in this effort is all the greater because it is non-partisan and non-political. When this drive for prosperity is over and the steady pull comes without the glamor of the hour of need it will be all the more important that public officeholders be public servants. In other words, the best kind of politics should be to order government as it now is at its best in federal service: to render public service that demands public confidence.

The merit system offers one way out. The federal government and most cities have adopted civil service laws in the last half century. Most states and some cities are still backward.

I have said that the merit system of appointment offers one way out. I do not want to say that civil service reform alone will bring the millennium for democracy. There are certain other prerequisites to that wholesome and responsive government we call democracy. Among these essentials are:

1. A better informed citizen;
2. More folks who will serve the public interest without thought of public office;
3. A finer ethical sense of right and wrong;
4. A righteous faith in equal opportunity;
5. An agricultural and industrial life that keeps living standards high;
6. Freedom to make a decent living;
7. A sound family life built on a sound foundation of decent ethics;

8. An individualism that puts service to others above self. Such are the fundamentals that alone can make democracy democratic!

#### THE MERIT SYSTEM

The merit system of appointment, however, makes it possible to take the spoils out of public life and give democracy a chance. For without a civil service made up of able, competent, non-political servants of the public, democracy has no chance. The past hundred years have taught us that.

A merit system of appointment with proper rewards for faithful service, moreover, tends to keep men and women in public employ for their whole career rather than the two years or the four years for which the appointing power is elected. Thus men and women in the public service are not turned out of it as soon as they have learned their work. For public work grows more technical year by year. No private industry would think of turning out its engineers and its accountants and its experienced and competent clerks just because a new executive had been chosen. Such a practice is just as wasteful in government.

A good civil service system gives equal pay for equal service throughout all departments. It provides for the same treatment as to hours of work and as to ability to do the job.

The experienced officeholder serves as an anchor to windward in times of change.

A crowd-driven people cannot be a sane people.

For the past quarter of a century our public life has been driven too often by one form or another of crowd psychology. We start out to hate our enemies, then end by a drive against our allies. But four years ago, hysteria drove investors to buy stocks at any price. A crash came, and then many folks would not pay fifty cents for what

they themselves had spent a dollar for but a short time before. From a belief in high wages, we sank to slum wages almost overnight. Public service can profit much from those who have experienced more than one public crisis. It is vital that those in public employment know how to ride out a storm, and keep high their faith in the ability of the American people to come out of any crisis sane and smiling, even such a one as we have just been through.

#### GOVERNMENT GROWING IN IMPORTANCE

It is evident nowadays that government will grow more important, not less important. Foresight has its values. So have speed in public decision and honesty in public effort. Mistakes can be corrected. But faith cannot easily be restored. And faith in government can survive only when the public servant serves the public interest as he sees it and not first the interest of the patronage hound.

There is a distinction between the patronage hound and the politician with a public interest. The larger per cent by far of legislators and of executives in public office desire to recommend only the fit for public service. The greater majority of them recognize that merit makes the best public servant, and that high grade public service is the best politics in the long run. The merit system has been approved by this majority because it keeps the patronage hound in leash. Moreover, the merit system releases the holder of executive office for public service because he does not have to devote all his time to patronage. Hence, in spite of the enticements of patronage, civil service reform has received its majority vote from one legislative body after another.

A permanent civil service, to be sure, may in itself not work always to the public interest. Employees who feel sure of their jobs may not keep them-

(Continued on Page 507)

# More Money for Public Works

Expansion rather than reduction of budgets needed in these times; costs can be cut by competent officials

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ALFRED E. ROCHE

*Commissioner of Public Works, Troy, New York*

MR. STONE: I certainly am glad that both of you are here this afternoon to discuss public works budgets. I have watched with interest your work, Schneider, in New Orleans, and as president of the International Association of Public Works Officials; and Roche, you have made a fine record in Troy, which is obtaining a great deal of attention these days. That records and cost accounting system you installed in your public works department has been watched by city officials elsewhere, and several cities have installed similar systems so that they could cut their costs as you have done.

MR. SCHNEIDER: Yes, Stone, I have been looking forward for some time to seeing you here, especially as we don't seem to quite agree on the subject of public works budgets.

MR. ROCHE: Just what is it we are to talk about?

MR. STONE: Our subject is "Reducing the Public Works Budget." I have been reading in the newspapers about public works, and find that a pile of money is spent on them by our governments.

MR. ROCHE: About half the total budget of the ordinary city goes for public works. In Troy, we spend nearly two million dollars annually for the

construction and operation of public works.

MR. SCHNEIDER: Don't forget county, state, and the federal governments. They also spend a lot of money on public works. And don't forget this three billion three hundred million dollar public works construction program which the federal government is promoting.

MR. STONE: What do you mean by public works, Roche, and why do they take so much money?

## FIFTY-SEVEN VARIETIES OF PUBLIC WORKS

MR. ROCHE: By public works I mean the building of streets, sewers, water mains and plants, bridges, schools, hospitals, prisons, irrigation and flood control developments, grade crossing eliminations, canals. . . .

MR. SCHNEIDER: Don't try to name them all, Roche,—you'll never get through the list.

MR. ROCHE: As I was about to say, Schneider, when you so rudely interrupted me, public works are more than just the building of streets, sewers, and the other things I was mentioning. Once these improvements are built, they must be kept going year after year. We have got to patch the holes

in our streets. Our sewers get clogged up and have to be cleaned. The sewage disposal plant must be kept going or the drinking water of the next town down the river will be full of germs. Garbage has to be collected and disposed of. Water must be pumped day and night to the citizens. It's these services requiring attention day in and day out which eat up the biggest chunk of public works budgets. Much more money can be saved on them than upon construction.

MR. STONE: But isn't a lot of money wasted on improvements, Roche?

MR. ROCHE: No. Improvements on the whole are very well built, and under modern methods, there isn't much chance for waste. There are too many safeguards.

MR. STONE: What kind of safeguards? I often read of graft in city contracts.

MR. ROCHE: Well, of course some cities haven't set up adequate safeguards nor have they put competent officials in office, but in all up-to-date cities, there isn't much opportunity to waste money. Take a proposal to build a bridge, for instance. The city planning board will have carefully provided for this bridge in the official city plan. When the time comes to build it, we prepare preliminary plans which are studied, revised, and approved by our engineers, administrative officials, city council, and often by civic agencies. Publicity in the newspapers causes a lot of public discussion which puts an end to bad improvements. Next, our engineers prepare detailed plans and specifications which state exactly what is to be built, how it is to be built, and the materials to be used.

MR. SCHNEIDER: Don't forget to mention the use of standard specifications. The very fact that "government specifications" are generally looked upon with respect in the construction world shows that these standards are

high. Some of the best work of this kind has been done by the American Society of Municipal Engineers.

MR. STONE: That all sounds fine, but I hear every now and then about contracts going to friends of some councilmen.

MR. ROCHE: Maybe, but not in any city I have been connected with. The bidding for the job is open, and the contract is awarded to the lowest responsible bidder. There is keen competition in bidding, so that low cost and high-grade results are assured. But we are not satisfied with that. We require the contractor to put up a bond.

MR. STONE: What for?

MR. ROCHE: To see that the city is protected if he doesn't live up to his contract. Then as soon as the work starts we place inspectors on the job who constantly check materials and workmanship.

MR. STONE: I can't see how that stops overpayment of contractors.

MR. ROCHE: We keep detailed accounts and audit all expenditures under the contract which provides the taxpayer with a more effective check than you have as a stockholder in some company.

MR. STONE: Well, isn't a pile of money stolen by politicians? Everyone knows of the inefficiency of government and the crooks that are in office. Do you recall the old saying "The politicians loaf, but the public works"?

MR. ROCHE: That isn't so. Just because an occasional scandal occurs in government operations, we are led to believe that all public money is spent dishonestly. I don't believe there is nearly as much waste, favoritism, and corruption in government as there is in our private businesses. Citizens receive more for their tax dollars than for the dollars spent for other purchases.

MR. STONE: How do you figure that? The papers are always full of political scandals.



MR. ROCHE: They mislead us. Government is conducted in the open; all operations are a matter of public record; opposing political parties, newspaper men, and representatives of civic organizations are always trying to get something on officials. And I believe that most crooked deals are found out. Private business, on the other hand, is a closed book. No enemy politician or civic worker may go into a company and demand to pry into its affairs. No news reporter searches daily into all activities, anxious to dig up a scandal. The public doesn't know of the long hours many of their officials put in after closing time. Scandal is news, Stone; hard conscientious work is not a subject for headlines.

#### PUBLIC MONEY NOT WASTED

MR. STONE: Perhaps you are right, Roche. We shouldn't generalize from a few bad examples. But isn't a lot of money wasted on poorly designed improvements? I have seen miles of pavements, sewers, street lights, sidewalks, and other improvements stretching far into the hay fields surrounding many cities, and often not a house on the street. That looks like pure waste to me.

MR. SCHNEIDER: That has happened, Stone, and many of us have been trying to stop such evils. The trouble is that under some state laws a real estate promoter can open up a subdivision and borrow the money from the city to pay for these useless so-called improvements. If the lots don't sell, he doesn't pay the city back. This leaves the city holding the bag.

MR. STONE: How can you stop that sort of thing?

MR. SCHNEIDER: That's easy. All we have got to do is to prohibit subdivisions unless the real estate man is willing to risk his own money, not the taxpayers', by putting in the essential improvements.

MR. ROCHE: Let me ask you a question, Stone. If some one offered the city of Chicago the original cost of its boulevards in cash, would you recommend that the city sell them? Would you be willing for the city to sell its bridges, waterworks, sewage disposal plants, police and fire stations, parks, streets, and sewers at original cost, and use the money for some other purpose, say, for example, to pay off some of its debts?

MR. STONE: Of course not. We couldn't live without these improvements. Business would stop, and property wouldn't be worth anything. But think of the taxes we have got to pay for all of these things. Government is spending in this country between one fifth and one quarter of the national income according to latest estimates. The taxpayer is being ground down under a burden that he just can't carry. I agree that these services are desirable, but where are we going to get the money?

MR. ROCHE: I am a taxpayer myself, Stone, and I sympathize with your point of view. I don't like to pay taxes any more than you do. But I wonder if this talk about taxes being a burden isn't misleading. I suppose you mean when you speak of taxes as a burden, that you don't like to pay them. Looking at the question from this standpoint, rent is a burden, food is a burden, all of our personal expenses are burdens.

MR. SCHNEIDER: Yes, it would be just as logical to think of the cost of going to the movies as the movie burden, and the expense of running our automobiles as the automobile burden. We don't complain about these items; we are willing to pay them all except taxes.

MR. ROCHE: There seems to be a deliberate boycott against government. We get our morning newspaper on the front porch, turn on the radio at night, or go to a local civic meeting, and we are reminded again and again that gov-

ernmental expenditures must be reduced. We think of the expenditures of our local, state, and federal governments in terms of the burden of paying taxes; we seldom stop howling long enough to find out just what is done with the money. People never stop to think about the services they get from government. They just take it all for granted and kick like the dickens when we follow their demand to cut some of them out.

MR. SCHNEIDER: I like to think, Roche, of the citizen as a stockholder in government. His share consists of that portion of all public works and improvements that have actually been paid for. When the citizen talks about his private business, he talks of his investment—how many stocks and bonds he owns. He wants to know whether dividends or interest are being paid; investment is what he thinks about. I wish the citizen would think more in terms of what he owns in the shape of public improvements and the dividends he gets in services from government, and less about the amount of public expenditures and the size of public debt.

MR. STONE: I don't quite understand what you mean.

#### CITIZENS OWN PUBLIC IMPROVEMENTS

MR. SCHNEIDER: Well, take the city of Chicago, for instance. It has invested about \$130,000,000 in its waterworks. It supplies the three and a half million citizens with water at a low cost, too low to provide money for needed filter plants, intakes, and other improvements. Even though the rates are low, they have been sufficient to operate the entire plant, to keep the mains in repair, and in addition, mind you, to pay off nearly all of the debt incurred to build them. Only an \$18,000,000 debt still remains to be paid. What are you writing there, Roche?

MR. ROCHE: I have been doing some

figuring, and find that the citizens of Chicago own a clear equity of \$112,000,000 in their waterworks. This means that every man, woman, and child in Chicago owns a \$32 share in the waterworks.

MR. STONE: Well, isn't Chicago an exception?

MR. SCHNEIDER: No. More than three-fourths of the cities of this country own their own waterworks. In twenty-five of the largest cities, more than half of the original debt is now paid off.

MR. ROCHE: We shouldn't forget the value of these plants in giving citizens pure water day in and day out at low rates. I suppose that is what you meant, Schneider, by your reference to services as dividends.

MR. SCHNEIDER: Yes. Did you hear about the recent check-up on water plants in 250 cities? Twenty-five of the plants were found to be privately owned. The rates in these private plants are about a third higher than in the city-operated plants. The city plants are nearly all making good profits which are used for extensions or for reducing taxes.

MR. ROCHE: In Troy, we have had an average annual profit of about \$145,000 for the past ten years from our water plant.

MR. STONE: What do cities do with these profits?

MR. SCHNEIDER: They are used for extensions and other improvements, and in some states where permitted they are paid into the general fund of the city. In many small cities, profits on water, electric, and gas plants have been enough to meet all general city expenses. Citizens have been freed entirely from local property taxes.

MR. STONE: It occurs to me there is another valuable aspect to public improvements.

MR. ROCHE: What's that?

MR. STONE: Their effect on land

values. Experts investigating this question find that the more public improvements there are, the greater is the value of real estate. It sure would be great if there were some way we could finance these improvements without being taxed.

MR. SCHNEIDER: You don't seem to think straight on this question, Stone. Not only can we afford these improvements, but when properly financed they will help us out of the depression. That is what the federal three billion dollar program is designed to do.

MR. STONE: I should think we would only get deeper into the mess we are in.

MR. SCHNEIDER: No, it works this way. When a decline in orders forces private business to retrench and employees are thrown out of work, then at that moment government should build public works to offset the increasing unemployment. This will put enough purchasing power in the market to keep the wheels of business turning.

#### PUBLIC WORKS SPEED RECOVERY

MR. ROCHE: Economists have figured that \$1,000 spent on public works construction will put one man to work for one year. According to this, the three billion dollar program should furnish work for three million persons for a whole year or for a million and a half persons for two full years.

MR. STONE: I do not see how you figure, Schneider, that \$1,000 spent on construction will employ a man for a full year. Less than half of the cost of construction, as I recall, goes for wages and the wages of one man under present wage scales is more than \$1,000. I should think that it would take nearly \$3,000 of construction work to give employment to a worker for a year.

MR. SCHNEIDER: Stone, you forget the cumulative employment resulting. In addition to the men employed directly on the job to mix cement, to lay

brick, and to operate steam shovels, work is given all down the line in many industries. The plants supplying materials and equipment must hire more men. Trains and trucks hauling materials require added labor. New employment is given to the workers in plants manufacturing fixtures and appliances.

MR. ROCHE: And don't forget that these newly employed workers will be able to buy commodities and services which they could not afford while unemployed.

MR. SCHNEIDER: Yes, the net effect of all of the new employment and purchasing power is to end the downward slump of business and start the country back to a better balance between production and consumption. What are you frowning about, Stone?

MR. STONE: I still come back to the question, how can we pay for all of this? Tax delinquencies are mounting in some instances to over half of all property taxed. I grant that public works are desirable and that they will put men back to work, but aren't we getting ourselves in so deep financially that we won't ever get out?

MR. SCHNEIDER: No, Stone, I can't agree with you. In the first place, these crushing tax burdens you speak about are largely the result of an unbalanced tax system. The injustices and conflicts in our tax system must be ironed out. We haven't taxed enough in the past, taking the country as a whole. We have saved too much.

MR. STONE: *Saved too much?* Why, most people didn't save enough to tide them over this depression.

MR. SCHNEIDER: You miss my point. I am talking about savings for the country as a whole which were invested in manufacturing plants and businesses of all kinds until we expanded production beyond the point of need for the products, or people couldn't purchase them. We have got to bring about a balance

between the money spent in producing commodities and services, the money spent in buying them, and the money saved and invested in plants to produce more of them.

MR. ROCHE: Then you would say, Schneider, that in the period from 1922 to 1929, we saved too much and with the money overbuilt our industries or failed to increase wages sufficiently so that purchasing power could keep abreast of production.

MR. SCHNEIDER: That's the idea, Roche; instead of cutting the income taxes during the late era of so-called prosperity, we should have increased them greatly to stop the excess of savings which was invested in more shoe factories, steel mills, and automobile plants when we already had too many. State and local revenues should have been increased, preferably from sources other than the general property tax. We should have reduced the debts of our federal, state, and local governments, and perhaps set up public works reserves. Thus, we would not have had the overproduction that brought on the depression.

MR. STONE: What if business declines and throws men out of work?

MR. SCHNEIDER: This could be offset easily by public works. Governments, having reduced their debts, would have been in a splendid position to borrow. In times of depression, governments should reduce taxes and borrow; in good times they should reduce their debt by raising taxes.

#### PUBLIC WORKS A SAFETY VALVE

MR. STONE: That sounds very complicated, Schneider.

MR. SCHNEIDER: It *is* complicated, but think of public works as a safety valve or a flywheel in bringing a balance between production, consumption, and savings. And the silver lining to this plan is that those public works are badly needed and they add to the

wealth as well as to the enjoyment of all citizens. We have hardly made a beginning in constructing needed public improvements.

MR. ROCHE: Such a program as you outline, Schneider, certainly requires long-range planning and able public administrators. In Troy I have to be continually watchful to see that my forces are properly organized, that work is carefully planned, and that services are given as economically as possible. New ways of doing things are invented almost every day and it's a hard job keeping up. What can be done, Stone, to improve public works administration in this country?

MR. STONE: Well, Commissioner, you are better qualified to answer the question than I. But I'll give you some of my observations of public works departments in this country and Europe. It seems to me that competent management is the only guarantee that public works departments will be administered efficiently. We let the politicians in some of our cities waste a lot of our money by using the public works department for patronage purposes. If we want good government, and a dollar's worth of service for a dollar spent we have got to put trained and experienced men in office.

MR. SCHNEIDER: Stone, then you would say that the employing of good men is the first essential?

#### APPOINTMENTS SHOULD BE PERMANENT

MR. STONE: Yes, I'd make that my first principle. Wherever I find a qualified public works director in office whose hands are not tied by politicians, I also find that the department is almost always efficiently run. The director should be selected by the chief executive, whether he be the governor, mayor, or city manager, and he should have complete responsibility for appointing and controlling the work of subordinates.

MR. ROCHE: All employees should be appointed on the basis of training, experience, and after proper examinations to test their fitness.

MR. STONE: Absolutely. A man's vote-getting power will certainly not qualify him as an engineer, draftsman, cost accountant, or street foreman. When an employee learns that good work is his only right to his job, and not his friendship with the committeeman of the third ward, we can expect him to give a lot better service. Public works is a mighty complicated business, and a certain way to waste money is to appoint butchers, bakers, and candlestick makers to administer the department.

MR. ROCHE: Then you believe appointments should be permanent?

MR. STONE: Certainly. Otherwise, just about the time the official has mastered his job and is putting in better methods, he is thrown out of office and a new plumber or undertaker comes in to waste city funds. And, furthermore, salaries must be high enough to attract competent men. We don't deserve to have our public works run properly when we refuse to pay a decent salary.

MR. SCHNEIDER: I find that good men won't apply unless the pay attracts them.

MR. STONE: Right. You can't secure a capable administrator or engineer for a plumber's salary.

MR. ROCHE: Most governmental units have a hard time keeping their best men. The men are offered higher salaries in private employment.

MR. STONE: That's just what happens from this chopping off of salaries of public employees with a two-bladed axe. It forces out the good men who are able to get other work and leaves only stupid, lazy, and incompetent employees. That is a sure way *not* to reduce budgets. We quiver at a salary of \$4,000 or \$5,000 paid to the head of

a department spending hundreds of thousands of dollars a year. Would we trust our private business of equal size to a \$5,000 man? *I guess not.*

MR. SCHNEIDER: What about planning and the use of more efficient methods? I think we can all make great savings in that way.

MR. STONE: When competent officials are put in office, they start putting in work programs and better cost systems and improved methods. There are a lot of things that can be done to cut costs.

#### USE MODERN TOOLS OF MANAGEMENT

MR. ROCHE: Stone, that records and cost accounting system your staff installed in my department has led to a saving of about \$50,000 a year. We couldn't have reduced our budget without cutting services if we hadn't had the system. We cut out a lot of wastes that we didn't know were occurring.

MR. SCHNEIDER: What for instance?

MR. ROCHE: Well, we found that the cost of running certain trucks was higher than if we purchased new trucks and gave a liberal allowance for depreciation. We didn't know that until we kept a cost record of each truck, showing the cost per mile, cost per hour, and the miles per gallon of gas.

MR. STONE: I find many cities waste a lot of money because their garbage collection and street cleaning routes are not laid out properly. Several cities where we have installed our cost system have reduced costs, by being able to tell what kind of equipment works best on each route, how many helpers are needed on each truck, and what is a standard day's run.

MR. ROCHE: That reminds me, do either of you know what has two wheels and flies?

MR. SCHNEIDER: Let's see, it can't be an airplane.

MR. STONE: What is it?

MR. ROCHE: Why a garbage wagon, of course.

MR. STONE: That must have been in the old days. The new air-tight vehicles prevent flies.

MR. ROCHE: Stone, you mentioned work programs a moment ago. Since we started using programs we have found that we could speed up production. We are able to plan our needs in the way of materials and equipment much better.

MR. STONE: You have done a good job on that in Troy. Many other cities are using work programs. At budget time, the officials calculate just how much service is to be performed during the year, the methods they are going to use, and what the cost will be. Then during the year, daily, weekly, and monthly work and cost reports tell if results are keeping to the program. That gives the officials a close check-up and control over the department.

MR. SCHNEIDER: We need long-range financial plans too.

MR. STONE: Yes, cities are finding it necessary to plan improvements over a period of five or ten years. Streets, sewers, public buildings are all built in order of need.

MR. SCHNEIDER: There are other ways of cutting the public works budget, but I don't suppose we have time to discuss them here. Centralized purchasing, for instance, standard specifications, better budgeting methods, the use of up-to-date equipment should help all cities to cut their budgets.

MR. ROCHE: Some of our cities, counties, and states are so efficiently managed that there is little room for cutting budgets without reducing services. In such places citizens have only one choice. If they insist upon reducing budgets, they must reduce services. Budgets in the majority of cities can be cut by 5, 10, and in some cases as high as 50 per cent, not only without

reducing service, but with bettering the service.

MR. ROCHE: What is the best way to bring about these improvements?

MR. STONE: Well, on Thursday of this week, we are all going to Milwaukee to attend the meetings of the International Association of Public Works Officials and the American Society of Municipal Engineers. There we will discuss better ways of doing city work with officials from all over the country. I am sure you will agree with me that these two organizations are professionalizing the public service and are encouraging the adoption of better methods.

MR. SCHNEIDER: I am glad you feel that way, Stone. I wouldn't give so much of my time if I didn't think they were constructive.

MR. ROCHE: This conference of city managers which we have been attending today was certainly helpful to me. I got a lot of new ideas.

MR. STONE: But isn't there something else we can do right now to reduce budgets? We hear a lot about fads and frills in government. Can't we cut out some of them?

MR. SCHNEIDER: These people who talk about fads and frills never tell what they are. Apparently they consist of what government does now which it didn't do twenty or fifty years ago. Progress to these people apparently is a fad and frill. Of course occasionally the pressure of some self-interested group has initiated services which are of little value to the community as a whole. But if not essential, they are usually eliminated by economy programs. Obviously budgets can be reduced by the simple expedient of stopping services and cutting salaries.

MR. ROCHE: That isn't always economy.

MR. SCHNEIDER: No. Some cities for example have abolished garbage collection by public works forces, letting

the citizens get rid of it the best they can. In one city the people were found to be paying more to private collectors under the economy plan than when the city did the work.

MR. ROCHE: I find that pressure to reduce budgets has caused many cities, counties, and states to stop repairing streets, sewers, and other public improvements. They are going to pieces rapidly. The expense of reconstruction, and they *must be reconstructed* unless we are to abandon the communities, will be much greater than the cost of proper maintenance.

MR. STONE: I am beginning to see that I may have been wrong in my demand for reducing public works services. If the government maintains our streets, collects our garbage, and furnishes us with water and other services more cheaply than private firms, I guess we are really money in the pocket. If work is managed efficiently, perhaps we may *save* by spending *more* through our public works departments. As the old saying goes, we cannot afford to be penny-wise and pound-foolish. We cannot save by cutting our public

works indiscriminately, but we can save by spending more wisely.

### POLITICAL PATRONAGE THREATENS DEMOCRACY

(Continued from Page 498)

selves efficient and alert. For that reason dismissal should be made easy and entrance into the civil service difficult. Moreover, the permanent employees of the government should work in sympathy with the policies of the party in power, so that party responsibility may be preserved. The whole public service should be moved by a common spirit.

But these limitations inherent in civil service are not as significant as the dangers in an uncontrolled spoils system. The limitations of civil service can be controlled by proper legislation. The human nature of the patronage-seeker cannot be changed by law making. The power to abuse patronage must be taken away.

So the merit system, like Little Orphan Annie, has come to our house to stay, and she has proved to be a good housekeeper.



# Saving by Planning

Comprehensive city  
planning is economy  
while non-planning  
creates waste, ex-  
perts agree

FLAVEL SHURTLEFF  
GEORGE McANENY

ALFRED BETTMAN

*Secretary, American City Planning Institute  
Comptroller, City of New York, and  
President, Regional Plan Association of New York  
President, National Conference on City Planning*

**MR. SHURTLEFF:** Forty-eight states and hundreds of cities and counties spent, in 1928, a total of four billion dollars on all kinds of governmental operations, four times as much as they did in 1918. This fearful and rapidly mounting tax burden, and a constantly diminishing ability to pay, have brought governments too close to insolvency and citizens too close to the breaking point.

Most of the broadcasts in this series have considered relieving this tax burden by reducing specific municipal budgets for the various kinds of municipal services, — schools, libraries, public health, public works. We must in this broadcast take an entirely different line. In practically all the states, and in most cities, and counties, no planning budget exists. Even in the spending years before 1930, the entire amount appropriated for planning by all states and local governments did not exceed \$700,000. Such a sum never could have had any appreciable effect on the general tax burden of the country, and in the last two years, even this figure has been greatly reduced. Today there is no state, and not more than twenty cities in the country, where cutting out the appropriation for planning would decrease the tax rate a single cent. How is it in New York City, Mr. McAneny?

## PLANNING AVOIDS WASTE

**MR. McANENY:** Your figures are amazing when compared with the billions spent every year on public works. New York City's yearly bill for several years, including running expenses, capital expenses and interest thereon, has been pretty close to a billion dollars. New public works alone cost an average of about ten millions a year. I don't suppose that the city has invested, in the last ten years, \$200,000 in all for planning, yet we all know that we should have some guide to determine the relation of the physical parts of the city to each other, and of all the parts to the whole city. For a city to get along without a plan is as if a great business corporation put a million dollars into a plant and spent \$10.00 on a plan of production, or a blueprint. It is an absolute essential that we provide in all kinds of cities, and particularly in the big ones, for expert study of all the conditions surrounding the development of any public project in order that great wastes may be avoided.

**MR. SHURTLEFF:** New York's experience is not exceptional. There are not more than one hundred cities in the country today which have up-to-date plans for the guidance of the public works program. We must spend money enough to develop local, regional and



state plans, and to administer these plans. Taxpayers will be impatient with any demand for an increase in appropriation unless we can rest our case on something more than theory. The experience in many cities during the past ten years should be our best evidence. Mr. Bettman, won't you give us some of the high spots in Cincinnati and elsewhere?

#### PLANNING MEANS SAVING

MR. BETTMAN: You said, Mr. Shurtleff, that the taxpayers would be dissatisfied with theorizing. Now, I do not know just what you mean by that word "theory." If you mean "guesswork," then I agree with you. But there is no guesswork when we say that city and regional planning are means of saving; indeed an absolutely necessary means of saving. Planning is simply intelligence—common sense—and whenever any community drops its planning or fails to support its planning that community is acting unintelligently and wastefully. Let me try to make this clear without being too technical.

Five years ago I built a home. It cost about \$20,000. Now the first thing I did was to retain an architect to make a plan and I paid that architect a fee. Can anyone doubt that I saved money when I spent money on the architect's fee? Can anyone doubt that if I spend \$20,000 on a house without having a plan, I would waste money? Without a plan the different parts of the house would not fit; the halls and the stairs and the rooms would not be well adjusted to each other and the result could not be worth the money spent and to make the house comfortable, convenient and healthful I would sooner or later have to spend more money to cure the defects.

MR. SHURTLEFF: Of course you are right, but even people who have built their own homes rarely compare house building and community building.

MR. BETTMAN: A city or a region is, of course, bigger than a single house and has many more different kinds of parts to be adjusted—streets, playgrounds, markets, business and industrial districts, public buildings and so on. Consequently more imagination is needed to visualize the need for a plan; but consequently, also there is the greater need for a plan; and precisely the same kinds of wastes result from building up a city, county, or region without a city, county, or regional plan, as from building a house without an architectural plan. Things will not fit each other and therefore what is spent on streets and other public improvements will not be worth the money spent on them, and therefore later more money will have to be spent to cure the misfits. I am sure illustrations will occur to everybody. I will give one which I happen to know about in my own home city:—Before the days when we had city planning, the city built a certain viaduct which cost about half a million dollars, the purpose of the viaduct being to cross a wide valley containing a creek and railroad tracks. The viaduct crossed the valley successfully, but at both ends was badly adjusted to the street system of the city as that system came to develop. What was the result? The viaduct was little used. Traffic took other means of crossing the valley and other viaducts had to be built. Is it not plain that some of that half million dollars was wasted?

MR. MCANENVY: Your viaduct story, Mr. Bettman, sounds a great deal like our Staten Island piers which were built some years ago by New York City. They were built well and at a reasonable cost, but they were not planned as an essential unit in the general scheme of the New York port. The need for them in that location was not established as a result of a study. Even if they had been needed, no provision was made for approaches to them. They have consequently failed of their pur-

pose, and the investment in them brings in little or no return.

#### CINCINNATI SAVES MILLIONS

**MR. BETTMAN:** Mr. McAneny, your illustration shows conclusively the need in any city of a design which will control, for a period of one or two generations, the location of the future streets, viaducts, parks, market places, playgrounds, school sites, residential districts, business districts, and so on, whereby these developments will take place along adjusted, economic, and efficient lines. Similarly, a regional plan is a design to govern the general location and extent of main highways, major drainage systems, the regional recreational system, and so on, whereby harmonious, economical, and efficient development will take place. The administration of planning consists of a method or procedure by which before any expenditure is made on a specific public structure or improvement, the proposed location and extent of the structure or improvement are checked up against the general plan. That city and regional planning mean saving of public money is obvious—is a matter of plain common sense and intelligence.

The city plan of Cincinnati cost \$100,000 to make, and the annual cost of its administration is \$20,000. There is no doubt that if Cincinnati should cease to pay at least \$20,000 a year for its planning administration, the city would, in course of time, inevitably waste millions. The same is, as a matter of plain reasoning and intelligence, true of every city, town, county, region, and state.

**MR. McANENY:** It would be interesting if we could have the experience of the cities in the country which, for five years, have administered a plan in accordance with your definition, Mr. Bettman. Would the list be too long?

**MR. BETTMAN:** Mr. Shurtleff will have to answer that question.

**MR. SHURTLEFF:** I suppose it would be rather long, Mr. McAneny. The National Conference on City Planning, which has been in close touch with city and regional planning for the last twenty-five years, has a record of about 800 cities and 75 larger governmental units which, at one time or another, have been actively working on a planning program. Many of the cities can be eliminated, either because they have no plan, or no efficient administration of a plan, or because they have been in the planning business for too short a time. My best guess is that at least fifty cities and twenty regions, more or less satisfactorily answer Mr. Bettman's test. I think it would serve our purpose better to sample the experience rather than to attempt to cover it all.

**MR. McANENY:** All right, I will testify for New York. It is a little early to estimate the savings due to the master plan of the city of New York since that plan is still in the making. For several years, however, the whole metropolitan area has been influenced in its growth by the plan for the New York Region, which was completed in 1929.

#### NEW YORK SAVING BY MASTER PLAN

This monumental work was sponsored and entirely financed by the Russell Sage Foundation. Already there have been great savings due to the guidance of this plan.

Take the familiar example of street and highway traffic. The surveys conducted by the Regional Plan Committee indicated that traffic delays cost the people of the Region a million dollars every day in the year.

Since the plan was made public four years ago, vast strides have been made toward the completion of a system of main highways along which traffic flows rapidly toward its destination. It is not possible to measure the savings precisely in dollars and cents, but there

can be no doubt that much greater streams of traffic are flowing with much less interruption, due to the efficiency of these highways in handling and distributing traffic over wide areas. The Holland Tunnel, the George Washington Bridge, the parkways of Westchester and Long Island, and a considerable number of new express highways, especially in New Jersey, are important elements in this new highway system. The Tri-borough Bridge and the Midtown Tunnel, are soon to be added to it.

Foresight in acquiring the land needed for public purposes is another of the means for realizing economies through planning. The plan shows what land will be needed to round out a satisfactory system of parks for the metropolitan area. In the past four years, 22,000 acres have been acquired, an increase of over 23 per cent. These very desirable park lands would have been developed for other purposes and their cost would have been many times greater and possibly so great as to prevent their acquisition for public purpose.

When the more detailed master plan for the city is in hand, similar savings will be effected through foresight in the selection and purchase of sites for schools, fire houses, police headquarters, and public buildings of all sorts.

MR. BETTMAN: The same is true, Mr. McAneny, for the development of private lands. Before we had planning in my home city, for instance, the owner of a tract of land in the city could lay it out in streets and building lots according to any design he pleased, and could sell lots and have homes built without paving the streets or providing good drainage. That is no longer the case. He now has to submit his design to the planning commission, which checks it up to see that it conforms to the general plan of the city and thus fits into the city's general street plan, recre-

ational plan, school site plan, etc. Then before he can sell his building lots or erect buildings, he has to pave his streets, so that they are streets and not mere rows of mud, and he has to put in his water connections and drainage connections.

In short, he has to make his tract fit for habitation and fitted to the city plan and is requested to pay for the cost of street and utility installation. In that way the development is assured as a sound one and the result has been that only those tracts are developed which, from a standpoint of public economy, ought to be developed. A great saving results to the city; for the city is not compelled to light, drain, and pave at public expense, areas which should be developed at the expense of the developer or should not be developed at all. The result has been that during this period of depression, when in other parts of the country, millions of dollars of assessments have gone uncollected and real estate values in new subdivisions have become demoralized and in fact some have had to be abandoned and forfeited to the state for non-payment of taxes, such conditions did not occur in Cincinnati.

#### WHAT ST. PAUL LOSES BY LACK OF PLAN

MR. SHURTLEFF: Another effect of no control over the development of private lands is seen in the messy street systems in many cities with their dead ends and jogs. I have this statement from St. Paul: "On a total investment in sewers of \$10,683,000 we had an excess cost of \$854,600 due to irregularities in jogged streets, an 8 per cent burden, not including interest on this additional capital expended. Our water department has \$7,582,000 invested in its distribution system. They estimate an excess cost of \$700,000 due to irregular streets, or very nearly a 10 per cent burden. The transfer and trucking companies estimate that transportation

costs are 8 to 12 per cent greater in St. Paul because of narrow, jogged, and circuitous streets.

MR. BETTMAN: We have been talking altogether of the larger cities. Have you any facts from the experience of smaller places, Mr. Shurtleff?

MR. SHURTLEFF: Yes, Mr. Bettman, I believe the experience in smaller cities is equally convincing evidence that planning saves. A special commission, appointed by the legislature of Massachusetts to make a survey of zoning and city planning reported in January of this year as follows:—"City planning has proved it is worth fully as much for the small town as for the large city and hundreds of industrial villages and land subdivisions and housing projects and developments of suburban road systems show the economy and effectiveness gained by the use of the principles of city planning. . . . This commission believes that as a measure of economy there is nothing that the state can do which would cost so little and return so much as to encourage and guide comprehensive city planning."

#### KENOSHA LEADS THE SMALLER CITIES

For planning in smaller cities, Kenosha, Wisconsin, is exhibit "A." Its plan was made in 1925. Since then its officials have led an understanding citizenship in carrying out the recommendations of the plan. New streets have been built and old ones widened. By dedications alone in the process of land subdivision over eleven miles of streets have been acquired by the city without cost in accordance with the widths recommended in the major street plan.

Parks and playgrounds have been selected not only in accordance with topographical fitness, but in accordance with a scientific scheme of distribution. By dedications alone 27.5 acres have been acquired.

Building lines have been established (through the exercise of the police

power) on all major streets, greatly facilitating future street widening.

Fifteen dangerous railroad crossings have been eliminated.

A modern, unified, adequate transit system has been established with schedules practically doubled and at no increase in fare.

A blighted industrial area, adjacent to the central business district, has been restored at a total cost to the city of less than \$100,000. At the present tax rate on the increased valuations caused by the improvement, the additional yearly tax revenue will be \$45,000.

The financial story which accompanies this series of accomplishments is even more remarkable. The only addition to the city's bonded indebtedness has been for the construction of schools. Other bonded indebtedness has been reduced from \$1,100,000 to \$450,000, and the tax rate which in 1921 was \$3.10, was, in 1932, \$2.90. In spite of the reduction in tax rate, there has been no general increase in the assessed valuation of property except in those rural areas which have recently become urban.

MR. McANENY: That story, Mr. Shurtleff, puts Kenosha in the first class for budgets as well as for planning. As you know, the city's budget is composed of two principal kinds of expenditures: running expenses and investments in capital improvements. Running expenses are more or less constant, from year to year; but there is wide variation in the capital items. In fact, in the past there has been no logical basis for deciding how much should be spent for new construction or what should be done first. These have usually been matters of chance and of local pressure. Frequently, in the larger cities, one department acts independently of the others, leading to such absurd situations as the planning of several different public improvements for a single piece of land.

## HOW TO SYSTEMIZE EXPENDITURES

Cities are now finding that they need to systematize these capital expenditures, and to do so at least three steps are necessary:

The first is the preparation of a plan for the physical development of the city, for without it there is no knowing what improvements are really needed.

The second is an analysis of the improvements shown on the plan to determine the order in which they should be carried out.

With such a list of projects in hand, together with their estimated cost, it is a comparatively simple matter to take the third step and prepare a capital budget for a period of years, showing just what improvements it is proposed to undertake each year, and how much they will cost.

Such a procedure for systematizing the expenditures for capital improvements would seem to be but common sense, but it is only just being adopted in our cities, and many have not yet fallen into line.

In New York, a local law passed last March makes it obligatory for the city to adopt a capital budget. It provides that "the several departments, bureaus, offices, boards, or commissions shall file, on or before the first day of December in each year, with the director of the budget, a list of projects deemed desirable to be undertaken for the public good, with tentative estimates of the cost of such projects."

MR. BETTMAN: One of the encouraging products of the depression has been the interest which the federal government is taking in planning. It realizes that planning is economy, that non-planning is waste and that planning needs to be encouraged throughout the country.

## FEDERAL GOVERNMENT ENCOURAGES PLANNING

In the selection of public works for which federal funds are to be ad-

vanced, the National Public Works Administration gives preference to those projects which can be demonstrated to fit into official city, county, and regional plans. That is the soundest of policies. In the case of Tennessee Valley, the national government has embarked on one of the most inspiring and thrilling events in American history; namely, the making, under national auspices, of a great regional plan, whereby a great region will come to develop along harmonious, economical, and efficient lines.

The aid the national government proposes to give to slum clearances is another example of the recognition of planning; for the slum represents the destructive economic and social effects of an obsolescent development of the land, the slum clearance involves the replanning of the slum or blighted districts of our cities, whereby they can resume a sound growth, with the beneficial social effect of good housing conditions.

MR. SHURTLEFF: Our national administrators, Mr. Bettman, have apparently believed that planning and national recovery go hand in hand. I wish we could convince the administrators of states and cities as readily.

I have been doing a little figuring while we've been talking, setting down the cost of the city plan and the yearly expense of administering it, and I think we can say, without qualification, that planning is an investment which pays its own way, like municipal gas plants or waterworks.

Specific savings in many city budgets are possible. Obvious wastes and unnecessary frills must go. But there are greater wastes due to shiftless and unplanned governmental operations.

Senator Dwight Morrow was not only a diplomat and statesman, but a very astute financier. In his last public appearance before his death he said, "The real cost in planning a community is the cost of non-planning."

# A Philadelphia Magistrate Tells His Story'

An intimate glimpse  
of the official who  
constitutes the "jugular  
vein" of the big  
city political machine

J. T. SALTER

University of Wisconsin

CORRUPTION, city politics, indignant reformers, futile independents, eloquent literary commentators, like the organization-controlled voters, are always with us. Glib allegations of ballot boxes stuffed like a Watertown goose, ballots weighed instead of counted, the voting of phantoms or the signers of the Declaration of Independence in the year of Hoover and Al Smith, are given as the explanation for zero districts and the perennial politicians in high office. But curiously enough, we hear very little about one great source of the impregnable strength of party organizations in our cities—the power of the magistrates. The strength of these party organizations may be described in two words—*personal service*; and the greater part of this personal service revolves around the magistrates' courts.

Any huge metropolitan machine is always most unshakeable in those wards made up of citizens who are nearly certain to be haled, sometime or other, before the law—which means the magistrate. This magistrate is the bond servant of the political organization, and for us to fail to realize his importance politically is like neglecting to mention the rôle played by patronage in a description of our great parties in

the United States. The individual who does the voting in the vast slum wards in our cities is convinced that the here-and-now benefit of a court that is apt to be on his side if he "votes right," is infinitely preferable to the vague, nebulous good which might be derived from some future clean, exemplary municipal government where there is no graft—and no "poor man's friend."

## THE POOR MAN'S FRIEND

The important fact to remember about this "poor man's friend," the magistrate, is that although he plays a dual rôle in the affairs of the city, he is not really a Dr. Jekyll and Mr. Hyde. He is a politician and a judge; but the core of his thinking is politics and not law; he could never have been a judge if he had not first been a politician, and a successful and loyal one. His life is an oblation to the Boss and not to Blackstone. As one magistrate in Philadelphia was told by his division leader (when the magistrate asked in a rage, "Who is running this court—you or I?"), "You are running this court because I gave you five hundred votes to put you there!"

The only quality that all magistrates have in common is the patent fact that they have done faithful work in their own divisions on primary and election days for twenty years or more. (To find the exact number of years that a

<sup>1</sup>The material for this article was obtained in Philadelphia by the author while he was a Fellow of the Social Science Research Council; it will be included in a volume by Mr. Salter to be published by Harper & Bros.

magistrate has campaigned for votes, deduct the number nineteen or twenty from the number of years he has lived. There are differences—some begin earlier than nineteen, and others later, but if one follows this rule he will be right four-fifths of the time.) They are men who have heaved the lead for every inch of the way they have made. If eternal vigilance is the price of liberty, unremitting toil for votes for the organization is the minimum cost of a magistrate's seat in Philadelphia. The men who are slated have earned their recognition in a thousand battles around the ballot box.

#### HOW THEY MADE GOOD

If one were to ask a magistrate when he first "took a hand" in politics, 95 per cent of them would, in substance, answer as do these that I quote:

(1) "I grewed up with the people. That's how I got into politics. George Vare asked me to go into politics in my division. I was straight in politics. I was popular. People liked me. Clubs and baseball teams in my ward have been named after me. I have been on the ward committee for forty years."

(2) "I used to hang around the ward club on the corner when I was a boy. One night the leader asked me to come inside. He talked to me about helping out on election day. I went to the homes of the people to get them to vote. When I was twenty-one I was elected to the committee—have been on it for thirty years, and a magistrate for nine."

(3) "I just started out by doing the running for the ward committeeman. He was a friend of my father's. I helped around the polls. I liked the excitement of it. I still do. Election day to me is what Christmas is to my kids."

Probably the most effective way for me to explain the value of the magistrates to the party organization will be

to describe one of them in detail as an individual and a judge. I know more than a score of them in Philadelphia; they are all politicians of long standing, and they are all colorful and out-and-out humans.

#### THE PROFESSOR MEETS WITH SUSPICION

One afternoon I was taken by an attorney, a politician himself, to the office of an Irish leader of a ward in the Tenderloin. This magistrate, whom I shall call John Malone, is volatile and explosive. He looks like Tully Marshall. He has a long oval face; the cigars and sunproof station houses have destroyed his color, and his skin is sallow. His nose and mouth are of generous proportions; he has bright, snapping eyes that animate his entire countenance; his hair is thin and gray, parted on the side, and carefully patted down. He is tall and well-built, though time has marked him. He gave me a friendly handshake, but when I was introduced as the professor who was writing the book on ward leaders, he looked a little suspicious. I told him the names of his friends on the city committee with whom I had talked. He exclaimed, "Well, you will never write my life! I do not want it written. I wouldn't give you my story for a million dollars!" I said, "Judge, I am going to write your life whether you want me to or not. The only question for you to decide is whether I am going to get my information from you or from other people."

"What do you want to know?" he asked.

I put my most innocent question—"How long have you lived in Philadelphia?"

He looked relieved, and answered, "All my life."

"How long in the Nth ward?"

"All my life."

"How long in your division?"

"Thirty-two years. I have lived in my present home for only seventeen years. The house I lived in when I was married has been torn down."

At this point he asked us back into his inner office—he was beginning to get interested. Before we had gotten settled in this meeting place, I had asked him how many children he had. He told me the number and that they had been graduated from the Ursuline Academy. I had written this and other data down on my outline. When we were seated I started to write down the fact that one of his daughters had gone to normal school. He abruptly stopped talking as soon as I started to write, and said,

"None of that—what has my family got to do with it?" He walked across the small room to my table, took the written page from my outline, tore it to little bits, threw them into the big brass cuspidor, and remarked, "Now we can talk, but no writing."

#### HE WON THE GAME

"My family was poor. I quit school when I was twelve to help out. I saw other boys going to school, like X" (leader of a neighboring ward). "I knew his mother had to work. I thought it was bad. I always did all I could for my mother. I am a self-made man through and through. I've earned every scrap of my way since my twelfth year. Sold newspapers and took horses home from a blacksmith first of all. Played with the boys, too. There were no recreation places in those days. A game that we played was 'follow the leader.' One day the stunt was to dive in the river to see who could bring up sand—the water was deep. I won because I took a handful of sand down with me. That's what makes leaders here—courage, and doing it first."

"Here, have a cigar,"—and he deftly removed the labels from five cigars and

insisted that I take them all. (On a later day he gave me four *sans* the label. On still another occasion I refused and urged him to have one of mine—a mild one. He smiled and said, "All right—I'll take it for luck.")

"I became interested in talking politics and hearing political discussions before I was fourteen years old. It was not because of my father—both of my parents were born in Ireland. I think it was because I lived in a political atmosphere, and I take to it naturally. You know the Nth ward is famous for its great politicians. It produced three that became city leaders. I helped bring out the vote for the organization before I was twenty-one, and when I became of age I was made an assessor in my division, and the next year I got on the ward committee. I have been there ever since. I have always carried my division too—that is because I am close to the people. They are for me because of what I do for them. Of course, I did not become a magistrate all at once. I had some little jobs in between, but finally I was recognized and made a magistrate."

John Malone talked politics with animation; and there were two main ideas that he wanted to put over. One was not to be "high-hat." He emphasized the shortcomings of the men that have had the golden advantage of a university training and yet have failed to live up to it. And he expounded his general philosophy of life. "Some of my friends studied law and decided that they would not talk to me. One, a lawyer named Barkley, ran for a place on the school board. He came around to get my support. I said, 'You wouldn't talk to me yesterday. Why bother about it now?' He got 9 votes in my division, and the other man got 390. He was like some people I know. They call to God to relieve their pain and have never mentioned Him before. There was one fellow that had gone to



the university for four years, and at the end of that time, I, with X's influence, got him a place on the public pay-roll. He had no sooner been appointed than he said, 'Some day I will go to Congress.' This made everyone mad to think that this young fellow would already think that he was better than some one else. It was his great mistake. We took the cork out of him, and now he is way down here." (John held his hand about twenty inches above the floor.)

"I went to a bank to find out my balance. I said, *can* and the smart clerk behind the window smiled and said, 'Pardon me, you should have said *may*.' I went to another bank after that. I have told my children never to be 'high-hat.' I made one daughter take a secretarial course at Blank's Business College. If I had a son I'd have him be either a doctor, a civil engineer, or an arch-i-tect."

#### CAN YOU READ?

He picked up a newspaper from his desk and read a sentence, following the words with his finger. "If anyone can't read that he is dumb, ain't he, professor? Reading and spelling—that's enough. Don't ever say you are wiser than the other fellow. Use small words; never use a long word. I have an awfully good head—shouldn't say it. God might take it away from me. Think quicker than educated men. The brain is the most wonderful thing in the world. . . . No one is like me. You will find me a strange fellow. I hate prompters. No one has ever told me what to say. . . . To hell with advice—why should I follow it? Pardon me, professor, excuse the language, but I'm telling you just what they say." (However, Malone is ward leader through the grace of another man who selected him for this position while he, the real leader of the ward, holds a higher place in City Hall. That he must take

this leader's advice, goes without saying.) "I never ask my wife anything. I decide all questions. I go home and my daughter says, 'Hello, Papa, how are you tonight?' I love my wife more than ever. She is younger than I, but it makes me feel sad to see her hair get gray.

"Be thrifty. Save your money. Sit up in the loft. Save some of your money until tomorrow. Not long ago I went to see an Al Jolson show. I stood in line and a lot of people knew me. They said, 'Hello, judge!' When I got to the ticket window I said, 'give me two good tickets.' They were \$4.60—the people were watching. I put down a \$20 bill. I couldn't turn back then.

"When I was young I used to go to the Academy meetings and hear great men speak. That is the thing to do, professor—hear great men—learn as much as you can. I always tried to learn. I always tried to be with great men. If I would see somebody that was standing still I would give him up. He couldn't help me. In fifty years he will be where he is today. I made friends out of those that would help me. If you lie down with dogs you will get up with fleas. I always tried to be with real people—people that were strong and influential. That is the thing, professor. If you are with some one that is going up, you will go up too. Senator Pepper is a bright man, but he lost out because he didn't know his people." (Again and again the judge seemed to be torn between two ideas—one was to damn the man with an education, particularly if that man was "high-hat," and the other was to lament the fact that he himself had never had the opportunity to go to a university.)

"I like shows, prize fighting, wrestling, basketball, football. And I like to read. Every night I read all the newspapers. I've got a lot of books at home—Dickens and Edgar Wallace. I

read a book about three senators from Rome by Lytton when I was a boy. Rienzi was a man of the people. He was a great man and a great senator. I read this book when I was a boy, and I have read it twenty times since. Professor, you should read it! I read law books too. I showed a lawyer the law on vagrancy not long ago." (At this point, our friend, the brilliant young attorney, spoke up—"The judge has read all of Benn's reports. He is the only magistrate that has.") Malone smiled and said in words what he had indirectly suggested throughout the conversation. "I feel very proud of the record I have made." He then added, "Be open—say what you have to say. Isn't that right, professor?"

I answered that I thought that you had to keep a card up your sleeve. "That's right," he said, "it all depends on who you are talking to.

"They call me Johnny. When I was judge in the traffic court I handled millions of cases. They would ask me to do a favor. 'Yah, I'll do it.' Even now some days I have fifty callers. More than that sometimes." (There were five telephone calls concerning station house matters and one visitor during the two hours that we talked, but it was late afternoon.) "I try to give them a break and warn them about doing it again. I try to show them the errors of their ways. You know, I talk to them."

"But," I asked, "what if these violators of the law are arrested again and again?"

"Then," he replied, "I would send them away." (Hold them for court.) I then reminded him that the Bible says that you should forgive your enemies seventy times seven. He flashed back, "I'll forgive them ninety times nine."

#### THE POWER OF A MAGISTRATE

"Only yesterday," he continued, "a woman was brought before me on a

larceny charge. She has six children, and she had stolen two dresses from a department store down street. I had her held for court. However, I got a letter last night from a very important woman who told me about this mother who had stolen the dresses. I decided that I would not ruin that woman's life. I would not let her go to jail. I talked with the prosecutor, and I am going to discharge her. This is a life that I will not destroy; the woman didn't steal for herself anyway, but for her children, and this is the first time that she stole. We magistrates are the buffers. No case can go to a criminal court until it first goes through a magistrate's court. We pass upon it first. We have great power. We are very important."

Mr. Malone is a devout Romanist; he would no more think of missing Mass than breakfast. Many times during our talk he spoke of his God and his Church with great feeling, deep reverence, and utter assurance. He felt that he was living in accord with the divine plan. He abruptly asked me if I had a family. "Well, for God's sake take care of them! If you don't no one will." Worship God and take care of your own, was his idea. Judge, priest, politician—it would take all of these words to describe His Honor.

The more the magistrate talked, the more he seemed interested in talking, and when I finally went, he accompanied me to the door, and opened it just as a man came in. "Hello, kid," he said, greeting the man with a smile. Then he said to me, "Now don't forget to stop in again before you go." Then he suddenly exclaimed, "Don't put me down tough, professor—don't put me down as a tough guy!"

Magistrate Malone at the station house hearings is just as human as though he were at the political club of his ward, talking to his workers. He is behind a high bench on a raised platform. A clerk is beside him. Police-

men in uniform are walking about. The room is barren, save for a bench in the back, and an inadequate number of cuspidors or round brass spittoons. A one-inch rope is stretched across the room and behind it the taxpayers—(the indirect variety) must stand. One of the times I observed Malone in action there were twenty-one of them there—a couple because they had been “summoned,” and the rest in lieu of a movie—(hearings are free). The clerk would call out a name, and a guard would bring a prisoner from the cell rooms in the rear. The first five brought before the judge were colored men arrested for drunkenness. They were forlorn-looking men; one had not quite recovered; he was a bit unsteady, so his “hearing was continued” until the next day. He was taken back amid the good-natured laughs of the onlookers. Each of the other four was discharged and warned not to do it again. The decision was rendered in one, two, or three minutes—the sermon sometimes took longer. The prisoner was admonished to leave that rotten liquor alone—“It will get you into trouble. If you are brought here again this month, I’ll send you away.”

One prisoner was a fairly young man with a simple face. The judge’s comments explain everything. “Now, Theodore, what did you want to see me about? You were hanging around my place late at night and early in the morning. You mustn’t hang around and ring my bell at five o’clock on Sunday morning! You were drunk? Discharged.”

A frail, and decrepit looking man of about fifty was charged with begging on the street. He was cautioned—“I’ll let you go this time, but if you are caught panhandling again, I’ll give you three months.” One time he asked the detective, a division leader that had arrested a man, whether the accused should be given another chance.

The detective nodded in assent. Magistrate Malone said, “See, I’m giving you another break because of him. Now be good; if you insult any more people I’ll lock you up for thirty days!”

“That’s all this morning!” the clerk cried. A slow morning, but a representative one. Hearings for plenary cases are often heard, too, but the sort that I witnessed were minor and everyday occurrences.

#### NO “TOUGH GUY”!

“Don’t you put me down tough, professor—don’t put me down as a tough guy!” And I do not put him down as “tough.” The judge has something of Abraham Lincoln in him—his love for his fellows and his interest in giving a man another chance—and a sermon too. (He often “discharges” the prisoner in the dock but he rarely loses the opportunity to instruct the wrongdoer for the good of his soul.) His exhortations are funny as well as wise. He is a master of mimicry and is generally known by the habitués of the police stations as a clown, philosopher, and a square shooter. An impartial observer might say that he is egotistical, that he has a closed mind, that he is intolerant, and that he lacks social vision. But the whole life of these men, their first loyalty, centers on an organization rather than on society. Malone, like a number of other ward leaders, has come up from unprepossessing and sordid beginnings. From birth he has been associated with poverty, ignorance, and lawlessness. In a community of this sort, to have arrived at manhood as a law-abiding citizen is a triumph in itself; if, in addition, a man has developed, as Malone has, sound traits of character, a capacity for real friendship, and a first-hand philosophy of life, he is likely to become a factor in the politics of his neighborhood, ward, and city. He is ideally trained to understand most of the people that are brought before him

in his court. His help may not make a better man out of the person in distress, but will make more tolerable the life that he must live—the life to which he has been born, and above which the majority of these citizens are mentally and spiritually incapable of rising. Malone speaks their language, understands their problems and temptations, and has won the right to his leadership, such as it is.

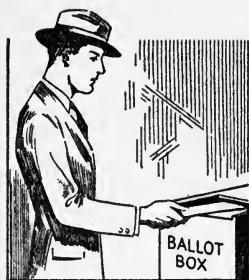
To understand the quality of magistrates' justice, one must then consider the origin and sponsors of the "judge." When confronted with a problem, this "judge" turns to a politician, not to a jurist in a higher court. He is as partisan as any other member of the political machine who hopes for success and preferment. If he were ever free to take a detached view of the man he judges, he might more often decide that the crime should be considered as well as the criminal, but that can rarely be, so long as the magistrate is an important part of the political organization. The party in a great city can win elections in a river ward without stuffing ballot boxes, but it might encounter stubborn resistance if the minor judiciary dealt impartially with each offender and en-

deavored to enforce the law.

Reformers must realize that when they attack the magistrates, they are striking at the jugular vein of the party organizations. Careful and independent observation necessarily convinces one that these courts should be abolished and their work given to one great court, with all of its judges legally trained and of equal standing, which shall handle the whole criminal and civil business of our cities.

This change would incontestably improve the administration of justice, but it would just as surely weaken the party organization. And until the quality of American society as a whole changes, magistrates, or their counterparts under some new name and guise, will doubtless be with us. The poor are in the majority; the party organization needs their vote; and when the ordinary fellow gets into trouble he will give at least one vote to the person that helps him. The magistrate is the buffer between the individual and the state, and like the Virgin in the history of the Roman Church, he may grant a favor that an honest judge or a just God would necessarily withhold.





## PROPORTIONAL REPRESENTATION

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EDITED BY GEORGE H. HALLETT, JR.

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**Seattle Launches P. R. Manager Campaign.**—Petitions for a well-drafted charter amendment based in principle on the *Model City Charter* of the National Municipal League, are being circulated by a strong City Manager Charter Amendment Club in Seattle. It is planned to bring the question of adoption to a vote under the home rule law of the state on March 13, 1934, and in case of adoption hold the first proportional representation election of the city council on the 15th of May following. The council so elected would meet to assume office and appoint a city manager on June 4.

The Charter Amendment Club's advisory council of seventy-six, according to the *Seattle Municipal News* of the Seattle Municipal League (which is giving the movement full support), is "a cross-section of Seattle's professional, business and civic leaders and citizens from all walks of life." The president is Robert S. Faris, long a prominent figure in the city's civic activities. The secretary in charge of the new offices in the Dexter Horton Building is Oliver T. Erickson, who served for many years on the Seattle city council and has been a member of the national advisory council of the Proportional Representation League since 1921.

The proposed amendment was drafted by a legal committee, assisted by Mr. Erickson, Professor Joseph P. Harris, and others. It provides that a council of nine chosen by P. R. from the city at large and a comptroller shall be the only elected officials. A novel feature is the provision that the candidate for council receiving most first-choice votes shall be the mayor (president of council). The council appoints a corporation counsel and a city manager, who in turn appoints and con-

trols the directors of the eight administrative departments.

The proportional representation rules are those recommended by the National Municipal and P. R. Leagues. In various minor respects they should prove superior to any so far adopted.

The Charter Amendment Club has issued two pieces of literature, one a collection of quotations from prominent people and publications on P. R. and the manager plan, the other containing a well-arranged demonstration P. R. election.

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**An Editorial from Cleveland.**—Council has returned to its legislative committee for further consideration a number of proposals for amending the city charter. Of these the most important is Council President Marshall's proposal for a council of eleven members to be elected at large.

It does not appear likely that this amendment will be submitted to the voters next November. The members are too interested in maintaining a large council in order to increase their individual opportunities for reelection.

The *Press* would be pleased to see an amendment submitted this fall providing for a small council, if it also provided for the election of the council by proportional representation. Mr. Marshall's amendment does not, and unless it is changed to provide for proportional representation, should be defeated. Without proportional representation an election of council-at-large would result in absolute misrepresentation.

We should be likely to have councils wholly Republican or wholly Democratic, with no

minority representation at all, just as we have often had legislative delegations from Cuyahoga County solidly Republican with no minority representation whatsoever.

If proportional representation is provided, a council of eleven members would include proper minority representation. A reduction in size is desirable in promoting efficiency. In the banking field we have noted the trend away from large directorates toward smaller boards of directors who really work at their jobs. Troublous times require a municipal board of directors small enough to actually function, and ultimately Cleveland will have one.

It may be urged against the submission of any council-at-large amendment this year that the authors of the present charter are entitled to have at least one council chosen under its provisions serve a term before a change is considered. The weakness of its provisions for electing councilmen, however, is revealed in the farcial botch which council made of its effort to redistrict the city as required by this charter. The chances are that we will never get a fair division of the city into wards of equal voting strength. A gerrymander in the interest of one party or the other seems to be all we can look forward to.

The coming election will not be Cleveland's first experience of electing councilmen by wards. The city tried it long ago and discovered that small-sized constituencies tend to bring small-sized men into office. We are about to learn that lesson all over again.—*Cleveland Press*, August 23, 1933.

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**Approaching P. R. Elections.**—On November 7, Cincinnati will elect its fifth P. R. council, Hamilton, Ohio, its fourth, and Boulder, Colorado, its eighth.<sup>1</sup> The most significant contest is the one in Cincinnati, where the Republican organization, chastened by seven years of non-partisan "Charter" government, has placed a strong ticket in the field and the Charter Committee is fighting to keep its five councilmen out of nine.

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**An Editorial in the *Saturday Evening Post*.**—The *Saturday Evening Post* for August 19, 1933, carried a gratifying editorial entitled: "Misrepresentative Government," in which the analysis of the last Congressional

elections in the NATIONAL MUNICIPAL REVIEW for last June was cited at some length and contrasted with the most recent P. R. elections in the Irish Free State. The editorial concluded with this paragraph:

Electoral methods cannot be changed rapidly, and sensible people do not contend that proportional representation will cure all or most of the evils of political life. It is significant, however, that after several years of unearthing corruption in New York City, Judge Samuel Seabury finds himself a strong advocate of this method of voting. One thing is certain: the citizen who does not inform himself on such a subject is lax in his duties. Women's clubs, city clubs, and similar organizations should not only study electoral methods but when pertinent bills are introduced in their state legislatures should be prepared to favor actively those making for improvement.

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**Obituary.**—Last month's review of "The Constitutionality of Proportional Representation as Applied to Elections in the State of Missouri," by E. M. Grossman and F. Warner Fischer, was already in print before we learned, with deepest regret, of Mr. Grossman's untimely death in August. For some years Mr. Grossman, a prominent member of the St. Louis bar, had been the leader of a little group of citizens who have been studying and working quietly for P. R. and other fundamental improvements in the government of their city. No one who attended the P. R. League dinner in St. Louis in 1926 is likely to forget his forceful address on P. R. as the cure for primaries.

Dudley S. Humphrey, proprietor of Euclid Beach Park and beloved champion of many good works in the civic life of Cleveland and Ohio, died on September 7 in his eighty-second year. Among the services to good government for which he will be remembered will be his leadership with Dr. Hatton in the successful defense of P. R. against the combined forces of both major-party organizations in the summer of 1925, the only time when P. R. was voted on in Cleveland as a separate issue. Mr. Humphrey not only served as chairman of the Charter Defense Committee in 1925 but was one of the officers of the P. R. League of Greater Cleveland who in 1927 signed an analysis of the benefits of P. R. to the city and recommendations for improvements in the city's charter which would allow these benefits to be realized more fully.<sup>2</sup>

<sup>1</sup>In Boulder, however, only three councilmen out of nine are elected each time.

<sup>2</sup>Printed in the *P. R. Review* for January 1928.



## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

**This Changing World.** By Samuel S. Fels. (Illustrated with allegorical cartoons by Hendrik Willem Van Loon.) Boston and New York, Houghton Mifflin Company, 1933. 295 pp. \$2.50.

Anyone in doubt about the fundamental philosophy of the NRA, the urgent necessity for it, or the direction in which it should progress if it is to avoid menacing pitfalls can do no better than read this book. Written before the NRA was consummated and by no means confined to it in scope, it develops from the experience and keen observation of one of our great industrialists every one of the main principles on which the present emergency action is (or should be) based. For example:

It would be possible to trace the hang-over of many time-worn conceptions, and to note how they paralyze the forward look. Such are the doctrines that low wages make for cheap labor, that anti-unionism is the partner of efficiency, or that profit is to be had at the expense of the other fellow.

Our enlarged capacity to produce is capable of further—almost indefinite—enlargement; but we are oppressed with the wastes, miseries, inhibitions and injustices which issue from our slow adjustment of consumption to the changes wrought by non-human energy and the machine. . . . More work and higher wages, balanced production and a new security for earnings and the providing-power they stand for; expanded consumption and higher standards of living; a real share in the fortunes of America for the rank and file of our people and their participation in the business of bringing such things about—these to my mind should be the practical objectives of our planning. What goes forward as a result in the economic field in the years just ahead of us may be at once as releasing and construc-

tive as what went forward in the political field with the break-up of feudalism.

Significant as is Mr. Fels' contribution to the present economic emergency, such quotations by no means suggest the whole compass of his work. It has been said that in the life of every man there is material for one good book. Mr. Fels has material for several, but he has condensed it into one. Into it he has packed in epigrammatic form the observations of an unfettered mind through a long lifetime on the whole range of human experience. Such varied fields as municipal research, progressive and adult education, prenatal influence, marriage and divorce, fundamentalism and modernism in religion, the Russian revolution, prohibition, the single tax, electric power, advertising, the contrasting developments of the legal and medical professions, prison reform, and the place of psychiatry in modern life are all visited. A few samples will give the flavor of the book better than any exhaustive summary:

If we are to live together in ways commensurate with the growth of our civilization we must rebuild half our cities. They are as truly survivals as the layered debris which the archeologists dug up along the Nile and the Tigris.

We have drives for economy, local and national, which seek to cut out the slack but may also cripple essential services, such as education, health and recreation. Here, whatever our present set-backs, the need is for larger public investment. . . . Our expenditures for medical care and cultural opportunities must be vastly increased if we are to put everybody in a civilized position. These services will be claimants through taxation for a larger share of the national income and in turn will yield employment, purchasing power and consumers' "goods" of a high if intangible order.

The city is a comparatively new focal point in the political life of America. It has had to break its way through outgrown arrangements and rural-mindedness. . . . Some places have scrapped the misfit forms of municipal government and have been able, on a non-partisan footing, to substitute sensible management by men trained for the work. As the mere promise of service swings to an active, forward-looking practice of it, such gains hold.

Without our time-honored belief in the indefinite continuance of the animal fighting instincts, without the touchy belief in what is called the honor of the nation, without the misleading belief that large armies and navies are instruments to preserve peace, without the hoary belief that war has always been and so always will be, the burden and destructiveness of militarism would cease to worry us in a comparatively short time.

Not alone by its curbed evils, but by its power to capture the imagination of youth, will the industrial order of a modern nation be judged.

We must educate all the people if we are to educate the child.

And imagine the consternation of Mr. Fels' fellow-Pennsylvania manufacturers, about whom in other connections he has kind words to say, in reading a passage like this:

The outstanding illustration of the extreme to which the dogma of special privileges has been carried is, of course, the tariff. That this has polluted our political life is a truism. In Pennsylvania and other of our manufacturing states, its influence has permeated to the counties, the boroughs, the cities, officials from governors to dog-catchers are in many cases elected on considerations having nothing to do with the functions of the office to which they are elected, or their fitness to perform them. Thus every form of maladministration and corruption is encouraged. But less has been said of the blighting effect of the tariff on industry itself. Nothing is more damaging to initiative and enterprise than the presumption that results are to be had less from resourceful management than from favors at the seats of legislation. A tariff schedule can shunt the brains of an entire trade onto the sidings of lethargy where poor enough is let alone.

The material for this vast range of topics is drawn mostly from the author's own experience. Everything is grist to his mill—witness the fascinating story of the soap industry that runs through the book by way of illustration. A philanthropist of the first rank, he never-

theless believes in utilizing "the materials, the motives, the opportunity for service" in the domain of business adventure itself "which so many business men, turned philanthropists, have sought elsewhere only to let their own industrial settings remain full of injustices and anachronisms."

Best of all, Mr. Fels weaves his many vari-colored threads into one coordinated pattern. In fact the urge behind the book is the need he has felt for a single controlling purpose for all human endeavor. He finds his answer, not in some hidden fount of wisdom, but "in joining with other human beings in what I have come to regard as the practicable, purposeful, never-ending endeavor towards the progress and betterment of the race."

In pursuit of this purpose he pleads for curiosity and courage, remarking with gentle irony that "it is no more of a strain on credibility to envisage human volition equipped with a freer thinking apparatus than it was a short time ago to think of a man flying." He urges men and women to find joy in training their minds "To reach out, rather than to hold back. To prize curiosity no less than play as their precious inheritance from childhood. To brush their imaginations along with their teeth. To experiment with ideas as well as to change the style of their clothes."

In this spirit, he believes, "the world of people can be guided by people for people. The number of inhabitants can be controlled; the most desirable human qualities can be encouraged; the conditions under which to live can be provided; the most favorable parts of the earth to live on can be determined; man can control his emotions; wars can be prevented. . . . Mistakes will be made, but they will carry their own antidote, for consciousness of sin and feelings of resentment toward a supernatural power, will be shifted to a sense of responsibility to ourselves—to learn by our mistakes and to redouble our efforts. 'Not Providence, Madame,' said Dr. Abram Jacobi, the pioneer children's specialist, to a bereaved mother. 'Don't blame Providence; it was dirty milk.'"

GEORGE H. HALLETT, JR.



**Tammany at Bay.** By James E. Finegan. New York, Dodd, Mead & Co., 1933. 281 pp. \$2.00.

Few books are published which ride the crest of timeliness as does this "fighter's handbook" by a man long known for his vigorous opposition to the "city haul" methods for which New York's political machine is famous. The author, an anti-Tammany Democrat who organized the "No Deal Judiciary Party" in 1931, presents little new material but pigeonholes existing facts in compartments such as "Tammany's Initial Advantages," "Tammany's Initial Disadvantages," and "How Tammany Can Be Beaten." The book could be placed in the hands of a Fusion campaign speaker (assuming that the fire and water of New York's political opposition to Tammany can be mixed) and he would need nothing further to issue a blistering indictment of the present regime.

Reformer Finegan provides the ammunition—he does not say how an army can be mustered to shoot it. From the practical standpoint of the possibility of defeating Tammany, it is this latter problem that looms mountainous in this year of our Lord 1933. The opportunity is there. If too many hands reach out, it will vanish. But that, of course, is not Mr. Finegan's concern here. The book does its particular job well. No romantic illusions are left of the Society of St. Tammany, of Mayors Hylan, Walker, or O'Brien, —indeed even President McKee of the Title Guarantee & Trust Company, and Alfred Emanuel Smith of the "new Tammany" emerge somewhat the worse for wear. The book lends real encouragement to those who see on all the sidewalks of New York from Wall Street to Coney Island, from the Bowery to the Bronx, and from Riverside Drive to Queens Boulevard a rising revolt against the present costly system of political corruption.

HOWARD P. JONES.

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**Current Municipal Problems.** By Ernest S. Griffith. Boston, Houghton, Mifflin Company, 1933. 292 pp. \$2.00.

This book is a real contribution to the study of municipal government by one of the leading authorities on the subject. In eleven brilliant essays the author sets forth the technique of methodology in governmental research and applies his formulæ

to the treatment of current problems. The result is a book that is indispensable to anyone working in this especial field.

The primary value of this collection lies in its exposition of the methods to be applied to the study of the problems of organization and administration. The early chapters dealing with the various methods of approach, with municipal measurements and the appraisal of the charter, will be found especially stimulating. The succeeding chapters upon such problems as the rôle of voluntary agencies, the city manager system, metropolitan government, and central administrative control, illustrate the soundness of the author's method in evaluating the historical and comparative data under consideration. The validity of his resulting conclusions are in delightful contrast to those often reached by some of our more enthusiastic but less experienced writers upon these subjects. Whether or not one may always agree with the views advanced, one cannot fail to be impressed with their reasonableness and to recognize the scholarly processes by which they were reached.

It is remarkable that so much of valuable material and of sound thinking could be condensed in so small a compass, and set forth in such clear and convincing language. As a fine exemplification of municipal statesmanship, the book should appeal to all civic-minded men and women interested in the local problems involved in our social and governmental organization.

C. W. TOOKE.

New York University.

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**Social Planning and Adult Education.** By John W. Herring. New York, The Macmillan Company, 1933. 138 pp. \$1.25.

For those who are interested in community organization problems, Mr. Herring's book will have vital interest. Those who understand the phrase social planning to involve a discussion of the community in terms of social and economic reconstruction, and who believe that adult education should form the basis for social change will be somewhat disappointed in the analysis of this adult education project.

In *Social Planning and Adult Education* Mr. Herring recounts the story of the organization and the growth of the Chester County

Health and Welfare Council of West Chester, Pennsylvania, in interesting detail. He describes the needs of the county community as he sees them, and the careful effort of the Council to plan for the health, social service, and cultural interests of the community which it serves. The report attempts to show how a group of citizens studied the problems of the county and organized their forces to meet these problems. On the basis of what Mr. Herring calls a social planning program, an adult education project, with the county as a unit, was set up for the purpose of carrying out this "social plan." The author believes that adult education should form the basis for more effective living and that planning and organizing to meet the community's needs is an important form of education. The increased effectiveness of the county program in the fields of health, recreation, the arts, social service, and education, as a result of the work of the Council is well established through this report, and the successful carrying out of many of these plans is interestingly described.

The title of this book, however, is misleading. The author suggests through the title of the book, *Social Planning and Adult Education* an analysis of the needs of the community more far-reaching than that given. This project in adult education does not adequately provide for community education in terms of the economic and social needs of the people of the community. When adult education programs are planned to form the basis for social reorganization, it will be necessary to formulate programs of community education which include a more thorough analysis of our economic system and the effect of this system on the people within the community. On such a program of adult education social planning in its wider implications will be built.

ELEANOR G. COIT.

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#### MUNICIPAL REPORTS

**Auburn, Maine.** (18,571). *Municipal Services, 1932*. By F. W. Ford, Jr., City Manager. 44 pp.

**Austin, Texas.** (53,120). *Report, City of Austin, 1932*. By Adam R. Johnson, City Manager. 74 pp.

**Cincinnati, Ohio.** (451,160). *Municipal Activities, 1932*. By C. A. Dykstra, City Manager. 64 pp.

It is seldom that three so well-written reports are available for review at any one time. In promptness, Auburn and Austin beat Cincinnati by a few days. In physical make-up, Auburn must take third place. In charts, maps, and pictures, and their distribution throughout the report, the Cincinnati report is easily the winner. The Cincinnati report also has the advantage in the letter of transmittal and the presentation of outstanding accomplishments and recommendations. In all other respects the three reports are of an equally high order.

From the Auburn report (page nine) under the very intriguing caption of "At a Glance" the busy taxpayer may read with pride: no increase in tax rate; a net reduction in debt of 11 per cent; 93.4 per cent of the 1932 tax commitment collected; all essential services maintained; only one fatal traffic accident; and total expenses of 1932 only \$3,000 more than in 1923.

Under the caption "Outstanding Accomplishments," in the Austin report the citizen of that municipality learns that: the water and light plants made a net profit of \$277,000 after deducting \$267,000 for depreciation; met all bond obligations promptly; built and equipped a new library; and closed the year with a cash balance in every department.

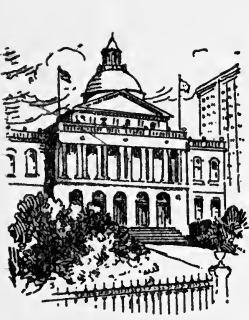
The citizen of Cincinnati may turn hurriedly to page 10 and under "Headlines of 1932" learn to his satisfaction that: the year closed with a cash balance of more than one and one-half million dollars; the infant mortality rate declined from 71 the previous year to 54.7; major crimes decreased 18.6 per cent under 1931; and the 1932 tax rate was the lowest for any city of 300,000 population or over.

No citizen could spend a half hour more profitably than to glance through a report such as one of these. A perusal of any one of them certainly will "not harm the heart" and it should go a long way toward building citizen pride.

CLARENCE E. RIDLEY.

The University of Chicago.

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# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

EDITED BY ROBERT M. PAIGE

*Secretary-Treasurer, G. R. A.*

**Providence Governmental Research Bureau.**—Although the generalization can fairly be made that up to the present time the city of Providence has weathered the depression without any very apparent difficulties, there are several circumstances which compel the opinion that serious trouble lies just ahead. The Bureau has prepared a memorandum which analyzes the financial status of the city and the problems which must be met. As immediate steps to remedy the situation the Bureau is recommending (1) that a budgetary procedure be established that will limit expenditures to income; (2) that all borrowing proposals be rejected except those that will actually save money for the taxpayers (several such possibilities apparently exist); and (3) that budgets be reduced by eliminating incompetent and unnecessary personnel, by consolidating departments, and by eliminating some and reducing other non-essential services.

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**Citizens Advisory Finance Committee of Newark.**—Immediately after the newly elected city commission organized last May, the director of revenue and finance invited the Citizens Advisory Finance Committee to undertake a general study of the bureaus under his direction. This study has now been completed and a report recommending a reorganization and consolidation of the existing divisions and the establishment of a budget bureau and a purchasing division in the department of finance is now in the hands of the finance director who has announced that the proposed changes will be made as rapidly as possible. In addition to the major organizational changes, the procedures in the auditing and accounting divisions are to be thoroughly

revamped and additional mechanical equipment installed. The Finance Committee will assist in the installation of the recommended practices. In this survey the Committee's staff (which consists of Howard G. Fishack and Loren B. Miller) was assisted by the Consulting and Research Division of Public Administration Service.

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**Rochester Bureau of Municipal Research.**—Part II of the Bureau's report on refuse collection and disposal has just been issued. This deals with ash collection and disposal. The present system of collection has been carefully considered and the Bureau's recommendations for improving the administration of this function call for no drastic changes. The replacement of manual labor at the dumps by the use of caterpillar tractors and bulldozers, the extension of truck operations to include present wagon routes, the installation of a system whereby one collection gang can be used to serve two trucks, and the replacement of obsolete ash trucks are some of the Bureau's recommendations for more economical operation. The exclusion of rubbish and garbage from the dumps is also urged. This would eliminate the present nuisances which the city maintains and would also have the effect of reducing cost by making it possible to secure suitable dumps within moderate hauling distances.

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**Cincinnati Bureau of Governmental Research.**—The Committee on Coördination and Coöperation in Hamilton County has asked the Bureau to make a series of studies covering many of the phases of regional government in the so-called Greater Cincinnati area. As a

foundation for the work to follow, the Bureau has made and recently published a report of its study defining the boundaries of the metropolitan area. Population, property valuation, transportation, and communication are some of the factors used by the Bureau in finally determining the exact boundaries of the region for the purposes of its future studies. There are eighty-six local governments in this area.

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**Toledo Commission of Publicity and Efficiency.**—A reclassification study of positions in the municipal service is being conducted by the Commission at the request of the city council. Questionnaire forms have been prepared and are now in the hands of all municipal employees. The work of reclassifying positions on the basis of duties is proceeding rapidly. The original classification under which the city is now operating was made in 1921. Since that time there has been no general revision, although numerous piecemeal changes have been made. G. Burman Curry, the secretary of the Commission, is directing the reclassification study.

Lucas County, in which Toledo is situated, is also planning to complete a personnel reclassification before the 1934 appropriations are made. H. T. Shenefield, formerly the secretary of the Commission of Publicity and Efficiency is now director of finance and purchasing for Lucas County (county seat—Toledo).

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**St. Louis Bureau of Municipal Research.**—St. Louis was one of the first cities of the country to levy a gasoline tax to help finance its streets. This tax has been in effect since August 4, 1919. The state of Missouri did not begin to collect a gasoline tax until 1925. The Bureau has recently prepared a report on the administration of the city gas tax. It was not until 1931 that any adequate enforcement by the city was attempted and data is presented in the report which shows very clearly that the enforcement campaign begun in that year by the comptroller's office was highly successful. The Bureau points out, however, that whereas the state of Missouri had a delinquency of only .6 of 1 per cent in its gasoline tax collections in 1933, the city of St. Louis had a delinquency of 11.2 per cent of collections. To remedy this situation

and to otherwise improve the administration of the tax the Bureau has made seven specific recommendations.

Carter Atkins, director of the Bureau, is serving as the chairman of a "Committee for Constructive Economy" appointed by Luther Ely Smith, chairman of the General Council on Civic Needs, a permanent federation of some 135 business and professional groups in St. Louis. A study and analysis of the 1934 budget has been begun.

Mr. Atkins is also one of three members of Work Relief Committee which is planning the fall and winter work-relief program.

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**Bureau of Efficiency of the County of Los Angeles.**—A survey of automotive transportation in the county has been completed by the Bureau. The adoption of the Bureau's recommendations would, it is estimated, save the county at least \$100,000 annually out of a total outlay of about \$900,000 for transportation. The chief recommendation is that the control of all county automobiles be centralized in a bureau of transportation. In a report recently issued by the Bureau the details of this plan of centralized control are fully developed and the pertinent supporting data are presented. H. E. Earl of the Bureau staff was in charge of this survey.

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**National Industrial Conference Board.**—The Board has been retained by the New Orleans Tax Revision Commission to make a survey of the present taxing system of the city and to make recommendations for changes in this system and for effecting economies in the various operating departments. The Tax Revision Commission is composed of five prominent citizens, one of whom is also a member of the board of directors of the Bureau of Governmental Research of New Orleans. The Commission was appointed by the city council and mayor, and has a fund of \$10,000 to expend in completing its work.

Gaylord C. Cummin, president of Municipal Securities Service, Boston, has been retained by the Board to handle certain phases of the survey. Francis J. Mulvihill, formerly chief of the Division of City Planning and Municipal Affairs of Pennsylvania, has also been added to the staff. L. H. Kimmel is in charge of the municipal survey work of the Conference Board.

**School of Citizenship and Public Affairs, Syracuse University.**—Under the joint editorship of the New York State Conference of Mayors and the School of Citizenship, the following studies have either been brought out recently or are to be brought out in the near future: Municipal Office Equipment in the Municipalities of New York State, by C. F. Humphry Saunders; Handling Communicable Diseases in New York State Municipalities, by James B. Hume; Condemnation Procedure and Land Purchase Practices in New York State Municipalities, by Elwyn E. Mariner; Fire Prevention Practices of New York State Municipalities, by DeWayne E. Nolting; Veterans Relief Administration, by Fred E. Levi; Administration of Public Welfare Departments in New York State Cities, by Hugh R. Jackson; Municipal Revenues, New and Revised Sources, by Edward Harding; Job Classification and Salary Standardization for New York Municipalities, by Theodore B. Forbes.

Professors Mary Johnson and Douglas Haring of the School's staff have a report in press on the operations of the work relief in Onondaga County. This report is the result of an intensive survey and critical appraisal of the policies and achievements of a very interesting and non-political work-relief program. Professor Robert Steadman has recently submitted a report upon the Public Welfare Program of Onondaga County. F. G. Crawford and W. E. Mosher are making an investigation of the increasing centralization of supervision and control of local functions through the extension of the authority of the state of New York. Professor Floyd Allport has just published a work entitled *Institutional Behavior*, in which he devotes six chapters to political institutions.

WILLIAM E. MOSHER.

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**Chicago Civic Federation and Bureau of Efficiency.**—A bill paving the way toward park consolidation in Chicago was one of the most constructive pieces of legislation enacted at the recent session of the legislature. The Bureau aided in the calculation of adjusted tax rates essential to this bill, helped in the preparation of needed amendments, and prepared the necessary companion bills. At a referendum to be held next spring there will be a vote on a measure which, if approved,

will give Chicago one single, locally administered, park district in place of the South Park District with commissioners chosen by the circuit court judges of Cook County, the West and Lincoln Park Districts with commissioners selected by the governor, and seventeen small park districts, each with locally elected commissioners. It is a step at once in the direction of centralized administration and of home rule.

Another major piece of legislation which the Federation and Bureau assisted in drafting and passing will permit the Chicago Board of Education to increase its working cash fund by the sale of a \$40,000,000 bond issue.

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**Local Taxpayers Association of Massachusetts.**—In September, 1932, the New England Council called a conference of representatives of Massachusetts taxpayers associations for the purpose of working out a plan of coördinated action. It was decided that a very informal arrangement would be preferable to a formal new organization, and an Executive Committee of eight representatives was created.

When the Committee was formed there were eighty taxpayers associations in Massachusetts. Today there are one hundred and forty. They range from well-financed organizations in large cities, to small organizations of volunteer workers in towns.

The Executive Committee found that its work was divided into two parts. First, assistance to associations in their local work. This consisted principally of acting as a clearing house of information and advice on problems which confronted these associations. The Executive Committee handled hundreds of calls for assistance and each month finds an increasing call for its services. Second, action upon legislative matters of interest to the local groups. The major part of the Committee's work was in this category. When the state budget was under consideration, representatives of one hundred taxpayers associations attended a hearing and demanded further economies than were then contemplated. A statewide campaign was conducted subsequently, with the result that a substantial cut was made, and several minor activities of the state government were abolished.

The work of the Massachusetts Executive Committee has been carried on with no gen-

eral assessment upon local associations and no paid employees. The New England Council and a few of the larger associations have assisted in some of the routine expenses. The Committee and the associations which it serves are laying plans for enlarged activity during 1934. The members of the Executive Committee are: C. D. A. Grasse of Lowell (chairman), E. J. Brehaut, manager of the Civic Bureau of the Boston Chamber of Commerce (secretary), John J. Prindiville of Framingham, Charles P. Tucker of Hudson, Hart Cummin, director of the New Bedford Taxpayers Association, Addison B. Green of Holyoke, Samuel M. Green of Springfield, and John H. Mahoney, director of the Worcester Taxpayers Association.

E. J. BREHAUT

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**Municipal Research Bureau of the Cleveland Chamber of Commerce.**—In common with many other municipal research agencies, the Cleveland Bureau is devoting its attention to the major problem of keeping governmental expenditures within income and endeavoring to prevent the accumulation of deficits. The local situation is complicated by the problem of public funds frozen in closed banks. The Bureau is making a factual study of this situation which will be particularly useful in view of pending judicial action.

The work of the Municipal Research Bureau is under the general direction of the committee on public finance and taxation of the Chamber of Commerce. Subcommittees on county, city, and school affairs have been formed. In addition to the director, Parker Hill, three research men devote their full time to the work of the Bureau, one being assigned to each of these subcommittees. As a matter of routine the Bureau checks income and expenditures and keeps the subcommittees well advised as to the day-to-day financial operations of all local governmental units.

Although the Chamber of Commerce has taken an active part in municipal affairs for many years, the intensive program of the Municipal Research Bureau is a development of the past year. There is every reason to believe that the Bureau has been and will continue to be a most effective agency through which citizens can participate constructively in the difficult financial problems now confronting local governments.

**Stark County Tax League (Canton, Ohio).**—The recently issued report of the League for the year ending July 1, points out that for the first time the county budget has been balanced by setting up an adequate reserve for delinquent taxes. The League has worked closely with the authorities in putting the administration of poor relief in Stark County on a sound and efficient basis. Changes in the organization and methods of investigation have been made and more efficient accounting systems installed in the welfare offices throughout the county. The League has coöperated with the local purchasing agents association in an effort to install up-to-date purchasing methods in the county government. In the city of Canton, during the past year, all purchasing has been centralized and consolidated and is now administered by the secretary to the mayor. Notable savings have been achieved by this arrangement. Surveys of the offices of county auditor, treasurer, recorder, and clerk of courts were made during the past year and it was determined that approximately \$20,000 a year could be saved by the adoption of mechanical bookkeeping and accounting methods and photostatic recording for these offices.

In addition to Canton, Stark County includes the cities of Alliance and Massillon. Walter J. Mackey is the executive officer of the League, with title of actuary.

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**Pennsylvania Economic Council.**—The Council has during the past year completed surveys of the Harrisburg school district, the city of Harrisburg, Dauphin County (the county seat of Harrisburg), the school district of Lower Merion, the Abington school district, and a preliminary survey of the public school systems of Erie and of Philadelphia.

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**Citizens League on Government and Taxation of Santa Clara County (San Jose, California).**—This recently organized association reports that after a heavy campaign against entrenched political interests a signal victory has been won. The League has started a charter movement in the county along with its campaign to reduce the cost of government, and has successfully elected an entire board of fifteen freeholders against the organized politicians and officeholders. Guy R. Kinsley is the manager of the League.



## NOTES AND EVENTS

"The Crisis in Municipal Finance," Subject of New Radio Series.—With more than a thousand municipalities in default and others in serious danger, the subject of the sixth "You and Your Government" series is of immediate and vital interest. "The Crisis in Municipal Finance" is the title of this series of nineteen programs, to be heard over a nation-wide National Broadcasting Company network, WJZ, New York and affiliated stations from coast to coast, every Tuesday evening, at 7:15 p. m. eastern standard time, beginning October third.

These programs are sponsored by the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association. The Committee on Citizens' Councils for Constructive Economy of the National Municipal League is coöperating in their presentation. The program for the new series which will include round table discussions, a dramatic sketch, interviews, and addresses is as follows:

October 3—"The Financial Plight of the Cities." *Hon. Murray Seasongood*, president, National Municipal League; former mayor of Cincinnati, Ohio; *C. A. Dykstra*, City Manager, Cincinnati; president, International City Managers' Association.

October 10—"Secrets of Municipal Credit." *Morris Tremaine*, comptroller, New York State; *Frank H. Morse*, Lehman Brothers, New York; *Howard P. Jones*, secretary, National Municipal League.

October 17—"National Credit for Local Needs." *Henry T. Hunt*, general counsel, Federal Emergency Public Works Administration; *Prof. Charles E. Merriam*, University of Chicago.

October 24—"Default and Its Consequences." *Newton C. Farr*, chairman, Chicago Recovery Administration; *Henry P. Chandler*, attorney; president, Union League Club, Chicago; *Dr. A. M. Hillhouse*, Northwestern University.

October 31—"Default and Its Remedies." *Mayor James M. Curley*, Boston; *David M. Wood*, attorney, Thompson, Wood and Hoffman.

November 7—"The Citizen and His City." *Richard S. Childs*, president, City Club of New York, and chairman of the Council, National Municipal League.

November 14—"Borrowing for Current Needs." *E. Fleetwood Dunstan*, chairman, Municipal Securities Committee, Investment Bankers Association of America; *Prof. Thomas H. Reed*, chairman, Committee on Citizens' Councils for Constructive Economy.

November 21—"The State and Local Credit." *Governor Herbert H. Lehman*, New York; *Mayor Howard W. Jackson*, Baltimore.

November 28—"Pruning the City Budget." *Peter Grimm*, chairman, Citizens' Budget Commission of New York; *Harlow S. Person*, managing director, Taylor Society; *Harold S. Battenheim*, editor, *The American City Magazine*.

December 5—"Why Taxpayers Strike." *Judge Carroll Sprigg*, chairman, Citizens' Emergency Council, Dayton, Ohio; *Prof. Leonard D. White*, University of Chicago; *Carl H. Chatters*, director, Municipal Finance Officers' Association.

December 12—"A Voice in the Dark." A Dramatic Sketch.

December 19—"Tax Paying Made Easier." *Philip A. Benson*, president, Dime Savings Bank of Brooklyn; *Sanders Shanks, Jr.*, editor, *The Bond Buyer*; *Prof. Carl Shoup*, Columbia University.

December 26—"Individual Rights and the NRA." *Dean Isidor Loeb*, Washington University, St. Louis; *Prof. Raymond Moley*, Columbia University; *Dean Walter J. Shepard*, Ohio State University.

January 2—"New Sources of Local Revenue." *Mayor Walter G. C. Otto*, New Rochelle, New York; president, New York Conference of Mayors and other Municipal Officials; *Mayor Meyer C. Ellenstein*, Newark, New Jersey; *Paul V. Betters*, director, American Municipal Association.

January 9—"Modernizing the Mechanism of Local Finance." *Mayor Joseph F. Loehr*, Yonkers, New York; *William P. Capes*, executive secretary, New York Conference of Mayors and other Municipal Officials; *Prof. Thomas H. Reed*, University of Michigan.

January 16—"Regenerating Local Civil Service." *Charles P. Messick*, chief examiner and secretary, Civil Service Commission, New Jersey; *H. Eliot Kaplan*, secretary, National Civil Service Reform League; *Prof. William E. Mosher*, director, School of Citizenship and Public Affairs, Syracuse University.

January 23—"Renovating Local Administration." *Lavinia Engle*, chairman, Civil Service Reform Committee, Maryland House of Delegates; *Prof. A. R. Hatton*, Northwestern University.

January 30—"The Banks and Better Municipal Credit." *O. C. Lester*, vice president, Bowery Savings Bank, New York; *George V. McLaughlin*, president, Brooklyn Trust Company, Brooklyn, New York; *Luther Gulick*, director, Institute of Public Administration.

February 6—"The Investor and Sound Local Finance." *Dr. L. I. Dublin*, vice president, Metropolitan Life Insurance Company; *Willard I. Hamilton*, vice president, Prudential Insurance Company of America; president, New Jersey State Chamber of Commerce; *Harold S. Buttenheim*, editor, *The American City Magazine*.



**New Tax Plan in California.**—On June 27, California voters declared in favor of a modification in their tax system. Since 1910 California has divided the sources of revenues between the state government and local political subdivisions.

The newly adopted tax plan definitely repeals the dual system of taxation by re-allocating the operative property of public utilities back to the counties and to other local governmental jurisdictions for purposes of taxation. The actual assessment of the property of the utilities is to be handled centrally by the State Board of Equalization. This particular part of the amendment does not become effective until 1935. Definite budget limitations have been authorized under the new amendment. The state budget may not be increased by more than 5 per cent per biennium, for other than the expenditures for schools, except by a two-thirds vote of the legislature. For the next two years county, municipal, and local district budgets are limited to a 5 per cent annual increase, for other than debt charges, except by a two-thirds vote of the electorate or special authorization by the State Board of Equalization. After 1935 the legislature is given the permissive power to continue the limitation of local budgets.

After 1935, the taxable property in the counties will be increased by the reallocation of the operative property of the public utilities back to the local assessment rolls. It is

expected that a state real estate tax will return to the state the amount of the loss of the former public utility revenues. However, the counties having a large amount of public utility property will stand to gain, while those with a small percentage will tend to lose.

Beginning immediately, opportunity is afforded for the tax rate on real estate in each county to be reduced by the requirement that the state pay to the counties the amount of the county school tax. In general, predominately rural counties will gain considerably under this feature of the amendment, while metropolitan counties will benefit less.

Under the amendment, the state may levy an ad valorem real estate tax. However, it is definitely stipulated that not more than 25 per cent of the state revenues may be raised by a tax on real estate. To offset this limitation the legislature is given wide power to levy any other tax not prohibited by the constitution. Insurance companies are still to be taxed on a gross premiums basis and banks and corporations will pay an income tax.

The California legislature reconvened July 17, enacting revenue laws to carry this new constitutional amendment into effect. In order to raise approximately \$125,000,000 for the next biennium, to meet the amount of the county school tax as authorized under the new amendment, and to balance the budget, both a general retail sales tax and income tax were enacted. The sales tax consists of a 2½ per cent levy on all retail



transactions, with minor exemptions, expected to raise between seventy-five and one hundred million dollars in revenues. Attempts to exempt foodstuffs and local governmental agencies were frustrated in both houses of the legislature. After a strenuous legislative battle an income tax was passed, expected to raise between ten and fourteen million dollars in revenues. The sales tax went into effect on August 1, while the income tax received a pocket veto by the governor.

Already the sales tax is presenting difficulties and arousing spirited opposition. Each retailer was supposed to apply for a permit to the State Board of Equalization, but when the time limit expired less than half of the 180,000 retailers had applied. Apparently the opponents of the sales tax law plan to circulate petitions for its repeal either by use of initiative or referendum.

MELVIN M. MEEKER.

Claremont, California.

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**County Home Rule Amendment in Texas.**—At an election held on August 26, the people of Texas by an overwhelming vote endorsed a county home rule amendment proposed for their consideration by the state legislature. The amendment provides that the counties affected may effect such reorganizations and mergers of local units as will be conducive to increased economy and efficiency of operation. It applies to counties of more than 62,000 population, of which, according to the census of 1930, there are thirteen in the state. More than one of these are reported to be interested in changing their systems of government, and at least one has witnessed the launching of an educational campaign in behalf of city-county consolidation and the manager plan.

ROSCOE C. MARTIN.

University of Texas.

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**Providence, Rhode Island, Collects Its Taxes.**—On a tax levy of \$13,206,936.13 for the current fiscal year ending September 30, 1933, the city of Providence had collected on September 7 last \$12,907,837.12 or 97.72 per cent. Collections on the same date a year ago amounted to 98.80 per cent of the assessments. Prior to 1932 a collection in excess of 99 per cent was the normal experience.

The city's fiscal year begins on October

first and on that day taxes become due and payable. From October first to the twenty-fourth taxes are payable without penalty. During this period about 75 per cent of the levy is collected. After October twenty-fourth taxes become delinquent and interest at the rate of 8 per cent per annum is charged for the number of days taxes remain unpaid.

On the first Thursday in February the city treasurer makes a sworn statement of uncollected taxes, and at this time the city makes a contract with a private firm, under competitive bidding, to search titles on the delinquent properties. Thereafter notice of intention to advertise and sell property for delinquent taxes is given by personal message to all owners of record.

Tax sales are normally held on the first Thursday in June but this year the sale was postponed from time to time until September seventh.

In 1930 the city treasurer made an examination of the record of Providence and discovered that for the past one hundred years the total cumulative amount of unpaid real estate taxes amounted to but \$18,000.

A similar procedure is followed on the collection of personal property taxes. On delinquent accounts judgment is obtained, all costs are charged to the delinquent, and a writ of execution is sworn out to confiscate personal property for satisfaction of the claim. This year uniformed policemen, during their regular tour of duty, delivered to delinquents a written notice requesting appearance at the city hall to make payment. The plan has proven extremely satisfactory.

It is difficult to assign any unusual reasons for the exceptional record of Providence. Tax paying habits are apparently a firmly established, New England custom. No respite or compromise is made or suggested for delinquents.

Tax sales bring out but few purchasers, but inability to pay the tax is the reason for this and not the hope, expectation, or knowledge that leniency or a bargain sale stands in the offing.

In a city such as Providence, there is little if any marginal property. Surrounded as it is by several satellite towns and cities, land values are fairly stable and such exploitation as does occur is in these adjacent communities.

The tax rate is low, but assessed valuations

are high so that the per capita costs are well above average.

The explanation for the remarkable record of Providence apparently resolves itself into tax paying habits, and the vigor which an able city treasurer exerts to collect taxes.

ROBERT M. GOODRICH  
Providence Governmental Research Bureau.

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**Low-Cost Housing Conference in Cleveland.**—A National Conference on Low-Cost Housing will take place in Cleveland on October 25, 26, and 27, under auspices of The Cleveland Engineering Society. It will take up the planning, architectural, engineering, and maintenance problems relating to housing units of a cost not over \$5,000.

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**Western States Taxpayers' Conference.**—The eleventh annual conference of the Western States Taxpayers' Association will be held in Los Angeles, at the Biltmore Hotel, on October 24 and 25. The California Taxpayers' Association is host to the Conference, which will have as official delegates representatives of taxpayers associations in the twelve western states.

The chief topics of discussion are budgets and budget-making, educational costs and measurements, new sources of governmental revenue, and minerals, irrigation, and domestic water in the West. Programs may be secured at 775 Subway Terminal Building, 417 South Hill Street, Los Angeles.

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**South Dakota Abandons General Tax Levy.**—The first quarterly returns of the gross income tax in South Dakota will be made in October and will give the first tangible indication of the amount of revenue the tax will bring in. The general tax levy for state purposes is abandoned entirely, for the state division of taxations claims will reduce the average property owner's tax bill 17.4 per cent. The state administration indicates that 45 per cent of the gross income tax will be apportioned quarterly to the school districts on a school census basis. Gasoline and minor sources will provide additional revenue.

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**Oregon Faces Tax Needs.**—A special session of the Oregon legislature meets late in

October to adopt a tax program and arrange for liquor control. The sales tax was decisively rejected at a referendum in June.

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**City Managers Stage Successful Conference.**—The twentieth annual conference of the International City Managers' Association held in Chicago on September 18 to 20 was the largest in the history of the Association. A total of 290 were registered during the three-day conference of which number ninety-one were city managers representing cities in twenty-eight different states. In his presidential address, City Manager C. A. Dykstra of Cincinnati discussed the new relationships between cities and the federal government, problems of debt and revenue administration, the need for the reallocation of governmental functions, and the work of the Federal Emergency Administration of Public Works. He stressed the responsibility of the city manager profession for a non-partisan administration, stating, "Ours is the task of doing the day-to-day city housekeeping in workmanlike fashion and the careful painstaking planning for a better life in our cities."

About fifty city managers made three-minute talks on their most difficult problems during the current year, with most of the discussion centering around problems of unemployment relief, municipal finance, and personnel administration. Charles E. Merriam, head of the political science department of the University of Chicago, was elected the sixth honorary member of the Association and a resolution was passed commending the Federal Relief Administrator in insisting that public agencies shall administer public funds.

Officers elected for the coming year were: Willard F. Day, city manager, Staunton, Virginia, *president*; R. M. Evans, city manager, Dubuque, Iowa; Roy S. Braden, county manager, Arlington County, Virginia, and E. J. Donnelly, city manager, Two Rivers, Wisconsin, *vice-presidents*. In addition to these officers the executive board includes: O. E. Carr, C. M. Osborn, John N. Edy, Charles A. Carran, and C. A. Dykstra. The complete proceedings of the conference will appear in the *City Manager Yearbook* to be published by the Association in 1934.

CLARENCE E. RIDLEY.

# NATIONAL MUNICIPAL REVIEW

NOVEMBER + 1933

White Light Ahead!

Bangor Finds the Way

West Virginia S. O. S.

• • • JOHN F. SLY and GEORGE A. SHIPMAN

Ebb Tide in Taxation: A Depression Aftermath

• • • GEORGE L. LEFFLER

A Plague of Special Districts

• • • KIRK H. PORTER

The League of State Governments

• • • HENRY W. TOLL

*YOU'LL WANT TO ATTEND THE NATIONAL CONFERENCE ON GOVERNMENT  
WHY? SEE PAGE 536.*

Published at 16 MECHANIC STREET, SPENCER, MASS., by the

## NATIONAL MUNICIPAL LEAGUE

309 EAST 34th STREET, NEW YORK, N. Y.

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# THE LEAGUE'S BUSINESS

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## What Are We Going to Do About

GOVERNMENT CONTROL OF LIQUOR  
THE CRISIS IN MUNICIPAL FINANCE  
IMPROVING MUNICIPAL CREDIT  
MEETING NEW EMERGENCIES IN LOCAL GOVERNMENT  
THE FEDERAL PUBLIC WORKS PROGRAM

These and other pressing problems will be discussed and conclusions reached at the

## NATIONAL CONFERENCE ON GOVERNMENT\*

to be held at

**Hotel Haddon Hall**

Atlantic City, New Jersey

**November 9-10-11**

If you are keeping abreast of events that are moving with terrific speed, you will insist on coming to Atlantic City.

Colonel H. M. Waite will be there to talk about the cities and the public works program. Governor Winant of New Hampshire will be there to tell the story of recent constructive economy developments in his state. Governor Moore of New Jersey, Dr. Charles E. Merriam, and other nationally known leaders in the field of state and local government will be present.

### It's the most important meeting of the year to you.

For the first time the National Municipal League has reduced rates guaranteed in advance. Simply present your certificate when you buy your ticket and you save two-thirds of the fare back.

Members are earnestly requested to invite their wives to accompany them to this Conference. Many of the sessions will appeal to the ladies; but for those who will consider their trip a short vacation, Atlantic City holds innumerable attractions. The famous Boardwalk, seven miles in length, with its unobstructed view of the Atlantic Ocean, the gay shops, interesting auctions, the broad verandas and sun decks of the hotel, and the regular afternoon teas which we are planning to have for the ladies should make the three days pass all too quickly. And on Saturday night no one will want to miss the entertainment and dance to culminate a remarkable occasion.

\*Participating groups—National Municipal League, National Association of Civic Secretaries, Proportional Representation League, Governmental Research Association, and National Conference on Citizens' Councils.

## White Light Ahead!

MUNICIPAL government throughout the country today presents an odd mixture of hope and despair, triumph and defeat, cheer and gloom. In cities where the manager plan, or its occasional counterpart in intelligent, efficient administration, has been able to keep a jump ahead of the depression, or in states where financial planning is the custom, we find tax collections satisfactory, adequate local services being rendered, and credit available at low terms. The state of New York, for example, is borrowing money at 1 per cent, and the city of Bangor, Maine, at but slightly more than 1 per cent. Yet the state of Arkansas cannot borrow money at all, the city of New York is paying 6 per cent, and many municipalities are in a state of financial chaos. Providence, Rhode Island, and Cincinnati, Ohio, are collecting nearly 100 per cent of their taxes, yet the number of cities is legion where tax delinquencies threaten a paralysis of local government.

The financial picture is more real if its significance is interpreted in terms of community activity. In those cities where local government is still sound financially, life is going along much the same. Children are leading a normal life at school, the unemployed are being adequately cared for, street repairs are being made as needed, libraries are open

and doing a land office business, and parks and playgrounds are filling an important niche in the lives of those who have leisure.

In West Virginia cities and counties, local government has shut down entirely, due to a combination of tax limitation laws and judicial decisions. In such places, police and fire protection stops, schools close their doors, filth accumulates in streets and holes remain to menace life and limb, public health nurses no longer pay their needed visits, men, women, and children starve because there is no agency to feed them.

This is no exaggeration. On the contrary, it is the inevitable fate of generalization to have the effect of understatement. Were the same story to be told in terms of the experience of pretty, seven-year-old Sallie with the laughing eyes, the human drama would unfold and stir the reader to his depths.

Why is it that municipal government presents such vivid contrast? That one city is sound and secure, while its neighbor struggles with all the ills that flesh is heir to? We need more information than is at present available to answer that question completely.

Yet out of the chaos comparisons and contrasts are forcing recognition of sound principles of municipal administration. It is becoming quite apparent that a good situation would be better

and a bad situation not quite so bad if the principles of public administration that have been learned during the last quarter century had been applied. Taxpayers, public officials, and buyers of municipal bonds are coming to appreciate this. A year ago sweeping, hysterical demands for reduction in the cost of government were heard. Now there

is a mounting cry for the elimination of waste. Movements for the fundamental reorganization of local government are growing throughout the country. It is not pure coincidence that all three candidates for mayor in Toledo are loudly advocating the adoption of the city manager plan, but evidence of the rising tide of public opinion.

\* \* \*

## Bangor Finds the Way

WHEN many cities were having difficulty in borrowing money at 4 or 5 per cent, Bangor, Maine, obtained \$700,000 early this year without any trouble and had to pay an interest rate of only 1.33 per cent, the lowest rate on record at the City Hall. Why?

The answer is glowing testimony to the work of a local government under its first year of the council-manager plan. The council-manager plan replaced the old mayor-council type of government in January, 1932. Bangor was not exempt from blight of the business depression, but methods of economy and efficiency were introduced into the government.

Expenditures in 1932 were decreased more than \$137,000 from the year before, and were less than the budget set up. Tax bills were sent out in May, three months earlier than usual, with a 2 per cent discount if paid on or before June 10. More than 40 per cent of the taxes were paid in by June 10.

The city clerk's department was reorganized and changed from a fee system to a straight salary basis with a saving of \$2,600 over 1931.

All city purchasing except that for the school was centralized into one department so that in many cases as compared to former years discounts were doubled and prices paid were from 5 to 30 per cent less.

All city-owned motorized equipment was insured as one fleet instead of as in-

dividual machines with an approximate saving of 40 per cent.

A blanket fire insurance for all city buildings and their contents saved approximately 15 per cent.

The generating stations of the city electric and water departments were consolidated at the dam, allowing the city to obtain power from the water department. Approximate saving, 37 per cent.

All fire houses on one side of the town were consolidated into a central station which resulted in better efficiency and a saving of over \$4,000 a year.

The public welfare department was reorganized along new lines and 20 per cent more families were cared for than in the year previous at one-third less cost per family. The heating system in the almshouse was rebuilt with a net saving to the city of about 33 per cent for fuel.

Nothing new—the recorder pauses. Same old things that have been urged in the interests of better government for years — reorganization, consolidation, centralized purchasing, better business methods. Bangor merely had a city manager and council that dared try them out. There are other things that might be mentioned. Civil service, for instance, was instituted in the police and fire departments; a new traffic control plan was worked out, about which all are enthusiastic. But enough. Bangor citizens are purring now and complacency is not good for the soul.





## HEADLINES

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Asbury Park, New Jersey, adopted the city manager plan on October 10, making 450 cities that are now operating under the plan as outlined in the *Model City Charter*, and not counting 165 cities that have the plan in some modified form.

\* \* \*

Manager plan cities are continuing satisfactory records in most instances despite the financial stress. East Cleveland, Ohio, for example, lived within its income for the fifteenth consecutive year under the manager plan and ended the year with a cash balance in the general fund after all bills had been paid.

\* \* \*

Ohio votes November 7 on a county home-rule constitutional amendment which will remove serious barriers to progress in county government, permitting the enactment of laws providing for optional forms, enabling any county to draft its own charter and authorizing city-county consolidation in urban counties.

\* \* \*

Henrico County, Virginia, which adopted the county manager plan by popular vote last month, will elect a new board of supervisors in November which will take office on January 1, 1934 when the plan will go into effect. Henrico will be the fifth county to adopt the manager plan. From now on, the movement should spread more rapidly.

\* \* \*

"Pay Your Tax" campaigns are spreading from city to city these days as citizens begin to feel the pressure of curtailing governmental services. In Cleveland, Ohio, for example, there is \$60,000,000 delinquent. Such money must come in if governments are to keep running.

\* \* \*

An amendment to the Kansas constitution to permit Kansas counties to adopt the manager plan is expected to be presented to the special session of the legislature with the vigorous backing of Governor Landon.

\* \* \*

And Omaha, Nebraska, is discussing the possibility of city-county consolidation under the manager plan, with the county adopting the manager plan as the first step in the program.

\* \* \*

While Toledo, Ohio, is again on the verge of the city manager plan which the Chamber of Commerce there has backed actively since 1926. All three candidates for mayor are pledged to the plan which seems to make it unanimous.

\* \* \*

Detroit is still circulating scrip, the city treasurer having recently asked large taxpayers to purchase five dollars in scrip as tax anticipation notes so that payrolls and bills may be paid. Meanwhile, Detroit's problems were not made simpler by the adoption of a charter amendment this month permitting the spread of taxes delinquent prior to a year ago over the next seven years.

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# THE LEAGUE'S BUSINESS

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(Continued from Page 536)

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**National Municipal League to Grant Scholarship Awards.**—Two scholarships of one hundred dollars each are offered by the National Municipal League to senior high school and college students for an essay on: "My Town—What Can I Do to Boost Its Credit?" The essays should not exceed 1,000 words in length, nor be less than 500 words, and only one side of each page should be written on. The contest will close on Tuesday evening, November 28, and any paper bearing a postmark later than midnight, November 28, will not be accepted. These scholarships, donated through the generosity of Morris Tremaine, Comptroller of New York State, and Frank H. Morse, of Lehman Brothers, will be awarded with the understanding that they be applied toward next semester's or next year's tuition in any college or university of the winner's choice in this country or abroad. Announcement of the winner will be made after the regular weekly You and Your Government radio broadcast on Tuesday, December 12, and the prize-winning papers will be published in the January issue of the NATIONAL MUNICIPAL REVIEW. Students should listen to the regular weekly broadcasts to obtain ideas for their papers.

\* \* \*

**Our Radio Audience is Increasing.**—The new radio series on "The Crisis in Municipal Finance" promises to be as popular as former broadcasts on "Constructive Economy in Government." The November program, outlined below, covers subjects of vital interest to our readers, and the distinguished, nationally-known speakers are making Tuesday evening at 7:15 one of the high lights of the radio week.

NOVEMBER 7—"THE CITIZEN AND HIS CITY." *Richard S. Childs*, President, City Club of New York.

NOVEMBER 14—"BORROWING FOR CURRENT NEEDS." *E. Fleetwood Dunstan*, Chairman, Municipal Securities Committee, Investment Bankers Association of America; *Prof. Thomas H. Reed*, Chairman, Committee on Citizens' Councils for Constructive Economy.

NOVEMBER 21—"THE STATE AND LOCAL CREDIT." *Governor Herbert H. Lehman*, New York; *Mayor Howard W. Jackson*, Baltimore.

NOVEMBER 28—"PRUNING THE CITY BUDGET." *Peter Grimm*, Chairman, Citizens Budget Commission of New York; *Harold S. Person*, Managing Director, Taylor Society; *Harold S. Buttenheim*, Editor, *The American City Magazine*.

DECEMBER 5—"WHY TAXPAYERS STRIKE." *Judge Carroll Sprigg*, Chairman, Citizens Emergency Council, Dayton, Ohio; *Prof. Leonard D. White*, University of Chicago; *Carl H. Chatters*, Director, Municipal Finance Officers' Association.

This series will not be printed in the NATIONAL MUNICIPAL REVIEW. Copies of individual broadcasts are available through the League office for fifteen cents each, or the entire series of nineteen programs may be purchased for \$2.50.

\* \* \*

**Committee to Draft Model State Liquor Control Law.**—Former Governor Frank O. Lowden has consented to serve as chairman of a new committee being formed by the National Municipal League for the purpose of drafting a model state liquor control law. After repeal of the eighteenth amendment, states and cities will be faced with a serious problem of what to do about the renewed liquor traffic. This critical situation offers the League opportunity for leadership along constructive lines as it has in the past taken the lead in laying down sound principles of state legislation. The tentative membership of the committee appointed by President Seasongood is as follows: Frank O. Lowden, *chairman*; Henry J. Allen; Frank Bane; Louis Brownlow; A. E. Buck; Harry F. Byrd; Glenn Frank; Luther Gulick; Arnold Bennett Hall; Robert M. Hutchins; Simeon Leland; Seabury C. Mastick; R. E. Miles; Henry W. Toll; Lent D. Upson; William Allen White; John G. Winant.

# Ebb Tide In Taxation: A Depression Aftermath

A wake of reduced budgets and tax-limiting laws are revealed in this analysis of six Great Lakes states

GEORGE L. LEFFLER

*Assistant Professor of Finance, University of Toledo*

A TAX survey recently completed at the University of Toledo indicates that the burden of taxation in north-eastern United States has remained at comparatively high levels until the year 1933. The survey covered the entire east-north-central group of five states and New York.

In 1932 the combined burden of state and local taxation in the states of Ohio, Indiana, Illinois, Michigan, and Wisconsin was \$1,501,033,096 or \$58.30 per capita. This total includes not only general property taxes but every major special tax collected in these states, such as gasoline, motor vehicle, public utility, corporation, insurance, and inheritance taxes. The following ranking indicates the per capita burdens in this group of states:

New York .....	\$84.19
Michigan .....	65.34
Illinois .....	63.38
East-north-central states	58.30
Wisconsin .....	58.27
Indiana .....	51.42
Ohio .....	50.61

A striking range in tax burdens is observed in this grouping, which shows the effect of widely varying fiscal policies in adjoining states with similar industrial development.

During the past ten years there has been a remarkable increase in total and per capita tax burdens in the United States. From 1922 to 1932 the per capita tax burdens in the east-north-central group increased from \$43.19 to \$58.30, a growth of \$15.11 or 35.7 per cent. Here again is found a striking variation in trends.

The following data indicate both the absolute and relative increase in per capita state and local taxes in the ten-year period from 1922 to 1932:

	Dollars	Per cent
New York .....	\$29.11	52.9
Illinois .....	21.05	49.7
Michigan .....	18.13	38.4
East-north-central states .....	15.41	35.7
Wisconsin .....	12.42	27.1
Indiana .....	10.92	27.0
Ohio .....	9.02	21.7

During the depression there have been many complaints about the burden of taxation. Much of this criticism has come from the owners of general property who bear the major share of tax burdens in every state. In 1932 the owners of general property in the east-north-central group of states paid about 79.1 per cent of the total state and local taxes in those states. In New York the ratio was 76.7 per cent.

**STATE AND LOCAL TAX BURDENS—1931-1932**

State	Tax Burden in 1931	Tax Burden in 1932	Dollar Reduction	Per cent Reduction
New York	\$1,108,485,428	\$1,083,487,358	\$24,998,070	2.3
Ohio	384,708,043	341,789,395	42,918,648	11.2
Indiana	172,510,613	168,452,021	4,058,592	2.4
Illinois	501,886,917	491,655,523	10,231,394	2.0
Michigan	346,839,986	325,709,456	21,130,530	6.1
Wisconsin	183,683,744	173,396,701	10,287,043	5.6

The following percentages indicate the proportion of the total tax burden which is carried by general property in this group of states bordering on the Great Lakes:

	Per cent
Illinois .....	86.4
Indiana .....	83.2
East-north-central states ..	79.1
Michigan .....	78.0
New York .....	76.7
Ohio .....	76.3
Wisconsin .....	61.6

Michigan .....	\$59.09
East-north-central states .	46.09
Indiana .....	42.76
Ohio .....	38.63
Wisconsin .....	35.87

Strenuous efforts have been made during the depression to lower the burden of taxation. Such efforts had met with varied success by the end of 1932. Such reductions as were made took the form largely of reduced general property tax levies.

The table above indicates the total state and local tax burden in this group of states for 1931 and 1932 and the amount of reduction which took place in 1932.

**THE CASE OF OHIO**

The general property tax for Illinois had to be partly estimated, as no official figures for Cook County have been released for the 1931 property tax levy.

The large reduction in Ohio resulted from several unusual causes. First, the tax amendment to the constitution, approved in 1929 and put into effect in 1931, had a decided effect on property taxes. The amendment removed all personal property from the tax duplicate of the state and gave it a special classification which afforded it substantial relief from tax levies. The new law fixes the rate of two and three mills on bank deposits and other intangible property and 5 per cent of the income on income producing property. Tangible personal property was assessed in the case of property used in agriculture, mining, and manufacturing, at 50 per

The relatively low ratio for Wisconsin is due to the importance which the income tax has in that state, where much has been done to relieve the owners of general property by shifting the burden of taxation from property to income. The above ratios are somewhat unfair to the states of Illinois and Indiana due to the method of classifying public utilities. An exact method of calculating the general property base in these states would lower their percentages.

**WIDE VARIATIONS**

In examining the burden of general property taxation on a per capita basis in these states a wide range of burdens was found, varying from \$35.81 in Wisconsin to nearly double that amount in New York. General property tax levies per capita in 1931 for collection in 1932 were found to be as follows:

New York .....	\$64.54
Illinois .....	54.77

cent of its value and, if used in business, at 70 per cent of its value with the local rate of taxation applying.

In the second place a decided reduction has been made in Ohio in the assessed values of general property. The tax duplicate of the state in 1929 carried a valuation of \$13,678,000,000. By 1932 this had fallen to \$9,156,000,000, while the estimate at this time for 1933 is that the total assessed valuation of all property subject to the uniform rule will not exceed \$8,200,000,000. This would be a reduction of 40 per cent in the value of property subject to the uniform rate of taxation. In addition, various economies have been effected, one of them being the elimination of the state tax on general property.

#### DOWNWARD TRENDS

Incomplete reports from these states indicate that the burden of taxation will be much reduced in 1933. In Indiana, for example, the 1932 general property levy to be collected in 1933 was slashed from \$140,094,386 to \$98,155,149, a reduction of nearly \$42,000,000 or 30 per cent.

Several circumstances account for this remarkable reduction. First, the depression brought about a reduction in the assessed valuation of the state, which dropped from \$5,073,000,000 to \$3,996,000,000. Second, the \$1.50 or 15 mill tax levy limitation law which was forced through the special session of the 1932 legislature has compelled lower tax levies. Third, the pressure of public opinion and the influence of strong, well-organized taxpayers' associations have forced economy in 92 per cent of the taxing units of the state. This violent swing from abundance to penury has brought nearly every unit face to face with the difficult problem of maintaining its essential services

with the present meager income which is being further reduced by delinquency.

Michigan also reports much lower general property tax levies. The total state and local levy of 1932 to be collected in 1932 was \$216,580,601, a reduction of \$37,599,920 or 14.8 per cent from that of the previous year.

#### HOW WISCONSIN MANAGED

In Wisconsin there has been a campaign for several years to bring relief to general property owners. The La Follette administration, during its tenure, eliminated the state tax on property for both years. By heavy drafts on the large treasury balance of the state government left by previous administrations, it provided generous state aids to local units which were thereby enabled to reduce property levies. In 1931 the general property tax levy fell from \$120,304,493 to \$106,756,277. In 1932 it fell still further to \$94,304,493, a decrease of 11.7 per cent.

The only state to report its total state and local tax bill for the fiscal year ending in 1933 has been Wisconsin at the time that this survey was being made. This state reported that total state and local taxes for 1933 were \$157,250,068, a reduction of \$17,146,633 or 10 per cent from that of the previous year.

Ohio also seems destined to receive lower taxes in the immediate future. The assessment of real estate taxes in 1932 fell from \$222,270,256 to \$201,345,549 or nearly 10 per cent. A decided effort is being made in that state to secure the adoption of a constitutional amendment which will lower the maximum levies on general property from 15 to 10 mills. The adoption of this amendment will immediately cause a reduction in property taxes by an amount estimated from \$48,000,000 to

(Continued on Page 557)

# A Plague of Special Districts

Their services are necessary, but not their waste. The author shows why and points a remedy

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KIRK H. PORTER

*Department of Political Science, The State University of Iowa*

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A COMPLAINT frequently heard about local government is that there are altogether too many separate jurisdictions and too many local officers who have power to impose taxes for this, that, or the other purpose. In addition to the county, city, and township jurisdiction, the taxpayer is likely to find himself living within many other minor jurisdictions and subject to their taxes. There are school districts, park districts, drainage districts, forestation districts, road districts, mosquito abatement districts, sanitation districts etc., etc. Each district has its own set of officials and its own precious tax rate, so that taxpayers come to feel that they are smothered with government, and lost in a maze of expensive complexities.

Unfortunately, our American way of dealing with governmental abuses is to do nothing at all until the abuse has become well nigh intolerable and then to rise up in wrath and go at the trouble with radical remedies that promise dramatic changes but oftentimes no genuine correction of the real evil. Thus reformers want to sweep away all these special districts with bold gestures, to consolidate counties, to abolish popular elections, to set up county managers, or to establish full state control over local government and administration.

However, there is a reason for the special district; even though like many

other useful institutions it has been grossly perverted, not only by corruptionists, but also by well-meaning people who have seen in it an agency of genuine democracy, and a safeguard against overweening power.

The special district was early designed to serve a purpose that existing governmental areas did not seem well adapted to serve. Thus, for instance, perhaps it becomes desirable to carry on a drainage project in a farm land area. But, it appears, the swampy lands involved, the streams that must be straightened or dealt with in some way, extend partially into the jurisdiction of two or three counties, to say nothing of a lot of townships. In a word, the physical, topographical, engineering problem does not conform to the rigid governmental areas.

One solution would be to turn the problem over to the state. But our devotion to old concepts of local self-government has stood in the way of this. Another method would be to get the governing authorities in the various jurisdictions to cooperate in the enterprise. But, when it comes to letting lucrative contracts, to employing workers, and most of all to levying the taxes to finance the undertaking, the good spirit of cooperation all too frequently evaporates; bickering, sharp practice, bitter rivalries and selfish interest creep in, and either the project is abandoned

altogether, or else it goes forward accompanied with unwise compromises and much extravagance.

#### SPECIAL DISTRICTS IN THEORY

An obvious solution is the special district. Let the area of operation be marked out and surveyed. Let there be local referenda upon the broad question of going forward with the undertaking. If the popular vote be favorable let a special board of trustees be set up. Allow them to levy a certain rate upon all property within their district, and let them carry through the project, largely independently of all other local authorities. For good or for ill this type of special district has been resorted to for many years, and it does indeed seem to have served a good purpose, though many people today think such problems ought to be handled by the state directly.

But obviously, the justification for this particular type of special district exists only when the undertaking must needs reach into two or more existing jurisdictions, —that is, when it must cross county lines, or city boundaries. But there are not many legitimate cases of this sort. Drainage projects are perhaps the clearest. The forest preserve, or large park project may present the same problem. But it is interesting to observe that for the most part, today, state departments are assuming full control of these undertakings. This is much to be preferred, and the practice would seem to make unnecessary for the most part any further application of the special district idea as applied in the past years.

Another type of special district appears when it is desired to get a given undertaking "out of politics." This reflects deep distrust of the "regular" governmental authorities, and a wish to get the project into the hands of a "better class" of people who presum-

ably will have a keener interest in the work to be done, a minimum of ulterior motive, and a considerable spirit of noble self-sacrifice.

#### SCHOOL DISTRICTS AN EXAMPLE

The school district is the classic example of this type. Specially selected school trustees, or directors, are elected. Their powers are prescribed in the law, they may levy a prescribed rate, and thus conduct school affairs independently of the "regular" governmental authorities. Not everywhere is this high degree of independence permitted, however. Sometimes mayors, or city councils, or county supervisors select the school authorities; but they usually are free in the matter of actual administration.

Here again, the *reason* for having a special district is clear enough. And there is something in it. And it is interesting to observe that criticism of the special school district system today is directed largely to the point that there are altogether too many districts, and not that the special district idea should be abandoned. Arguments against preserving the vast multitude of tiny school districts that spatter the land would seem to be overwhelming. And many educators would be only too thankful to see the county accepted as the unit of school administration. But there is by no means a unanimity of opinion as to the wisdom of abandoning the "special" district idea and turning school administration over to the "regular" authorities, i. e., county supervisors or commissioners, or city councils. Many a reform advocate would throw up his hands in horror at that, and would plead instead for completely centralized state control.

Now the reason that lies behind the special school district has been invoked again and again to set up special districts for other purposes. Thus, well-

meaning people have wanted to get public libraries out of the hands of the "regular" city officials. City parks and playgrounds, it has been thought, ought to be taken "out of politics." One of the latest manifestations of this urge for exclusiveness and purity is seen in the practice of taking county hospitals "out of politics" and of setting up separate boards with their special tax rates to carry on this service independently of the so-called politicians.

#### MASQUERADING DISTRICTS

Thus has come into being a considerable number of what may be called "disguised" special districts. This type of district is disguised because it is literally coterminous with an existing area—a city or a county. In this way a city virtually becomes a special district for library administration, and a special district for city park administration, and the county virtually becomes a special district for hospital administration. And each of these disguised special districts has its independent authorities, —its trustees, directors or commissioners, and its inevitable special, precious, tax rate. Furthermore it should be pointed out that often it has been the very "best" people in the community that have insisted upon this exclusiveness. These well-meaning people are deeply interested in the particular service—*for the time being, anyway*—and want to keep it "out of politics."

In addition to all this, the time-honored system of fixing special tax rates for specific purposes aggravates the situation, even though it does not bring into existence either the genuine or the disguised special district. And again it is often the deeply interested, well-meaning people who are responsible for it. In the case of the special rate they wish to coerce the regular authorities—the county governing board or the

city council, —or to circumvent them, or to prevent them from curtailing a given service. Right there begins the procession of special rates for special purposes. A certain rate is made mandatory, and the funds must be spent for a certain purpose—highway patrol, for instance. Then a certain rate is fixed and *must* be applied for poor relief. Presently this is split and two special rates appear—one for institutional relief, one for out-door relief.

#### CRYSTALIZING SPECIAL TAXES

Then there must be the fixed mandatory rate for maintaining a cemetery, another for the care of old soldiers, one for the care of orphans, etc., until the list of special rates includes perhaps a score or more. To be sure, most of these rates are maximum rates. But the constant pressure that is brought by those who are particularly interested in each of these activities, makes it next to impossible for the governing bodies to keep these rates below the maximum. And it should be observed that the basic idea back of the special rate is to deprive the governing body of much discretion with respect to a particular service. Thus, suppose the council of a small city either cannot or will not maintain a municipal band. Music lovers want a band. The statutes afford an opportunity. A referendum is held—that glorious instrument of direct democracy! The people vote: Shall a special rate be applied to maintain a municipal band? A handful of people vote, and most of them vote "yes," and lo! there is a band! And another rigid tax rate is fixed upon the city.

Sometimes local governing authorities, county board members and city councilmen, are quietly active at the state house seeking themselves to have those special rates applied. To have them in the statutes relieves the officials of



much responsibility. They can take refuge in the fixed rate, and honestly declare that it is beyond their power to economize with respect to the services thus bolstered.

The result of all this is an astonishing complex of overlapping jurisdiction;—the “regular” areas, i. e., counties, cities, towns, and townships, the legitimate special districts, a number of wholly unnecessary special districts, several disguised special districts, and overlaying the whole, a strangling net of special rates that makes it impossible for local governing bodies to budget their resources wisely, even when they have the best of intentions.

#### CHANGE FORM, BUT NOT SERVICE

Reform is not easy. Mere sweeping away of the special districts will not solve the problem. In fact, the good that would come of this is often very much exaggerated. The citizen is told that he lives under so many separate jurisdictions, each with power to tax; and is led to believe that if the jurisdictions were not so numerous the costs would disappear. But this is in part a vain hope. If a government service is to be maintained it makes but little difference whether one body or another imposes the tax rate. If a county hospital is to be maintained it makes relatively little difference whether the necessary taxes for the purpose be levied by a board of county supervisors, or by a board of county hospital trustees. If a city park is to be supported, or a library maintained, or a mosquito abatement project carried through, or a municipal band subsidized, or a county poor farm supported, it makes little difference who applies the rate. A dozen given rates applied by one board would be about as heavy as a dozen similar rates applied by a dozen different boards.

“But,” one is quick to say, “we

would get rid of all these useless officials, we would cut down personnel and the salary burden.” A little could be saved this way, perhaps, but not a great deal. Libraries, hospitals, parks, drainage projects, etc., cannot be conducted without people to give time and attention to them. In brief, we should not get the idea that by abolishing districts we abolish the basic costs of the services involved. This seems to be a great delusion of those who advocate county consolidation. They seem to forget that there would be just as many miles of highway to keep up, just as many bridges to build, just as many poor people to feed and clothe, just as many criminals to prosecute, just as many children to educate, just as many land transfers to record, etc., etc.; and after all, these are the basic costs of local government.

However, the prime evil of the special district is that it grossly decentralizes administration. It tends to exalt each little service. It tends to make those who are in charge lose their sense of proportion. It relieves the principal local authorities of the power and responsibility they ought to have. It helps to let large sums of money dribble through the fingers of woefully incompetent people who often give but scant attention to the problems with which they are supposed to deal. And it makes very much easier the nefarious work of grafting politicians and crooked contractors, every one of whom is in favor of local self-government to the last degree, and more and stupider special boards and commissions.

These complexities of local government make intelligent budgeting almost impossible. A very homely illustration will make this clear. Imagine a householder trying to budget his household expenses for a year. And imagine that the amount to be spent for most of the important items were rigidly fixed.

(Continued on Page 574)

# West Virginia S. O. S.

West Virginia has  
"limited" its taxes:  
but it has likewise  
closed up its local  
governments

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FOR over a month local government in West Virginia has almost ceased to function. Municipal officers are in many places serving in "acting" capacities; school teachers were paid their September salaries from state-aid funds; and the county is carrying out its services on what amounts to a voluntary basis amid considerable risks of personal liability for illegal expenditure. In the meantime the press plunges into invective, admonition, and analysis; the state bristles with "plans" to end what most West Virginians admit is becoming an intolerable situation; the attorney-general files a petition for rehearing with the state supreme court asking in effect: "Will you not please change your minds and allow established government to proceed in West Virginia?"; and the state tax commissioner issues "temporary tax tickets" to the leading public service corporations "requesting" payment in advance of a legal levy. In short, there is the greatest confusion, and over everything hover myriads of unsolved legal questions.

## HOW IT BEGAN

The trouble is of long standing and of the greatest complexity. For a decade the classification of property for purposes of taxation has been an "issue" in West Virginia, and at the November election of a year ago an amendment was added to the constitution purporting to

classify the general property of the state into four main classes and to set a levy limit (a maximum) on each class. Nearly all candidates supported the amendment in principle, the press in general acclaimed it as a forward step, and the people accepted it (so far as they voted on it) by a seven-to-one vote. Its acceptance was merely a protest against an antiquated tax structure, unequal assessments, mounting delinquencies, a conviction of extravagance, and possibly the most important of all, inflexible tax tickets and vanishing personal and corporate incomes.

At the same time West Virginia, in common with much of the country, put a new administration in power, and the legislature convened in regular session on the second Wednesday in January with 37 per cent of the Senate and 65 per cent of the House of Delegates without previous legislative experience. There was, in addition, another difficulty: the state constitution provides that the incoming governor and his newly elected administrative heads cannot take office until March 4 following their election, so that a legislature "fresh from the people" and smarting under both real and imagined grievances found itself with neither executive leadership nor technical guidance within its party councils. At the same time every member was aware of the enormous responsibility under the new "Tax Limita-

tion Amendment,"—it meant rewriting the tax laws of the state in such a way that the entire fiscal system was to emerge in a new and better form. But there was much misgiving, much demand for action, much shouting for a "program," and much reluctance to take the lead.<sup>1</sup>

The state had, however, one important factor in its favor. It had chosen a governor who possessed a high degree of intelligence, courage, integrity, and vigor, and who had, moreover, foreseen and appreciated the bewildering problems that the amendment carried in its wake. In his inaugural address he faced the situation squarely:

"The 'Tax Limitation Amendment' adopted at the last general election has revolutionized our revenue system. Not only has it set up a classification scheme without precedent in American public

finance, but it has reduced the total income from the general property tax for current expenses, from forty million dollars in 1932 to an estimated gross yield of twenty-three million dollars in 1933. This has compelled us to seek new sources of revenue for state and local purposes to the extent of some seventeen million dollars; to propose an elaborate system of aid for local schools; to plan to relieve the counties of their present road levies; and to establish administrative machinery to put the new plans into effect.

"Time alone can tell the wisdom of all this. From the standpoint of the new administration it is merely a condition to be met; and with all the resources at our disposal we have worked unceasingly to meet it. When the legislature convened some seven weeks ago, there was not an official figure to estimate yields under the new classifications; there were neither official estimates nor definite proposals looking toward new sources of

<sup>1</sup>This very serious "Tax Limitation Amendment" read as follows (*Acts of the Legislature of West Virginia* (Extra. Sess., 1932), ch. 9):

"Subject to the exceptions in this section contained, taxation shall be equal and uniform throughout the state, and all property, both real and personal, shall be taxed in proportion to its value to be ascertained as directed by law. No one species of property from which a tax may be collected shall be taxed higher than any other species of property of equal value; except that the aggregate of taxes assessed in any one year upon personal property employed exclusively in agriculture, including horticulture and grazing, products of agriculture as above defined, including live stock, while owned by the producer, and money, notes, bonds, and accounts receivable, stocks and other similar intangible personal property shall not exceed fifty cents on each one hundred dollars of value thereon and upon all property owned, used and occupied by the owner thereof exclusively for residential purposes and upon farms occupied and cultivated by their owners or bona fide tenants, one dollar; and upon all other property situated outside of municipalities, one dollar and fifty cents; and upon all other such property situated within municipalities, two dollars; and the legislature shall further provide by general law, for increasing the maximum rates, authorized to be fixed, by the different levying bodies upon all classes of property, by submitting the question to the voters of the taxing units affected,

but no increase shall be effective unless at least 60 per cent of the qualified voters shall favor such increase, and such increase shall not continue for a longer period than three years at any one time, and shall never exceed by more than 50 per cent the maximum rate herein provided and prescribed by law; and the revenue derived from this source shall be apportioned by the legislature among the levying units of the state in proportion to the levy laid in said units upon real and other personal property; but property used for educational, literary, scientific, religious or charitable purposes, all cemeteries, public property, the personal property, including live stock, employed exclusively in agriculture as above defined and the products of agriculture as so defined while owned by the producers may by law be exempted from taxation; household goods to the value of two hundred dollars shall be exempted from taxation. The legislature shall have authority to tax privileges, franchises, and incomes of persons and corporations and to classify and graduate the tax on all incomes according to the amount thereof and to exempt from taxation, incomes below a minimum to be fixed from time to time, and such revenues as may be derived from such tax may be appropriated as the legislature may provide. After the year nineteen hundred thirty-three, the rate of the state tax upon property shall not exceed one cent upon the hundred dollars valuation, except to pay the principal and interest of bonded indebtedness of the state now existing."

revenue; and there was not an authoritative line interpreting the obscure phrases of this puzzling amendment."

Impressed by this most formidable condition the legislature had created early in its session a joint legislative committee on efficiency and economy, and requested the Bureau for Government Research of West Virginia University to act as staff agency to the committee.<sup>2</sup> Work commenced at once, and the principal problems were placed under the following headings:

(1) To estimate the probable yield under each of the classifications of the amendment.

(2) To provide indirect sources of state revenue to balance local losses.

(3) To interpret the amendment in such a way: as

a) To give full effect to its provisions: namely, to secure a classification of property that would encourage home-ownership, agriculture, and business enterprise, and to relieve property of oppressive tax burdens by limiting direct levies.

b) To avoid conflict with the state constitution,—particularly the provision for "equal and uniform" treatment.

c) To avoid conflict with the federal constitution,—particularly to preserve the equal protection of the law and to prevent the impairment of the obligation of contracts.

(4) To make such institutional adjustments in the local government structure as the new distribution of revenue seemed to require and the state constitution to permit.

(5) To set the new legislation in the existing tax system with the smallest possible change in existing legislation—the wider problem of reforming fiscal methods was impossible at the time.

#### THE QUESTION OF EXISTING DEBTS

With these principles in mind legislation was drafted and introduced in the

<sup>2</sup>West Virginia *Senate Journal* (Reg. Sess., 1933), S. C. R. No. 5, January 19 (p. 5), as amended, January 20 (pp. 1-2).

House of Delegates on February 14, some six weeks before the regular session adjourned. While the amendment and hence the enabling act were full of the most complicated legal points, the one that has brought the local services of the state to a standstill concerns the handling of the existing debt services. The question at issue (and upon which the amendment is silent) is simply this: are payments for existing debt services included within the maximums prescribed by the amendment? Or stated in another way: must existing debt services be paid *first* and current expenses met from the surplus (if any) remaining within the maximums?

Following the most exhaustive study, the question was first answered in this way: the current expenses of local government shall be paid from levies within the maximums and within the classes; the debt services of local government shall be paid from levies outside the maximums and outside the classes,—that is, existing debt services were to retain the same security (*i.e.*, unclassified general property) that existed at the time the debts were contracted. The practical reasons for this decision were substantially as follows, and while they are presented here with a fullness that may appear a bit out of proportion to the topic, they represent the stark realities of local finance, they may serve as both a guide and a warning to other states, and they are the crux of the West Virginia difficulties:

(1) Existing local indebtedness was contracted under statutory provisions which pledged a tax "in excess of all other taxes upon all property subject to taxation" for the purpose of meeting interest and principal payments.<sup>3</sup> This tax became part of the bond contract and was, therefore, beyond the competence of either the

<sup>3</sup>*Official Code of West Virginia* (1931), ch. 13, art. 1, sec. 20. The principle dates from the state constitution of 1872. See *Acts of the Legislature of West Virginia* (1872-1873), chs. 27 and 141.

state or local authority to alter in any essential way. The "aggregate of taxes" mentioned in the amendment pertained only to those levies within the scope of the taxing authority. Since the debt levies had been vested in the bond contracts, they could, under no circumstances, be placed within this "aggregate."

(2) The "Tax Limitation Amendment" had in itself altered substantially the assessment base upon which the existing debts were pledged: by

a) Exempting certain property hitherto taxable,—*i.e.*, personal property to the extent of two hundred dollars; and by

b) Limiting the extent to which general property might be taxed,—*i.e.*, for each two hundred dollars assessed valuation the levy could not exceed fifty cents on class I, one dollar on class II, one dollar and fifty cents on class III, and two dollars on class IV.

If existing debt services were included within the maximums, this condition would be greatly aggravated, for revenue available for current expenses would in some places be zero, and in many places so small as to make orderly government impossible. Such a condition would in itself tend to create an impairment of the contract.

(3) If the services on existing debts had to be paid first, there could be no uniform and general standard for the allocation of potential revenue throughout the subdivisions of the state. Each taxing district would present a different problem depending upon its debt levy. This would make uniform regulation by general law an impossibility, and cause a complete disruption of state and local government.

(4) To demand that services for existing indebtedness be included within the "aggregate of levies" would produce a condition in which local government could not operate: because

a) The amount available for local services would vary in proportion to the amount of the existing debt levy. In the taxing districts of the same county, each district would be contributing in a different proportion for the support of the same service; and the highest bonded dis-

trict would determine the available levy for current expenses throughout the taxing area. In other words, a *debt levy* must be uniform only within the *bonded* area. A *current expense* levy must be uniform over the entire *governmental* area. Because the large governmental areas include in many cases the smaller bonded area, the levy for current expense must, in such cases, be laid first if adequate revenue and uniform treatment is to be received.

b) Variation in debt levies would, moreover, make any equitable or rational plan for state aid impossible. Districts which had been most extravagant in borrowing would receive the most state help. Certain services, moreover, could not be paid for from state funds. To tax the state at large for the support, for instance, of municipalities would be to deprive rural residents of the equal protection of the law and to violate well-established principles of due process in taxation; for such a tax, in so far as the rural taxpayers are concerned, would be lacking in a public purpose.

(5) In short, an interpretation of the amendment requiring that debt services take precedence over current expenses would plunge the administration of fiscal affairs into a farrago of inequalities, unjustifiable from any reasonable standpoint and dependent upon the loose wording of a political document.

Such, in the briefest possible form, were the practical reasons that led the legislature to adopt the construction that levies for existing debt services were to be treated as, in part, at least, outside the maximums of the new amendment.

#### THE SHINNSTON CASE<sup>4</sup>

A few days before the end of the regular session of the legislature the state

<sup>4</sup>Finlayson v. Shinnston, 168 S. E. 479 (March 7, 1933). Strictly speaking the only question before the court was whether levies for bonded indebtedness incurred subsequent to the adoption of the amendment must be included within the limitation. With regard to prior bonded indebtedness, however, the court undertook to say that the levies must be embraced within the maximums except where impairment of contract would result.

supreme court handed down a decision known as the "Shinnston Case" which seemed to some to hold that all existing debt services were to be paid from within the maximums as set forth by the constitutional amendment before any money could be used for current expenses. In other words, existing debt services were to be paid first and the current expenses of government met from any revenue that might remain. In view of the somewhat narrow limits of the issues, leading lawyers disagreed as to the precise meaning of the decision; but the governor and legislative leaders were genuinely eager to satisfy every legal requirement provided only that the interpretation kept faith with what seemed to them to be the real purpose of the amendment.

To this end the enabling legislation (held since its introduction in the finance committees of both houses) was once again examined with the greatest care. While those closest to the problem recognized no conflict in principle between the "Shinnston Case" and the enabling act as first drafted, a slight change was made in the debt provisions to bring them on the one hand as close as possible to the most extreme interpretation that could be placed on that decision, and on the other to maintain at least a minimum of local self-government in the subdivisions of the state. As pointed out the first interpretation had been:

*The current expenses* of local government shall be paid from levies within the maximums and within the classes; the *existing debt services* of local government shall be paid from levies outside the maximums and outside the classes.

In the light of the Shinnston decision this principle was slightly changed to read as follows:

*The current expenses* of local government shall be paid from levies within the maximum and within the classes.

*The existing debt services* of local government shall be paid as follows: if current expenses do not exhaust the maximums permitted, the remaining sum shall be levied for debt purposes within the maximums and within the classes; if this is not sufficient to meet the existing debt services, an additional levy shall be laid beyond the maximums and outside the classes.

The bill in this form was passed during the last few days of the regular session. An extraordinary session was convened a few weeks later, and the call provided for "any necessary adjustments in the enabling legislation under the 'Tax Limitation Amendment.'" On many occasions the provisions for debt services were explained to committees of the new session; and while there were frequent doubts expressed as to their consistency with the Shinnston decision, the irrefutable statistical proof of the confusion that would result from insisting that debt services be provided first was convincing enough to discourage anyone from sponsoring the opposite policy. At least, no serious attempt was made to alter the legislation or even to criticize it in any fundamental way.

#### THE PRESENT DIFFICULTY

The extraordinary session adjourned in June. The local assessors worked out their valuations under the new act, and certified them to the levying bodies. This was in August. The first tax installments were payable October 1, but on September 18 the state supreme court handed down a series of decisions that completely stopped the local fiscal process.<sup>5</sup> The majority opinion under these cases seemed perfectly clear on certain points:

The phrase "aggregate of levies" as used in the amendment means levies for *all*

<sup>5</sup>W. E. Bee v. City of Huntington; O. O. Eakle v. County Court of Braxton County, et al; Jess Snider v. W. M. Martin, Assessor, et al, decided September 18, 1933, but not yet reported.

purposes,—including those for existing debt services.

The levies for existing debt services must be imposed first, and only such balance as may remain within the maximums is available for current expenses.

If the existing debt services require that the maximums be exceeded in order to meet them, the maximums may be disregarded; but no levy for current expenses may be laid beyond the maximums. Additional funds can be supplied by indirect taxation or by a vote of the people as the amendment provides.

There is no proof that the maintenance of government is necessary to protect property values and to collect taxes in order to prevent the impairment of bond contracts. If the limitation can be ignored in levying taxes for current purposes, then constitutional tax limitation is impossible.

If the scheme is more inconvenient than beneficial, the remedy is with the people, not with the courts; but when the text is plain and unambiguous there is no room for interpretation.

At all events and largely for reasons anticipated by the legislature, local government is marking time.<sup>6</sup> Press dispatches announce that many cities have suspended pay-rolls. Morgantown and Hinton contemplate taking advantage of a legislative act allowing special charges for police and fire protection, street lighting, sewage and sewage disposal, garbage collection, and street maintenance.

<sup>6</sup>Judge Kenna, while concurring in the result reached by the majority opinion, subscribed to the belief that the intent of the amendment had been to limit current expense. Judge Maxwell, president of the court, who wrote the decision in the Shinnston case referred to above, dissented. His view was that the people did not intend to abdicate their government nor repudiate their debts. Bonded indebtedness was assumed by popular vote, and these obligations cannot be avoided. The maintenance of government is an element in the inviolability of contracts, and consequently the enabling legislation does not conflict with the decision in the Shinnston case. The opinion of the majority means that creditors will have to resort to litigation to enforce their obligations.

nance.<sup>7</sup> The city manager of Morgantown has shown unusual foresight and originality in preparing standard measurements of service upon which the city's "fee ordinance" (now before the city council) is based. Beckley, however, rejected such a proposal at the polls, and, in addition, refused to vote the additional fifty cent levy provided in the "Tax Limitation Amendment."

The State Department of Education announces that with present available funds only two or three counties in the state can have a full nine months school term, and in some counties two months terms are in prospect. County government is merely awaiting developments. The first is the result of the attorney-general's petition to the Supreme Court for a rehearing of the recent cases; and, in the absence of relief from this quarter, "hope" seems to turn toward another legislative session. In the meantime the state tax commissioner has warned all taxing units that it is futile to lay levies of any kind at the present time.

#### WHAT IT MEANS

Back of the whole difficulty there lies something in the nature of a "tax revolt" against "the high cost of government,"—not so much "high" in terms of government elsewhere, but rather "high" in terms of personal incomes that have approached the vanishing point. During the war years and the period immediately following, world markets demanded the raw materials with which West Virginia abounds, and, in consequence, income from business enterprise soared out of all proportion to the labor performed and plunged the state into a somewhat frantic period of speculative returns. During these years the cities grew, demands upon public services increased in every local subdivision, and, in order to meet the requirements and

<sup>7</sup>*Acts of the Legislature of West Virginia* (Extra. Sess., 1933), ch. 27.

tastes of an expanding and, in many places, a highly "progressive" society, both the state and its subdivisions bonded themselves extensively, and West Virginia passed swiftly into its next phase of interest and sinking funds.

Then the rope tightened a bit,—as it did all over the country. On the one hand the demand for West Virginia products fell off, and on the other the enormous productive capacity of the state compelled a profitless market for those who wished to sell. First there was a decline, then a virtual collapse of personal and corporate income. Meanwhile public debt services continued. The new demand for governmental services—now solidified by popular acceptance and the "vested interest" of office-holders—persisted, and, measured in terms of a disappearing income, the cost of government became crushing. In spite of repeated warnings on every hand, the tax burden on general property was unrelieved. Unscientific assessments, lax administration, and popular indifference converted the principal source of state revenue into a slough of inequalities from which the taxpayer emerged in a state of mind bordering on desperation. Normally a bit skeptical of his constitution, he nevertheless turned to it when all else failed, and

adopted a complicated amendment written in the style of the editorial page.

Given the formula as it now stands, there is no permanent answer to the question. Local government "will find some way out," but it will amount to the same thing as putting the schools, courts, and municipalities on the public relief rolls. So long as the "Tax Limitation Amendment" remains in its present form it will be in litigation, and this in spite of the fact that everything possible has been done to save it.

Government in West Virginia is neither excessively expensive nor exceptionally extravagant. Neither is it particularly economical nor notably progressive. It is much the same as predominates in rural government everywhere. The "crushing burden of taxes" is probably due to an unreformed tax system, obsolete expenditure control methods, the collapse of local income—and too much installment buying by the head of the family and his wife. It is not merely that the citizen can't "afford" to pay taxes—it seems that neither can he "afford" to pay anything else. But at present the state is waiting—waiting the result of its rehearing petition, waiting for a new legislature, but, above all, waiting for a permanent solution that will put its taxing house in order.





# The League of State Governments

New governmental  
body required by  
modern conditions to  
carry out an ancient  
slogan

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HENRY W. TOLL

*Executive Director, American Legislators' Association*

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THE preamble of the articles of organization of the newly organized League of State Governments begins:

"New times bring new needs in government, as in other affairs. For a century republican government in America functioned moderately well, in spite of the fact that it was confined in substantially isolated compartments. These separate divisions, larger and smaller, were administered respectively by the national government and by the governments of the several states.

"But now the increased speed of transportation and communication, and the increased size of business units, have rendered safety and prosperity in every state somewhat dependent upon conditions and practices in other states. But here the difficulty begins. In thousands of instances the laws of the states are in conflict, their practices are discordant, their regulations are antagonistic, and their policies are either competitive or repugnant to one another.

## A CAMPAIGN OF COÖPERATION

"Such disharmony cannot continue. One of two results is inevitable. Either the federal government must continue to take more and more of the control from the states until they become vestigial relics of local self-government, or else the state governments must harmonize their activities and must work together. A reduction of the conflicts

between the states is not the only imperative need. More is necessary: a constructive, vigorous, aggressive campaign of coöperation."

The preamble concludes with the following paragraphs:

". . . But until the states provide themselves with adequate arrangements for coöperating with each other, they cannot coöperate adequately with the national government. This fact is clearly demonstrated, for instance, by the conflict between state and federal tax systems. Today such conflicts are irreconcilable, because there is no governmental provision which facilitates coöperation. This situation, and these times, demand initiative.

"The purpose of the League of State Governments is to invent and to install governmental machinery—or methods—by which the states can coöperate adequately with each other and with the federal government—not in legislation alone, but also in planning and in administration."

## THE EVOLUTION OF THE LEAGUE

To understand the origin and background of the League, it is necessary to trace the development of the American Legislators' Association.

Eight years ago the American Legislators' Association was organized by state legislators from the various states, who felt that the responsibility rested

upon them to do what they could for the basic improvement of the unsatisfactory legislative conditions in this country. Since that time the organization has been constantly acquiring momentum. During the last two or three years its project has been officially endorsed by one or both of the legislative houses in forty-six of the forty-eight states, and it has come to be recognized as an important factor in the improvement of legislative processes in America.

#### THE INTERSTATE ASSEMBLY

During 1932 the American Legislators' Association began work upon the organization of a conference of representatives of the various states, which was called primarily in connection with the urgent problems which are resulting from the conflict of state and federal taxing systems. Leading fiscal officials of the states of New York, Pennsylvania, Massachusetts, Rhode Island, and Virginia, and of other states, actively assisted in the organization work. As a result, the Interstate Assembly convened on February 3, 1933, with more than one hundred official delegates, representing thirty-two states.

As the American Legislators' Association gained momentum, it became increasingly apparent that the organization was engaged in two very distinct undertakings:

(1) *A service for legislators*: Supplying of information, developing personal contacts, studying legislative technique;

(2) *An attempt for harmony in state activities*: Between state and state, and between state and nation.

By the time that the Interstate Assembly was organized, it had become clear that in the performance of the second function, it is not only *proper* to have executive and administrative state officials participate with the legislators—it is absolutely *necessary*.

It also became apparent that something more than an annual meeting must

be organized, and that an actual league of state governments was needed. Accordingly, the Association determined that its task of bringing the state governments closer together should be transferred to a separate organization. This will involve the transfer of such functions as the conduct of the Interstate Assembly, the maintenance of the Interstate Commission on Conflicting Taxation, and the organization of interstate conferences concerned with the harmonizing of the laws of the states in various fields—such, for instance, as the field of highway regulation.

After six months of consultation, the Association formulated, and officially adopted, articles of organization for a new agency, to be known as the League of State Governments. In the conduct of this organization, executive and administrative officials, as well as legislators, will participate. Moreover a close relationship will be maintained with some of the important citizens' organizations which are concerning themselves with this problem—by the liaison of non-voting associate members of the League's executive board.

#### A PLANNING BOARD

The Association believes that this League is a natural evolution, and that it may be destined to become a significant instrumentality in connection with the policy-forming task of the states. The main function of the League's board of managers will be the invention of means for correlating the activities of the states—and of bringing the state and federal governments into closer accord. The Board will *invent* "the machinery," the staff will *install* it, the state officials will *operate* it.

#### THE BOARD OF MANAGERS

As already indicated, the first work of the League is one of invention. It must devise and bring into being new arrangements which will make it pos-

sible for each state which desires to do so, to develop closer understanding and better coöperation with the forty-seven other states and with the federal government. This task will be entrusted to a board of managers consisting of twenty-five state officials and fifteen associate members. The personnel of the original board, except the ex-officio members (who are pre-determined by the articles of organization), were elected by the board of managers of the American Legislators' Association at a meeting held at Harrisburg on October 23. Hereafter the League will function as an independent body, in close coöperation with the various associations which are represented upon its board.

The twenty-five voting managers consist of governors, legislators, and administrative officials, including the presidents of the National Conference of Commissioners on Uniform State Laws, the National Association of Attorneys-General, the National Association of State Auditors, Comptrollers and Treasurers, and the American Legislators' Association.

The associate managers include, among others, the presidents of the Institute for Government Research of the Brookings Institution, the Institute of Public Administration, the American Political Science Association, and the National League of Women Voters, as well as the executive directors of the Legislative Drafting Fund of Columbia University, and the Public Administration Clearing House.

#### CONCLUSION

As the articles of organization suggest, the slogan, "A more perfect Union," should be revived. But there must be more than a blind insistence upon "states' rights" as an inherent American tradition. A claim of states' *rights* must now be justified by a demonstration of states' *competence*. It is to be hoped that the organization of this League of State Governments will be a step in that direction.

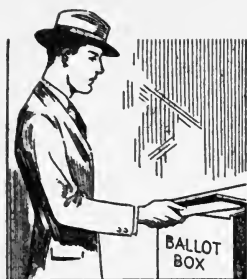
#### EBB TIDE IN TAXATION—A DEPRESSION AFTERMATH

(Continued from Page 543)

\$55,000,000. The result will be that the already insufficient revenues available for current operating expenses of local government will fall by 50 per cent, as 5 mills within the so-called 15 mill limitation is already absorbed by debt service. The special session of the state legislature which was recently called to provide new tax revenues adjourned without the adoption of any program of taxation.

In conclusion, the campaign for reduced taxation has made marked progress during 1933 towards its goal. Reduced budgets and tax limiting laws are the order of the day. The effect on the standards of government is going to be watched with keen interest and grave concern by all students of public finance and government.





## PROPORTIONAL REPRESENTATION

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EDITED BY GEORGE H. HALLETT, JR.

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### Judge Seabury Honors the P. R. League.

—The trustees of the Proportional Representation League announce with the greatest satisfaction that Samuel Seabury has accepted their invitation to fill the vacancy on the League's advisory council caused by the recent death of Felix Adler. Judge Seabury's appointment is considered most appropriate in view of the fact that his strong recommendation of P. R. for New York City in his final report to the Hofstadter Legislative Investigating Committee was unquestionably the outstanding contribution of the past year in the progress of the movement for true representation in this country. He has been invited to be the guest of honor at the League's annual meeting and dinner at Atlantic City on November 11 and has promised either to be present or to send a message in reference to the outlook for P. R. in New York as a result of this fall's municipal election.

\*

### The P. R. League's Annual Dinner.—

The annual P. R. dinner is to be held again this year as the closing session of the National Conference on Government participated in by the National Municipal League, the Governmental Research Association, the National Association of Civic Secretaries, and the National Conference of Citizens' Councils. Though the work of the P. R. League is now consolidated with that of the National Municipal League it maintains its separate corporate existence and continues to hold this annual gathering for the election of its trustees, a review of the year's accomplishments, and consideration of the outlook for the future.

The dinner will be held at the Chalfonte-

Haddon Hall Hotel, Atlantic City, at 7 P. M., Saturday, November 11. Professor A. R. Hatton, head of the department of political science at Northwestern University and president of the League, will preside. After a brief business meeting the members and friends of the League will be addressed by the Hon. A. J. White Hutton, Republican floor leader in the Pennsylvania House of Representatives and professor of law at Dickinson College, on "The Principle of Proportional Representation and its Possible Application to Pennsylvania Municipalities," and Professor Thomas H. Reed of the University of Michigan on "A Proposal for a Representative Legislature," and will receive the message from Judge Seabury referred to above.

All are cordially invited to attend. Reservations at \$2.00 per plate may be made through the Proportional Representation League, 309 East 34 Street, New York City.

\*

**Two New Attacks.**—Fairness of representation does not maintain itself without a constant struggle against those with whose special privileges it has interfered or who hope to secure such privileges by its abolition. Two new attempts to abolish the use of P. R. are being made this fall. Hamilton, Ohio, and Boulder, Colorado, each of which has repulsed such attempts overwhelmingly on two previous occasions, will vote on proposed charter amendments on November 7.

In Hamilton, which elects its fourth P. R. council on the same day, the defense is being led by the civic group continuing the work of the charter commission which has each time elected a majority of the council under

P. R., by the Women's City Club, and by the *Hamilton Journal-News*. The seven "Charter" candidates all have the following statement displayed prominently on their campaign leaflets:

STAND BY THE CHARTER!

The P. R. method of voting was made a part of the city charter because we considered it essential to the success of the city manager plan of city government. Results have shown that it cannot fail to produce a council truly representative of ALL THE PEOPLE of Hamilton.

This fall, for the third time, an effort is being made to throw out P. R. If the proposed amendment should carry it would be possible in the future for a minority group to elect all seven councilmen, and thus gain complete control of the affairs of the city.

Vote "NO" on the charter amendment.

The leaflets also contain the following remarkable and authentic record of "Results of 6 Years of Hamilton's Own 'New Deal'" under its present charter:

Bonded debt reduced from \$3,889,525.00 to \$2,558,615.93. This is the first time since 1919 that the total bonded debt against the city has been below three million dollars.

Five reductions in the electric light rate in five years. These reductions have netted a saving to customers of approximately \$200,000.00 per year.

The old gas debt has been completely paid off, and substantial reductions have been made in the gas rate.

In the water department, a substantial surplus has been built up, making it possible to take advantage of the Federal Public Works program, providing an adequate water system without increasing the present low rates.

Improvements in the fire department have brought about a reduction in rates which save property owners \$50,000.00 per year. Streets have been kept in fine condition, and a modern transportation system, with 5c fare, has been provided.

Boulder also has enjoyed creditable administration under its P. R.-city manager charter, which dates back to 1918. And in each of its eight P. R. elections a large majority of those who voted for councilmen helped to elect someone for whom they voted. The situation there could be considerably improved, however, if all nine councilmen were elected by P. R. simultaneously instead of three at a time for overlapping terms. This change, which was strongly recommended by Profes-

sor Arnold J. Lien while head of the department of political science at the University of Colorado<sup>1</sup> and from time to time by the P. R. League, would give a completeness of representation which is impossible even under the present excellent method of election when only three places are to be filled. It remains to be seen whether in a time of unrest the people of Boulder will be sufficiently discriminating not to take a backward step when a forward step is needed.

\*

**"A Century of Progress in Eight Years."**

—So runs the title of this year's campaign leaflet of the Cincinnati City Charter Committee,<sup>2</sup> which is battling to maintain the majority control of the city council which it has held continuously since the notorious Cox-Hynicka machine was routed in the first P. R. election in 1925. The title is followed by sixteen pages of pictures, diagrams, quotations, and well-authenticated facts—the best of tonics for any who are discouraged in the uphill fight for good government in other cities. Some of the accomplishments of the new regime, for which the "charter form of government" and the activities of the City Charter Committee to take advantage of it are properly given full credit, are summarized as follows:

HIGHLIGHTS AND HEADLINES

Cincinnati has the lowest tax rate of all the cities between 300,000 and 800,000 people.

Our bonds have the highest credit rating of all American cities.

During the eight years of Charter administration the net non-self-supporting bonded indebtedness has been reduced three million dollars and over six million of deficiency bonds issued by previous administrations have been paid off out of current revenue.

Cincinnati has a balanced budget and a balance in its treasury.

Appointments are made under civil service without fear or favor. There are no special privileges and no privileged contractors.

Not only are public servants paid regularly, but a retirement system to take care of old age and disability has been established.

Racketeering, which can only exist when

<sup>1</sup>Proportional Representation Review for April 1924, or Boulder News-Herald for March 24, 1923.

<sup>2</sup>The Committee's address is 1702 Carew Tower, Cincinnati.

crime joins hands with politics, is non-existent in Cincinnati.

An efficient fire prevention program has made our insurance rates among the lowest in the country.

The administration has reduced expenditures for operation this year nearly two millions below 1931. It has done this with the least possible curtailment of essential services.

New public playgrounds, established through the work relief program, have kept up the morale of our unemployed.

A forward-looking program of public works has been presented to the federal authorities which will employ thousands, the expense to be borne in large part by the national government.

Council is fighting with all the means at its command for lower gas rates and to sustain its 50 cent ordinance and return \$3,000,000 to gas users. Contemplated electric ordinance will greatly reduce electric rates.

This record is contrasted with newspaper quotations of difficult situations in Akron, Cleveland, Columbus, Newark, New York, St. Louis, Seattle, and even Milwaukee.

Particularly interesting just now are the references to Dun and Bradstreet's Municipal Report for February 1933, in which Cincinnati is given the highest rating, and the following comment on the standing of Cincinnati's bonds:

A good index of the standing of a private business is its credit rating, for that is a judgment made by hard-headed business men from the outside. Today Cincinnati's bonds sell on an interest return of 3.95 per cent—the bonds of Cleveland sell on a basis of 6 per cent. Most of the large cities of the country are unable to borrow money on the open market at any price.

\*

**County Home Rule for Ohio?**—Ohio voters will decide on November 7 the fate of a well-drafted county home rule amendment which may prove as significant in the spread of P. R. and the manager plan as did the constitutional enactment of home rule for cities in 1912. Hitherto, these and other improvements have been denied to counties in Ohio, as in most states, by the rigid and outworn provisions for county government in the state constitution. The experience of four Ohio cities with P. R., taken with the fact that this method provides the obvious answer to the otherwise insoluble problem of guaranteeing fair representation to different sections of a county without incurring the dangers of gerrymandering and parochialism inherent in

the district system, should insure careful consideration of it when county charter commissions prepare their recommendations. The amendment was put on the ballot by initiative and is being supported by a strong County Home Rule Association, with offices at 150 East Broad Street, Columbus, and Newton D. Baker, Mrs. N. M. Stanley, Charles P. Taft, 2nd, and Dr. W. O. Thompson as its official sponsoring committee.

\*

**P. R. Still a Live Issue in California.**—The League of California Municipalities, which sponsored the constitutional amendments legalizing P. R. for California cities and counties which were narrowly defeated at the polls a year ago, has taken the first steps looking toward a reconsideration. At its recent convention in Santa Cruz it passed the following resolution:

Be It Resolved that the recent constitutional amendments, sponsored by the League of California Municipalities, be referred to the Board of Directors, with instructions that further study be made of the subject, in order that a report and recommendation concerning the same may be made at the next convention, in time for whatever legislative activities may be desired.

Earlier in the year the California Federation of Labor and the Direct Legislation Section of the Commonwealth Club of California reaffirmed their support.

A sampling of informed California opinion leads to the conclusion that the unexpected defeat of the home rule amendments last year was due primarily to the large negative vote that is always cast against any proposal that is not thoroughly understood. "It was what I call the 'boob' vote," writes A. J. Pillsbury of Berkeley, "the vote that goes down the line of propositions and amendments and votes 'no' from top to bottom without any discrimination whatever. There are not less than 250,000 such voters in California and they are a great handicap and public nuisance." Because of the depression none of the groups interested in the amendments had funds to put on a thorough educational campaign. Next time a study of the returns will show where such educational work is most needed.

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**P. R. in Hollywood.**—Warner Baxter, Dudley Digges, Helen Hayes, Walter Huston, DeWitt C. Jennings, Robert Montgomery, and Edward G. Robinson were elected by P. R.

last August to represent the actors of the Academy of Motion Picture Arts and Sciences on the actors' executive committee. At the same time the directors, artist-producers, technicians, and writers elected their branch executive committees by the same method and the five branches each elected three members by P. R. to constitute the board of governors of the Academy, which includes most of the leading figures in the industry in its membership of more than one thousand.

The elections were the first under the new by-laws, which call for the Hare system of P. R., selected as the most appropriate method of election for an organization striving to bring together in coöperative effort for the improvement of the whole industry all of its varied elements. The actual rules used were similar in most respects to the "exact" rules used for the Legislative Assembly of Tasmania and the Senate of the Irish Free State, eliminating the slight element of chance that is left in most P. R. rules for the sake of simplicity. The wording, however, was new—an original and interesting arrangement worked out by Daniel Berman, assistant to the executive secretary of the Academy.

Mr. Berman reports that "there appears to be complete satisfaction among the Academy membership with the outcome of the elections. The canvassing committee and other persons familiar with the count all expressed admiration for the thorough fairness of P. R."

\*

**Interest Spreads in the Northwest.**—The same mail recently brought letters to the editor of this department in regard to activity for the city manager plan with proportional representation in Seattle, Portland, and Tacoma, in all of which he had the privilege of speaking on these subjects on his tour of the west a year ago.

In Seattle, the launching of whose campaign for a new charter based on the model charter of the National Municipal League was described in our last issue, two hundred petition circulators are at work securing the necessary signatures to put the question on the ballot next spring. A large luncheon meeting to arouse interest in the subject was held by the Municipal League in the Olympic Hotel on September 19.

In Tacoma also a drive is being started for a vote on a new charter next spring.

In Portland the Government Organization and Public Finance Section of the City Club

has just made the following recommendations:

1. That the city manager plan, with a council of seven to nine members, be adopted by the city of Portland.

2. That the council be elected at large by the so-called Hare system of proportional representation.

3. That a citizens' committee, organized on a permanent basis, be maintained as a means of continuous popular enlightenment and as a guarantee of increasing effectiveness of the manager system after its adoption.

4. That the City Club coöperate with the existing citizens' committee in promoting the city manager plan for Portland, and in the drafting of a charter to put these recommendations into effect.

The faculty of Reed College, under the leadership of Professor Charles McKinley, has authorized the use of P. R. for its committee elections for the current year.

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**P. R. Activity Revived in Boston.**—A charter commission appointed by the Massachusetts legislature to make recommendations for improving the charter of Boston has called forth renewed expressions of interest in proportional representation for that city. George R. Nutter, who as a member of an earlier charter commission drafted a scholarly minority report favoring P. R. in 1924,<sup>3</sup> has repeated his recommendation to the present commission. The new Municipal Research Bureau has suggested investigation of the subject. And the Good Government Association, in its September issue of *City Affairs*, has this to say:

We think it would be well worth while to look into the form of government which has been adopted in Cincinnati, and to see how some such set-up might work here. . . . So far as proportional representation is concerned, it is quite worth trying. . . . The city manager proposition has been tried out in many cities of this country. . . . It prevails at present in over four hundred cities with a population of over nine millions. This system is worth investigation.

<sup>3</sup>*Proportional Representation Review*, April 1924.

**THE FOUNDATION STONE  
OF P. R.**

". . . the right of those who  
submit to authority to have a  
voice in their own government."

—Woodrow Wilson



## RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

**American County Government.** By Arthur W. Bromage. New York, Sears Publishing Company, 1933. 306 pp. \$3.00.

Too much attention cannot be paid to the fact that, as Professor Bromage skillfully phrases it, "there has been an era of over-production in the political as well as in the business world." This book brings out into clear relief the bungling, archaic, inadequate, and costly nature of our present system of county government and administration and discusses some of the solutions which have been proposed and are being tried. As the author emphasizes, progress in improving county government is slow, for its roots are embedded deep in American tradition, custom, and political spoils.

Written in a style sufficiently popular to avoid the dust of detail, but sufficiently precise to suit the most exacting academician, the book is interesting, informative, and a most-welcome addition to the all too few volumes that now adorn the county government shelf of libraries. It has the unusual merit of giving a complete picture of the present chaos of county government without making the reader feel that the whole business is too complicated to bother about.

HOWARD P. JONES.

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**County Government in South Carolina.** By Columbus Andrews. Chapel Hill, The University of North Carolina Press, 1933. 245 pp. \$2.50.

The old adage, "Happy is the nation whose annals are short" has little application to local government. In the minds of many a half century of silence has given rise to the conviction that all must be well with local government in rural areas whatever may be its

ailments in large cities. To those still holding such a belief, this book is specially commended. It would be difficult to find a more extreme picture of ramshackle organization and slipshod administrative methods than this analysis of the government of South Carolina counties discloses, yet there is no evidence of an attempt to give a biased or distorted portrayal of the situation. Mr. Andrews' book is the product of a study made by him in cooperation with the University of South Carolina, and is based on an examination of the statutes and available literature on the subject and a field survey of local administration in six representative counties.

The chapter on "County Administration" is particularly revealing. As to local tax administration, Mr. Andrews finds very great inequalities in tax valuations, a lack of standard and scientific methods of appraisalment, a falling ratio of assessed to true valuations, and in some counties a decidedly haphazard system of collection—tax executions, issued to the sheriff as delinquent tax collector having even been found in that worthy officer's wastebasket. In conclusion he states "The whole tax system discourages honesty and promptness in . . . the listing of property for taxation and the payment of taxes." In a county which he terms "representative of a large number of counties in the state," no interest is paid on public deposits nor have the banks furnished security for such funds." There is no effective state supervision over the expenditure of county funds. Neither is the expenditure centralized within the county nor subject to any effective local control." "County budgets do not exist." Road appropriations are regularly over-expended. Borrowing practices are character-



ized as "haphazard," and bookkeeping as "fragmentary, unsystematic."

While many features of the South Carolina picture are substantially similar to what the lens of the political pathologist has been revealing with significant uniformity in other states, one stands out as unique to South Carolina. That is the extraordinary interference, often amounting to domination, of the county's legislative delegation in the conduct of county affairs. The appropriations for each of the forty-six counties are made by the state legislature, mainly according to the wishes of the various legislative delegations. Thus, the control of county affairs is scattered among the local administrative officials, the board of county commissioners, and the legislative delegation. One cannot well challenge Mr. Andrews' conclusion that South Carolina county government "is as completely free from responsible headship as any government is ever likely to be."

In the final chapter the author outlines in some detail his recommendations for reorganization. Among these are the consolidation of counties to reduce the number by about one-third, the creation of a responsible head for county government with authority to appoint department heads, and the establishment of a system of state supervision over finances modeled after that in North Carolina. In order to curb the habit of legislative tinkering with county government, Mr. Andrews proposes that the main features of county organization be written into the constitution. It is certainly to be hoped that this suggestion is not followed. A far more desirable method of restraining the legislature's propensity for meddling in the affairs of individual counties would be by restricting it to the passage of general laws of uniform application to all counties and optional laws subject to local adoption. As an addendum the book carries a statement by M. A. Wright of the South Carolina Council outlining a second plan of reorganization, which includes an optional county manager form of government.

The book provides a thorough and well written analysis of county government in South Carolina and constitutes a useful addition to the literature on county government.

R. C. ATKINSON.

Ohio Institute, Columbus.

**Minnesota Yearbook, 1933.** Minneapolis, League of Minnesota Municipalities, 1933. 519 pp. \$5.00.

The 1933 *Yearbook* carries on the tradition of the three previous numbers in affording in a single, compact volume a great wealth of invaluable information on the government of Minnesota. The government of the state and its various subdivisions is not only described in clear, general terms, but also with pages of interesting statistical data. The *Yearbook* is almost twice the size of last year's and contains a great deal of new as well as up-to-date material. The section on public utilities, for instance, contains not only electricity, water, gas, sewage treatment, and central heating, but also telephone rates and information. There is a new section on fire insurance ratings, with a description of the methods used in Minnesota and the classification of its municipalities.

The current volume, however, is particularly outstanding for its comprehensive treatment of taxation and finance. There is an excellent and detailed analysis of tax rate limits in Minnesota. Tax rates and yields are given for cities, townships, villages, and counties. Levies for education and highways are also given. The finance data has been utilized to make statistical tables so that by profile technique, rank orders, and percentiles, it is possible for each municipal unit in the state, or others interested, to compare its status with all other municipalities in the state. Tax delinquency is also tabulated. The indebtedness figures of the state and its various subdivisions are given.

The foreword expresses the intent of the book to present and preserve facts and information on government in Minnesota, and the hope that it will offer a guide to an understanding of the behavior of state, county, and local governments. This is a modest expression of its achievement.

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**The Evolution of Municipal Organization and Administrative Practice in the City of Los Angeles.** By Burton L. Hunter. Los Angeles, Parker, Stone & Baird Co., 1933. 283 pp. \$3.50.

This handbook traces the development and expansion of the administrative structure and functions of the city of Los Angeles from the simple pueblo stage of its existence through its present complicated organization under the home-rule charter of 1925. Each step in the

growth of the city's administration is painstakingly recorded, providing a faithful index of the increasing demands placed on government by the exigencies of urban development. The treatment is non-critical and makes no attempt at synthesis or theoretical interpretation except as the chapter headings give point to otherwise more or less unrelated cataloging of topical items. While this was undoubtedly intentional, it has detracted somewhat from the book's interest and value to the general student of municipal administration. From a strictly technical point of view, however, for purposes of charter drafting, comparisons of administrative frameworks and powers and the like, this digest has definite value, especially in view of the authoritative position of the author, that of efficiency engineer in the city's official Bureau of Budget and Efficiency.

\*

**Proceedings of the National Conference on Slum Clearance.** Cleveland, 1933. 123 pp. \$3.00.

The City Council of Cleveland and Mayor Ray T. Miller called in July the first national conference on slum clearance. Over 400 persons representing various sections of the country met to discuss the problems of slum clearance, rebuilding of cities, land economics, progress in slum clearance, and other important factors in planning the replacement of slums by decent housing. The Conference was called to be of service in paving "the way for sound, constructive action that will put men to work and provide many of the American people with better places to live." The possibilities of this type of public works become better recognized as recovery moves slowly, and this small volume of proceedings should prove of continuing value. The follow-up activities of the Conference are being carried on under the chairmanship of Ernest J. Bohn, Union Trust Building, Cleveland.

\*

**Government in a Depression.** Edited by Thomas H. Reed. Chicago, University of Chicago Press, 1933. \$1.00.

Dr. Reed has assembled the radio broadcasts dealing with constructive economy in state and local government, that the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association

presented last fall under the title of "You and Your Government." They make a series of informal and very informative discussions of public problems that relate to local government and the taxpayer. Among other subjects, they deal with issues between political parties, constructive economy in government, prevention and relief of unemployment, political regionalism, tax revision, and other financial problems of state and local government. These are all interestingly discussed by carefully chosen authorities.

The volume represents the next step forward in the great experiment in public instruction being carried on by the National Advisory Council on Radio in Education. The preface by Levering Tyson, director of the Council, explains its purpose and its place in the developing program of the Council. Beginning simply with a service of radio addresses, this program was enlarged to provide informational backgrounds to radio audiences before and after the broadcasts. The present publication "merely carries on to a still further logical step the original purpose of the broadcast series."

Whether or not this was anticipated, the book as a whole suggests another of the undoubted influences of the radio on modern literary style. It injects the light informality of the broadcast into a series of thoughtful monographs and does it with good effect. Some of them are dialogues in which several participate, others are addresses, but most of them are in the easy, unstilted language of leisure-time discussion, which makes them exceptionally readable.

This volume is one of four compiled in the same way and published by the University of Chicago Press. *The Lawyer and the Public* comprises the broadcasts on legal questions and is edited by the Council on Legal Education of the American Bar Association. *The Economic World Today*, edited by Felix Morris, includes twenty-nine broadcasts on the economic aspects of government. *Legislature and Legislative Problems* is edited by Dr. Reed. Another series, "The Crisis in Municipal Finance," is being broadcast in cooperation with the National Municipal League. This series, which began October 3, will be presented each Tuesday throughout the fall and winter at 7:15 p. m., eastern standard time.

EDWARD M. BARROWS.

**Minneapolis Pension Systems.** By Herman Kehrli. Minneapolis, Taxpayers Association, 1933. 31 pp.

Minneapolis has five separate pension systems for municipal employees, including practically all employees of the city government. They have been set up from time to time at the instance of the group primarily concerned, under varying types of control. All have liabilities exceeding their reserves, but two of the systems have disregarded actuarial requirements and are on the verge of bankruptcy. The author describes and compares the systems in operation, showing the organization of the funds, the sources of their revenue, benefits allowed, and their reserves and liabilities. Charts and tables aid in clarifying the serious situation now faced by both taxpayers and employees. No final appraisal of the systems is given, nor are all problems discussed, but the study admirably clears the way for further analysis and such reorganization as may be required to put the entire pension system on a sound basis.

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**The Regulation of the Sale of Beer, Light Wines, and Soft Drink Beverages by Wisconsin Cities, Villages, and Towns.** League of Wisconsin Municipalities, Madison, 1933. 23 pp. mimeo. Fifty cents.

The passage of the state beer law created numerous problems of local regulations. The League of Wisconsin Municipalities had used foresight in preparing a model ordinance in conformity with the state law, which might be used by local governments. The ordinance contains provisions on all phases of the subject with optional sections so that it may be adapted to the extent of control locally desired. There are also included such forms as might be required in its administration.

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#### MUNICIPAL REPORTS

**Milwaukee, Wisconsin.** (578,249). *Municipal Activities of Milwaukee for 1932.* By Daniel W. Hoan, Mayor. 165 pp.

**Oregon City, Oregon.** (5,761). *Report of the Municipal Activities for the Year 1932.* By J. L. Franzen, City Manager. 51 pp.

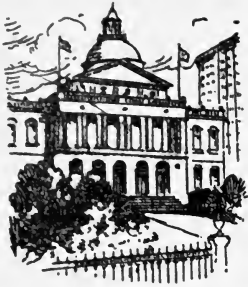
**Tucson, Arizona.** (32,506). *Municipal Report, 1932.* By R. E. Butler, City Manager. 46 pp.

These three annual reports are of varying value as conveyors of information to the public of their respective cities. The Milwaukee report is one of the best of the year but this is not new for that city; it has been preparing excellent reports for years. Perhaps the main reason is that it is compiled and edited by the municipal reference librarian. Here is an idea for both the city executive who says he is too busy, and also for the librarian who wants to increase the value of the library facilities to the community. The only serious criticism of the Milwaukee report is its length, for it is doubtful if the people of that good city have a greater appetite for public reporting than do the citizens of other cities. Another fault is the omission of a chart of the administrative organization. Such a chart would assist greatly in understanding the relationships of the different administrative agencies. On page eight the citizen discovers with no difficulty that his city: decreased major crimes 8 per cent; had the lowest death rate (8.8) in the history of the health department; saved \$40,000 the first three months of use of modern tax accounting equipment; and reduced water rates.

Less praise can be said for the Oregon City and Tucson reports. The former came out four months after the period covered and the latter eight months. Neither report emphasized important facts and the illustrative material is quite mediocre. The Tucson report contained no pictures except a general view of the city and omits both the organization chart and the table of contents. It redeemed itself in part for these omissions by a page of high lights for the year, and one learns with ease that the city decreased the budget from the previous year \$17,000 and reduced the operating costs of the water plant 13.6 per cent. It is more difficult for the busy taxpayer of Oregon City to find out how well his city was managed unless he reads through the entire report which he will not do. Report writers should give their consumers a break.

CLARENCE E. RIDLEY.

The University of Chicago.



# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

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EDITED BY ROBERT M. PAIGE

*Secretary-Treasurer, G. R. A.*

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**Schenectady Bureau of Municipal Research.**—Salary reductions are being urged by the Bureau as a partial solution to the financial difficulties of the city. Comparisons with other cities of comparable size indicate that the Schenectady salary schedules for policemen, firemen, and teachers are considerably above the average. Some further reductions in the teaching force are also believed to be possible, particularly in the junior high schools where the number of pupils per teacher is but 21.2 against 30.4 in the high school.

A detailed comparison of Schenectady's police costs with those of Erie, Pennsylvania, has been made by the Bureau. The per capita cost for police protection in Schenectady is almost double the cost in Erie. In spite of this it is not believed that Schenectady is as well policed.

In 1928, the Bureau recommended that a department of assessment and taxation with a single appointive head be substituted for the existing board of four assessors elected by popular vote. The mayor has recently proposed that the legislature be asked to amend the city charter to make this possible. Savings of several thousands of dollars a year can be achieved by this change and the work done more effectively.

The Bureau has also completed a survey of the situation in New York State with respect to the publication of the city council proceedings. Thirty-six out of the sixty cities do not publish minutes in newspapers. Several ways of reducing the cost of publishing minutes have been suggested, including abridgment, publication in only one instead of two papers, and mimeographing.

The managing director of the Bureau, Abbott Pulliam, is now preparing a series of brief

signed articles for the daily press which appear under the caption "Frank Facts."

\*

**Pierce County Taxation Bureau.**—When organized in 1930, the Bureau was affiliated with the Tacoma Chamber of Commerce. For the past two years, however, it has functioned as an independent agency. The Bureau is governed by a board of directors of fifteen active business men, ten residents of Tacoma, and five residents of outlying districts. This board meets weekly. The Bureau is engaged in a definite and studied effort to reduce the tax burden and endeavors to work in harmony and coöperation with city officials to accomplish this end. Studies of various phases of local government are frequently made, often at the request of officials. Such studies as are made, however, are usually confidential and are not made public. J. E. Grant is the executive secretary and manager of the Bureau.

\*

**Bureau of Municipal Research of Quincy, Massachusetts.**—The taxation committee of the Quincy Chamber of Commerce during 1931, held many meetings as a committee and called several meetings of the larger taxpayers of the city for the purpose of devising ways and means of decreasing city expenditures. As a result of these efforts the Bureau of Municipal Research was formed and incorporated in January, 1932. A study of the expenditures of the several municipal departments of the city of Quincy has been made and expenditures of the past twenty years have been tabulated. Bulletins have been issued which deal with various phases of the Bureau's economy campaign. Frederick A. Mayberry, secretary of the Chamber of Commerce, is the executive officer of the Bureau with the title of clerk.

**Citizens Budget Commission (New York City).**—The Commission was organized in June, 1932, by Peter Grimm, former president of the New York Real Estate Board, and a large number of influential citizens. More than 150 civic, trade, and taxpayers organizations are directly represented in the Commission's council of consultants. In addition to Mr. Grimm, Harold Riegelman and Robert B. McIntyre are devoting a great deal of time to the work of the Commission. William A. Adams has recently been appointed to the position of executive secretary.

The reduction of the 1933 New York City budget \$113,000,000 below that of 1932, was at least in part a result of the persistency and aggressiveness of the Commission. Several important surveys have been completed and others are now in progress. The Commission strongly supported the recently passed ordinances which established an executive budget and a capital outlay budget. It also supported the legislation which created a central purchasing department.

\*

**Chicago Committee on Public Expenditures.**—During August the Committee issued a report analyzing the financial status of the Chicago school system. Tables showing tax collections, liabilities by funds exclusive of bonded indebtedness, and probable assessed valuations are presented. From these data the conclusion is drawn that the board of education will have educational fund debts at the close of 1933 of at least \$35,000,000 in excess of all the resources and assets to be available for the payment of the debts.

John O. Rees, formerly with the Cleveland Municipal Research Bureau and more recently the director of the Joint Committee on Real Estate Valuation (of Chicago and of Cook County) is the director of the Committee on Public Expenditures.

\*

**Toledo Commission of Publicity and Efficiency.**—The Commission has recently completed four brief studies. The tax rates of the six largest cities have been properly adjusted and the standing of Toledo among these cities analyzed. The recent passage of a law making the city liable in damages for injury to persons or property caused by negligence in the operation of motor vehicles other than police and fire equipment has raised the

question of insurance protection. The Commission, after examining the record of amounts paid by the city on such damage claims in past years (it has been the policy of the city to waive its governmental immunity) is of the opinion that the continuance of the present policy will cost the city much less than the purchase of insurance. A third study showed that false fire alarms cost the city about \$30,000 annually. In Toledo, in 1932, the fire department responded to 422 false alarms transmitted with malicious intent. In the same year the city of Milwaukee, almost twice the size of Toledo, responded to 16.

A survey of the city's motor equipment has disclosed that although the city owns one hundred twenty-five automobiles, ninety-six trucks, and twenty-one motorcycles and tractors in addition to the fire-fighting equipment, and makes use of about one hundred privately owned trucks and autos, there is no centralization in the purchase or maintenance of this equipment and no consistency in the compensation allowed private owners for the use of their machines.

The Commission is recommending that complete operating records of all vehicles, including bills of sale, purchasing records and other necessary information should be centralized in a single department such as the municipal garage and that the rates of compensation for hired vehicles be carefully readjusted strictly on a basis of the actual work performed.

\*

**Worcester Taxpayers Association.**—This Association, the largest of the 140 taxpayers associations now active in Massachusetts, has more than 10,000 members. It was formed in July 1931, by a group of prominent citizens who contributed in proportion to the amount of their local taxes, incorporated under Massachusetts law, and hired an expert and office staff to find out how the city's money was being spent. All effort has been concentrated upon the problem of reducing municipal expenditures. The Association takes the stand that city officials know best how economies can be instituted in their various departments and that they will effect them when given sufficient popular support. The Association has endeavored to make economy good politics. It has cooperated with public officials and has given full credit to

the officials responsible for various economy measures adopted. The radio, as well as the press, has been utilized in broadcasting the views of the Association. The current city budget of \$13,350,000 is approximately \$2,000,000 under that of last year.

John H. Mahoney is the director of the Association.

\*

**Boston Municipal Research Bureau.—**

The purchase of an old hotel by the city for use as a city hall annex was seriously considered by the city council during September. The investigations of the Bureau disclosed that the cost of remodeling the hotel would be at least \$200,000 and that interest on the city's investment, and upkeep and maintenance costs would be substantially in excess of the amounts now being paid for quarters for the bureaus and agencies expected to occupy the new annex. It is understood that the City Council has now indefinitely deferred action on the proposal to purchase the hotel and that the owners have withdrawn their offer.

In a sixty-six page report on the \$23,500,000 public works program proposed by the mayor, the Bureau opposed the building of an \$8,500,000 subway and urged the State Emergency Finance Board which has authority over these expenditures, to limit other projects to a total of \$7,000,000. The Emergency Finance Board followed these recommendations except that the proposed \$7,000,000 limit was increased to \$10,000,000. The mayor, however, withdrew his whole program when the State Board announced its decision and the indications are that he will continue to fight for favorable action on the subway project before submitting other projects for approval.

\*

**Cleveland Citizens League.—** Last spring when the banks closed the League was compelled to suspend its weekly publication, *Greater Cleveland*. The last issue was mailed on February 23. Publication of this news bulletin was resumed on September 20 and the issue of this date outlines the following projects which are on the League's program for fall and winter: (a) Investigate and report on some 225 candidates for 38 offices; (b) Campaign for the adoption of the county home-rule amendment; (c) Report on the several issues on the November ballot; (d) Scrutinize budgets of the larger units of gov-

ernment and attend budget hearings; (e) Prepare several important committee reports; (f) Attend meetings of council, boards, and commissions; (g) Render an advisory service to public officials; (h) Prepare and publish *Greater Cleveland*.

The League has taken an active part in civic affairs of Cleveland for more than 25 years. Clarence A. Dykstra, the present city manager of Cincinnati, was at one time its executive director. The League conducted the campaign for the civil service constitutional amendment in 1912 and framed the civil service law adopted in 1913. It framed and secured the enactment of an election code now regarded as one of the best on the statute books. It has been active in the campaign for county home rule and reorganization of county government. Numerous investigations have been made which have resulted in substantial economies in various city and county expenditures notably in the maintenance of the county building, the feeding of prisoners, the recording of deeds, the administration of the coroner's office, and in city printing. At the present time the League is urging a reorganization of the school administrative system.

Sherwood Reeder, former finance secretary of the League, is now with the Finance Division of the Federal Emergency Public Works Administration. Mayo Fesler is the director of the League.

\*

**Citizens Research Institute of Canada.—**

Data collected from the financial officers of the majority of urban communities in Canada with a population of 10,000 or over indicate the following trends: (1) There is a slight decrease in taxes levied in 1933 compared with 1932; (2) Municipalities in the western provinces decreased levies by 5.2 per cent, those in Ontario by 3.7 per cent, and those in Quebec and the Maritime group by 2.5 per cent; (3) Many municipalities have increased their budget estimates of uncollectible taxes; (4) Nineteen hundred and thirty-three taxes are not being paid as promptly as were 1932 taxes although the lag is slight; (5) The collection of delinquent taxes is even less satisfactory in 1933 than in 1932 and the amount of arrears remaining at the reporting date was 8 per cent higher in 1933 than in 1932.

The Institute has just issued its Budget Story No. 1, pointing out that putting num-

bers down on paper may result in a document which looks like a budget and "makes a noise like a budget" but that this process cannot produce a real budget. The Institute insists that no budget can be considered complete which does not include a statement of work to be done or service to be rendered, an estimate of funds needed, and the provision of funds to meet proposed expenditures with adequate provision for uncollectible taxes and for some extremely slow collections. An effort is being made to improve the present budgets of Canadian municipalities in accordance with these principles.

\*

**Baltimore Commission on Governmental Efficiency and Economy.**—Annual debt service costs now amount to 27 per cent of the Baltimore city budget and the city has the third highest per capita debt among cities of its population class being exceeded only by New York and Philadelphia. These are some of the factors which led to the complete study and analysis of Baltimore's debt problem recently completed by the Commission. The Commission's report presents statistical and historical data relative to the present city debt in full detail.

To maintain its present high credit rating, the city must, in the opinion of the Commission, practice additional safeguards and adopt a fiscal policy of still greater conservatism.

\*

**Bureau of Governmental Research of New Orleans.**—The Bureau has now been in existence about six months. During this time it has been busy getting acquainted with city officials and the city's administrative machinery.

Like many cities, after the national bank holiday, New Orleans found its financial affairs in confusion. A detailed study of scrip, its legality, its uses, and counterfeit precautions, was made by the Bureau. It was found that scrip was impracticable, and the Bureau recommended that it be used only in case of

dire necessity. This recommendation coincided with the feelings of city and school officials.

The Bureau also recently coöperated with city officials in the rewriting of the city's gasoline tax ordinance. The new ordinance minimizes the opportunity for "bootlegging," and it is estimated that New Orleans will now be able to collect yearly, approximately \$150,000 more in gasoline taxes.

An exhaustive study of New Orleans' bonded indebtedness has been made, and the report is now in its preliminary form. After a consideration of this report, city officials will know better how far they should go in accepting loans under the National Industrial Recovery Act.

\*

**Hamilton County Taxpayers League.**—Since May 1, the research director and the accountant of the League have been engaged in making a survey of various city departments. Tentative drafts of the report on the department of public utilities grounds and buildings, the department of street and sewers, and on the police department were presented to the League's board on September 19.

These reports contained many specific suggestions for achieving greater efficiency and economy in these two departments. Harrington Place, a consulting engineer who was until recently connected with the Detroit Bureau assisted the League's director, John Willmott, in the preparation of certain sections of these reports.

The League has this year made a number of experiments looking towards the popularization of its research findings. In the opinion of the director it is essential that research agencies devote more attention to the task of making technical administrative details understandable and significant to the average man in the street. Carrying out this idea, the League has prepared in popular style a series of bulletins dealing with assessment methods and numerous series of newspaper articles summarizing the various reports of the League.





## NOTES AND EVENTS

**Detroit Defeats Tammany Slate.**—In a strictly non-partisan city primary, and on the issue of non-partisan government, Detroit voters (October 10) snowed under the factions of party democracy that frankly tried to “capture the city hall” in the interest of Tammany, spoils control. Following the Democratic landslide of last November 8, with its revolutionary change in this normally Republican state, a vigorous effort was launched to upset Detroit’s non-partisan system. A campaign was made last spring to substitute, by charter amendment, a ward-elected city council for the present plan, nine councilmen chosen at large. After a short campaign the Tammany program was defeated April 3 by a vote of nearly three to one.

“We didn’t have time to organize,” said the spoils faction of Democrats. Close organization was the objective preceding the recent biennial municipal primary. Harry Mead, a war veteran, was made the candidate for mayor, with various slates of candidates, pledged to partisan democracy, for the offices of city clerk, city treasurer, and the council. It was the largest primary in the city’s history—for mayor, twelve candidates; and for the eighteen council nominations, a total of more than one hundred.

Aided by publicity through the *Free Press* and *News*, the non-partisan forces, led by the Citizens League, administered a second rousing defeat to the partisan group, who were somewhat divided among themselves. Mead was not even nominated; out of 170,000 votes he received only 18,000. The youthful Frank Couzens, son of U. S. Senator Couzens, though handicapped by the banking controversies of his father in this area, ran away with the field, polling 95,493 votes. The other nominee, who polled 23,174 votes, was Philip Breitmeyer, a former mayor of good repute.

The entire result was complete vindication of the forces of non-partisanship. Despite the conditions there was no visible Republican activity; as a former councilman and, for a few months, mayor, Mr. Couzens had impressed the city as eager to do a good job of industrious, non-political administration, in the best spirit of the city manager idea. Among the council nominees were all present members, and two women, Mesdames Osborn and Gomon, well schooled in public service.

By a majority of three to one a charter amendment was adopted which helps the city and the taxpayers by easing the penalties on tax delinquency of recent years. The real victory was for the city itself, and for the three-point financial program recently worked out by city officials, in cooperation with business and civic groups; this includes a definite plan of debt refunding, now well in hand; the charter amendment on delinquent taxes, and continued insistence on rigid economy.

W. P. LOVERT.

Detroit Citizens League.

\*

**Legislative Council in Michigan.**—By Act of the Michigan legislature of 1933 there has been created in that state a legislative council, numbering nine members. The lieutenant-governor, who is president of the Senate, and the speaker of the House of Representatives are made members *ex-officio*. The former appoints three members of the council from the personnel of the Senate, and the latter selects four members of the lower house. Bi-partisan representation is expressly guaranteed by the provisions of the Act. Membership on the council ceases with the expiration of the elective terms of the members. Vacancies in the selected membership are to be filled by appointments.

This legislative council is to function during



the intervals between legislative sessions. Specific duties with which the council is charged by law are: (a) the preparation of a legislative program for the next ensuing legislative session or the next succeeding legislature; (b) accumulation and compilation of information which the council may deem needful or useful; (c) making this information available to members of the legislature.

Explicit aids to the fulfillment of these functions are provided in large measure by the text of the Act. The council has the right to appoint subcommittees directly responsible to it, and to call upon other members of the legislature for service and assistance in the preparation of the program of proposed legislation. All committees and commissions appointed by the legislature to make special studies and to prepare legislation shall hereafter report to the legislature through the medium of the legislative council, and it is intended that these legislative committees cooperate with their presumptive superior, the council.

Large grants of inquisitorial power are made to the legislative council, which can subpoena witnesses and documents. It has power to examine into the costs of all state activities and to recommend to the legislature such changes in the operation of the various departments, institutions, boards, or commissions of the state government "as will reduce the governmental expense without impairing governmental efficiency." The legislative council has jurisdiction and power to scrutinize the files and records of any state department, institution, board, or commission, and it is declared the duty of all officers and employees of such state agencies to afford to the members of the council and its authorized representatives access to all such records and files, and to give to the council such information as they possess concerning any matter properly before it.

The council elects its own chairman, adopts its own rules of procedure, holds regular meetings and hearings, makes such studies and examinations as may from time to time seem proper, and may incur such incidental expenses as it deems necessary.

It may here be pointed out that the greatest weakness of the scheme inheres in this obvious defect; in no wise at all are the legislative and administrative branches geared together. However, this particular point

would have required amendment of the state constitution, and may be less fatal in view of the inception of a movement for constitutional revision. The apparatus for a profitable experiment is set up; results may be anticipated; but the problems of the integration of the policy-determining and the policy-enforcing branches of the Michigan government remains untouched.

CHARLES W. SHULL

Colleges of the City of Detroit.

\*

**Ohio Women Voters Aid County Home-Rule Movement.**—A county government conference was conducted at the convention of the Ohio State League of Women Voters, where the results of governmental surveys in various counties were presented. These surveys, covering Athens, Clark, Cuyahoga, Franklin, Hamilton, Lucas, Montgomery, Ross, and Summit Counties, had been made by various Leagues throughout the state under the guidance of Miss Agnes Hilton, state chairman for efficiency in government, and Mrs. H. A. Rider, county government survey chairman, and were part of the local government activities of the State League, under the leadership of Mrs. N. M. Stanley, president, and Miss Opal Davis, executive secretary.

Most of the surveys indicated the need of a county executive officer to whom all departments are responsible, and also the desirability of limiting popular election to the choice of policy-determining officials, with longer tenure in some cases.

All surveys showed a lack of efficient administration of the merit system. The use of "deputies" to escape civil service requirements was found to be extensive. Duplication of records, particularly in the county auditor's and treasurer's office, and lack of coordination of related activities, most clearly illustrated by public welfare, were outstanding defects. The weaknesses of the present "J. P." system, the obsolete township unit of government, the public defender, and larger units of school administration, were also discussed.

Realizing the inflexibility of our present set-up, the various leagues reaffirmed at this conference their active support of the proposed amendment to the constitution which would permit each county, so desiring, to formulate plans for a structure more in conformance with present needs. Thus if Cuyahoga

County believes in some form of a metropolitan government, as was evidenced by many of the recommendations, it would be possible to effect such changes.

Talks to clubs by League members, newspaper articles, and radio broadcasts on county government have done much to arouse interest in the work of the surveys; and it is hoped that these means of educating the public to the present county situation in Ohio will help bring success to the county home-rule amendment in the November election.

MRS. ROY V. SHERMAN

Akron, Ohio.

\*

**Oakland's Council-Manager Government Overcomes a Snag.**—The need for continuing interest and activity on the part of the adherents of council-manager government has been recently demonstrated in Oakland, California. When Oakland adopted the manager plan, in 1930, there was a citizens' organization, the Council-Manager League, which took a prominent part in securing the change of government and afterwards attempted to maintain and develop interest in the new form. By 1933, however, a considerable part of its membership became apathetic.

This situation, together with the usual indifference manifested in the electorate in going to the polls, and the votes of those dissatisfied for one reason or another with the new city government, secured the defeat at the spring election of the four councilmen formerly representing the Council-Manager League, who were up for reelection. The former mayor, originally a Council-Manager League man, did not run for reelection; his seat in the council was filled by the only avowed council-manager candidate to be elected, Dr. W. J. McCracken, former president of the Board of Library Directors.

Feeling aroused during the campaign (due in part to the opposition of the firemen and policemen to the charter amendment salary proposals of a citizens' committee linked with the manager) was such that four of the newly elected councilmen assumed that their election was on a platform to oust the present city manager, O. E. Carr. With two of the four hold-over councilmen known to be opposed to him, it was thought that his dismissal was assured.

However, when the new council organized,

July 1, Dr. McCracken was chosen mayor, instead of a known opponent of Mr. Carr, slated for mayor at a previous caucus. When an ordinance to oust the manager was introduced, Mr. Carr arose in the meeting and reminded the council that under the charter he was entitled to a statement in writing of the charges against him and to a public hearing on them and that he was demanding both, not as a protection to him but as a protection to the citizenship in general, that they might know on what grounds their manager was being dismissed. The written charges were never preferred.

Mr. Carr's record for efficiency and economy in government, while providing much work on an emergency unemployment relief program, together with the danger of entrusting the immediate budget problem for the new fiscal year to anyone else, were no doubt major factors in defeating the attempt to force his dismissal.

Efforts are on foot looking toward the reorganization of the Council-Manager League or the formation of an entirely new citizen organization on a basis that will enlist citizen support on a larger scale and more actively, continuously, and confidently than before.

On July 27, Mr. Carr presented to the new council his recommendations for the 1933-34 budget. A number of very unusual complications faced him in preparing this budget, chief among them being a reduction of \$29,000,000 in the valuations on which Oakland taxes are to be levied. This will necessitate a slight increase in the rate of taxation for next year, but under the manager's budget the net cost of government will again be reduced for next year.

\*

**New Jersey Adds to Ranks of Manager Cities.**—Following close upon the adoption of the council-manager plan by Hackensack, New Jersey, the well-known resort city of Asbury Park, in the same state, has likewise voted in this modern form of government by a comfortable margin. The vote was 3,737 for the plan and 2,950 against it. The Citizens' and Taxpayers' Association, which carried on the successful campaign, is organizing to elect councilmen who can be counted on to choose a competent manager. The election of councilmen is scheduled for November 7.

**Detroit to Pay State Under Refunding Plan.**—Final approval of the refunding plan for the public debt of Detroit, Michigan, was given a few days ago by the Public Debt Commission of the state of Michigan. A total of \$150,559,632 of bonds and notes, or 53 per cent of the total outstanding, was reported to have been deposited with the Bondholders' Refunding Committee by October 17 when it announced that the initial payment of interest amounting to \$1,118,730 would be made on or before December 15. The plan does not involve the city street railway bonds which have paid interest regularly, nor the water bonds on which interest payments were resumed on July 1. The cost of the refunding is not to exceed \$1,000,000 and is to be paid by the city.

\*

**Reductions in Municipal Expenditures.**—A compilation of the expenditures for ordinary municipal purposes in 1931, 1932, and 1933 (estimated) has been made by J. L. Jacobs and Company, of Chicago, covering forty-two cities, the largest of which are Los Angeles, St. Louis, Milwaukee, Buffalo, and Cincinnati. Amounts expended for unemployment or emergency relief purposes have been omitted. The totals for the forty-two cities for 1931, 1932, and 1933, respectively, are: operation and maintenance, \$316,061,873,—\$293,518,849,—\$264,835,978; principal and interest on bonds, \$96,012,623,—\$94,207,351,—\$102,205,405; permanent improvements, \$82,201,796,—\$55,810,753,—\$31,039,097; grand totals, \$494,276,292,—\$443,536,953, and \$398,080,480.

\*

**Newark Tax Drive.**—October 9 to 19 was set aside by the city of Newark for a concentrated effort to contact delinquent taxpayers and remind them of their obligation to their city government to reduce delinquent taxes that had been mounting for a number of years and today total over \$20,000,000.

A citizens' committee of business men and industrial leaders, numbering forty in all, had charge of the drive, which was patterned after the type of campaign conducted by the community chest. School teachers and other

public employees in addition to volunteers were used as solicitors in a house to house canvass. Information with respect to the delinquent taxpayer, the amount owed the city, and the years on which back taxes were due was listed on cards for each of the forty-two tax divisions of the city.

The results of the drive cannot be measured entirely by the increased collections that have already resulted from it. Figures for the first half of October show that current and delinquent collections during this period were 42 per cent greater than for the same period the previous year. When adjustments are made for the lower levy in 1933, it shows an increase in collections of 73 per cent. Part of these collections were for taxes becoming delinquent December 1 but these account for less than 30 per cent of the amount collected during the period.

The real results of the drive are to be measured not alone by collections made during the campaign. The additional advantage of contacting 16,700 property owners and obtaining from them a signed pledge to pay back taxes by one of several optional arrangements for installment payments will, it is expected, result in increased payments during months to come.

The Citizens' Advisory Finance Committee is now engaged in a reorganization of the tax billing and collecting procedure of the city as an aid to a closer follow-up of both delinquent and current payments to provide frequent billing and as a reminder to those who signed pledges and to other delinquent taxpayers.

The tax drive was planned and carried out by Reginald C. S. Parnell, director of the department of revenue and finance, Dr. I. J. Rockland was chairman of the citizens' general committee; Milton S. Ludlow, Public Service Corporation, chairman of the campaign committee; Ronald Jump, Mutual Benefit Life Insurance Company, chairman of the publicity committee. In addition to these, ten other committees assisted in planning and carrying out various phases of the work.

HOWARD G. FISHACK.  
Citizens Advisory Finance Committee.

## A PLAGUE OF SPECIAL DISTRICTS

(Continued from Page 547)

His budgeting becomes a farce! If the sums that he must spend for clothing, for food, for recreation, etc., are all fixed, there is no point to budgeting. Furthermore the decentralization in the actual conduct of services through independent agencies makes for much trouble, lack of coöperation and duplication of effort; —not to mention the evils of the long ballot.

On the whole, county governing boards and city councils stand to acquire greatly increased power as a result of doing away with special districts —genuine or disguised; —and certainly

they would gain greatly in power by abolition of many special rates. But increased power means increased opportunities for doing the things that need to be done—chiefly an opportunity for budgeting wisely. Any attempt to effect economies through a structure of many jurisdictions, and within the ambit of a complicated net of fixed rates is almost sure to fail. City and county officers must be released from their strait-jackets and given a chance to assume real power and responsibility. If we are afraid to give them such power because of the evil they might do, we are indeed afraid to put modern democracy to the test.

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# THE LEAGUE'S BUSINESS

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**Large Attendance at Annual Meeting.**—Registrations at the National Conference on Government, held in Atlantic City on November 9, 10, and 11, were almost double those of last year, indicating the increased interest in the subject of better government.

The conference endorsed the principles of the Rockefeller liquor control report; also urged federal legislation to help defaulting municipalities. A more detailed account of the proceedings will be found on the editorial page. The report of the secretary, covering the work of the office from October 1, 1932 to October 1, 1933, was distributed in mimeographed form. This report is now available to members upon request.

\* \* \*

**Election of Officers for 1934.**—The report of the Committee on Nominations was accepted at the annual meeting, and the individuals listed on League's Business page in the October REVIEW were elected. Cover two of this issue contains the new slate of League officers.

\* \* \*

**Meeting of Liquor Control Committee.**—A meeting of the committee on liquor control legislation has been called by the Hon. Frank O. Lowden, *chairman*, for Tuesday, December 12, in New York City. The membership of the committee includes: Luther Gulick, *vice chairman*; Fred G. Clark, *vice chairman*; Frank Bane; Louis Brownlow; A. E. Buck; Marshall E. Dimock; Pierre S. duPont; John W. Eggleston; Miss Lavinia Engle; Mark Graves; Arnold Bennett Hall; Leonard V. Harrison; Simeon E. Leland; Seabury C. Mastick; C. H. Morrissett; John G. Pollard; Henry W. Toll; Lent D. Upson; John G. Winant.

\* \* \*

**Western Conference on Government.**—Coöperation of the National Municipal League in a Western Conference on Government in conjunction with other organizations in this field was authorized by the executive committee at a meeting held on November 28 at the City Club of New York. The Western Conference will probably be held late in March or early in April at the University of California.

\* \* \*

**League to Offer Financial Consulting Service.**—An arrangement with Dr. Thomas H. Reed, of the University of Michigan, by which the National Municipal League will offer his services as financial consultant in critical municipal situations was unanimously approved by the executive committee. The arrangement will be on a contingent basis similar to that under which Dr. Hatton long functioned as charter consultant for the League. The executive committee authorized the chairman to appoint an advisory committee to work with Dr. Reed, the membership of which is as follows: H. S. Buttenheim, *chairman*; Richard S. Childs, Frank H. Morse, Carl H. Pforzheimer, and Laurence A. Tanzer.

HOWARD P. JONES, *Secretary*.



## Inspiration and Opportunity

### A Review of the National Conference on Government

IN THREE adventurous centuries of self-government, sectionalism has threatened states, and our federal structure has faltered more than once. But never before have events so shaken the smaller governments of the people, on which these greater institutions are reared.

It was this fact that made the National Conference on Government in Atlantic City in all ways unusual. It was called to deal with a supreme crisis. The program covered step by step the issues of local self-government whose maladjustment brought that crisis upon us. But the speakers who discussed these issues were straight from the battle-front, where credits, laws, and policies were merely weapons to protect a hundred million human destinies. Swiftly, therefore, academic aspects disappeared, and the meetings shaped themselves to the needs of the time.

"The Part of Local Government in Recovery," was the formal subject given the conference as a whole. This subject was divided into phases, with a meeting devoted to each. "Stimulating Business Through Public Works Construction," was the first topic considered. Men actively engaged in the efforts they were describing made clear the interrelation of local, state, and federal govern-

mental plans in working out a program that would be lastingly valuable, while relieving present unemployment needs. "Anticipating and Meeting Emergencies in Local Government" came next, dealing with the plight of libraries, schools, public health, and other essentials of modern governmental service in the present chaos of cities and states. A luncheon discussion of "New Opportunities for City Management" indicated that out of the present debacle of the politically run local governments, the city manager plan was increasing its momentum. The meeting on "Improving Municipal Credit" became a staccato attack on the tax striker and the political waster, and a wholehearted support of the Sumners Bill, now before Congress. Meeting as a discussion group on "Constructive Versus Destructive Economy," delegates from citizens' councils scattered from coast to coast reported significant experiences, and listened to practical suggestions from leaders of the movement. A discussion of "The Relief Problem This Winter" brought out evidence that the need of relief fund in large amount is certain to continue for a time, even though unemployment substantially diminishes. A symposium on "Government Control of Liquor" in which the scientific basis of liquor control recognizing the percentage of dilu-

tion as the proper focus of any regulatory system, was applied to the Quebec and the Delaware systems, and to the Rockefeller recommendations for control. The conference closed with the annual dinner of the Proportional Representation League, in which the prospects for this form of voting were discussed in the light of the election just passed.

\* \* \* \*

But this running account of subjects and conclusions gives no clue at all to the tone, temper, and spirit of the Atlantic City meeting. Therein lies the unique feature of this conference. Beneath these discussions of objectives and difficulties were living, pulsating currents which could not be repressed. One was the concept (revolutionary to the average citizen) of the real function of local government, not as a set of rules to be enforced, but as a series of services to, for, and by the people. This concept is not new. But it has been too little realized. In Atlantic City it dominated nearly every meeting with a passionate force that swept aside gloomy post-mortems and turned all faces to the future. What will the housing program build for the people? Regardless of financial precedent, how can we make the public works program benefit the jobless citizen right now? How can we make a municipal credit system safeguard the rights of all citizens? Such questions as these speakers had really at heart, and their pleas overrode tradition and legal technicalities, to the manifest delight of their audiences.

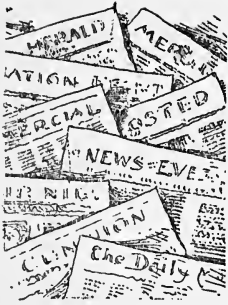
Another overtone was expressed in the all-pervading interest in the citizens' council plan. Interest in this idea was based on the pronounced hope that here at last was a practical means through which civic commonsense could express itself in civil government, even though it had not been elected to office. Another was the sudden shift in federal interest from the state to that of the city.

A fourth was the hopeful belief that this depression is the twilight of the Boss in city government. On another page of this issue will be found some of the utterances through which these feelings were made manifest. They were not confined to a single session. They permeated them all.

\* \* \* \*

There were many highlights that will be remembered for themselves, distinct from any program or any issue. Murray Seasongood's thoughtful summary of the progress of genuine local self-government since the 1890's and his tribute, not so much to the National Municipal League and its associate bodies, as to the mighty figures who had given them life and leadership was one. Thomas H. Reed's excoriations of the tax striker, when he put into indignant words all that the less vocal delegates were thinking about these back-action patriots, was another, as was this same speaker's graphic account of the straits to which single-party government had reduced the state of Michigan. Dr. Charles E. Merriam's forecast of the subordination of state governments in the readjustment of relations between the nation and its cities is another. Governor Winant's description of the state government of New Hampshire as a service arm for its citizens; Richard S. Child's prophecy of the bright future of the city manager plan, arising from a soporific past and wildly chaotic present; Dr. Yandell Henderson's revelations about the rights and wrongs of liquor control as a dispassionate toxicologist sees it; Colonel Henry M. Waite's inspiring call to the leaders of America to turn their eyes from the past, and consider how to make our present predicament redound to the future; occasions like these, as much as the constructive tone of the whole conference, justified the remark repeated by many delegates on leaving—"The most successful conference the National Municipal League has ever held."

—EDWARD M. BARROWS.



## HEADLINES

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County home rule was restored to the people of Ohio in a referendum vote November 7, thereby permitting Buckeye voters to modernize their archaic local governments by over one hundred years at one leap. It is optional with each county to take that leap, however, and it required sixteen years' intensive campaigning to induce the citizens to permit themselves to decide whether or not they wanted to consider it. The next step is to get them to decide if they want to take advantage of the permission they have given themselves. Thus civil progress "like a tired snake, drags its slow length along."

\* \* \*

Toledo stops talking city manager plan, and goes to work for its adoption. A definite campaign to that end was launched in November.

\* \* \*

The *Piqua* (Ohio) *Call* takes stock of that city's charter-manager government. Administrative bickering ended, public improvements effected, debt service reduced, operating expenses cut, and actual savings of over \$100,000 in five years' time. To this factual endorsement of the city manager plan, Front Royal, Virginia, adds with the announcement of a cash surplus in its treasury this year, attributed to its city manager's efforts.

\* \* \*

Burnley, England, experiments with a plan for producing gas from city refuse, as an economy measure. Behind America as usual. Converting non-essentials into hot air for the benefit of the citizenry has long been standard practice among our municipal politicians.

\* \* \*

No schools remained closed in California this fall because of financial difficulties. Cf. Alabama, where a majority of the schools closed ahead of schedule last spring, and have required citizens' council aid to reopen many of them this fall. The study of Dr. O. E. Powell of Columbia University, demonstrating that pupils lag in interest and in efficiency in "low cost" schools—the tax-strikers' contribution to American educational theory—may or may not have any connection with the above. Interesting, anyway.

\* \* \*

Interesting also is the Los Angeles experiment in using relief funds to fight juvenile delinquency. This county put 2,095 competent unemployed on public funds to maintain the recreation system. In this way 182 playgrounds were kept open which otherwise would have been closed last summer, and 63 new playgrounds were developed. All by relief workers.

## OUR STORM-TOSSED SHIP OF STATE

## FLASH-LIGHT SENTENCES OF SPEAKERS AT THE NATIONAL CONFERENCE ON GOVERNMENT

It is probable that never before has a gathering of this sort been held at a time when so many trials and dangers beset democracy in general and local government in particular. Nor has a gathering of this sort ever been held when our institutions were manifestly going through such rapid changes.

HON. MURRAY SEASONGOOD

\* \* \*

We are trying to paddle the ship of state into unknown seas, but it is moored so firmly to conservative ideas that we dare not slacken off on the hawser. And if we don't, some one is going to cut the anchor rope.

COL. H. M. WAITE

\* \* \*

I honestly believe there are a great number of administrative bodies which are in difficulty today because they were traveling along with the general spirit of optimism which simply reflected the large concensus of popular opinion and because they responded to the demands of more prosperous times. In fairness to such officials we should recognize that their honesty and good faith were not involved.

JOHN S. LINEN

\* \* \*

The city of the next generation will find itself woven more and more closely into the web of our social and economic development. . . . The ideal city will not be a bootlegger's government; nor will it be a banker's government.

CHARLES E. MERRIAM

\* \* \*

Our municipalities have become gigantic public service corporations. They now engage in enterprises which were never dreamed of by our predecessors.

E. FLEETWOOD DUNSTAN

\* \* \*

There has been too much loose talk to the effect that government is a necessary evil and that the taxpayer's contribution is something withdrawn from the productive activities of society and lost. Such is not the case. Government is necessary to every other social enterprise.

THOMAS H. REED

\* \* \*

Governments without credit are governments without the power to progress.

CARL H. CHATTERS

\* \* \*

Although the most ignorant of us would not advocate restricting science, engineering, and research in any way, the majority of the most intelligent and best informed of us persist in refusing to use them in government. We continue to plant potatoes in the dark of the moon in the governmental field.

DAVID HINSHAW

\* \* \*

The budget is the creation of this generation. The long-range capital budget should be the creation of the next.

OTTO T. MALLERY

# A Sign of the Times\*

A student of world social trends interprets our changing approach to governmental problems

CHARLES A. BEARD

*New Milford, Connecticut*

WE ARE NOW witnessing a nation-wide effort under the leadership of the federal government to unite the economic and social organizations of the country in an attack upon the central problem emphasized by the business crisis. That problem, as it rises clearer and clearer in the public view, may be stated as follows: How can the nation use its natural endowment, its knowledge of the arts and sciences, and its cultural resources in such a way as to keep the economic machine running, provide the highest possible standard of life for the greatest number, and make the country and its communities beautiful, convenient, and efficient?

The problem is not new but the depression has dramatized it. For years innumerable associations in the United States have seen segments and phases of the problem and attacked them independently. Indeed, for more than a hundred years, students of American affairs, both native and foreign, have been impressed with the role played in American society by clubs, fraternities, and organizations. It has been said that this is a peculiar characteristic of American life. It is a striking characteristic, no doubt, but it is not entirely novel. Since the dawn of history, human associations, public and private, have marked the march, such as it has been, from

primitive barbarism to modern civilization. The middle ages were associational ages, and one continental writer has attributed the early development of English popular government largely to the existence and function of local corporations. The House of Commons is the house of communities, not of the common people in bulks as sometimes supposed.

Public life in the United States is also organized on the basis of communities—towns, villages, cities, counties, states. And the complicated machines of government are given motive power by private associations—economic, political, and social. It is with the last that we are now primarily concerned.

Every phase of American civilization is represented by local, state, and national organizations springing from individual initiative. In the field of government itself there are two or three score, perhaps more, associations of public servants—health officers, highway commissioners, educational administrators, legislators, and so on. Outside the official circles are purely private organizations dealing with the several aspects of government, in general and in detail. Indeed it may be said that every important function of government in the United States is represented by one or more corresponding private associations—health, public welfare, recreation, transportation, utilities, education, public safety, banking, for example.

\*Message sent to the National Conference on Government, Atlantic City, N. J., November 9, 1933.

It would be a waste of time to catalogue before this assembly, itself representative in character, even the general associations dealing with aspects of American life, to say nothing of special organizations. For the present we are concerned with those that avowedly aim at the public interest, as distinguished from those concerned with particular private interests, such as railway, oil, steel, and other economic organizations. Yet the dividing line is not easy to draw, for few private interests, however powerful their resources and lobbies, are willing to admit that public interest is not their controlling consideration.

The associations avowedly in the public interest, with which we are here concerned, are difficult to classify, but two general types stand out amid the variety. First of all may be placed associations concerned with the structure, financing, and operation of governments. These associations are primarily interested in the way governments are set up and administered, not in any particular functions of government. They are seeking some ideal type of efficient government, often on the assumption that there can be an ideal type apart from functions and purposes, and on the further assumption that politics is not a branch of economics and culture in general. Yet, whatever may be the limits within which these governmental associations work, they have made indispensable contributions to the science and art of organizing and administering government.

#### THE COHORTS OF SERVICE

The second group of American associations are especially concerned with issues involving the functions of government—transportation, public utilities, public works, education, health, public welfare, recreation, housing, labor legislation, control of crime and delinquency, improvement of country life, city and regional planning, the advancement of

the arts and sciences. Several of them approach their subject from the standpoint of religious valuations but most of them are non-sectarian or secular in their presuppositions. Whatever their approach, the center of their concern is a phase of American social life.

In some of these associations the leaders and rank and file are men. In others men and women cooperate. Still others are composed entirely of women. The distinction should be noted. Women as women have in all times and places been fundamentally concerned with the care and protection of life, as contrasted with the periodically destructive operations of their masculine associates in the making of history. And there is abundant evidence that women, even of the leisure class, long collaterally occupied with literary and decorative activities in the United States, are growing more and more concerned with those primary social considerations which bear upon the care and protection of life—evidence of immense significance for civilization in America.

When we turn from a survey of existing types of associations to movements of history in times past, certain lines of development appear. A century ago governments performed few of the great functions now assumed by them. The multiplication and integration of social responsibilities mark the evolution of government since the great age of Andrew Jackson. The rise and development of private organizations have paralleled the trend in government. Lately there has appeared among numerous associations a growing recognition that they are all attacking a common problem from different angles and that their advance in the future must be converging, not in separate and parallel channels.

#### WHY THE COHORTS MARCH

Time does not permit a minute description of this movement in thought.

An illustration or two must suffice. When associations attack evident problems in health, they soon run into problems of housing, education, transportation, wages and hours, recreation, and the whole complex, now known as city planning. When city planning goes beyond the more or less meretricious decoration of show places, it, too, comes face to face with all the phases encountered by those engaged in the quest for the best possible standards in the field of health; and city planning has inevitably widened into regional and state planning, taking rural as well as urban areas within its scope.

Had the business depression not led the federal government to seek the co-ordination of all energies and interests in a common recovery program, the movement of thought would have driven it in that direction. Now it has become evident in Washington that the coördination of forces and activities is indispensable to any herculean achievement. If present efforts should fall far short of the goal and a backward swing should occur, it is scarcely to be doubted that a renewal of concentrated efforts will come in the not distant future. Despite ebb and flow, it seems that we are in the midst of a consolidating movement of ideas and interests that is unmis-

takable, unless American society having reached its zenith is now on the way to disintegration.

If this is a correct view of our present situation, what is the upshot? It is that the next step in the development of associations dedicated to the public interest is to be in the direction of an open and determined unification in thought and effective coöperation in action. The roots of vitality in separate divisions have reached their limits and can thrive only by passing over into other divisions; otherwise they will wither. What then, will be the signs of the movement in the direction of this deliberate unification and coöperation? Chief among them will be the appearance of thinkers in the several fields who recognize the community of interests and responsibilities and draw together in the creation of a common frame of social reference for the guidance of workers in hitherto separate fields. This sign is already in front of us.

The long age of intense specialism in social thought and action is drawing to a close. We seem to be on the eve of a renaissance in which the unity of the human spirit will be made manifest in a grand pattern of national welfare. From unity of spirit will come unity of action.

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(Continued from Page 580)

The half dozen local communities in New Hampshire that have had to face financial distress have had their essential needs underwritten by the state so that every community in New Hampshire, whether town, city, or county, has continued to function normally and been able to meet all financial obligations.

JOHN G. WINANT, *Governor of New Hampshire.*

\* \* \*

The roots of our present difficulties in our community government lie in the unsoundness of our thinking and practice in municipal finance for more than a generation.

A. HARRY MOORE, *Governor of New Jersey.*

\* \* \*

What we are witnessing is not an encroachment by the federal government upon local governments, but rather a reluctant stepping in by the federal government at the humble petition of local government.

LOUIS BROWNLOW.

(Continued on Page 595)

# Getting Our Bearings\*

In the slough of our municipal troubles many signposts point to a smoother road ahead

MURRAY SEASONGOOD

*President, National Municipal League*

IT is probable that never before has a gathering of this sort been held at a time when so many trials and dangers beset democracy in general and local government in particular. Nor has a gathering of this sort ever been held when our institutions were manifestly going through such rapid changes.

On the other hand, we cannot help but feel tremendously encouraged at recent happenings. The county home-rule amendment to the constitution of Ohio has been adopted over the opposition of officeholders and spoilsmen. Princeton University has again recognized the importance of government in making Harold W. Dodds its president and this is a very special honor for us as Dr. Dodds was formerly our executive secretary and for years the distinguished editor of the National Municipal League's magazine, the NATIONAL MUNICIPAL REVIEW. New York has just given a dramatic example, following the lead of Cincinnati eight years ago, of showing that an awakened citizenship can beat a political machine. Philadelphia and Pittsburgh have done the same, not, as in New York, by a Fusion movement, it is true, but in a vote under a partisan ballot.

Altogether, then, we may congratulate ourselves on more progress for good government within a short period of time

than in any corresponding period in the last fifty years.

The first conference of this nature ever to be staged met in Philadelphia in 1894. Perhaps the most important outcome of that conference was the organization of the National Municipal League which has taken the leadership ever since in working for the improvement of local government and administration. Also it has created a clearing house for information and a country-wide laboratory for the study of municipal government and administration, for the continuous scrutiny over a period of many years of its accomplishments and its failures.

Side by side with this development—indeed a most essential part of it—was the research movement—the transfer of the thinking of those who wished to improve government from fault finding to fact finding. The growth of qualified research experts in public administration, the establishment of research bureaus in more than one hundred cities throughout the country, and the organization of the Governmental Research Association, which with the National Municipal League and other organizations is fostering this conference, is in a measure testimony to the effectiveness of that first conference on local government.

Important as was that conference in 1894, we are today faced with problems much more serious and much more

\*Address delivered before the National Conference on Government, Atlantic City, New Jersey, November 9, 1933.



critical. The danger that threatens today is that American local government will be unable to operate because of lack of sustenance—the tax wells have gone dry and the revenues that mean life to government are in many places not coming in. The old faithful general property tax has broken down.

The most dramatic recent illustration of the financial plight of American cities comes from West Virginia where county governments have shut down almost entirely and where some of the larger cities are now rendering practically no governmental service whatsoever, due to a supreme court order limiting tax levies. One mayor electrified his community by discharging himself and 270 city employees. The blanket dismissal order removed all members of the city council, the police and fire department, city department heads and others from office. That city today is probably without local government,—no police protection, no fire protection, no protection of any kind to life and property, not to speak of the other essential services discontinued.

#### DANGER SIGNALS EVERYWHERE

While this West Virginia city is the largest municipality to be faced with the threat of having local government shut down entirely, from many sections of the country reports have been pouring into the National Municipal League of disintegration of services, of financial collapse of smaller units. Twenty-one townships in Minnesota recently folded up entirely—though we shan't shed tears over townships that are too small to be efficient anyhow. In one large southern state 85 per cent of the schools were closed early last year and many of them were unable to reopen this fall. Public health units have been eliminated, libraries have been closed, and recreation centers abandoned all because of lack of funds to keep local government going. And it must have come as a terrific

shock to the citizens of the largest and richest city of the country, New York, if they are still subject to shock, to learn of the difficulty that that great metropolis had to get necessary funds for its continued maintenance.

Nevertheless, the mayor there, despite promises to economize and avert municipal bankruptcy, blithely submits a 1934 budget representing an increase of nearly \$20,000,000 over 1933. Similarly, we must be grieved by the latest bulletin of the Civic Federation regarding Chicago to learn that the taxes there for 1932 have not yet been billed, but they have been anticipated and spent. There will be a staggering reduction in the tax duplicate and huge tax delinquencies to be added to the \$150,000,000 delinquency for 1930 and 1931 taxes in the second largest city of the country.

The significance of these developments can hardly be exaggerated. When a child can no longer find a public school to attend, when there is no longer proper inspection of drinking water to be sure it is free from pollution, when the unemployed with time on their hands can no longer resort to the public library to read in the period of enforced idleness, when youngsters must play in the streets of cities instead of on playgrounds that are safe,—this is deterioration of the things which stand for civilization itself.

In the period of prosperity and the full dinner pail preceding the World War, and again in the period of inflation following it, losses and increased expense incident to corrupt or incompetent local government received scant heed. Excessive taxes were just another cost of the business, like insurance, industrial compensation, or heat and light, and were passed on to the consumer.

But now, in the time of trouble, this lack of attention through so many years to this most important field of government in our country is having grave results. The taxpayer is resentful; he revolts at the heavy needless burden he

is made to bear, and without adequate information demands that local government shall assume new and costly services, including unemployment relief on an unprecedented scale, and yet shall operate with reduced taxes.

#### THE CLAMOR OF CONFLICTING VOICES

Ohio affords an example. There the people have just voted an amendment into the constitution limiting the taxes on real estate to ten mills. At the same time they voted into the constitution a provision for old-age pensions which will add enormously to the expenses of the government. They seek to reduce taxes while tremendously increasing required expenditures.

The book of Ecclesiastes bids us, "in the day of adversity consider." Well, no one need be told this is a time for consideration; there is a very real and serious danger if the problems that have arisen are settled unwisely. All sorts of advisers, lacking enough information, honesty, and judgment to counsel well, are becoming clamorous. There are those, some with great names, who simply assert and repeat that taxes must come down. By and large, they are right. The really efficiently governed city, county, or state is so rare that, as a general rule, the insistence on lower taxes is justified. But, in a city like Cincinnati, the clamor is uncalled for, and if the administration loses a majority in council<sup>1</sup> (with almost certain change of city manager as a result) it will be because of untruthful repetition that the city administration was extravagant and the appeal of such "damnable iteration" to persons out of employment and for whom any change would appear to be a change for the better. There are others who recommend a horizontal cut in salaries and services, which has the merit of uniformity but may work

the greatest injustice and disaster. Generally speaking, public salaries are not too high; they are too low, if good service is given, and to cut some of them will work unjustifiable hardship.

There are makers of budgets who classify services such as police, fire, sanitation, and health as primary, and recreation, education, and welfare, including allowances for parks, planning, and other activities, the results of which are not immediately and directly visible, as secondary, and who insist that the latter shall stand the cuts. This view is a mistaken one. If, for example, you curtail the workings of your city planning commission and permit the creation of a dead-end street that is too long, you may create a serious fire hazard, and in any event you will add permanent expense to the city in garbage and refuse collections and other city services. If you have less public recreation, you will surely have to pay for more delinquency and sickness. The so-called secondary services are newer and not so well understood as those classified as primary, but they are equally important. In a period of stress and want, morale must be maintained and irretrievable mistakes, the consequences of which will last for years, must be avoided. If you skimp the so-called secondary services, you are more than offsetting the saving because of the increased demands of policing, hospitalization, and other so-called primary services.

Then there are those medicine men who, realizing that the burdens of these times are more than the finances of local communities can stand, prescribe, as a condition of state or federal assistance, complete control and the power of veto by the assisting agency. Here is another very real menace to the cause of good local government. It is possible for citizens to organize so effectively as to bring about efficient administration in their city or county, but the difficulties of like attempts in the state and nation

<sup>1</sup>Fortunately this did not occur. The P. R. count for the election of November 7 gave five places to the City Charter Committee and four to the Republican organization opposition.

are infinitely greater, and the principle of home rule in local affairs may be dealt a death blow if a forward-looking community is required to submit to the dictation of hostile, politically-minded state or federal commissions or officials. It is perfectly feasible, as has been attempted in England, for the national or state governments to make lump appropriations to local communities in need of the greater resources of the granting authorities, and not to interfere with the discretion of the local officials in the use of the funds granted.

#### A GATHERING FRAUGHT WITH HOPE

Perhaps the most hopeful sign on the horizon of this conference is the receptivity to new ideas of all three groups represented here—the public official, the taxpayer, and the governmental expert. It is in times such as these that the wheel of progress spins with great rapidity. In desperation when old methods fail, we look around for new. The governmental scene is shifting so fast at the present time the landscape is blurred. New relationships of local to state government, of state to federal government and of local to federal government are developing almost hourly.

At this time it seems appropriate to sketch briefly what the National Municipal League has been doing in the situation. First perhaps in point of interest is the new program for the organization of citizens' councils for constructive economy.

On January 5, 1933, a group of citizens met in Washington at the call of the President of the United States to consider the crisis in education. Members of this group were selected by national organizations representing agriculture, business, government, education, and public welfare.

One of the findings of this conference was the recommendation that there be set up in every community citizens' councils broadly representative of all interests to clarify and mobilize public

opinion in matters of vital concern to the community.

The National Municipal League, urged to undertake the direction of this movement, organized a Committee on Citizens' Councils for Constructive Economy. It is gratifying to be able to report that the committee under the chairmanship of Professor Thomas H. Reed of the University of Michigan has accomplished a great deal in a few months. One hundred councils are now organized and interest in the idea has been manifested in several hundred other communities.

But hysterical campaigns for tax reductions were not the only pitfalls ahead of American local government in 1933. There followed the "tax striker." This epithet should not be applied to the man who cannot pay his taxes but to the man who can pay but doesn't. Inability to collect taxes in many communities and a rapid spread of the foolish tax strike idea threatened wide paralysis of local government with a whole train of evils in its wake.

In this situation the National Municipal League through its committee on constructive economy undertook a nation-wide "Pay Your Taxes" campaign some of the benefits of which are just beginning to be felt in the change in popular psychology to a realization of the importance of local government and the services it renders.

#### A YEAR OF CONSTRUCTIVE PROGRESS

To turn to the bright side of the picture, it is safe to say that during the past year more progress has been made, actual and potential, in the direction of fundamental reorganization of local government than in any previous year. All along the battle front those interested in better government have improved their position. Nine cities adopted the city manager plan, ten cities where elections were held to consider abandonment of

(Continued on Page 592)

# The Courts Approve Milk Price Fixing<sup>1</sup>

Thereby they establish new criteria of "public interest," bowing to legislature's interpretation of an "emergency requiring price control"

JOHN BAUER

*Director, The American Public Utilities Bureau*

THE milk industry in New York State has great importance both to producers or farmers as a basic industry, and to consumers in the cities. On the production side it is divided into large numbers of individual units, and on most farms it is a by-product of other farm activities. For many years milk prices paid to producers have been low, but during the depression they reached a point that finally culminated in disorder, so-called milk strikes, and threatened demoralization of the industry.

Under these circumstances the legislature instituted a special investigation. The report set out the difficulties and recommended a policy of state control. Following the report, the legislature declared that an emergency in the milk industry threatened not only the industry itself but the health and welfare of the people depending upon milk. To meet these conditions, it declared the business to be "affecting the public health and interest" and provided for a state milk control board which was directed to fix a minimum price of milk both wholesale and retail. The failure to comply with an order of the board was made a misdemeanor.

This legislation has raised the funda-

mental question as to whether the milk business, both in production and distribution, constitutes a public utility, and whether prices can be fixed by state authority. These questions came up in the so-called *Nebbia* case, decided by the Court of Appeals in July, 1933. The facts were simple. A Rochester grocer sold two bottles of milk and a loaf of bread for eighteen cents after the milk control board had fixed the minimum selling price at nine cents per bottle. This sale was plainly a violation of the order. The grocer argued that sale of milk was private business and not a public utility, and that the order of the board interfered with his constitutional rights of conducting his private business. The state claimed that the statute was valid because it had been enacted to meet special conditions, particularly during a period of emergency, as found by the legislative investigation. The state contention was upheld by the Court of Appeals, with a dissenting opinion by Judge O'Brien.

## SHIFT IN REGULATORY OBJECTIVES

This case has far-reaching importance because it shifts and greatly extends the scope and fundamental criteria of what constitutes a basis for rate or price control by the state. Under prior decisions it seems clear the milk business would not have been sub-

<sup>1</sup>Since this article was written the *Nebbia* case has been scheduled for argument before the United States Supreme Court on December 6.

jected to such control; that it is private business and not a public utility. This might perhaps have been the view also of the Court of Appeals except for the declared state of emergency and the limited application of the statute up to 1934. The majority of the court accepted the findings of the legislature that the industry was basic, that it does involve the health and welfare of the people, and that under all the circumstances the legislation was constitutional.

Judge O'Brien took the contrary view. He regarded the industry first in its normal relation to the welfare of the state and could see no basis of viewing it as a public utility. In considering the declared emergency, he could see no material difference between conditions affecting the milk producers and other classes which were bearing the burdens of the depression. He regarded the statute as a plain departure from established policy and in conflict with the constitution.

The New York decision raises the question whether a legislative declaration that a particular industry or business affects the public interest or that an emergency exists, is sufficient ground for the introduction of price control. What is a public utility anyway? Is there a vital and fixed basis of differentiation between it and a strictly private business?

The effect of the decision seems to be that there is now no clear distinction between private business and a public utility, and that any industry may be considered a public utility subject to price control merely upon legislative declaration. While the court stated that the statute and the facts relating to it are subject to judicial review, it would not substitute its judgment as to the facts or as to the propriety of the legislation to remedy the evils as declared.

Heretofore the general line of demarcation between a public utility and private business has been reasonably clear. It was based primarily upon the great importance of the utility product or service to other industries and to the general social life in modern communities. This importance, however, has been associated with special conditions that produced monopoly organization so that without public control of price the public would be at the mercy of the business. To prevent the exercise of arbitrary monopoly power, public regulation of price was permitted. It has been this condition which distinguished a public utility fundamentally from private business.

The chief object of utility regulation has been to prevent arbitrary charges for services. The policy has been almost generally the fixing of a *maximum* price beyond which the charges could not go. The New York milk statute, however, makes the fixing of a *minimum* price mandatory upon the board, while the fixing of a maximum price is only permissive. Utility price protection has always been for the consumer, while in the milk statute the direct object of protection is the producer. Here we have complete reversal in the manner and purpose of price control.

#### DIFFERENCES IN CONDITIONS

Underlying these reversals is the fundamental difference in condition with which the new regulation is concerned. Heretofore control has dealt with monopoly, but in the milk industry the difficulty is not monopoly but excessive competition. There are many thousands of farms not only in New York but Connecticut, New Jersey, and other states, all producing milk for the New York market. The statute, therefore, is really concerned with the chaos caused by the multitudes of individual producers, and not with adequate supply

and reasonable price to consumers. The purpose is to raise or keep up the price to consumers, and so to provide adequate financial returns to producers.

Besides this reversal of objectives, the statute apparently was not effectively designed to meet the declared evils of production. The report of the milk committee stated that the extremely low milk prices were due to "unprecedented recession in business and the periodic increase in the number of dairy cows." Milk production continued expanding while other businesses contracted. To remedy this demoralizing situation would seem to require limitation upon the supply of milk offered for sale; this would presumably be effected indirectly by low milk prices, but not by the statute, which provided for prices high enough to meet the conditions of production and therefore to perpetuate them.

There is also the further difference between the milk industry and ordinary public utilities—the possibility of reasonably satisfactory administration. The ordinary utility company, because of its monopoly of property and service within a given community, is a distinct business unit by itself; hence its rates are fixed according to its own costs reasonably incurred, with a fair return on the value of its own separate property. A rate order applies to the particular unit and no others. The administration of rate making, therefore, should be relatively simple, and yet has not been satisfactory from the standpoint of the consumers. But in the milk industry there is the additional and overwhelming difficulty of administering the large numbers of individual business units, operating under widely differing conditions, all furnishing milk for the same market; one price as against many different costs.

If regulation were limited to milk distribution within the cities to pro-

tect consumers against excessive charges by large individual distributors, the situation would be similar to ordinary utilities. The position of large distributors is fundamentally not greatly different from a gas or electric company. They furnish milk essentially under monopoly conditions; even where two or more concerns serve the same territory, there is waste and they should be replaced by monopoly. Under these conditions, a utility might be recognized on its ordinary economic grounds and the same criteria of law. But the New York milk statute is not concerned with the problems of milk distribution; its objective is to remedy conditions of production. Hence its type of control in fixing minimum prices seems unsuited to its purpose, and its administration appears beyond the range of reasonable effectiveness.

#### LINES OF DEMARCATION

Now, if the economics of milk price regulation have been correctly interpreted, how should the milk case decision be regarded in relation to public control of industry?

The concept of a public utility and its application is flexible and can be extended or modified to meet the requirements of changing conditions. The legislature should, of course, be free to deal with new industrial developments and to determine policies of control according to public needs. It will inevitably embark upon experimentation with new types of organization and control, whose ultimate justification is largely a matter of economic opinion and not specific fact. This is the character of the new national dealing with agriculture and industry, some or much of which may prove ineffectual and may be modified with critical examination of experience. All this, however, involves at every step economic judgment and not rock-ribbed fact.

Where, then, is the line of cleavage

between what is constitutional and what is not? Where there is doubt as to expediency, responsibility must reasonably rest with the legislature. We are and shall be doing many things on a national, state, or local scale which heretofore would have been regarded unconstitutional but which, by force of necessity, have been forced upon us for collective experimentation. What is the reasonable position of the courts under these conditions? To what constitutional restraints should they hold?

The state of New York is, of course, concerned with the milk industry and other important phases of agriculture. Should it stand legally helpless before the chaotic conditions because of traditional conceptions of what constitutes private business? Should it not concern itself with better organization and control in the interest of the public at large? If so, should it not be virtually unhampered in its efforts to meet the conditions? If it makes mistakes, it can unmake them and try other measures that may be more effective.

But we do have a long established distinction between private business and industries affected with a public interest. If this were rigidly construed, legislation would be virtually stopped from dealing with economic changes. It never has been rigidly construed, and, in fact, was originally established as a radical extension of public against private rights. The New York milk statute must be considered from that standpoint. True, it appears to be an inversion of past criteria of regulation, and appears dubious as to its economic expediency; but even these characterizations are really a matter of opinion. Should the legislature, therefore, be permitted to make mistakes, or should it be limited by the economic views of the courts?

In the face of this grave question

the highest court of New York in the particular instance refused to interfere with the judgment of the legislature. But if the milk statute is to be regarded as constitutional, it is difficult to conceive any important industry which is not sufficiently affected with a public interest to support legally any type of control that may be regarded desirable by the legislature. While in principle all regulatory legislation may be subject to judicial review, yet in any instance the court would be confronted with the alternative of substituting its own judgment for that of the legislature, without clear basis of distinction. There is here a twofold question. What is really needed in the public interest, and who is finally to decide, the legislature or the courts? The answer of the New York court seems clear.

#### TO MEET NEW REQUIREMENTS

In the milk case, however, a distinction may be made between emergency and normal conditions. The statute was enacted as an emergency measure with a definite time limitation, and might not have been sustained except for these circumstances. But what constitutes an emergency? It is hardly ever a clear fact by itself. The recognition, as in the particular instance, depends upon judgment. Whenever the legislature establishes new regulation, it acts to meet conditions which it considers important. If the legislation is declared unconstitutional, the court inevitably substitutes its own judgment both as to the conditions, the need, and the efficacy of the statute. What, therefore, is an emergency, and who shall decide that it exists? There is really no clear ground upon which any regulatory legislation may be found invalid unless there are definite lines of demarcation of the sort that have long prevailed between private business and public utilities,—but

even these lines have been obscured by questions of fact.

While the decision of the Court of Appeals appears clearly in conflict with long-established distinctions, it nevertheless appears to meet modern requirements in dealing with industry. The particular statute may be at fault in its economic application, but it is a sincere public effort to deal constructively with chaotic conditions in the industry, which require collective action and cannot be satisfactorily provided for under the old standards of private business. While it interferes with individual rights as long regarded under the constitution, yet all private rights must finally be judged from the standpoint of their public significance. From this standpoint, however, the old criteria of public interest are largely obliterated, and what we have left is principally the judgment of the legislature in dealing with public purposes.

If this view is correct, the judicial role seems relegated largely to rather perfunctory review. While it maintains the constitutional power, it virtually does not exercise it against the action of the legislature as to what shall be done for proper industrial organization and control in the interest of the public. This course permits the state to act as may be reasonably needed for collective purposes, while the long-established position blocked action until extreme conditions of emergency developed, and even then produced litigation instead of action under a clear policy. The New York decision seems wise and courageous. It refuses to invalidate legislation dealing with industrial policy and control. This at least is its position under the present conditions of emergency, but its wide acceptance would permit all reasonable

experimentation not only to meet existing emergencies but to prevent recurring emergencies, and to assure increasing stability and economic security for all classes of producers and consumers. It signifies a much broader and more constructive conception of public interest than the long prevailing view which placed rather rigid restrictions upon the realization of that interest.

## GETTING OUR BEARINGS

(Continued from Page 587)

the manager form, voted to retain it, and many municipalities carried forward better budget practice, centralized purchasing, improved accounting, tax collection methods, and other matters of fiscal control. Five counties have now adopted the manager plan by popular vote: San Mateo and Sacramento Counties, California; Albemarle, Arlington, and Henrico Counties, Virginia.

All intelligent men who have studied the question are agreed that there are too many governments in the United States. We don't know exactly how many there are. Estimates run from 175,000 upwards. Progress has even been made this past year toward consolidation of some of these many units—perhaps the most difficult field of all because of the tradition, custom, and special interests that cling to existing units. City-county consolidation measures and measures to permit the merging of counties have received serious consideration in at least one quarter of the states.

With all of these situations the National Municipal League has been in close touch, assisting to as great an extent as permitted by the funds at its disposal.

Permit me to close on a note of optimism. So long as the kind of men and women I see before me are willing to give of their time and energy to the discussion and attempted solutions of the problems of self-government in a democracy—for in the last analysis those are the problems with which we have to deal—so long may we be encouraged in our assurance that solutions will be found.



# The New Opportunity for the City Manager Movement\*

One of its foremost  
champions describes  
the birth, and fore-  
casts the future of  
the city manager  
plan

RICHARD S. CHILDS

*Chairman of the Council of the National Municipal League,  
and President of the City Club of New York*

LET me take you back across the decades to the year 1912, in the early days of the city manager movement; days which seem to me in many respects similar to those of 1933.

It was a time of widespread discontent with government. There was universal dissatisfaction with the way our democracy was working, and a general disposition to do something about it.

Mr. Willard had gone out to California to die of tuberculosis, and between spasms of almost dying, had instigated a rebellion under the leadership of Hiram Johnson, campaigning for the elimination of the Southern Pacific Railroad from California politics and setting in motion the movement which culminated in the Progressive party.

The movement for woman suffrage was nearing its highest point in the eastern states which did not already have suffrage; there were parades on Fifth Avenue, banners in the streets, and demonstrations everywhere. I remember one of the leaders of the movement asserting confidently in a public address that women were unlike men and would refuse to accept the dictation of political bossism, with the result that the political bosses would disappear with the coming of woman suffrage.

\*Address delivered before the National Conference on Government, Atlantic City, New Jersey, November 10, 1933.

The oldest of reform movements, the Civil Service Reform League, was of course going along, and somewhere about that time, I cannot fix the date at the moment, the president of that League, who was old enough to know better, made an "annual address" which consisted of assertions that none of the other reform ideas that were going around in those days was necessary; that they should all be discarded because civil service reform was the only true remedy for the evils of the body politic.

In Oregon, William S. U'Ren had developed a movement for the initiative and referendum and was busily giving those devices vigorous exercise; that movement was burning up the grass all over the west and was regarded with profound fear and disfavor in the conservative east. In Philadelphia, Dr. C. F. Taylor, whose trust funds we are still spending in the National Municipal League, was publishing his little magazine called *Equity*, devoted to the initiative, referendum, and recall, from the office of his medical journal. He steadfastly insisted that nothing else need matter, for when these devices were adopted "the legislatures would not pass bad laws, for if they did the people would defeat them by referendum; if the legislatures refused to pass a good law, the people would initiate it

and pass it for themselves, and finally the officers of the government would all be good for fear of the recall." When I came along, timorously offering my short ballot pamphlet, he patiently explained all this to me and the inference plainly was that my short ballot movement ought to fold up.

#### HUNTING THE PERFECT REFORM

The movement for direct primaries was in full swing. Governor Hughes was waging an epic battle for it in New York State and when my short ballot idea began to find friends, Senator Davenport of New York wrote me a savage letter in which he said that I had set back the cause of reform for years by confusing the issue, the one real reform that was desirable being to capture for the people the processes of nomination and put an end to the wicked old convention system.

The first bureau of municipal research was organized about this time and one of its leaders wrote a book in which he successively disparaged each of the other reforms then being talked about, the only true path of hope being municipal research.

Professor Johnston of the Harvard engineering faculty was publishing and lecturing on the preferential ballot which had been adopted in two or three cities with the result, as he believed, that voters in marking their second and third choices relaxed their partisanship and thereby strengthened the forces of good government.

When I went over to Philadelphia to speak at the City Club, I encountered C. G. Hoag. Since in those times I was green and inexperienced, he got the jump on me and while I was bursting with earnest argument for the short ballot, he was dominating our conversation all the way to Broad Street Station with the proofs of the advantages of proportional representation!

There was a rather short-lived crusade for "the recall of judicial decisions."

The movement for the commission plan had started in Galveston in 1900, changed its form in Des Moines about 1906, and had captured 200 cities. It ran on to a total, as I remember it, of about 300 before the wave receded. It provided an irrational, five-headed, log-rolling administration but it did prove the workability in small cities of the non-partisan ballot.

The *Model City Charter* of the National Municipal League provided a simplified mayor and council plan with thorough unification of its administration under the chief executive, and Clinton Rogers Woodruff as secretary of the League was alertly avoiding commitments to the other multifarious, discordant programs and harmlessly embalming their conflicting presentations in the annual volumes of the League's *Proceedings*.

After a honeymoon at, of all places, a National Municipal League convention, I came home one night and told my bride that we were to be delegates to the Progressive State Convention and we went up to Syracuse and saw Suspend Jack McGee single-handedly stampede the deadlocked convention, and we shouted hysterically for an hour and nominated Oscar Straus, a prominent Jew, to the tune of "Onward Christian Soldiers."

Yes, it was a very confusing time!

In the midst of all this turmoil, I started shouting for the short ballot idea and for its application in the municipal field in the form of a city manager plan. The National Municipal League presently altered its *Model City Charter* to the city manager plan. And out of all that confusion, the city manager plan got up and walked off on its own legs at the rate of 30 or 40 cities a year, carrying with it short

ballot, unification of powers, non-partisan primaries and elections, initiative, referendum, and recall as well as the idea of an appointed chief administrator. It would have been a bold prophet in 1912 to predict the swift and rapid advance of the city manager plan in view of the confusion among the reformers, as well as in the public mind, as to what was needed!

#### FUTURE WITH THE CITY MANAGER

So much for the 1912 period. Now let us compare it with 1933.

Only nine cities adopted the city manager plan during the past year. It would be natural to assume that the movement has slowed down and that it may presently stop entirely, but in my judgment the next five years will see another forward surge that will introduce city managers into a total of at least one-third of our cities. That means that the present list of 450 city manager cities will grow to 750 by 1939; it may include New York City.

This prediction of mine is based upon long observation of such matters; I have never seen so favorable a time for such a forward movement. These things go in waves; the next wave will be a big one!

Here is the basis for my confidence; you cynics laugh it off if you can!

1. There is bitter discontent among citizens and taxpayers in cities all over the map, and politicians in general are on the run.

2. Reckless budget-slashing and taxpayers' strikes must give way to sober and patient constructive methods of reform.

3. The city manager plan has been introduced to remedy just such desperate situations in city after city during the past twenty years and its success has been extraordinarily uniform.

4. Hundreds of trained, efficient city managers are available for promotion to larger cities but to get them, cities must first adopt the city manager plan.

5. There are no rival programs of municipal reform, as there were twenty years ago, no crack-pot alternative doctrines to divide the popular attention, no organized opposition except inertia and political self-interest.

6. The city manager movement is on wheels—its literature is in print, its leaders are experienced, its organization is complete and has what business men call "the habit of success."

7. But—*we are out of gas!* The next filling station is down around the bend toward prosperity where money can again be found for resuming the central educational work of the National Municipal League's New York office and for the local campaigns for adoption of the plan which must organize themselves spontaneously in each of the thousand cities and villages where conditions today cry out for skillful administration.

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(Continued from Page 583)

In the New York City election we see the power of an idea whose time has come.

MRS. F. LOUIS SLADE.

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The history of relief indicates that the need for relief continues a long time after business begins to improve. There will continue to be the necessity for great public expenditures and private expenditures.

LAWSON PURDY.

# Comparative Tax Rates For 284 Cities, 1933

Tax load lightens  
over country, annual  
analysis of assessed  
valuations and tax  
rates shows

C. E. RIGHTOR

*Detroit Bureau of Governmental Research*

THE accompanying tabulation reports the tax rates upon property for the current year in 284 cities having over 30,000 population in the United States and Canada.

This is the twelfth annual compilation of its kind, the chief objective of which is well known to readers of the NATIONAL MUNICIPAL REVIEW,—namely, to make available in condensed and accurate form the current year's total property tax rate per \$1,000 assessed valuation for these cities.

The value of the table is emphasized when it is borne in mind—as disclosed by the Census Bureau's *Financial Statistics of Cities Having Over 30,000 Population: 1931*—first, that 47,431,028 persons, or 38.6 per cent of our nation's total population, live in these 310 cities; and second, that general property taxes comprised 66.2 per cent of all revenues of those cities in that year.

Moreover, the per capita cost of city government has increased both with population and time. These trends are disclosed by analysis of the Census Bureau's reports, including the data for 146 cities for which comparable data are available from 1903 through 1930. It seems probable that the record subsequent to the latter date may interrupt this historical upward swing.

The tax rate alone, as here reported, is not a gauge to the tax burden of a city, but is only a resultant of dividing

the tax levy by the assessed valuation. It is necessary, therefore, to report the taxable valuation for the year. When the rate and valuation are compared for a number of years, it is possible to learn the trend of the tax burden,—a subject of unusual interest at this time. Reference to past years' tabulations makes this information available.

## TAX DATA

In reporting the tax rates, it is desirable for comparative purposes to present in summary form other pertinent data. The form of presentation is the same as in previous years. The cities are listed in order of population by the five census groups according to the 1930 census, and the Canadian cities also in order of latest census data. The assessed valuation is then reported, with the percentage of realty and personalty. In the Canadian cities personal property is not assessed, and the assessments of business and income, which are taxed at the same rate as realty, are included with the real estate valuation.

The date of the beginning of the fiscal year of the city follows, attempt not being made to report the fiscal periods of other units. The date of the total or installment payments of taxes for the city follows; and while personal taxes in many instances are collected at a different date than real estate taxes, it is impractical to record such dates.

The next five columns report the

rates per \$1,000 valuation upon a uniform 100 per cent legal basis, separately for city, school, county, and state purposes, and the total rate. These are the actual rates to be found upon the tax bill, or bills, for a parcel of property assessed at \$1,000, except as adjusted for those cities not having a 100 per cent legal basis. For such cities, adjustment of the rate is made for comparative purposes, and is indicated by an "A" following the total rate.

Finally, the last two columns report the best judgment as to what the total rate would be if assessments were made at the maximum value prescribed by law. Practical difficulties arise in assessing absolutely uniformly and equitably all the properties in any city at the legal basis, and in many instances there is an acknowledged deviation from this basis. It is believed that recognition of this variation enhances the comparative value of the table, and so the actual rates are adjusted according to the ratio of assessed value to legal basis given for each city. This ratio is at best an estimate, however carefully determined, and therefore the final rate column is a theoretical rate. It indicates the relative tax burden upon the taxpayer or property, as opposed to the tax rate. It is the best available measure of the comparative tax load in the cities.

While the table is limited to the single purpose of reporting tax rates, widely varying laws and practices among the states in their taxation processes complicate the presentation of the data. These varying factors have been set forth heretofore, such as distribution of functions between units of government, dual assessment bases, classification of property for assessment, etc., and need no elaboration. They limit the value of the figures and their use for comparative purposes. So far as possible, these qualifying conditions are set forth in the footnotes, and it is cautioned that

only by reference to these notes may accurate conclusions be drawn relative to any city. In most cases, the data are adjusted for uniformity of presentation, thus facilitating their value for comparisons.

#### RANGE OF RATES

The total tax rate shows a usually wide range, from \$73.50 for Chicago to \$14.50 for Lancaster. For the Canadian cities, the range is from \$37.95 for Ottawa to \$26 for Verdun. In group I, the range is from Chicago, as given, to New York, \$24.30; for group II, from Portland, having a rate of \$47.50, to Washington, \$17; group III, San Diego, \$59.40, to Canton, \$20.90; group IV, Oak Park, \$63.50, to Lancaster, as given; and for group V, Joliet is high, with \$67.90, and Warren and Zanesville low, with \$20.80.

The average tax rate for all cities (279 reporting completely) is \$34.61. The average rate for 277 cities last year was \$35.71. Thus, a reduction of \$1.10 per \$1,000 valuation is indicated in the average rate for this year—although not all the same cities are included in the two years. This reduction undoubtedly reflects the pressure of economic conditions upon local governments everywhere. Further, the cities of the United States show a drop from an average of \$35.85 to \$34.77, or \$1.08; and the Canadian cities have lowered from \$33.20 to \$32.21, or 99 cents.

Limiting the comparison to the 256 cities reporting in both 1932 and 1933, the average rates are \$35.38 and \$34.56, respectively, or a reduction of 82 cents in one year. This substantiates the earlier conclusion as to the rate tendency. Of these cities, 241 in the United States dropped from an average of \$35.51 to \$34.66, or 87 cents; and 15 in Canada, from an average of \$33.20 to \$32.92, or 28 cents.

As to numerical distribution of the

241 cities reporting in both 1932 and 1933, 147 have a lower rate, 65 a higher, and 29 no change in rate. Of 15 comparable Canadian cities, 6 report a higher, 6 a lower, and 3, no change, in rate. There is not a universal shrinkage in the total tax rate, but the habit is spreading. When consideration is given to the downward drift of assessments—as discussed later,—the property owner may be assured that the indications of relief from the tax load cited last year are now in full swing.

The column "Adjusted Tax Rate"—which gives consideration to the varying degrees of applying the legal basis of assessment—throws added light upon the question of the tax burden, inasmuch as it reflects a tax load directly in proportion as the ratio of assessing.

#### ADJUSTED RATES

The range of the adjusted rates is from Pensacola, \$54.78, to Norristown, \$11.67. For the Canadian cities, it is from Edmonton to London, with rates of \$37.80 and \$24.33, respectively. The group adjusted highs and lows for cities of the United States are of interest compared with the actual rates earlier reported,—for group I, Pittsburgh, \$35.28, and San Francisco, \$15.31; group II, Jersey City, \$37.39, and Washington, \$17; group III, New Bedford, \$39.80, and Norfolk, \$16.24; group IV ranges from Pontiac, \$45.95, to Little Rock \$13.86; and group V, from Pensacola to Norristown, as given. The effect of reported assessment ratios is evident.

The average adjusted tax rate for all cities is \$25.53. In 1932, this figure stood at \$26.25. This is a reduction of 72 cents for the year.

Limited to 256 comparable cities, these average adjusted rates for 1932 and 1933 are \$26.23 and \$25.68, respectively, or a drop of 55 cents. For 241 cities in the United States, the average reduction is 57 cents, and is dis-

tributed through every census group except group II, which shows a slight rise. The Canadian cities have a lower average by 30 cents, down from \$30.23 to \$29.93.

Compared with 1932, 130 cities of the United States show a lower rate, 90 a higher, and 21 no change in amount. Of the Canadian cities, 7 are lower, 5 higher, and 3 are unchanged.

#### ASSESSED VALUATIONS

The taxable property upon the assessor's records has a distinct bearing upon the tax rate, as also upon the tax burden, thus making these figures of concern.

The valuation of all the cities reporting is \$75,005 millions, of which \$3,658 millions are of Canadian cities. The per capita average assessment is \$1,560, and for the United States cities only is \$1,580. The figures by census groups from group V upward are \$1,138, \$1,315, \$1,245, \$1,521, and for group I, \$1,909. The Canadian average is \$1,252. Comparison with last year's table shows a falling off in both total and per capita.

This reduction may be measured with exactness for the comparable cities. The total valuations in 1932 and 1933 for these 258 cities were \$79,681 millions and \$73,504 millions, respectively, a shrinkage of \$6,177 millions, or 7.8 per cent. Of this amount, 243 cities of the United States lost \$6,141 millions, or 8.1 per cent, and 15 Canadian cities, \$35.8 millions, or 1 per cent.

The per capita valuation of the comparable cities of the United States averages \$1,592, and is \$139.43 lower than in 1932, the loss being distributed through all census groups. For the Canadian cities, the average per capita assessment is \$1,283, or \$13.55 lower than one year ago.

These figures reflect the trend of assessments. It is found that of the 243 cities in this country, 168 have cut their

taxable values, 14 have raised, and 61 report no change in the property values. Only one city in each of the largest three census groups has increased its values. The Canadian cities report six reductions, one increase, and eight unchanged. In view of the preponderance of reductions of both total tax rates and assessed valuation, a correlation between the two seems unnecessary to prove that the total tax levy in 1933 is definitely reduced, for the second consecutive year.

#### TEN-YEAR TREND

The long-time trend of taxation and the relative tax load is indicated by a comparison of the figures presented in the tabulation of ten years ago with those of the current year. An analysis was made of the fifty largest cities reporting both years.

In summary, it is found that the population of these cities according to the 1920 census totaled 24,561,183, and ten years later the census total was 30,137,183. The population increase, therefore, was 5,576,000, or 22.7 per cent, for the period.

The assessed valuation increased during the decade from \$39,489 millions to \$53,204 millions, or 34.7 per cent. The average per capita assessment went from \$1,608 to \$1,765, or 8.9 per cent. It must be borne in mind, however, that this rate of expansion in taxable values is tempered by the substantial recession of the past two years.

Excluding New York, which alone increased its valuation for the decade from \$10,813 millions to \$18,782 millions, or 73.6 per cent, the assessment figures for the remaining 49 cities show an impressive conservatism. Their increase in total assessment was only \$5,746 millions, or 20 per cent. The per capita assessment of these 49 cities shows a net reduction of 2 per cent for the ten-year interval, rather than an addition.

The average total tax rate in 1923

was \$30.72, while in 1933 it had grown to \$32.81, an increase of \$2.09 per \$1,000.

Giving consideration to the current opinions of the ratio of assessed to true value in the two years, the adjusted tax rate per \$1,000 in 1923 was \$23.74, and ten years later, \$25.16, thus showing a net increase of \$1.42 per \$1,000. Both the total tax rate and the adjusted rate for 1933 are also after a slight recession during the past two years. But even so, when the expansion in the services rendered by local governments during the decade is reviewed, the increases in assessments and tax rates appear moderate.

#### RELIEF SOUGHT

The demand for further tax relief for property continues unabated. Attack of the problem of taxation is being made on many fronts,—reduction in taxes levied, limitation upon tax rates, limitation upon governmental expenditures, new sources of revenue, legislation to regulate current and delinquent tax collection, etc.

Some of this legislation, according to a digest in *Municipal Finance*<sup>1</sup> for November, is salutary, while much is harmful. Twenty-one states reduced or remitted penalties on delinquent taxes; eighteen spread delinquencies over two to ten years, several permit compromises, others extend delinquency, cancel or postpone tax sales, etc. Among the laws may be cited the Kerner-Skarda Act in Illinois, which permits the court to appoint a receiver for income-producing property after six months' delinquency. This law has operated successfully in Chicago.

That there are two sides to tax reduction is made evident from the invaluable series of radio programs presented last year and this by the Committee on

<sup>1</sup>Municipal Finance Officers' Association, Chicago.

**COMPARATIVE TAX RATES OF 284 CITIES FOR 1933**  
 Compiled by the Detroit Bureau of Governmental Research  
 From Data Furnished by Members of the Governmental Research Association, City Officials, and Chambers of Commerce

City	Census 1930	Assessed Valuation	Per Cent Realty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment			Total	Estimated Ratio of Assessed Value to Legal Basis Adjusted (per cent)	No.	
						City	School	County				State
<b>Group I</b>												
<b>Population 500,000 and over</b>												
1. New York, N. Y. <sup>1</sup>	6,930,466	\$18,782,070,573	98 2	Jan. 1	{ May 1 Nov. 1	\$19.54	\$ 4.08*	.68*	N	\$24.30	90	\$21.87
2. Chicago, Ill. <sup>2</sup>	3,376,438	3,147,614,842	71 29	Jan. 1	{ Apr. 8 Sept. 1	38.70	24.60	6.30	3.90	73.50	37	27.20
3. Philadelphia, Pa. <sup>3</sup>	1,950,961	4,162,012,643	78 22	Jan. 1	{ Jan. 25 July 15	18.25	9.50	N	N	27.75	90	24.98
4. Detroit, Mich.	1,568,662	2,310,304,590	82 18	July 1	{ Dec. 30 Nov. 1	17.52	6.57	4.70	3.45	32.24	90	29.02
5. Los Angeles, Calif. <sup>4</sup>	1,238,048	1,179,498,865	91 9	July 1	{ Jan. 20 July 1	17.20	11.80	13.50	N	42.50	46	19.55
6. Cleveland, Ohio <sup>5</sup>	900,430	1,140,350,020	89 11	Jan. 1	{ Jan. 1 July 1	11.08	11.13	5.39	N	27.60	85	23.46
7. St. Louis, Mo. <sup>6</sup>	821,874	1,191,952,465	90 10	Apr. 12	{ Nov. 1 Jan. 1	17.40	8.50	N	1.50	27.40	75	20.55
8. Baltimore, Md. <sup>6</sup>	804,874	1,888,934,444	61 39	Jan. 1	{ Jan. 1 Sept. 15	21.80	4.70	N	2.50	29.00	100	29.00
9. Boston, Mass.	781,188	1,780,000,000	93 7	Jan. 1	{ Sept. 1 Apr. 1	21.50	6.75	1.68	2.87	32.80	100	32.80
10. Pittsburgh, Pa. <sup>7</sup>	669,817	1,211,935,200	100 —	Jan. 1	{ Apr. 1 July 1 Oct. 1	15.28	11.75	8.25	N	35.28	100	35.28
11. San Francisco, Calif. <sup>8</sup>	634,394	746,941,762	89 11	July 1	{ Nov. 1 Jan. 20	29.69	5.11	N	N	34.80	44	15.31
12. Milwaukee, Wis.	578,249	919,294,325	92 8	Jan. 1	{ Dec. 15 July 1	11.87	10.53	10.57	N	32.97	80	26.37
13. Buffalo, N. Y.	573,076	1,038,770,775	100 —	July 1	{ July Dec.	14.26	6.21	6.41	N	26.88	81	21.77
<b>Group II</b>												
<b>Population 300,000 to 500,000</b>												
14. Washington, D. C. <sup>9</sup>	486,869	1,178,425,289*	94 6	July 1, '32	{ Sept., '32 Mar., '33	11.00	6.00*	N	N	17.00	100	17.00
15. Minneapolis, Minn. <sup>10</sup>	464,356	318,255,404	87 13	Jan. 1	{ Jan. 2 Nov. 1, '32	15.34	8.02	2.66	3.19	29.21A	100	29.21
16. New Orleans, La. <sup>11</sup>	458,762	574,351,164	74 26	Jan. 1	{ June 1, '33 Dec., '32	18.28	5.95	4.50	5.75	34.48A	—	34.48
17. Cincinnati, Ohio	451,160	826,694,740	100 —	Jan. 1	{ Aug., '33 June 1	10.69	8.34	2.93	N	21.96	100	21.96
18. Newark, N. J. <sup>12</sup>	442,337	931,054,538	78 22	Jan. 1	{ Dec. 1 June 1	19.78	3.42	5.58	4.02	32.80	70	22.96
19. Kansas City, Mo. <sup>13</sup>	392,746	471,803,970	78 22	May 1	{ June 1 Feb. 4	14.00	12.50	5.90	1.50	33.90	75	25.30
20. Seattle, Wash. <sup>14</sup>	365,583	288,758,250	81 19	Jan. 1	{ Feb. 4 May 1	14.17	8.09	9.67	5.31	37.24A	94	35.01
21. Indianapolis, Ind.	364,161	557,000,000	69 31	Jan. 1	{ Nov. 6 Jan. 1	13.40	9.20	4.10	1.50	28.20	90	25.38
22. Rochester, N. Y.	328,132	646,315,013	100 —	Jan. 1	{ Mar. 1 June 1 Aug. 1	19.16	7.78	5.54	N	32.48	79	25.66



COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Census 1930	Assessed Valuation	Per Cent Realty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment			Total	Estimated Ratio of Assessed Value to Legal Basis (per cent)	Adjusted Rate	
						City	School	County				
Group II—Continued												
23. Jersey City, N. J. <sup>12</sup>	316,715	\$632,058,874	94	Jan. 1	{ June 1 Dec. 1	\$21.43	\$3.63	\$8.24	\$4.09	\$37.39	100	\$37.39
24. Louisville, Ky. <sup>13</sup>	307,745	402,344,417	87	Sept. 1	{ Jan. 15 May 5	22.00	6.35	4.00	3.00	35.35	75	26.51
25. Portland, Ore. <sup>14</sup>	301,815	322,443,490	91	Dec. 1	{ May 5 Nov. 5	21.40	11.00	9.90	5.20	47.50	53	25.18
Group III												
Population 100,000 to 300,000												
26. Houston, Texas <sup>17</sup>	292,352	290,000,000	81	Jan. 1	{ Dec. 31 Feb.	19.75	11.80	8.60	7.70	47.85	50	23.92
27. Toledo, Ohio	290,718	421,117,608	93	Jan. 1	{ Aug. <sup>32</sup> June, <sup>33</sup>	10.57	9.50	5.73	N	25.80	80	20.64
28. Columbus, Ohio	290,564	347,486,427	94	Jan. 1	{ June, <sup>32</sup> Jan. 1	7.75	9.85	3.80	N	21.40	80	17.12
29. Denver, Colo.	287,861	405,304,125	70	Jan. 1	{ Jan. 1 Nov. 1	14.91	13.60	—	3.49	32.00	80	25.60
30. Oakland, Calif. <sup>18</sup>	284,063	227,262,494	90	July 1	{ Nov. 1 Jan. 20	25.30	13.80	11.50	N	50.60	51	25.81
31. St. Paul, Minn. <sup>20</sup>	271,606	164,673,512	87	Jan. 1	{ Mar. 31 May 31 Aug. 31 Oct. 31	11.96	7.60	5.27	3.10	27.93A	—	27.93
32. Atlanta, Ga. <sup>19</sup>	270,366	337,759,808	77	Jan. 1	{ May 1 July 1	8.40	6.60*	11.00	5.00	31.00	100	31.00
33. Dallas, Texas	260,475	284,053,075	75	Oct. 1, '32	{ Sept. 1, <sup>32</sup> Sept. 1, <sup>33</sup>	15.20	9.10	8.10	6.90	39.30	45	17.69
34. Birmingham, Ala. <sup>20</sup>	259,678	175,300,000	86	Sept. 1	{ Oct. 1, <sup>32</sup> Mar. 1, <sup>33</sup>	6.90	3.90*	6.90	3.90	21.60A	67	14.40
35. Akron, Ohio	255,040	303,116,740	77	Jan. 1	{ Dec. 20, <sup>32</sup> June 20, <sup>33</sup>	11.29	11.81	3.42	N	26.52	67	17.68
36. Memphis, Tenn.	253,143	279,814,954	90	Jan. 1	{ May 1 Oct. 1	14.80	6.50	9.10	80	31.20	80	24.96
37. Providence, R. I. <sup>21</sup>	252,981	494,297,255	84	Oct. 1	{ Oct. 1 Apr. 1	16.51*	6.93*	—	1.06*	24.50	75	18.38
38. San Antonio, Texas	251,542	223,388,670	79	June 1, '32	{ Apr. 1 Mar. Aug.	17.90	9.70	7.10	7.70	42.40	75	31.80
39. Omaha, Nebr.	214,006	288,882,319	71	Jan. 1	{ Mar. Aug.	12.05	13.40	4.06	2.37	31.88	70	22.32
40. Syracuse, N. Y.	209,326	(Not reporting)										
41. Dayton, Ohio <sup>22</sup>	200,982	353,254,386	91	Jan. 1	{ Dec. <sup>32</sup> June, <sup>33</sup>	10.41	10.00	3.79	N	24.20	100	24.20
42. Worcester, Mass.	195,311	323,648,500	90	Dec. 1	{ Oct. 10 Apr. 1	23.57	6.26	10.05	92	31.80	85	27.03
43. Oklahoma City, Okla.	185,369	127,075,026	90	July 1, '32	{ Apr. 1 June	16.78	17.76	7.86	3.35	45.75	45	20.59
44. Richmond, Va. <sup>23</sup>	182,929	262,318,791	92	Feb. 1	{ Dec. Jan. 20	14.50	7.50	N	N	22.00	87	19.14
45. Youngstown, Ohio	170,002	287,449,000	85	Jan. 1	{ Jan. 20 July 1	8.07	10.03	3.50	N	21.60	100	21.60
46. Grand Rapids, Mich.	168,592	189,163,723	82	Apr. 1	{ July 1 July 1	14.41	11.52	4.14	3.45	33.52	100	33.52
47. Hartford, Conn.	164,072	362,829,075	91	Apr. 1	{ July 1 July 1	14.50	9.76	5.2	7.2	25.50	80	20.40

COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Census 1930	Assessed Valuation	Per Cent Realty alty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment			Total	Estimated Ratio of Assessed Value to Legal Basis (per cent)	Adjusted Rate
						City	School	County			
Group III—Continued											
48. Fort Worth, Texas	163,447	\$184,378,622	77	Oct. 1, '32	Oct. 1, '32	\$19.70	\$10.00	\$6.50	\$43.10	55	\$23.71
49. New Haven, Conn.	162,655	333,218,598	89	Jan. 1	{ Mar. 1 { Sept. 1 { July 1 { Oct. 1 { Feb. 1 { Aug. 1 { Oct. 1 { Nov. 1 { Nov. 1 { Sept. 1 { Jan. 30 { Jan. 1 { Nov. 1 { Nov. 1 { Nov. 30 { June 1 { Feb. 1 { Apr. 1 { July 1 { Oct. 1	17.43	11.12	33	29.50	100	29.50
50. Flint, Mich.	156,492	172,084,750	85	July 1	{ Oct. 1 { Feb. 1 { Aug. 1 { Oct. 1 { Nov. 1 { Nov. 1 { Sept. 1 { Jan. 30 { Jan. 1 { Nov. 1 { Nov. 1 { Nov. 30 { June 1 { Feb. 1 { Apr. 1 { July 1 { Oct. 1	12.98	13.30	3.49	33.85	100	33.85
51. Nashville, Tenn.	153,866	158,696,788	88	Jan. 1	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	18.50	3.50*	7.00	29.80	100	29.80
52. Springfield, Mass.	149,900	289,919,800	91	Dec. 1	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	17.48	9.52*	1.50	29.80	100	29.80
53. San Diego, Calif.	147,995	101,096,241	89	July 1	{ Oct. 1 { Feb. 1 { Aug. 1 { Oct. 1 { Nov. 1 { Nov. 1 { Sept. 1 { Jan. 30 { Jan. 1 { Nov. 1 { Nov. 1 { Nov. 30 { June 1 { Feb. 1 { Apr. 1 { July 1 { Oct. 1	29.10	11.80	18.50	59.40	45	26.73
54. Bridgeport, Conn.	147,716	240,730,612	82	Apr. 1	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	19.98	8.68	31	29.80	80	23.84
55. Scranton, Pa.	143,433	123,623,630	100	—	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	15.77	20.00	11.75	47.52	50	23.76
56. Des Moines, Ia. <sup>24</sup>	142,559	174,422,900	86	14	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	14.68	16.51	6.45	39.89	60	23.93
57. Long Beach, Calif.	142,032	172,124,100	90	10	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	15.40	20.60	13.50	49.50	46	22.77
58. Tulsa, Okla.	141,258	123,815,124	—	—	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	24.00	19.44	7.73	54.52	60	32.71
59. Salt Lake City, Utah	140,267	154,902,063	78	22	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	12.10	10.50	5.88	38.08	70	26.66
60. Paterson, N. J. <sup>12</sup>	138,513	194,033,146	91	9	{ Oct. 1 { Nov. 1 { Nov. 1 { Apr. 1 { Jan. 1 { Apr. 1 { July 1 { July 1 { Jan. 1 { Jan. 1 { Jan. 1 { Jan. 1	17.20	7.50	6.10	34.70	70	24.29
61. Yonkers, N. Y.	134,646	352,498,783	100	—	{ Feb. 1 { Apr. 1 { July 1 { Oct. 1 { Nov. 1 { Nov. 1 { Jan. 1 { Jan. 1 { June 1 { Dec. 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	17.12	9.43	4.61	31.16	82	23.55
62. Norfolk, Va. <sup>25</sup>	129,710	177,352,309	90	10	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	28.00	—	N	28.00	58	16.24
63. Jacksonville, Fla.	129,549	98,227,740	88	12	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	19.50	15.85	12.88	54.86	60	27.43
64. Albany, N. Y.	127,413	244,924,170	100	—	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	22.96	5.74*	4.38	33.08	69	22.83
65. Trenton, N. J. <sup>12</sup>	123,356	185,998,745	88	12	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	15.67	7.12	6.44	33.30	80	26.64
66. Kansas City, Kans.	121,857	120,945,354	83	17	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	15.62	16.00	7.50	41.10	60	24.66
67. Chattanooga, Tenn. <sup>26</sup>	119,798	112,995,554	—	—	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	18.60	—	12.30	31.70	80	31.70
68. Camden, N. J. <sup>12</sup>	118,700	188,116,112	84	16	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	17.87	7.10	6.52	35.80	80	28.64
69. Erie, Pa.	115,967	159,573,375	96	4	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	13.50	14.00	9.00	36.50	77	28.11
70. Spokane, Wash. <sup>26</sup>	115,514	71,674,702	78	22	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	10.35	6.50	5.94	26.50A	88	23.08
71. Fall River, Mass.	115,274	108,722,400	81	19	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	27.35	10.33	1.43	40.60	100	40.60
72. Fort Wayne, Ind.	114,946	163,039,840	—	—	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	8.47	10.00	2.53	22.50	85	19.13
73. Elizabeth, N. J. <sup>12</sup>	114,589	159,910,972	90	10	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	17.14	7.90	5.47	34.50	100	34.50
74. Cambridge, Mass.	113,643	186,764,600	91	9	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	22.82	6.67	99	33.50	100	33.50
75. New Bedford, Mass.	112,597	131,909,650	80	20	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	29.41	8.09	1.08	39.80	100	39.80
76. Reading, Pa.	111,171	171,490,000	100	—	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	9.00	12.00	5.00	26.00	66	17.34
77. Wichita, Kans.	111,110	112,376,987	89	11	{ July { Nov. { Nov. 1 { Jan. 1 { June 1 { Dec. 1 { Nov. 1 { Oct. 1 { Dec. 1 { June 1 { Dec. 1 { Dec. 1 { May 31 { May 31 { Oct. 15 { Oct. 15 { May 1 { Nov. 6 { June 1 { Dec. 1 { Oct. 15 { Oct. 15 { Mar. 1 { Dec. 20 { June 20	10.72	15.25	4.68	33.30	65	21.64



COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Census 1930	Assessed Valuation	Per Cent Realty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform Basis of Assessment			Total	Estimated Ratio of Assessed Value to Legal Basis, Adjusted (per cent)	No.			
						City	School	County						
Group IV.—Continued														
104. Berkeley, Calif.	\$82,109	\$ 80,637,925	94	6	July 1	{ Nov. 2 Jan. 20	\$13.70	\$13.62	\$14.98	N	\$42.30	51	\$21.57	104.
105. Altoona, Pa.	82,054	86,502,125	100	—	Jan. 2	{ Mar. 1	7.50	13.00	4.50	N	25,00A	70	17.50	105.
106. Little Rock, Ark. <sup>28</sup>	81,679	50,659,590	85	15	Jan. 1	{ Jan. 16	4.43	9.00	3.00	4.35	20,78A	67	13.86	106.
107. St. Joseph, Mo.	80,935	67,223,270	73	27	Apr. 17	{ May 5	12.50	12.25	6.45	1.60	32.70	70	22.80	107.
108. Saginaw, Mich.	80,715	92,254,541	85	15	July 1	{ July 1	14.27	13.37	4.53*	3.55*	38.10	100	38.10	108.
109. Harrisburg, Pa.	80,339	80,812,435	100	—	Jan. 1	{ Jan. 1	14.00	15.00	6.00	2.00	35.00	80	17.50	109.
110. Sioux City, Ia.	79,183	86,000,000	82	18	Jan. 1	{ Jan. 1	11.50	15.42	5.48	3.66	35.00	65	22.75	110.
111. Lansing, Mich.	78,397	109,301,268	87	13	May 1	{ July 17	14.08	7.02	2.92	3.60	27.68	70	19.38	111.
112. Pawtucket, R. I. <sup>29</sup>	77,149	143,313,510	79	21	Jan. 1	{ Oct. 1	22.50	—	—	—	22.50	100	22.50	112.
113. Manchester, N. H.	76,834	93,277,708	77	23	Apr. 1	{ Sept. 1	18.03	4.57	3.03	2.37	28.00	100	28.00	113.
114. Binghamton, N. Y.	76,662	114,710,631	93	7	Jan. 1	{ Jan. 1	15.34	10.87	7.59	N	33.80	80	27.04	114.
115. Shreveport, La.	76,655	93,744,460	70	30	Jan. 1	{ Dec. 1	13.00	3.50	2.00	5.75	24.25	75	18.18	115.
116. Pasadena, Calif.	76,086	130,621,910	89	11	July 1	{ Oct. 2	14.90	14.90	12.00	N	41.80	46	19.23	116.
117. Lincoln, Nebr.	75,933	95,271,580	78	22	Sept. 1	{ Oct. 1	9.50	15.00	4.20	2.39	31.09	80	24.87	117.
118. Huntington, W. Va.	75,572	97,270,500	83	17	July 1, '32	{ Oct. 1, '32 Apr. 1, '33	7.21	12.10	3.28	1.90	24.49	100	24.49	118.
119. Niagara Falls, N. Y. <sup>29</sup>	75,460	147,119,282	100	—	Jan. 1	{ Nov. 1	15.00	6.30	4.06	N	25.36	76	19.27	119.
120. Winston-Salem, N. C.	75,274	(Not reporting)												120.
121. East St. Louis, Ill.	74,347	(Not reporting)												121.
122. Troy, N. Y.	72,763	75,406,394	100	—	Jan. 1	{ Jan. 1	25.99	8.80	11.59	N	46.38	77	35.71	122.
123. Quincy, Mass.	71,983	129,033,900	92	8	Jan. 1	{ Oct. 15	16.61	10.88	8.9	1.42	29.80	100	29.80	123.
124. Springfield, Ill.	71,864	53,982,890	73	27	Mar. 1	{ Dec. 1	19.55	16.00	7.40	5.00	47.95	50	23.98	124.
125. Portland, Me.	70,810	95,356,925	80	20	Jan. 1	{ Oct. 1	19.27	8.54	1.80	7.99	37.60	100	37.60	125.
126. Lakewood, Ohio	70,509	110,739,680	93	7	Jan. 1	{ Dec. 20 June 20	7.28	13.23	5.39	N	25.90	75	19.43	126.
127. Roanoke, Va.	69,206	69,656,596	85	15	Jan. 1	{ June 1 Nov. 1	17.50	7.50*	N	N	25.00	65	16.25	127.
128. Springfield, Ohio	68,743	89,773,691	86	14	Jan. 1	{ Dec. 20 June 20	8.20	9.10	2.90	N	20.20	80	16.16	128.
129. Mobile, Ala. <sup>29</sup>	68,202	61,483,176	80	20	Oct. 1	{ Dec. 1	9.00	7.20	3.00	2.10	21.30A	100	21.30	129.
130. New Britain, Conn.	68,128	103,359,812	85	15	Apr. 1	{ May 15	16.53	8.26	4.8	7.3	26.00	100	26.00	130.
131. East Orange, N. J. <sup>12</sup>	68,020	127,164,500*	93	7	Jan. 1	{ Dec. 1	15.61	4.82	5.43	3.94	29.80	100	29.80	131.
132. Racine, Wis.	67,542	109,664,015*	92	8	Jan. 1	{ Jan. 1	9.50	8.95	4.14	N	22.59	80	18.07	132.
133. Johnstown, Pa.	66,993	84,361,125	94	6	Jan. 2	{ Mar. 1	12.50	13.00	8.00	N	33.50	60	20.10	133.
134. Cicero, Ill.	66,602	(Not reporting)												134.
135. Atlantic City, N. J. <sup>12</sup>	66,198	181,534,697	95	5	Jan. 1	{ June 1 Dec. 1	17.88	2.82	5.21	4.69	30.60	100	30.60	135.
136. Montgomery, Ala.	65,079	(Not reporting)												136.
137. Newton, Mass.	65,276	(Not reporting)												137.
138. Covington, Ky.	65,252	57,751,952	92	8	Jan. 1	{ June 1 Oct. 1	13.60	10.80	6.20	3.00	33.60	65	21.84	138.

COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Census 1930	Assessed Valuation	Per Cent Realty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment			Total	Estimated Ratio of Assessed Value to Legal Basis (Per cent)	Adjusted Rate	No.
						City	School	County				
Group IV—Continued												
139. Pontiac, Mich.	64,928	\$3,168,555	83 17	Jan. 1	July 1	\$19.20	\$16.30	\$5.55	\$4.90	\$45.90	100	\$45.95
140. Hammond, Ind.	64,560	87,363,650	—	Jan. 1	Jan. 1	8.90	12.60	9.10	1.50	32.10	60	19.26
141. Topeka, Kans. <sup>80</sup>	64,120	80,000,000	86 14	Jan. 1	{ Nov. 1 May 1	14.85	16.00	3.65	1.98	36.48	55	20.06
142. Oak Park, Ill.	63,982	61,644,552	84 16	Jan. 1	Mar. 15	20.30	32.60	6.70	3.90	63.50	37	23.50
143. Brockton, Mass.	63,797	78,983,025	85 15	Dec. 1	{ Nov. 1 Mar. 1	27.18	8.38	1.47	1.07	38.10	80	30.48
144. Evanston, Ill.	63,338	71,954,402	80 20	Jan. 1	{ Sept. 1 Feb. 1 May 1	20.75	28.00	5.20	3.90	57.85	37	21.40
145. Passaic, N. J. <sup>12</sup>	62,959	92,297,107	88 12	Jan. 1	{ May 1 Aug. 1 Nov. 1	24.03	8.15	5.65	3.57	41.40	80	33.12
146. Terre Haute, Ind.	62,810	(Not reporting)	92 8	July 1	{ Nov. 1 Jan. 20	13.50	16.30	13.50	N	43.30	46	19.92
147. Glendale, Calif.	62,736	52,322,855	—	—	—	—	—	—	—	—	—	—
148. Charleston, S. C.	62,265	(Not reporting)	—	Jan. 1	{ Jan. 1 Sept. 1	13.44	11.73	7.43	N	32.60	82	26.73
149. Wheeling, W. Va.	61,659	(Not reporting)	90 10	Apr. 1	{ Sept. 1 Nov. 1	12.50	12.94	5.06	2.25	32.75	60	19.65
150. Mount Vernon, N. Y.	61,499	170,422,659	69 31	July 1	{ May 1 Apr. 1	5.39	11.35	5.50	1.90	24.14	100	24.14
151. Davenport, Ia.	60,751	56,219,061	70 30	Jan. 1	{ July 1 Oct. 1	20.00	—	N	N	20.00	100	20.00
152. Charleston, W. Va.	60,408	108,809,107	100 10	Jan. 1	{ Oct. 1 Mar. 1	4.50	9.00	1.00	N	14.50A	100	14.50
153. Augusta, Ga.	60,342	44,892,556	96 4	Jan. 1	{ Oct. 15 June 1	32.80	—	—	—	32.80	100	32.80
154. Lancaster, Pa. <sup>11</sup>	59,949	108,477,910	90 10	Jan. 1	{ June 1 Dec. 1	24.42	7.49	8.30	4.12	44.33	90	39.90
155. Medford, Mass. <sup>28</sup>	59,714	81,771,150	100 10	Jan. 1	{ Dec. 1 June 1	11.50	11.00	4.54	4.00	27.04A	70	18.93
156. Hoboken, N. J. <sup>12</sup>	59,261	101,137,512	95 5	Jan. 1	{ June 1 Dec. 1	26.03	10.09	8.11	4.00	48.23	75	36.18
157. Chester, Pa. <sup>21</sup>	59,164	71,049,440	90 10	Jan. 2	{ Dec. 1 Oct. 15	22.78	7.05	1.31	2.56	33.70	100	33.70
158. Union City, N. J. <sup>12</sup>	58,659	71,032,158	92 8	Jan. 1	{ Jan. 1 Jan. 2	8.15	11.51	3.84	N	23.50	92	21.62
159. Malden, Mass.	58,036	71,482,275	100 10	Jan. 1	{ Mar. 1 Oct. 1	12.00	12.50	7.00	6.90	31.50	90	28.35
160. Madison, Wis.	57,899	134,967,885	83 17	Jan. 1	{ Oct. 1 Mar. 1	20.00	10.00	10.00	6.90	45.40	65	30.16
161. Bethlehem, Pa.	57,892	65,759,772	100 10	Jan. 2	{ Oct. 1 Mar. 1	20.00	10.00	10.00	6.90	45.40	65	30.16
162. Beaumont, Texas	57,732	59,090,590	75 25	July 1	{ Oct. 1 Sept. 1	13.80	14.40	4.90	1.50	34.60	70	24.22
163. San Jose, Calif.	57,651	(Not reporting)	94 6	Jan. 1	{ June 1 Dec. 1	13.10	9.70	5.43	4.17	32.40	75	24.30
164. San Jose, Calif.	57,651	(Not reporting)	86 14	Jan. 1	{ Oct. 15 July 1	21.04	6.45	1.62	1.39	30.50	100	30.50
165. Springfield, Mo.	57,527	37,500,600	73 27	July 1	{ July 1 Jan. 1	19.50	12.71	4.86	3.60	40.67	100	40.67
166. Decatur, Ill.	57,510	(Not reporting)	78 22	Apr. 1	{ Jan. 1 Jan. 1	11.43	13.35	5.57	2.25	32.60	48	15.65
167. Irvington, N. J.	56,733	75,932,040	86 14	Jan. 1	{ June 1 Oct. 1	13.10	9.70	5.43	4.17	32.40	75	24.30
168. Holyoke, Mass.	56,537	86,566,000	73 27	Dec. 1	{ Oct. 15 July 1	21.04	6.45	1.62	1.39	30.50	100	30.50
169. Hamtramck, Mich.	56,268	66,027,196	78 22	July 1	{ July 1 Jan. 1	19.50	12.71	4.86	3.60	40.67	100	40.67
170. Cedar Rapids, Ia.	56,097	63,569,340	78 22	Apr. 1	{ Jan. 1 Jan. 1	11.43	13.35	5.57	2.25	32.60	48	15.65

COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Census 1930	Assessed Valuation	Per Cent Realtyalty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment			Estimated Ratio of Assessed Value to Legal Basis Adjusted (per cent)	No.		
						City	School	State				
Group IV—Continued												
170. York, Pa.	55,254	\$54,709,113	100	Jan. 2	Mar. 1	\$9.50	\$15.00	\$7.00	N	60	\$19.90	170.
171. Jackson, Mich.	55,187	68,535,900	88 12	July 1	July 1	9.85	11.83*	4.59	3.55*	100	29.82	171.
172. Kalamazoo, Mich.	54,786	74,119,230	83 17	Jan. 1	July 1	9.50	12.05	3.40	3.40	100	28.04	172.
173. East Chicago, Ind.	54,784	72,667,595	80 20	Jan. 1	{ May 6 Nov. 6	12.64	8.30	4.00	1.50	60	15.86	173.
174. McKeesport, Pa.	54,632	54,783,825	98 2	Jan. 2	Mar. 1	13.00	15.00	11.25	N	60	23.55	174.
175. New Rochelle, N. Y.	54,000	201,248,804	100 —	Jan. 1	{ Apr. 1 Sept. 1	13.20	6.95	4.25	N	82	20.01	175.
176. Macon, Ga.	53,829	40,000,000	83 17	Jan. 1	{ Apr. 15 Aug. 15 Dec. 15	15.00	(Incomplete report)					176.
177. Greensboro, N. C.	53,659	(Not reporting)	82 18	Jan. 1	Jan. 1	16.50	6.00	8.50	7.70	67	25.80	177.
178. Austin, Texas	53,120	53,542,587	84 16	July 1	July 1	12.84	12.00	4.54	3.44	80	26.26	178.
179. Highland Park, Mich.	52,929	76,775,159	80 20	July 1, '32	{ Sept. 1, '32 Dec. 1, '32	18.40	5.00	10.00	6.90	60	24.18	179.
180. Galveston, Texas	52,938	59,783,380	80 20	Oct. 1	Oct. 1	17.40	6.60	6.90	7.70	100	38.60	180.
181. Waco, Texas	52,848	52,757,040	88 12	July 1	{ Oct. 1 Jan. 20	18.80	13.60	20.30	N	45	19.72	181.
182. Fresno, Calif.	52,513	43,397,590	86 14	Jan. 1	{ Dec. 20 June 20	5.83	8.31	7.56	N	100	21.70	182.
183. Hamilton, Ohio	52,176	63,737,280	75 25	July 1	July 1	16.40	2.00	5.40	N	100	23.80	183.
184. Durham, N. C.	52,037	63,000,000	75 25	Jan. 1	Oct. 15	13.20	16.40	16.40	N	50	14.80	184.
185. Columbia, S. C.	51,581	19,494,445	86 14	Jan. 1	{ Dec. 20 June 20	5.86	14.65	5.39	N	80	20.72	185.
186. Cleveland Heights, Ohio	50,945	121,571,820	80 20	Jan. 1	{ Dec. 1 June 1	18.00	6.50	7.30	6.90	70	27.09	186.
187. Fort Arthur, Texas	50,902	28,939,750	64 36	July 1	{ June 1 Aug. 20	13.56	10.05	4.55	3.45	100	31.61	187.
188. Dearborn, Mich.	50,358	161,091,442	94 6	Jan. 1	Jan. 1	10.31	12.55	5.14	N	80	22.40	188.
189. Kenosha, Wis.	50,262	68,613,400	70 30	Jan. 1	Jan. 1	25.00	14.95	10.28	3.49	70	37.60	189.
190. Asheville, N. C.	50,193	(Not reporting)	90 10	Jan. 1	Oct. 15	32.10	—	2.46	1.44	100	36.00	190.
191. Pueblo, Colo.	50,096	33,872,900	77 23	Jan. 1	Sept. 15	25.00	8.22	1.02	1.11	100	25.00	191.
Group V												
Population 30,000 to 50,000												
192. Pittsfield, Mass.	49,677	59,836,290	88 12	Jan. 1	Oct. 15	32.10	—	2.46	1.44	100	36.00	192.
193. Woonsocket, R. I.	49,376	81,777,025	88 12	Jan. 1	Oct. 10	25.00	—	—	—	100	25.00	193.
194. Haverhill, Mass.	48,710	58,508,075	95 5	Jan. 2	Sept. 15	23.65	8.22	1.02	1.11	100	34.00	194.
195. New Castle, Pa.	48,674	57,034,540	84 16	Jan. 1	July 1	10.25	15.00	9.00	N	67	22.84	195.
196. Everett, Mass.	48,424	74,300,000	84 16	Jan. 1	Nov. 1	14.27	10.63	1.66	5.14	75	23.78	196.
197. Jackson, Miss.	48,282	(Not reporting)	75 25	July 1	{ Oct. 2 Mar. 2	12.80	12.10	24.90	10.70	60	36.30	197.
198. Phoenix, Ariz.	48,118	65,879,213	100 —	Jan. 1	June 15	20.80	7.34	17.28	N	60	45.42	198.
199. Stockton, Calif.	47,963	(Not reporting)	—	Jan. 1	June 15	20.80	7.34	17.28	N	60	45.42	199.
200. Brookline, Mass.	47,490	(Not reporting)	—	Jan. 1	June 15	20.80	7.34	17.28	N	60	45.42	200.
201. Elmira, N. Y.	47,397	51,819,981	—	Jan. 1	June 15	20.80	7.34	17.28	N	60	45.42	201.



COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Census 1930	Assessed Valuation	Per Cent Realty alty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform Basis of Assessment				Total	Estimated Ratio of Assessed Value to Legal Basis Adjusted (per cent)	No.	
						City	School	County	State				
234. St. Petersburg, Fla.	40,425	(Not reporting)	100	Jan. 1	{ Jan. 15 { July 15	\$25.83	\$7.57	\$8.67	N	\$42.07	66	\$27.77	234.
235. Poughkeepsie, N. Y.	40,288	53,270,514	—	Jan. 1	{ Jan. 15 { July 15	10.00*	7.24*	4.26*	N	21.50	92	19.78	235.
236. Ogden, Utah	40,272	(Not reporting)	89	Jan. 1	Jan. 1	8.76	14.65	5.19	N	28.60	80	22.88	236.
237. Oshkosh, Wis.	40,108	57,088,353	86	Jan. 1	{ Dec. 20 { Jan. 20	7.93	9.21	6.86	N	24.00	90	21.60	237.
238. Anderson, Ind.	39,804	(Not reporting)	60	Jan. 1	{ Nov. 30, <sup>32</sup> { Jan. 1	9.63*	5.42*	1.39*	N	24.00A	100	24.00	238.
239. East Cleveland, Ohio	39,667	66,540,000	80	Jan. 1	Jan. 1	10.78	6.72	3.81	N	21.31	90	19.18	239.
240. LaCrosse, Wis.	39,614	47,430,403	86	Jan. 1	Jan. 1	14.15	15.00	2.40	6.15	37.70	50	18.85	240.
241. Butte, Mont.	39,532	53,928,040	60	July 1	Nov. 30, <sup>32</sup>	13.90	9.60	(Incomplete report)	5.00	50.00	33	16.67	241.
242. Sheboygan, Wis.	39,251	48,151,940	90	Jan. 1	{ Jan. 1 { Jan. 1	19.90	21.50	18.20	N	59.60	30	17.88	242.
243. Waltham, Mass.	39,247	(Not reporting)	85	May 1	Feb. 1	12.87	9.72	5.91	N	28.50	93	26.50	243.
244. Quincy, Ill.	39,241	35,274,299	90	Jan. 1	{ June 1 { Dec. 1	13.90	8.60	5.40	1.10	29.00	100	29.00	244.
245. Meriden, Conn.	38,481	(Not reporting)	88	Apr. 1	{ Dec. 1 { Mar. 1	19.80	20.00	5.20	5.00	50.00	33	16.67	245.
246. Bloomfield, N. J.	38,077	69,738,889	90	Jan. 1	{ Dec. 1 { Mar. 1	9.60	(Incomplete report)	(Incomplete report)	(Incomplete report)	59.60	30	17.88	246.
247. Rock Island, Ill.	37,953	23,153,507	—	Apr. 1	May 25	19.90	21.50	18.20	N	59.60	30	17.88	247.
248. Cumberland, Md.	37,747	41,000,000	88	Apr. 1	{ May 25 { Jan. 20	12.87	9.72	5.91	N	28.50	93	26.50	248.
249. San Bernardino, Calif.	37,481	14,052,925	89	July 1	{ Jan. 20 { Dec. 1	19.90	21.50	18.20	N	59.60	30	17.88	249.
250. Green Bay, Wis.	37,415	51,127,310	91	Jan. 1	Dec. 1	19.90	(Incomplete report)	(Incomplete report)	(Incomplete report)	42.83	65	27.84	250.
251. Raleigh, N. C.	37,379	29,165,750	92	Jan. 1	{ Oct. 1 { Dec. 1	20.12	10.76	8.00	3.95	42.83	65	27.84	251.
252. Taunton, Mass.	37,355	(Not reporting)	97	Jan. 1	{ Oct. 1 { Dec. 1	14.00	22.00	11.80	N	47.80	50	23.90	252.
253. Santa Monica, Calif.	37,146	48,750,775	75	May 1	{ Aug. { Oct. 1	15.30	19.30	3.00	3.90	41.50	46	19.09	253.
254. West New York, N. J.	37,107	50,824,274	91	July 1	{ Oct. 1 { Dec. 1	16.50	—	6.48	(Incomplete report)	(Incomplete report)	(Incomplete report)	(Incomplete report)	254.
255. Hazleton, Pa.	36,765	29,165,750	92	Jan. 1	{ Oct. 1 { Dec. 1	7.10	9.70	4.00	N	20.80	100	20.80	255.
256. Danville, Ill.	36,765	23,193,990	75	May 1	{ Aug. { Oct. 1	10.21	14.26	13.73	N	38.20	100	38.20	256.
257. High Point, N. C.	36,745	36,000,000	—	July 1	{ Oct. 1 { Dec. 1	15.50	12.16	1.52	1.22	30.40	100	30.40	257.
258. Auburn, N. C.	36,652	(Not reporting)	—	Jan. 1	{ Dec. { June	7.10	9.70	4.00	N	20.80	100	20.80	258.
259. Zanesville, Ohio	36,440	44,519,600	—	Jan. 1	{ Dec. { June	10.21	14.26	13.73	N	38.20	100	38.20	259.
260. Superior, Wis.	36,113	45,670,725	85	Oct. 1	{ Dec. 20 { Oct. 15	15.50	12.16	1.52	1.22	30.40	100	30.40	260.
261. Arlington, Mass.	36,094	60,967,500	94	Jan. 1	{ Oct. 15 { Dec. 1	21.20	18.80	2.83	5.00	47.83	40	19.13	261.
262. Norwalk, Conn.	36,019	(Not reporting)	76	Jan. 1	{ Feb. 1 { Aug.	14.00	18.00	3.00	N	35.00	33	11.67	262.
263. Elgin, Ill.	35,929	23,868,976	93	Jan. 1	{ Aug. { May 1	10.53	7.53	4.76	N	22.82	82	18.71	263.
264. Norristown, Pa.	35,853	25,311,770	100	Jan. 1	{ Jan. 2 { July 1	6.20	10.95	4.45	N	21.60	85	18.36	264.
265. White Plains, N. Y.	35,830	176,622,840	90	Jan. 1	{ Jan. 2 { July 1	6.20	10.95	4.45	N	21.60	85	18.36	265.
266. Revere, Mass.	35,680	(Not reporting)	83	Jan. 1	{ Dec. 20 { June 20	6.20	10.95	4.45	N	21.60	85	18.36	266.
267. Steubenville, Ohio	35,422	55,181,300	83	Jan. 1	{ Dec. 20 { June 20	6.20	10.95	4.45	N	21.60	85	18.36	267.

Group V.—Continued



COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Group	Census 1930	Assessed Valuation	Per Cent Realty aly	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform 100%			Total	Estimated Ratio of Assessed Value to Legal Basis (per cent)	No.	
							City	School	County				State
268. Orange, N. J.	Group V—Continued	35,339	\$49,536,057	94	Jan. 1	{ June 1	\$16.95	\$7.87	\$5.43	\$3.95	\$34.20	85	\$29.07
269. Alameda, Calif.		35,033	33,972,178	88	July 1	{ Dec. 1	15.83	14.67	11.50	N	42.00	51	21.42
270. Lewistown, Me.		34,948	33,196,170	87	Mar. 1	{ Sept. 1	20.40	4.76	1.70	6.80	33.66	50	16.83
271. Watertown, Mass.		34,913	53,387,710	95	Jan. 1	{ Mar. 1	22.57*	7.08*	1.16*	3.39*	34.20	100	34.20
272. Amsterdam, N. Y.		34,817	29,063,510	100	Jan. 1	{ Mar. 1	17.26	20.50	10.06	N	47.82	58	27.74
273. West Allis, Wis.		34,671	49,607,277	86	Jan. 1	{ Jan. 1	8.72	14.76	13.33	N	36.81	77	26.34
274. New Brunswick, N. J.		34,555	43,120,161	93	Jan. 1	{ Apr. 1	20.50	8.10	9.20	4.00	41.80	60	25.98
275. Easton, Pa.		34,468	44,934,123	100	Jan. 1	{ July 1	12.00	13.50	4.54	N	30.04A	85	23.53
276. Plainfield, N. J.		34,422	63,763,388	89	Jan. 1	{ June 1	15.37	8.65	5.41	3.97	33.40	65	21.71
277. Newport News, Va.		34,417	(Not reporting)	89	July 1	{ Nov. 1	16.30	8.00	10.00	N	34.30A	57	19.55
278. Santa Barbara, Calif.		33,613	43,376,255	86	Jan. 1	{ June 1	14.80	12.00	7.00	3.00	36.80	60	22.08
279. Paducah, Ky.		33,541	16,873,907	85	Jan. 1	{ Oct. 1	6.40	10.45	4.35	N	21.20	95	20.14
280. Mansfield, Ohio		33,525	42,189,070	—	May 1	{ Jan. 2	24.30	36.80	5.90	5.00	72.00	25	18.00
281. Joplin, Mo.		33,454	(Not reporting)	76	Jan. 1	{ Apr. 30	10.63	13.22	4.89	4.00	32.74	70	22.92
282. Waukegan, Ill.		33,499	19,276,401	—	Jan. 1	{ Oct. 31	12.00	19.17	5.22	3.49	39.88	60	23.93
283. Norwood, Ohio		33,411	(Not reporting)	65	Jan. 1	{ Mar. 1	11.60	10.20	4.40	1.50	27.70	80	22.16
284. Sioux Falls, S. Dak.		33,362	45,982,940	—	Jan. 1	{ May 1	12.35	11.05	2.60	1.50	27.50	100	27.50
285. Colorado Springs, Colo.		33,237	39,926,770	—	Jan. 1	{ Nov. 1	15.50	7.10*	9.00	7.90	39.50	50	19.75
286. Elkhart, Ind.		32,949	40,119,592	—	Jan. 1	{ Nov. 1	19.60	9.76	17.14	10.70	57.20	50	28.60
287. Kokomo, Ind.		32,843	26,000,000	—	Jan. 1	{ May 1	11.80	11.80	2.50	1.50	27.60	75	20.70
288. Laredo, Texas		32,618	16,150,000	—	Jan. 1	{ Nov. 1	14.36	10.70	12.54	N	37.60	65	24.44
289. Tucson, Ariz.		32,506	20,925,645	90	July 1	{ May 1	18.30	24.50	7.70	5.00	55.50	33	18.50
290. Richmond, Ind.		32,493	34,355,371	70	Jan. 1	{ Nov. 1	12.80	9.40	6.80	N	29.00	82	23.78
291. Rome, N. Y.		32,338	29,306,971	100	Jan. 1	{ Apr. 1	19.00	14.00	28.00	6.63	67.63	81	54.78
292. Wilmington, N. C.		32,270	(Not reporting)	77	Apr. 1	{ May 1	29.00	9.00	3.82	4.35	21.57A	100	29.00
293. Moline, Ill.		32,236	23,954,222	100	July 1	{ Aug. 1	12.68	11.02	3.71*	3.55*	30.96	100	21.57
294. Watertown, N. Y.		32,205	48,601,293	82	Nov. 1	{ Oct. 15	13.40	7.60	8.32	N	29.32	85	24.92
295. Muskogee, Okla.		32,026	(Not reporting)	—	Jan. 1	{ Dec. 1	13.40	7.60	8.32	N	29.32	85	24.92
296. Meridian, Miss.		31,954	26,600,000	—	Jan. 1	{ Mar. 31	13.40	7.60	8.32	N	29.32	85	24.92
297. Pensacola, Fla.		31,579	37,689,077	90	Apr. 1	{ May 1	13.40	7.60	8.32	N	29.32	85	24.92
298. Nashua, N. H.		31,463	20,757,555	62	Apr. 1	{ Apr. 1	13.40	7.60	8.32	N	29.32	85	24.92
299. Fort Smith, Ark. <sup>28</sup>		31,429	31,572,325	88	May 1	{ July 1	13.40	7.60	8.32	N	29.32	85	24.92
300. Port Huron, Mich.		31,361	41,069,800	100	Jan. 1	{ Mar. 1	13.40	7.60	8.32	N	29.32	85	24.92
301. Newburgh, N. Y.		31,275	41,069,800	100	Jan. 1	{ Mar. 1	13.40	7.60	8.32	N	29.32	85	24.92

COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Census 1930	Assessed Valuation	Per Cent Person- Realty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment				Estimated Ratio of Assessed Value to Legal Basis (per cent)	No.	
						City	School	County	State			Total
Group V—Continued												
302. Marion, Ohio	31,084	(Not reporting)		Jan. 1	June 1	\$10.00	\$5.72	\$2.78	\$2.50	\$21.00	100	302.
303. Bloomington, Ill.	30,930	(Not reporting)	85 15	Jan. 1	{ Mar. 15							303.
304. Hagerstown, Md.	30,861	38,478,097		Jan. 1	{ May 30							304.
305. Bellingham, Wash. <sup>as</sup>	30,823	14,219,447	72 28	Jan. 1	{ Nov. 30	12.06	7.00	11.31	6.12	36.49A	82	305.
306. Baton Rouge, La.	30,729	(Not reporting)		Jan. 1	{ Dec.	8.16	10.64	3.20	N	22.10	80	306.
307. Newark, Ohio	30,596	34,621,182	85 15	Jan. 1	{ June							307.
308. Everett, Wash. <sup>as</sup>	30,567	15,757,619	77 23	Jan. 1	{ Feb. 1	14.65	7.75	11.60	6.10	40.10A	86	308.
309. Santa Ana, Calif.	30,322	17,585,745	91 9	July 1	{ Dec.	18.30	22.10	9.20	N	49.60	30	309.
310. Alton, Ill.	30,151	17,000,000	65 35	Apr. 1	{ Apr. 15	14.78	21.40	4.70	5.00	45.88	37	310.
					{ Aug. 1							

(COMPARATIVE TAX RATES FOR CANADIAN CITIES FOLLOW)

COMPARATIVE TAX RATES OF 284 CITIES FOR 1933 (Continued)

City	Population 1931	Assessed Valuation	Per Cent Realty alty	City Fiscal Year Begins	Date of Collection of City Tax	Tax Rate Per \$1,000 of Assessed Valuation on Uniform 100% Basis of Assessment			Estimated Ratio of Assessed Value to Legal Basis Adjusted (per cent)	No.		
						City	School	Province				
<b>Canadian Cities</b>												
1. Montreal, Que. <sup>54</sup>	818,577	\$983,000,000*	100	Jan. 1	Oct. 1	\$15.05	\$12.00	N	\$27.05	100	\$27.05	1.
2. Toronto, Ont. <sup>55</sup>	626,674	1,048,279,655	100	Jan. 1	{ July 12 { Sept. 12	23.10	10.30	N	33.40	75	25.05	2.
3. Vancouver, B. C. <sup>56</sup>	246,593	370,408,811	100	Jan. 1	Aug. 3	25.16	6.65	N	31.81A	100	31.81	3.
4. Winnipeg, Man. <sup>57</sup>	218,785	225,498,778	100	Jan. 1	June 1	17.47	9.59	.71	27.77A	100	27.77	4.
5. Hamilton, Ont. <sup>58</sup>	153,507	171,695,930	100	Jan. 1	{ Jan. 1 { Nov. 1	23.00	14.00	N	37.00	100	37.00	5.
6. Quebec, Que. <sup>59</sup>	130,594	123,393,885	100	May 1	{ June 19 { Nov. 18	23.95	9.50	N	33.45	80	26.76	6.
7. Ottawa, Ont. <sup>60</sup>	126,872	159,551,483	100	Jan. 1	{ Nov. 18 { June 20	27.00	10.95	N	37.95	87	25.30	7.
8. Calgary, Alta. <sup>61</sup>	83,761	62,491,229	100	Jan. 1	{ Jan. 15 { June 3 { Aug. 3	19.60	12.25	N	31.85A	100	31.85	8.
9. Edmonton, Alta. <sup>62</sup>	79,197	65,731,580	100	Jan. 1	{ June 3 { Oct. 4	20.71	17.09	N	37.80A	100	37.80	9.
10. London, Ont. <sup>63</sup>	71,148	87,898,321	100	Jan. 1	{ June 19 { Aug. 18 { Oct. 18	21.48	13.27	N	34.75	70	24.33	10.
11. Windsor, Ont. <sup>64</sup>	63,108	\$80,061,970	100	Jan. 1	{ May 1 { Aug. 1 { Nov. 1	\$20.66	\$8.34	N	\$29.00	100	\$29.00	11.
12. Verdun, Que. <sup>65</sup>	60,745	42,213,340	100	Jan. 1	Jan. 1	16.00	10.00	N	26.00	100	26.00	12.
13. Halifax, N. S. <sup>66</sup>	59,275	59,545,205	100	May 1	{ May 1 { Sept. 1	21.80	11.80	.90	34.00	80	27.20	13.
14. Regina, Sask. <sup>67</sup>	53,209	45,659,240	100	Jan. 1	{ June 30 { Dec. 31	15.08	9.94	1.11	26.13A	100	26.13	14.
15. St. John, N. B. <sup>68</sup>	47,514	44,032,200	100	Jan. 1	{ Aug. 16 { July 15	10.60	12.60	11.00	34.20	100	34.20	15.
16. Saskatoon, Sask. <sup>69</sup>	43,291	34,534,639	100	Jan. 1	{ July 30 { Aug. 15	13.98	18.34	1.69	34.01A	100	34.01	16.
17. Victoria, B. C. <sup>70</sup>	39,082	54,842,986	100	Jan. 1	Aug. 15	23.17	8.25	N	31.42A	100	31.42	17.
18. Three Rivers, Que.	35,450	(Not reporting)										18.

\* = Estimate.

N = None.

A. Denotes adjustment to 100 per cent legal basis.

<sup>1</sup>New York. The official computation gives a single rate for city, school, and county purposes; the separate rates here given are in proportion to appropriations. Varying rates levied on the several boroughs for local improvements, the rate shown being for the borough of Manhattan. The estimated ratio of assessed value to legal basis is from the state equalization table.

<sup>2</sup>Chicago. The figures given are for 1931 valuation and tax levies, payable in 1933. The city rate includes sanitary district and south park district (central business section and greater portion of south side) rates; rates in other sections vary slightly because of park rates. County rate includes forest preserve district, \$1.10.

<sup>3</sup>Philadelphia. The city rate includes cost of county government, which is consolidated with

the city. The rates given are on city realty, (comprising 95.1 per cent of all realty); suburban realty (4.6 per cent of all realty) is taxed at two-thirds, and farm realty (.3 per cent) at one-half the rate on city realty—except that property in independent poor districts (having local poor rates of 30 to 40 cents per \$1,000 valuation) is further relieved for such poor tax. Personality, comprised of money and vehicles to hire, is taxed at 4 mills. There is no state tax on property subject to local taxation in Pennsylvania.

<sup>4</sup>Los Angeles. City rate includes metropolitan water district rate, 40 cents. County rate includes flood control, \$1.50. There is no state tax on real estate in California.

<sup>5</sup>Glencland. Realty assessment includes public utilities valuation, for all Ohio cities. Tangible personality (included in valuation reported) is taxed at the same rate as realty, but for only a percentage of its value; intangible personality (not included in valuation reported) is taxed on either income or valuation at classified rates.

**9***Baltimore.* There is no county rate. There are four rates on real property—full, suburban, rural, and new annex; all rates at less than full rate are increasing annually to reach full rate in 1938. Personality is taxed at classified rates. Personal property of manufacturers is exempt.

**10***Pittsburgh, Scranton.* The city rate upon improvements is one-half the rate upon land, the weighted average rate being shown. Machinery is exempt.

**11***San Francisco.* Valuation reported excludes solvent credits, \$115,552,769, taxed at one mill, and stocks and bonds, \$111,854,582, taxed at two mills.

**12***Washington.* Appropriations for the District of Columbia are made by Congress, a lump sum of \$7,775,000 thereof being paid by the federal treasury. There is a single rate for all purposes, the school rate being estimated. Intangible personality (not included in the valuation reported) is taxed at one-half of one per cent; banks, trust companies and utilities are taxed at various rates on earnings or receipts.

**13***Minneapolis—St. Paul—Duluth.* Minnesota statutes provide for five classes of property, assessed at varying bases of true value; real estate (except unplatted) is assessed at 40 per cent; iron ore at 50 per cent; personality, in three classes, at 10, 25, and 33 1-3 per cent, respectively. The average of all for Minneapolis is 39 per cent, for St. Paul and Duluth 38 per cent; the rates reported are the actual rates adjusted to a uniform 100 per cent basis upon the percentages. Money and credits (not included in the valuation reported)—Minnesota, \$167,552,309) are taxed three mills. The city rate for Minneapolis includes school debt.

**14***New Orleans.* The city and school rates reported are the actual rates adjusted to a uniform 100 per cent basis, the legal basis being 85 per cent of true value. County rate is levee district and flood prevention.

**15***Newark—Jersey City—Paterson—Trenton—Camden—Elizabeth—Bayonne—East Orange—Atlantic City—Passaic—Hoboken—Union City.* In New Jersey cities, the state rate includes a school tax, which is returned to the local school units.

**16***Kansas City, Missouri.* The valuation reported is for city purposes; this valuation is estimated to be 84 per cent of the county and state valuation.

**17***Seattle.* The legal basis of assessment in Washington is 50 per cent; the rates reported are adjusted to a uniform 100 per cent basis. The county rate includes port, 30 cents (adjusted from 60 cents levied).

**18***Louisville.* Shares of stock, trust, and life insurance companies (not included in valuation reported) are taxed \$2 for city and \$4 for schools; unmanufactured products (not included in valuation reported) are taxed at \$1.50 for city purposes.

**19***Portland.* The valuation reported includes total utility valuation of public service companies assessed by the state, 13.46 per cent. City rate includes dock, \$2, and port, \$1.60; county rate included school levy, \$2.31, returned to school districts; state rate included elementary school levy, \$2.14, returned to school districts of county.

**20***Houston.* County rate includes navigation district, \$2.42.

**21***Oakland.* City rate includes East Bay Municipal Utility district, \$3.40, and mosquito abatement, 8 cents.

**22***Atlanta.* There is no separate rate for schools, the charter allotting 26 per cent of revenues for schools; the rate is estimated. Assessment for county and state purposes is 70 per cent of city valuation.

**23***Birmingham, Mobile.* The legal basis of assessing in Alabama is 60 per cent; the rates reported are the actual rates adjusted to a uniform 100 per cent basis.

**24***Providence.* There is no county government in Rhode Island.

**25***Dayton.* City rate includes flood control, \$2.92, and county rate includes flood control, 53 cents.

**26***Richmond.* The cities of Virginia are autonomous, having no county government. There is no state tax on property subject to local taxation. The total rate given is for realty and tangible personalty; machinery, assessed at \$12,955,000 (not included in valuation reported), is taxed \$6 per \$1,000 valuation for city purposes.

**27***Des Moines.* Money and credits, not included in valuation reported, are taxed 6 mills.

**28***York—Chattanooga—Pawtucket—Medford—Columbia—Woonsocket—Portsmouth—Chicopee—Nashua.* City rate includes school, not separately reported.

**29***Spokane.* See note 14, re legal basis of assessment and adjusted rates reported.

**30***Yacoma.* See note 14, re legal basis of assessment and adjusted rates reported. City rate includes park, \$1, and county rate includes port, \$2.37 (adjusted from levies of \$2 and \$4.75).

**31***Little Rock, Fort Smith.* Legal basis of assessment is 50 per cent, the rates reported being the actual rates adjusted to a uniform 100 per cent basis.

**32***Viagara Falls.* City rate includes public welfare and relief, \$5.

**33***Topeka.* Intangible personality, \$14,760,000, not included in valuation reported, is taxed 5 mills.

**34***Lancaster, Chester.* County assessment is lower than city valuation, and county rate is adjusted to city valuation.

**35***Waterloo.* There are two rates for school and sanitary districts, the rates reported being the average based upon valuation of districts.

**36***Bellingham, Everett.* See note 14 for basis of adjusting rates. For Bellingham, the county rate includes port, \$1.63 (adjusted from \$3.26); and for Everett, city rate includes port, \$1.40 (adjusted from \$2.80).

**37***Montreal.* The Catholic school rate is \$7, the Protestant rate, \$10, and the neutral school rental, \$12, the last being reported. Business premises pay a tax of 8½ per cent on annual rental.

**38***Toronto.* Realty valuation includes 10.8 per cent business and 6 per cent income. The school rate reported is public school; the separate school rate is \$14.85.

**39***Winnipeg.* Land is assessed at 100 per cent, and buildings at 50 per cent; the ratio of rateable assessment is 72.6 per cent. The rates reported are the actual rates adjusted to a uniform 100 per cent basis. Taxes are subject to 9 per cent rebate if paid by August 3.

**40***Hamilton.* Realty valuation includes 3.4 per cent business, taxed at 6 2-3 per cent. Land is assessed at 100 per cent, and buildings at 66 2-3 per cent; the ratio of rateable assessment is 80.5 per cent, and the rates reported are the actual rates adjusted to a uniform 100 per cent basis.

**41***Quebec.* Realty valuation includes 13 per cent business and income.

**42***Ottawa.* City rate includes \$5 for water paid by assessed property exempt from other taxes, \$2.85 for improvements, and 60 cents for unemployed.

**43***Calgary.* Realty valuation includes 14.7 per cent business and income.

**44***Edmonton.* Land is assessed at 100 per cent, buildings at 50 per cent; the ratio of rateable assessment is 63.7 per cent, and the actual rates are adjusted to a uniform 100 per cent basis. Realty valuation includes 2.78 per cent franchise. An additional tax of \$2 on land only is levied for provincial purposes.

**45***London.* Land is assessed at 100 per cent, and buildings at 60 per cent; the ratio of rateable assessment is 75.6 per cent, and the actual rates are adjusted to a uniform 100 per cent basis.

**46***London.* Realty assessment includes 9.3 per cent business and 4.5 per cent income.

**47***Windsor.* Realty assessment includes 5.9 per cent business and income.

**48***Weyburn.* School rate reported is Protestant rate; Catholic school rate is \$8, and neutral rate, \$12.

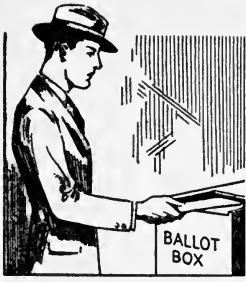
**49***Hatfield.* Realty assessment includes 13.4 per cent business and 5.2 per cent income.

**50***Regina.* Land is assessed at 100 per cent, and improvements at 30 per cent; the ratio of rateable assessment is 55 per cent, and the actual rates are adjusted to a uniform 100 per cent basis. The school rate reported is public school, the separate school rate being \$13.51 (adjusted from \$24.57).

**51***St. John.* Realty valuation includes 33.5 per cent income.

**52***Saskatoon.* Land is assessed at 100 per cent and buildings at 45 per cent; the ratio of rateable assessment is 79.2 per cent, and the actual rates are adjusted to a uniform 100 per cent basis.

**53***Pacific.* Land is assessed at 100 per cent, and improvements at 60 per cent; the ratio of rateable assessment is 78 per cent; and the actual rates are adjusted to a uniform 100 per cent basis.



# PROPORTIONAL REPRESENTATION

EDITED BY GEORGE H. HALLETT, JR.

## Continuing the Proportional Representation Review

*Proportional representation ("P. R.") is a method of electing representative bodies which assures any group of voters the same share of the members elected that it has of the votes cast. It is designed to guarantee majority rule and minority representation. In its best form (the "Hare system") it makes primaries unnecessary and keeps scattering votes from being wasted by means of a preferential ballot. It thus makes impossible the domination of organized political minorities.*

**New York Election Brings Opportunity for P. R.**—No other single election in this country has ever brought so much good news to those interested in the spread of proportional representation as the election of November 7, 1933.

In the vanguard of the significant victories was the Fusion triumph in New York City. Mayor-elect LaGuardia has been on record as favoring P. R. for New York since 1922, when he and Judge Seabury were two of the fifty-two prominent signers of a memorandum to Governor Miller's charter commission of that year resulting in a recommendation of P. R. by the commission for the New York Board of Aldermen.

Soon after the happy completion of this year's campaign Major LaGuardia announced that charter revision would be one of the first concerns of his administration. This means immediate consideration of P. R., which Judge Seabury—his mainstay in the campaign—recommended to the Hofstadter Legislative Investigating Committee last year and has never ceased to urge as the *sine qua non* of any lasting reform.

Ironically enough, the chief obstacle in the way of securing P. R. continues to be the unrepresentative results in New York City elections which P. R. is designed to remedy. In spite of the overwhelming and unmistakable public repudiation of Tammany, a repudiation which relegated its mayor to third place in his contest for re-election and left the "wigwam" only three votes out of six-

teen on the Board of Estimate and Apportionment, there is still a Tammany majority of 49 out of 65 on the Board of Aldermen. If the anti-Tammany sentiment had been reflected in an anti-Tammany majority on this Board as well as the Board of Estimate, it would have been possible for the city's two-chamber legislative body to initiate a P. R. charter amendment without delay. As it is, it will be necessary to go to the legislature again with a request for suitable enabling legislation.

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**Attacks Repulsed in Hamilton and Boulder.**—The attempts to repeal P. R. in Hamilton, Ohio, and Boulder, Colorado, made this fall by enemies of the plan in the hope that the general spirit of unrest would be favorable to a change, were both defeated by substantial if not overwhelming margins.

In Hamilton, which defeated a similar attempt only last summer and another back in 1929, the vote was 8,164 to 6,591. The attack was launched, as usual, by certain elements which have remained dissatisfied ever since P. R. put an entrenched political organization out of power the first time it was used back in 1927.

The defense consisted chiefly of printed circulars and paid advertisements by the Charter Commission which drafted the city's P. R.-manager charter, and of articles and editorials in the *Hamilton Journal*. The argument of the defense, which was amply justified once

more by the results of the city's fourth P. R. election described below, was expressed by the Charter Commission as follows:

#### Stand By The Charter

The P. R. method of voting was made a part of the city charter because we considered it essential to the success of the city manager plan of city government. Results over a period of six years have shown that it cannot fail to produce a council truly representative of all the people of Hamilton.

Now, for the third time, an effort is being made to throw out P. R. If the proposed amendment should carry it would be possible in the future for an organized minority group to elect a majority or all of council. And this control by minority would surely lead to a return of the spoils system.

Stand by the charter! Let us keep the administration of the city on its present efficient, businesslike, non-political basis. Let us hold fast to that which has proved to be good!

In Boulder, the defeat of a similar amendment by 1775 votes to 1215 followed a much more energetic educational campaign than was considered necessary in Hamilton. Alarmed by the amount of misinformation which they found current about P. R., friends of the charter called on the National Municipal League for assistance and Mr. Hallett spent nine days in Boulder working with the quickly organized City Charter Committee. Sixteen organizations and three groups of university and high school students were addressed; statements by members of the original charter convention of 1917, a series of articles, and a full-page advertisement signed by 141 prominent citizens were printed in the *Boulder Camera*; a list of names, addresses, and phone numbers of Boulder people qualified to give authentic information was made public; and house-to-house work was done by a group of church workers and four volunteer students from Colorado University.

In the midst of the campaign the *Boulder Camera* reversed an earlier editorial stand against P. R., saying generously:

We fear we have not given it ["P. R."] the consideration we should have. It can be said for it that we have had good city councils without fights and bad blood engendered by partisan campaigns.

The weekly *Journal* also helped.

The Ministerial Association and the Board of the Junior Chamber of Commerce took formal and unanimous action in support of P. R. and against the amendment. Petitions

for the amendment had been circulated with petitions for repeal of a local prohibition section of the city charter, which was likewise defeated; but friends of good government rallied to the defense of P. R. regardless of their attitude on the liquor referendum.

In Boulder, as in Hamilton, this was the third time that an attack on P. R. had been defeated. The city's ninth P. R. election, held on the same day, is described below.

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**Charter Ticket Wins Again in Cincinnati.**—For the fifth time in succession the P. R. election of Cincinnati's city council has given a majority to the City Charter Committee, which is responsible for the recent phenomenal record of good government in that formerly corrupt and boss-ridden city. As in the last election the Charter Committee elected five, the Republican organization four.

The election was hotly contested, with the utility companies actively assisting the effort to overturn the independent majority because of that majority's sustained fight for lower rates. The organization put forward the strongest list of candidates it has so far offered and made the popular appeal for "economy," even though the city government has maintained its enviable record of performance in every department on the lowest tax rate of all American cities between 300,000 and 800,000 population.

This year again it seems more than likely that the organization would have won if it had not been for P. R.<sup>1</sup> The Charter candidates had a slight majority of the first choices but there have always been some voters who supported only the Republican or the Democratic part of the Charter ticket, two of the three papers had been supporting mixed tickets, and the transfer of Mayor Wilson's huge surplus (18,623 above the quota of 15,538) showed that much of his support was due to personal popularity and would not have been available for a straight Charter slate. At the end of this transfer the organization candidates were in the lead by a total of more than one thousand votes. It was only when the 5,693 ballots of a defeated unattached independent were examined and found to be marked with a majority of next choices for Charter candidates that the fifth Charter seat seemed as-

<sup>1</sup>See the *P. R. Review* for January 1931 and January 1932.

sured. The P. R. rules brought the anti-organization votes together on their rightful majority of successful candidates even though they did not support any single slate in its entirety.

Though two of the ablest of the outgoing councilmen were unfortunately defeated—Julian A. Pollak, Charter, and Alex. Patterson, Republican—the new council will compare very favorably in personnel with any the city has ever enjoyed. On the Charter side Mayor Russell Wilson and Charles O. Rose, independent Republicans, and Edward B. Imbus and Anthony B. Dunlap, Democrats, were re-elected, and Mr. Pollak's place was taken by James A. Wilson, vice-president of the American Federation of Labor and president of the Pattern Makers' League of North America, who was sent abroad on important missions by both President Wilson and President Roosevelt.

On the Republican organization side the changes were greater. Judge W. Meredith Yeatman (first elected as an independent in 1927 and recently showing renewed leanings in that direction) did not run for re-election, and not only Mr. Patterson but Frank A. B. Hall, negro councilman, failed to poll the enlarged quota resulting from the increased total vote. Their places were taken by Dr. Glenn Adams, Willis D. Gradison, and James G. Stewart. Judge Joseph H. Woeste was the only organization member to be re-elected.

As in previous P. R. elections nine out of every ten who polled valid ballots helped elect candidates for whom they had voted.

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**Hamilton Retains Good Government Majority.**—Hamilton's independent "Charter" group—so-called from the fact that its activities in drafting and electing capable candidates have always had the endorsement of the charter commission by which the present city charter was prepared—elected five councilmen out of seven for the third time in succession in the P. R. election of November 7. The record of good government referred to in our last issue has thus been endorsed once more by approximately five-sevenths of the city's voters.

Perhaps even more remarkable than the sustained success of the Charter group is the nature of the campaign by which it was accomplished. Each of the seven Charter candidates used a little folder with his picture, a brief

personal statement, the names of the seven candidates on the ticket, an appeal to vote "no" on the repeal of P. R., a summary of accomplishments for the past six years, and the following unusual advice from the Charter Commission, which was also printed in paid advertisements:

We present seven men for your consideration. If your favorite candidate is not among them, we suggest that you vote for him as your first choice, then for all the Charter candidates in the order of your preference. There will be 25 names on the ballot. To be sure that your vote will count, you should vote for at least 12.

Under P. R. this magnanimous attitude toward other candidates proved the soundest of policies. Starting with only 53 per cent of the first choices the Charter ticket picked up support consistently from every candidate that was eliminated, until at the end of the count 70 per cent of all valid ballots were counting for Charter candidates because the voters had expressed a preference for them over any others who turned out to have a chance of election.

Those who have followed the history of Hamilton under P. R. will remember that at the first P. R. election, in 1927, the Charter group elected four and the political machine previously in control elected only one, August Biermann, Jr., who proceeded to cooperate very satisfactorily with the new majority and has been an independent member of the council ever since (though defeated by a small margin, still as an independent candidate, this fall). At the second election the machine group repudiated Mr. Biermann and put what looked like a strong ticket in the field, only to have it fall short of the necessary quota of support to elect even one after the people had had two years' experience with the new regime. Mr. Biermann, without organized support, was re-elected. At the third election the machine group did not even nominate candidates and the council chosen consisted of five Charter men and two independents.

This fall there was once again an opposition ticket, though this time the old machine group formed only a part of its support and kept as much as possible in the background. One of the two unattached councilmen, Leo J. Welsh, was endorsed, with other candidates who had run well independently the time before. The resulting "Citizens" ticket polled almost exactly two-sevenths of the first-choice votes and duly elected two of the seven

councilmen, though only one of them was among the first seven on the count of first choices. The two chosen were Mr. Welsh and Caleb D. Dodsworth, a moulder, who represents the labor union element more directly than any member of the previous council. Thus in Hamilton as well as Cincinnati labor has this time taken advantage of the opportunity given by P. R. to elect one of its own leaders to represent it.

On the Charter side Mayor Raymond H. Burke led the ticket with a surplus of first-choice support; Dr. Mark Millikin, well-known single-taxer, and two prominent business men, Edward F. Warndorf and Paul Benninghofen (appointed to fill a vacancy) were likewise re-elected; and John A. Schwalm, manager of the Rialto Theatre, replaced Councilman Homer C. Ferguson, who had served three terms in the council.

There remain three councilmen, Mayor Burke, Dr. Millikin, and Mr. Welsh, who have served continuously since P. R. went into effect. Hamilton's experience gives striking confirmation to the contention that when both majorities and minorities are properly represented ample continuity of personnel is assured.

Eighty-four per cent of those who cast valid ballots helped to elect councilmen for whom they had voted and fifty-five per cent saw their very first choices elected.

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**A Dramatic Election in Boulder.**—Most of Boulder's council elections in its sixteen years of P. R. experience have been lacking in spectacular qualities. Ordinarily there have been no recognized issues and a competent group of representative individuals has been chosen with very little excitement. In only one past election has there been any definite alignment, that of 1923, when P. R. gave the majority two places and the minority one. (Boulder elects only three of its nine councilmen at a time.)

This year Frederick D. Bramhall, professor of political science at Colorado University, entered the race with a strong declaration in favor of a thorough investigation of electric rates and whatever action such an investigation might suggest. This was an issue which had a strong appeal to a large part of the city's voters. On the other hand it filled with alarm a large number who owned utility company stock. The one local daily, the *Camera*, fearing that Mayor Howard H.

Heuston, an able councilman but also a utility company physician, might suffer from the attack, rallied to his support in repeated editorials.

When the P. R. votes were counted on November 7 it was found that no less than sixty-four per cent of all the first choices had concentrated on these two candidates, and both were elected with votes to spare. With only 766 ballots required to elect, Professor Bramhall had the first-choice support of 1184 and Mayor Heuston of 794. The outcome illustrated the general tendency of P. R. to elect candidates who raise issues and stand for something in contrast to the colorless hail-fellow-well-met who thrives on plurality elections because he makes fewer enemies.

The *Camera's* editorial comment the day after election is of interest:

The personnel of the city council as it will stand next January is representative of the citizenship of Boulder . . . We shall have a council of honest men, with no axes to grind . . . The light question will involve a great deal of careful consideration. The period for negotiation for new rates will have arrived next year and experts will necessarily be employed to ascertain what is a fair rate. If the present rates are found excessive the fact should be ascertained and reduction demanded.

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**Other Victories.**—Much to the surprise of political prognosticators the county home rule amendment passed in Ohio on November 7. This means that Ohio counties will no longer be shackled by constitutional limitations and will have the same sort of opportunity to improve their structure and election methods that has brought such gains to the cities of Cincinnati and Hamilton.

In Pittsburgh the Coyne machine, which blocked all optional P. R. and city manager legislation in the last session of the Pennsylvania legislature, was overwhelmed on November 7 by a coalition of Democrats and independent Republicans. Among the five councilmen chosen are Representative John J. Kane, who sponsored the Pittsburgh optional P. R.-manager bill in the lower house, and Representative Thomas J. Gallagher, who staunchly supported it. Mayor-elect William N. McNair is known to favor such home rule legislation.

In Philadelphia on the same day the Vare machine, which cooperated with the Coyne machine last winter in blocking home rule, was overwhelmed by a similar coalition.





## RECENT BOOKS REVIEWED

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EDITED BY EDNA TRULL

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**Pennsylvania Government, State and Local.** By Jacob Tanzer and Harold F. Alderfer. Harrisburg, The Pennsylvania Book Service, 1933. 359 pp. \$3.00.

The authors of this volume, in their preface, express their purpose "to present as clearly and concisely as possible within the limits of one volume the essential features of the organization, functions, and procedure involved in state and local government in Pennsylvania." They have done this admirably. The book is primarily a presentation of fact, but the material is so skillfully handled that it is interesting from the popular point of view as well as the academic. *Pennsylvania Government*, however, is not only a book for the lay public and college classes; it contains those innumerable specific details which are of concern to the more serious student of government.

The arrangement follows the generally orthodox plan—starting with the People and running through the major phases of government structure and administrative function to the relationship of the state to the federal government and its sister states. There is very little political philosophy in the volume, its emphasis being in description, but the authors allow themselves a final chapter of prophesy in which they suggest probable changes. Brief mention of these changes serves to indicate not only the probabilities, but present practices in Pennsylvania. For instance, the property qualification for voting may be dispensed with; the direct primary may be modified; a civil service system for employment may be adopted; state courts may be unified; state supervision over local governments may be extended, especially in financial

matters; the city manager plan may be more widely authorized and adopted; the property tax may be modified and more equitable assessments provided as part of a general improvement in the tax system and tax collection; state lines may become unimportant as modern boundaries; and the entire constitution may be revised. The extent of these changes, and the speed with which they are accomplished will depend upon the amount of interest shown by the citizens in the activities of the state.

In view of the somewhat limited practical usefulness of so many of the "general" books in the field of government it is with genuine appreciation that we find a book covering so adequately a field, which, though large, may be treated comprehensively and specifically. Dr. Tanzer and Dr. Alderfer are to be congratulated.

E. T.

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**The Local Debt of New York State by County Areas.** By Meech, Harmon, Lytle and Blackmore. Buffalo, 1933. 37 pp. mimeo.

Here is a study with a value vastly out of proportion to its unassuming appearance and brevity of presentation. It is a treatment, in summary form, of the local debt of a state, New York; but the meaningless jumble of legally constituted borrowing areas is ignored and the realities of community debt burdens emphasized. The disturbing aspects of the overlapping debt problem, in relation to high taxes and unstable credit, have become increasingly a matter of concern to students of local government. This study is a graphic portrayal of the actual situation in our most

populous state. The county, with its inclusive political subdivisions, all primarily dependent on the general property tax for revenue, is used as the unit. The resultant debt figure shown in each case is the combined county, city, village, town, school, and special district debt. Numerous charts and tables relate these inclusive figures to the various factors of population, area, valuation, economic characteristics, and originating units.

The authors' conclusions, some of them related primarily to legally controlling factors within the state but all of them generally applicable, are terse and pertinent. They recognize the futility of most existing legal borrowing limits, emphasize the devious ways in which communities become burdened with debt for which logically they should not be responsible, and, in reference to special district debt, point out very succinctly that "the need for corrective legislation which will prevent the pledging of a town's or county's faith to pay bonds issued for real estate development projects is made all too apparent by this situation. Innocent taxpayers should not be called upon to assume the debt incurred for projects promoted by a few speculators, who frequently risk little or no money of their own."

Among their more generally applicable recommendations are compulsory capital budgets, requirement of partial pay-as-you-go financing, bonds limited in term to not more than three-fourths of the life of the improvement, and an over-all limitation on the debt which may be legally incurred by any county area.

FREDERICK L. BIRD.

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**The Policeman's Part in the Traffic Accident Problem.** By Maxwell Halsey. Report by the Special Committee of the International Association of Chiefs of Police, in Coöperation with the National Bureau of Casualty and Surety Underwriters. New York, 1933. 32 pp. mimeo.

Declaring that traffic laws exist to prevent accidents, this report urges that violations be put upon what Mr. Halsey terms an *accident*, rather than a *legal*, basis. It should prove of great value to police heads, traffic engineers, and other students of accident problems. An effective organization is suggested

to facilitate accident prevention and focus public as well as police attention on danger spots, more serious violations, and proven irresponsible drivers. Two points of the program will strike every reader as logical: investigation by trained squads to secure convictions for every traffic violation that results in an accident, and the use of traffic schools to make punishment remedial. In all, ten lines are enumerated upon which the work of education, engineering, enforcement, and punishment might be laid down. Others beside Mr. Halsey on the commission making the survey were John B. Blandford, Jr., chairman, Director of Public Safety, Cincinnati, Ohio; John P. Smith, Acting Commissioner of Detroit, Michigan; Chief Oscar G. Olander, of the Michigan State Police, Lansing, Michigan; and Chief of Police R. B. Jordan, of Richmond, Virginia.

WADE S. SMITH.

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**City Cost Trends.** By William Parr Capes. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1933. 37 pp. \$1.00.

In response to the requests of city officials and other interested taxpayers, Mr. Capes has prepared this volume, the sub-title of which is *An Analysis of the Current Expenditures of New York State Cities for the Last Fourteen Years*. Taking the years 1918, 1923, 1928, and 1931, the author offers a series of tables showing the expenditures of each of the cities (excluding New York, Buffalo, and Rochester) for the major governmental purposes, the per capita costs, and the ratio to total cost of government. The summary for all the cities is presented not only in tabular form but also in a series of diagrams showing graphically the trend in each function—general government, protection of persons and property, conservation of health, sanitation, and promotion of cleanliness, highways, charities and corrections, education, recreation, public utilities, interest, and totals. All this is both interesting and valuable. Of even greater interest, however, are the brief pages in which the author, aided by the statistics presented and his long experience with municipal affairs in New York, gives his conclusions and suggests possible future trends.

**Unemployment Relief Legislation, Federal and State, 1933.** By Marietta Stevenson and Lucy Brown. Chicago, Public Administration Service, 1933. 19 pp. Twenty-five cents.

As Mr. Ascher so aptly says in his foreword, a manual of current legislation has its justification in any year, and a manual of relief legislation is of special interest in 1933. Enactments for which social workers have long been pleading have been made in 1933, and have aroused the concern and support of the general citizenry to a marked degree. This brief exposition and analysis of unemployment relief and industrial recovery laws, made by two members of the staff of the American Public Welfare Association, will be an essential tool for professional social workers and legislators, a boon to the interested lay public, and, indeed, an important document for the social historian.

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**Prepayment of Real Estate Taxes.** League of Wisconsin Municipalities, Madison, 1933. 13 pp. mimeo. Seventy-five cents.

Although a few Wisconsin municipalities had arranged for partial payment of taxes prior to 1933, there was, except in a few cases, no specific legal authority for this procedure until the 1933 legislature passed a statute requiring city, village, and town treasurers to accept partial payments in advance. This brief pamphlet outlines the various types of procedure which may be followed and suggests forms which may be used in connection with keeping the necessary records.

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#### MUNICIPAL REPORTS

**Berkeley, California.** (82,109). *Civic Affairs, 1932-33* (Tenth Annual Report of the City Manager). By Hollis R. Thompson, City Manager. 70 pp.

**Fort Atkinson, Wisconsin.** (5,793). *Annual Report of the City of Fort Atkinson* for the fiscal year ending December 31, 1932. By A. J. Koenig, City Manager. 40 pp.

**Two Rivers, Wisconsin.** (10,264). *Advancement of Two Rivers, Wisconsin* (Seventh Annual Report, 1932). By E. J. Donnelly, City Manager. 52 pp.

These three reports represent some outstanding accomplishments in municipal government and contrast sharply with the records of many cities during the present era. So far as the reports themselves are concerned Berkeley has just about everything a model report should have—attractiveness, well-chosen illustrative material, an informative letter of transmittal, and an emphasis upon important facts—that makes a perusal of its pages a pleasure indeed. The number of employees and total expenditures are given at the beginning of each departmental report. This helps greatly in orienting the reader as to the relative personnel and fiscal importance of each activity. The Fort Atkinson and Two Rivers reports, while very commendable, do not reach the high mark of Berkeley. It is doubtful if many municipal reports will challenge seriously so high a standard.

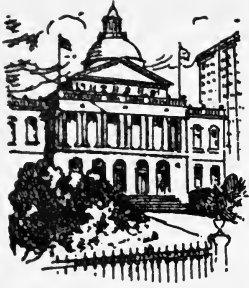
The accomplishments in Berkeley include a reduction of 12 per cent in total city expenditures under the previous year; a reduction in infant mortality rates from 27.5 in 1931 to 24.8 in 1932, the lowest since 1924, when it was 51.4; a crime rate of 1,461 per 100,000 population as compared to 1,596, the average for eighty-five other cities in the United States of the same population group; a fire loss of 65 cents per capita as compared to approximately \$4.00 for cities as a whole in the United States that year; a tax delinquency of 7.3 per cent; and \$243,050 in cash at the end of the year.

Fort Atkinson, too, can point to some noteworthy achievements—the lowest tax rate in twenty-six years; no bonded debt, or better still \$80,600 bonds outstanding, and \$86,000 in sinking fund with which to redeem them; fire loss of 26 cents per capita; and a cash balance of \$57,000 when the year ended.

Two Rivers also lays claim to some important records—8½ cents per capita fire loss, a reduction in auto accidents from sixty-seven to forty-eight for the year; and a reduction in tax rate from \$12.15 to \$10.01. There may be more achievements worthy of mention but they do not stand out so as to be easily identified. If cities generally issued reports such as these, the mystery concerning city government in this country would soon disappear.

CLARENCE E. RIDLEY.

The University of Chicago.



# GOVERNMENTAL RESEARCH ASSOCIATION NOTES

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EDITED BY ROBERT M. PAIGE

*Secretary-Treasurer, G. R. A.*

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**The Bureau of Governmental Research of New Orleans.**—During the past month the Bureau has been busy writing a new ordinance for the Parkway Commission, reorganizing the janitorial service at the city hall, investigating proposed state laws and their effect on New Orleans' taxpayers, and preparing data necessary for the consideration of federal aid in New Orleans under the National Industrial Recovery Act.

The mayor authorized the Bureau to rewrite the ordinance for the Parkway Commission. The proposed document had already had one reading before the Commission Council, but had met with objections. The Bureau has rewritten the ordinance to include overlapping terms for the commissioners, to eliminate the red tape in obtaining permits for the sale of flowers, and to provide the city attorney as legal counsel for the Commission, thus adhering to the principle of centralized legal service.

Due to the various separate departments at the city hall under the commission form of government, the janitorial service has been very decentralized and grossly inefficient. The mayor has agreed to the efficacy of a centralized janitorial service, but finds his hands tied due to the political machine under the commission form of government, which provides for no central administrator. This is another instance of the weakness of the commission form of government. The Bureau is hopeful, however, of bringing enough pressure to bear to produce the desired centralized janitorial service.

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**Griffenhagen and Associates.**—The firm has recently completed a survey of the state

government of Wyoming and a report has been presented to the state authorities. Bills embodying many of the changes recommended will be introduced at the next session of the legislature and the firm is assisting in the preparation of this legislation.

A survey of the state government of Kentucky is being made by the Kentucky Citizens Advisory Committee, Governor Ruby Lafoon, chairman, and Robert Vaughan, of Louisville, secretary. Griffenhagen and Associates are conducting the technical studies and preparing the report for this committee. The firm has also been retained by the Kentucky Tax Reduction Association for a study of county government.

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**Detroit Bureau of Governmental Research.**—The director of the Bureau, Lent D. Upson has served during the past year as the director of inquiry for the Michigan State Commission of Inquiry into County, Township, and School District Government. A series of reports have been issued by this Commission. The most recent one, "Local Relief to Dependents," is by Miss Opal V. Matson, a member of the Bureau's staff.

The data gathered during this study show conclusively that present methods of administering relief to dependent persons are ineffective and unduly expensive. The centralization of the administration of all outdoor relief, mothers' pensions, soldiers' relief, county infirmaries, and various other types of relief work now carried on by diverse agencies in a county welfare department is recommended. It is also recommended that county welfare directors be approved by the state welfare director before appointment.

**Philadelphia Bureau of Municipal Research.**—The Bureau has recently called public attention to the progress which the municipal government of Philadelphia has made during the past five years. Election methods have been improved by the installation of voting machines and by a reduction in the number of election districts. The futile December assessment of voters which had been costing Philadelphia more than \$100,000 a year has been abolished. The city's financial administration has improved with the comptroller curbing the mandamus evil and insisting that provision be made for the payment of floating debt, and the mayor for the first time using his power and prestige to enforce reductions in the budgets of county departments. Other important advances include the adoption of a comprehensive zoning ordinance and a more constructive handling of transit problems.

The Bureau has also recently published a report on the inspection of the work of private contractors on city construction projects. The field investigation in this inquiry was made in 1930 and 1931 when the city was still engaged in construction work on a large scale.

For the improvement of the city's inspection work, the report suggests, among other things, the following measures:

- (1) Strengthening of the civil service process of selecting inspectors, especially the elimination, or at least the curtailment, of the practice of making provisional appointments;
- (2) The introduction of a more formal system of training new inspectors;
- (3) Application to the inspection service of the principles of classification and pay embodied in the Jacobs report;
- (4) Discontinuance of the practice of contractors of giving gratuities to inspectors;
- (5) Reducing to a minimum the opportunities the inspector has of rewarding contractors at the city's expense for gratuities received. This may be done by close engineering supervision and by establishing better control over force-account work;
- (6) Encouraging the inspectors to organize for the purpose of self improvement and the building up of morale.

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**Woonsocket Taxpayers' Association.**—During the past year the Association has published a series of bulletins dealing with the cost

of government in Woonsocket. These bulletins are issued under the general title *Public Affairs*. The most recent bulletin outlines the reductions in expenditures which have been made in the last two years by the city. Other bulletins dealt with Woonsocket's bonded debt, present and future outlook, the 1933 budget, the relief situation, and assessed valuations.

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**Arkansas Peoples' Conference on Government.**—The first issue of a series of information bulletins to be published each month hereafter was distributed in October. This bulletin announces that a plan of state government reorganization is being formulated by a committee of the Conference under the chairmanship of Will G. Akers of Little Rock. The reorganization of county government is being studied by a committee under the chairmanship of Robert Snowden of Hughes. The school problems of the state are being studied by a joint committee, one section under C. E. Prall, Dean of the University of Arkansas College of Education, dealing with technical educational matters and the other section under C. A. Walls of Lonoke dealing with school finance.

The conference has assumed leadership in the promotion of Citizens' Councils for Constructive Economy in Government throughout the state.

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**Buffalo Municipal Research Bureau.**—A study of the cost of elections in Buffalo and Erie County has been completed. In a thirty-six-page report the Bureau presents in detail the various elements in the cost of elections and shows how this cost could be reduced to less than one-half of the average annual cost at a saving of more than \$100,000 per year. The reduction in the number of election inspectors per election district from four to two, the removal of "dead wood" and mimeographing instead of printing the registration lists, the omission of primary in districts where there is no contest or the adoption of a system of permanent registration, and the reduction in present excessive cost of maintaining election booths and voting machines are some of the recommendations of the Bureau.

**Vermont State Chamber of Commerce.—**

A town report competition is being conducted by the Chamber. Diplomas of supreme merit and diplomas of superior merit will be awarded to towns in each of six population groups. The reports will be judged on the manner in which (1) the budget is set up; (2) the balance sheet and financial status of the town set forth; (3) the distribution of expenditures over a series of years presented; and (4) bar charts and graphs are used to display graphically relevant financial facts. Professor K. R. B. Flint, director of the Bureau of Municipal Affairs of Norwich University, is chairman of the committee which is in charge of this project. The judges in this contest will be officials of New Hampshire, the governor, state comptroller, and state tax commission. The governor and other Vermont officials have consented to serve as judges in a similar contest which may be conducted in New Hampshire.

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**Washington Bureau of Governmental Research.**—This Bureau was formed in January, 1932, as a state-wide organization to promote economy and efficiency in the government of the state and in its local taxing districts. Prior to the organization of the Bureau the Washington State Taxpayers Association was formed with local branches in most of the counties of the state. The Bureau works in close coöperation with this Association.

In August the Bureau published an analysis of taxes in the state of Washington showing the amounts levied for various purposes and the amounts levied by various counties. The data contained in this report was presented to the annual conference of taxpayers associations affiliated with the Washington State Taxpayers Association.

Major A. A. Oles is the director of the Bureau.

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**Lake County Taxpayers Association (Gary, Ind.).**—During the past year the Association has made analyses of all receipts and expenditures of the county and comparisons with expenditures of prior years. The delinquent tax situation has been examined and estimates of probable delinquencies in 1934

formulated. Salaries paid county employees have been compared with salaries paid for like work in governmental and private business both in Lake County and outside. The salary study will be the basis for urging a general reduction in county salaries if such reduction seems to be necessary. The 1934 budgets of the county and townships and cities of the county were also studied in detail and recommendations presented to public officials.

M. W. Madden, the auditor and director of research for the Association was formerly associated with William H. Book, until recently the director of the Civic Affairs Department of the Indianapolis Chamber of Commerce, in the preparation of reports dealing with Indianapolis budgets.

\*

**New Mexico Taxpayers' Association.—**

A survey of Santa Fe County assessments has been completed by L. B. Herring, a graduate student at the University of New Mexico. This survey was sponsored by the Taxpayers' Association as a demonstration of a method which might be applied by taxing authorities in establishing a scientific basis for assessing property. One hundred and fifteen properties which were sold during the years 1929 to 1933 were investigated. For the period as a whole property was assessed at 55 per cent of its sale value. However, the increase in the ratio of assessed values to sales values during this period indicates an approximate drop of 25 per cent in property values. The most important conclusion to be derived from the investigation is that the absence of a scientific assessment system has resulted in serious discriminations. Ranch properties are apparently assessed at from 5 per cent to 84 per cent and residence properties at from 26 per cent to 121 per cent of sale price.

\*

**Kentucky Tax Reduction Association.—**

This recently formed Association now affiliated with the Governmental Research Association is engaged in research studies of local government in six counties and the school taxing districts therein. One of these county studies is being made by the staff of Griffenhagen and Associates and will be used as a basis for suggested changes in the county budget law. This law at present is inoperative as a result of a ruling of the Kentucky attorney-general.

All six of the county surveys are in representative counties selected on the basis of high, medium, and low tax rates, good management and poor management, type of business activity, size, population, and location. The completed series will be fairly illustrative of county government in Kentucky.

After the next regular session of the legislature, which will convene in March, 1934, the Association expects to extend the scope of its work to municipalities and to undertake a series of municipal government surveys.

The Association had its beginning in a meeting of fifteen prominent Louisville citizens called together in December, 1932, by Isaac Hilliard. These men were the chief executives of large corporations paying about 10 per cent of the total tax bill in Kentucky. They agreed to sponsor the Association provided other large taxpayers throughout the state could be induced to join. A budget of fifteen thousand dollars was raised promptly and active work was begun June 1, 1933. The secretary of the Association is George T. Holmes, a graduate of the University of Texas (A.B. and LL.B.) and an experienced sales executive and publicity and organization man. The staff includes C. M. Stevenson and J. E. Wert both of whom have received their training at the University of Kentucky under Professor James M. Martin of the Bureau of Business Research.

\*

**Public Administration Service—Consulting and Research Division.**—The NATIONAL MUNICIPAL REVIEW for July carried the announcement of the organization of the consulting and research division of Public Administration Service. During the past year P. A. S. has made installations of public works records, cost accounting, general accounting, or budget systems, in the cities of Newport, Kentucky; Flint and Ann Arbor, Michigan; Shorewood, Wisconsin; and Niagara Falls,

New York. A survey of the finance department and accounting system of the city of Newark, New Jersey, was made for the Citizens' Advisory Finance Committee and at the request of the city finance director.

The following monographs were published and distributed:

- 1) Some Observations on European Municipal Practices
- 2) Model Financial and Departmental Report Forms
- 3) How to Prepare an Annual Public Works Report

Manuals describing the administrative methods and cost systems of Flint and Ann Arbor, Michigan, have been prepared for the Michigan Municipal League.

Annual public works return forms were distributed to a thousand cities. Returns from over one hundred of these cities were received and analyzed.

Arrangements have been made with the library school of the University of Chicago to conduct an extensive research program in the field of public library administration. Arnold Miles, formerly a staff assistant to Bruce Smith of the Institute of Public Administration on the installation of improved procedures in the Chicago Police Department, has been retained for this study.

At the present time the Service is completing a manual describing a public works installation in Cincinnati and a police installation in Asheville. A model bill for the establishment of a state bureau of criminal identification, information, and investigation will soon be completed.

The Service continues to cooperate closely with several national organizations of public officials including the International Association of Chiefs of Police, American Society of Municipal Engineers, and the International Association of Public Works Officials.



## NOTES AND EVENTS

**The Fusion Victory in New York.**—Tammany has been unhorsed again from control of New York City, after sixteen years in the saddle. The Fusion candidates for the three city-wide offices on the board of estimate—F. H. LaGuardia for mayor, W. A. Cunningham for comptroller, and Bernard S. Deutsch for president of the board of aldermen—were victors at the November 7 election, and this was also the case as to the presidencies of three of the five boroughs—Brooklyn, which distinguished itself by electing Raymond V. Ingersoll; Queens, where the Republican incumbent, George U. Harvey, won again; and Richmond, where Joseph S. Palma emerged from a divided and confused field. Thus Fusion has thirteen votes out of sixteen on the governing board.

Tammany, however, retained its hold on Manhattan, its home borough, reëlecting Samuel Levy as president and placing its candidates in the county offices of Manhattan (New York County), including William C. Dodge for district attorney. Tammany likewise keeps a city-wide influence by controlling the board of aldermen, which, with its sixty-five single-member districts, is thoroughly unrepresentative, and which for twenty years has been little more than a rubber stamp. It can now be expected to show more activity, as a means of obstructing the new control in the board of estimate. However, the one lone opposition member at present, Joseph Clark Baldwin, 3d, will be joined in January by several other able partners, who should help to make it to some extent a forum of intelligent discussion. The Fusion members will number eighteen.

Samuel Seabury, whose investigation of Tammany was a main factor in the result, was not a candidate, but was prominent in Fusion councils and in the campaign.

The Recovery party, which injected itself

into the campaign when the Fusion movement showed unexpected strength, ran ahead of Tammany in the case of some candidates, including Joseph V. McKee, former acting mayor, whose vote exceeded that of Mayor O'Brien by a small margin. He failed to carry his home borough, the Bronx, but the Recovery candidate for borough president, James J. Lyons, was successful and about half of the non-Fusion aldermen elected were on both the Tammany and the Recovery tickets.

The Tammany attempt to have the voters authorize Mayor O'Brien to appoint a charter commission failed.

The new administration will be faced with a budget prepared by the incumbents, and will have many difficult problems. One of these will be to resolve the conflict between single-eyed efficiency and the desire for building a permanent organization from the diverse elements of the movement. Another is that of steering a course between the demands for rigid economy made by many Fusion supporters and the vision of a constructive, progressive, and socially-minded program held by the liberal elements of the movement and indicated in the record and reputation of mayor-elect LaGuardia.

\*

**Liquor Taxes as an Aid to Municipal Finances.**—A discussion of liquor control, at the American Municipal Association convention, resulted in a resolution which indicated that cities of the thirty states represented are definitely interested in securing an equitable share of tax revenue from liquor when repeal becomes effective. The resolution, anticipating the probability that the federal government will endeavor to get the major portion of tax revenue from intoxicating liquors, as it has since the legalization of beer, recommended that "the state leagues of municipalities in co-



operation with the American Municipal Association make an organized effort to procure for cities and villages a fair share of the tax revenues from the sale of intoxicating liquors, since it is just as important that municipalities be able to balance their budgets as it is in the case of the states and the federal government." Responsibility of regulation and the fact that cities and villages are now practically confined to the general property tax for source of revenue, while the state and federal government can choose other sources, were given as reasons why the cities should get a fair share of the revenue from anticipated liquor taxes.

\*

#### **Aiding Cities on P. W. A. Problems.—**

The task of getting applications of cities to the Public Works Administration into shape for speedy action is being attacked by some twenty-five expert service men recently put in the field under supervision of the American Municipal Association, and assigned to the state leagues of municipalities, which make up the membership of the Association. The field men are concerned with projects already under way, rather than with promoting new ones. City officials who need help are urged by Paul V. Betters, executive director of the Association, to get in touch with their state league headquarters.

A resolution adopted at the Association's convention at the end of October provided for a committee of the American Municipal Association to confer with Secretary of the Interior Ickes, and cooperate with him in securing state legislation which will enable the cities to participate more fully in the P. W. A. program. Another resolution suggested that the P. W. A. earmark public works funds now remaining from the \$3,300,000,000 appropriation, for local projects, even though it is not possible to pass upon all municipal applications prior to January 1, 1934.

\*

**West Virginia Still Ponders.**—Inasmuch as the West Virginia Supreme Court of Appeals refused October 27, 1933, to reconsider its decision that constitutional levy limitations are "absolute" and that debt services must be levied before current expenses are met, Governor H. G. Kump has called the state legislature into the third session of the year (see J. F. Sly and G. A. Shipman, "West Virginia S. O. S.," NATIONAL MUNICIPAL REVIEW, v. xxii (Nov., 1933), pp. 548-554). The governor's

call for the session is broad with ample opportunity for the legislators to consider every angle of the tax debacle. The following items bearing on the fiscal situation are included:

(1) The enactment of enabling legislation under the Tax Limitation Amendment to conform with the recent ruling of the Supreme Court of Appeals.

(2) The raising and distribution of additional revenue for municipalities, counties, and schools.

(3) The relief of municipalities by a) simplifying municipal government; b) authorizing the transfer of certain funds; c) providing for additional sources of revenue to be levied by the local unit; d) empowering local subdivisions to promote self-liquidating projects and to borrow money for this purpose.

(4) The enactment of "general legislation to meet the unprecedented problems of local subdivisions and to create agencies for raising and distributing revenue in order to aid local services and to relieve local debt."

(5) The proposal of constitutional amendments looking toward a fundamental solution of the tax tangle.

In the letter which accompanied the call, Governor Kump set forth the gravity and complexity of the situation, pointing out the myriad of legal questions which arise under the Tax Limitation Amendment. A multitude of suggestions for solving the problem has come from legislators, private citizens, and local organizations as well as from a very much aroused state press. In a general way, they include the following:

(1) That the state assume payment of county and district road bonds and make a direct levy to carry the burden;

(2) That the gasoline and automobile revenue be distributed to local agencies and the state be authorized to lay an extra direct levy to meet its road debt;

(3) That the district school bonds be consolidated in each county;

(4) That the state department of public safety be enlarged and authorized to be responsible for local police protection;

(5) That \$6,000,000 additional state aid be given to the public schools;

(6) That a state constitutional convention handle the whole problem.

In regard to new sources of revenue suggestions have been more general, and aside from proposals looking toward a complete reexamination of the indirect taxation field, they include:

(1) An additional levy on public utilities;

(2) A graduated net income tax,—50 per cent of the amount paid to the federal government;

(3) Luxury taxes,—a state tax on cigarettes, malt, public utility meters, telephone coin boxes, a stamp tax on legalized beer, and so forth;

(4) An increase in the gross sales tax, and

(5) The introduction of a general commodity sales tax.

All proposals stress the necessity of drastic reduction in operating expenses. Numerous suggestions for the consolidation of local units and agencies have been made and the structural reform of government is urged wherever possible.

The legislature will convene on November 21. In the meantime schools continue on state-aid funds; local government officials work without pay, while the citizenry looks hopefully to the state's solons for a solution of their taxing dilemma.

FRANCES P. DELANCY.

Bureau for Government Research  
West Virginia University.

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**Standard Report Forms for Massachusetts Towns.**—The long-continued efforts of the National Municipal League to improve and standardize municipal reporting have been reinforced by the Massachusetts State Branch of the National Economy League. In its studies of municipal finances in that state the League was greatly aided by the standard forms that have been in use there for a considerable time, and particularly by the annual statistical reports upon the municipalities of the state published by the state department of taxation and corporations.

Feeling that the municipal reports were still capable of improvement, a special committee of the Massachusetts branch studied the matter and Harvey S. Chase, C. P. A., a member of the committee who has had experience with the problem since 1899, in connection with the National Municipal League, the states of Massachusetts and Ohio and the United States Bureau of the Census, prepared a form of annual report suitable for towns and, in enlarged form, for cities.

The report consists of five sections, Section I including Schedule A, surplus or deficiency of revenue; B, analysis of revenue receipts; C, analysis of tax levies; and D, analysis of valuations. Section II gives details of expenditures and receipts. Section III shows the financial condition of the town, by means of current and capital balance sheets. Section

IV is a five-year comparison of revenues and expenditures. Section V consists of officers' and departmental reports.

\*

**Important Constitutional Amendments in Ohio and Pennsylvania.**—At the November election in Ohio the campaign of several years for the county home-rule amendment was successful. The amendment constitutes an enabling act which permits counties to adopt plans of government emanating either from the county itself or from the legislature as optional plans. It also permits the transfer of county-wide functions from municipality to county, and authorizes city-county consolidation in the most populous centers. More efficient and economical county government should follow if counties make intelligent use of these powers.

Ohio also adopted the old-age pension amendment, and not content with its experience with the old Smith one-per-cent tax law, approved a tax limitation amendment.

In Pennsylvania eleven constitutional amendments were adopted, probably the most important of which is that permitting the consolidation of Pittsburgh and Allegheny County, upon favorable vote of a majority of the votes cast in the county as a whole and also of a majority of the votes cast in a majority of the cities, boroughs, and townships. Previously, approval by a two-thirds vote in a majority of the latter components was required—a very effective obstacle to consolidation.

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## COMPARATIVE TAX RATES FOR 284 CITIES, 1933

(Continued from Page 599)

Civic Education by Radio, as well as by the Committee on Citizens' Councils for Constructive Economy of the National Municipal League.

The coöperation and interest manifested by a large number of public officials and citizen agencies has made this tabulation possible, and is acknowledged with appreciation by the compilers. Questionnaires were sent to 310 cities in the United States and 18 Canadian cities, to which replies were received from a larger number of cities and in more complete form than heretofore.

Supplement to the  
**NATIONAL  
MUNICIPAL  
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DECEMBER -- 1933

**Suggested Procedure for Selecting  
a City Manager**

To aid city councils in the process of selecting a qualified  
manager

A report submitted by a committee of the National Municipal  
League composed of: Richard S. Childs, Chairman of the Council  
H. W. Dodds, President, Princeton University  
Thomas U. Reed, University of Michigan

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# Suggested Procedure for Selecting a City Manager

To aid city councils  
in the process of se-  
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## INTRODUCTION

The selection of a city manager is the most important personnel problem of the council. The difficulties involved in the job of managing the varied activities of the city call for an unusually high type of executive and administrative ability. Councils cannot fulfill their responsibility by merely picking out of private life some person who is willing to take the job, even though he may have been successful in private affairs. A mediocre or an unqualified man will not only be expensive to the city in the long run, but is likely to bring the council into disfavor with the citizens. It is of utmost importance therefore that the council exercise extraordinary care in the selection of a properly qualified man—a trained man big enough for the job.

It is the purpose of this report to suggest a simple, careful, and effective appointment procedure based on the actual experience of city councils in the selection of managers. If the difficult task of selecting a properly qualified manager is faithfully carried out, an efficient and economical administration is practically assured; if this responsibility is indifferently met the wasteful errors which may ensue are chargeable directly to the council. A change in the position of city manager occasioned by lack of foresight or judgment on the part of the council carries with it an implication which every conscientious councilman desires to avoid. Where adequate

plans have not been made or where little effort has been put forward to canvass the field of potential candidates or where mere chance has been depended upon to produce capable applicants the results have been uniformly unsatisfactory to all concerned. It is hoped the suggestions that follow will assist councils in avoiding such disastrous results.

## DUTIES AND QUALIFICATIONS

Before considering the procedures involved in the selection process it will be well to set forth briefly the city manager's duties and the qualifications he should possess.

### DUTIES

As the chief executive and administrative officer the city manager is responsible to the council for the efficient administration of all municipal activities placed under his control. The manager's duties generally include the following:

- (1) To see that all laws and ordinances are enforced.
- (2) To exercise control over all departments and appoint, supervise, and remove department heads and subordinate employees of the city.
- (3) To make such recommendations to the council concerning the affairs of the city as may seem to him desirable.
- (4) To keep the council advised of the financial conditions and future needs of the city.

(5) To prepare and submit to the council the annual budget.

(6) To prepare and submit to the council such reports as may be required by that body.

(7) To keep the public informed, through reports to the council, regarding the operations of the city government.

#### QUALIFICATIONS

The experience of many city councils in the selection of a manager indicates the desirability of his having had, if possible, training in public administration and some experience in a public administrative position. Certainly he should have executive ability and know how to handle men; he should be fair and just; he should have the courage of his convictions; he should be a person of vision and initiative with a constructive conception of the destiny of the American city. In addition, he should have a pleasing personality and be able to deal with the public tactfully.<sup>1</sup>

#### THE COUNCIL SEEKS A MANAGER

As soon as it becomes known that a city manager is to be employed the council usually receives an avalanche of applications for the position, many of the applicants being attracted by the probable salary or by the hope that in the rush an appointment will be made without mature consideration of qualifications. It is advisable, therefore, that the council reach an early agreement as to the procedure and general policy to be followed in selecting a manager. More than likely a council consisting of seven or more members will appoint a committee, on which the minority is represented, to receive and consider applications and from time to time report their progress to the entire council. It

is customary for the council to include in the resolution appointing this committee, authority to pay the expenses of such candidates as the committee wishes to bring to the city for a personal interview.

The first task of the council committee will be to prepare certain information to which the candidate is entitled and also to determine what specific information the council wishes to obtain from the prospective candidate. It is suggested that the use of Forms I and II (See pages 635-637) or an adaptation of such forms, would tend to discourage undesirable applicants because such opportunists will immediately discern that the council does not intend to proceed in haste or to be stampeded into making an appointment without a thorough study of all comparable qualifications. These forms will also reveal to desirable candidates, who might not otherwise apply, that the qualifications of each applicant will be analyzed and judged on an equitable basis. Such a belief will instill confidence, promote frankness, and attract the highest caliber candidates.

#### WHAT THE CANDIDATE WANTS TO KNOW

The prospective candidate is entitled to certain information about the city, the city government, and the position. The more definite and complete information the council makes available, the more likelihood that a desirable candidate will be discovered. Much of the information of this nature (see Form I on page 635) can be filled in by the clerk but the council should determine what qualifications will be required in prospective candidates, prepare a statement as to their views with respect to the relationships between the council and manager,<sup>2</sup> reach a tentative agree-

<sup>1</sup>For a more detailed statement of essential qualifications, councils are urged to read *The Qualifications and Selection of a City Manager*, a committee report published by the International City Managers' Association, 850 East 58 Street, Chicago.

<sup>2</sup>On this question councilmen should read *The Best Practice under the City Manager Plan*, by Richard S. Childs, published in January, 1933, by the National Municipal League, 309 East 34 Street, New York City.

ment as to the probable range of the starting salary, and decide when the appointment will be made. In arriving at a decision on what qualifications should be required the council should consider the desirability of requiring training in public administration and/or successful experience in some public administrative position. Perhaps the most valuable experience is that of having served successfully as a manager in a city comparable in size or in a smaller city. A council will not be likely to obtain a capable and experienced manager if it is evident that the mayor and council intend to dictate in matters of administration, as distinguished from general policy thus reducing the manager to the status of office boy. If the council wishes to obtain a highly qualified manager it will let prospective candidates know that the council not only will allow but will require the manager to perform the duties and discharge the responsibilities of his office as set out in the charter, and will observe scrupulously the principles of council-manager government. A more definite agreement on these relationships can be reached at the time the manager is appointed.

Finally, it is essential that the council, appreciative of the tasks and responsibilities attached to the office of city manager, should be willing to pay an adequate salary to attract capable men. The problems that must be handled by the city manager are of greater diversity and magnitude than those that confront the executive of any private corporation in the city. Therefore, in arriving at the probable salary for the position of manager the council might investigate what salaries are being paid to the chief executives of local utility companies, officers of the leading banks, and managers of various other private corporations in the city.

#### WHAT THE COUNCIL WANTS TO KNOW

Having decided upon the qualifications for the position and other informa-

tion that will help prospective candidates, the council should advertise that qualified persons desiring to apply for the position may upon request obtain copies of the qualifications (Form I) and an application blank (Form II) from the city clerk's office. The chief value of Form II (see page 636-637) is that it brings into sharp focus the pertinent qualifications and experience of each candidate and makes possible a comparison of the records of the various applicants. It reduces all applications to the same bulk—an extremely valuable feature from the standpoint of the council since it saves much time. Certainly the council will want to know the extent and type of training the candidate has had, what positions, especially public administrative positions, he has held and, if he is or has been a city manager of another city, a brief record of his administration. Unless a uniform method of this kind is pursued, the council will receive great sheafs of meaningless statements, recommendations, and testimonials concerning some candidates and little information of a comparable nature from any applicant.

During a time of depression, the council will probably receive a great many applications without widely advertising the fact that a city manager is being sought. Most councils, however, do not depend entirely upon voluntary applicants but conduct a wide search in other cities for a capable manager, because ordinarily they find a better city manager when they have sought a man than when they depend upon a man to seek the job. Some city managers who might otherwise be interested will not make application because of the apparent reflection on the cities they are then serving. There is available to city councils the *City Manager Yearbook* which gives a complete list of city managers and other information about the profession. In addition to this Yearbook, the International City Managers'

Association also publishes a bi-weekly *News Letter*, which lists without charge vacancies in the office of city manager in any city, together with qualifications and other data supplied by the council. This gives city managers and men desiring to enter the profession an opportunity to make application to the council if they so desire. The Association is interested only to the extent that a qualified person be appointed. It does not recommend or seek the appointment of any candidate. However, the executive director upon request from responsible members of a city government either will furnish brief statements concerning the qualifications of a specified candidate or will give any authorized representative of the city free access to the qualification and experience records of its entire membership. The Association upon request also supplies city councils with a list of city managers, average salaries by population groups, and other information about the profession.

The use of a uniform application blank by the council convinces the public that a sincere and unbiased effort is being made in their behalf to secure the best possible city manager, engenders among the applicants confidence in the fairness and justice of the proceedings, obtains comparable information on specific items from all applicants, and thus simplifies the task of selection for the council.

#### COUNCIL EXAMINES APPLICATIONS

When the council decides that a sufficient number of applications have been received, or the period for receiving applications should be closed, the task of examining the applications begins. The investigation by the council may be facilitated if the clerk of the council will tabulate on a comparative basis the more pertinent data about each candidate. These data, which may be obtained from the applications of the candidates

should be set down on a large columnar form with the names of the candidates in the first column and other column headings covering the information requested in the application form, such as: age, present position, city and state, number years public administrative experience, number of employees supervised in public position, amount of money expended in any one year for which directly responsible, and extent of education. Space might also be left for remarks by council and rating by council.

#### COUNCIL INVESTIGATES CANDIDATES

This tabulation may aid the council in eliminating a number of applicants who obviously do not have the qualifications previously decided upon by the council. The council should then read the applications of the more promising candidates, perhaps eliminate additional applicants and follow up others by correspondence, by letters to references, and, if possible at this stage in the procedure, by personal interview and interviews with former employers and associates. In obtaining the opinion of references given by the applicant the council should direct the clerk to address an inquiry to them even though it may appear that much of the information thus received may have to be discounted or ignored. The council will be especially alert for biased statements in which the merits of the candidate are obviously exaggerated and may safely reject all open testimonials of the "to-whom-it-may-concern" variety. The inquiry sent to references should be designed so as to obtain the opinion of all references on specific points. The letter might be worded as follows:

(Suggested Letter to be Sent By Council to References Given by Applicant)

Mr. \_\_\_\_\_ has made application for the position of city manager of this city. If he were selected as chief administra-



tor, he would have power to direct and supervise the work of — employees and control the expenditure of \$——. Will you please assist us in the important task of selecting a qualified man for this responsible municipal position by answering the questions below. Please refrain from expressing any personal interest in the candidate other than his fitness for the position. Your reply will be treated as confidential.

1. How long have you known the applicant?

2. Are you related to the applicant? If so, state the relationship.

3. To your knowledge, is the applicant in good physical condition?

4. To your knowledge, what has he done that shows his ability successfully to cooperate with subordinates in welding them into a loyal and effective working unit?

5. What is there about the candidate, if anything, that commands respect and confidence?

6. What has the candidate done, if anything, of which you would not approve? In other words, what are his weak points?

7. What has the candidate done to indicate he has initiative and is tactful?

8. Would you select this candidate as city manager of your own city or manager of a business which you owned?

(Signed) \_\_\_\_\_

Mayor or Clerk

Such a letter as this should also be sent to other persons who may be expected to have opinions of value but who have not been included in the candidate's list of references.

While character and personality traits of a candidate may be judged in part by the written statements of those who know him, the council or council committee will obtain the most valuable evidence through direct contact with the applicant, if this is possible at this point in the procedure, and also through in-

terviews with references and other persons who know the candidate.

The council may need to fortify itself against pressure coming from a candidate's friends, or from fraternal, religious, or political groups that may interest themselves in his behalf. It is regarded as unethical for a candidate to bring pressure to bear on the council in behalf of his candidacy or to present his case to the individual council members one after the other unless this procedure has been definitely authorized by the council. Obviously, the candidate who tries to influence council members by persistent and personal solicitation is to be regarded with suspicion.

The first inclination of the council will be to select a local man and pressure is likely to be brought to bear on the council for such an appointment, but experience has shown that in most instances there are decided advantages in having the manager come from out of town. One of these advantages lies in the fact that a successful city manager having served well in other cities would bring to his new position the benefit of previous experience under council-manager government. A competent out-of-town executive can obtain in a relatively short time all the knowledge of the local situation that he needs and he will be able to start his administration without being suspected of having friends to reward or enemies to punish. It seems to be true that pressure is more likely to be brought to bear on the local appointee with reference to appointments and the letting of contracts. A local man is also more likely to be deficient in adaptability under changing conditions owing to lack of the broader viewpoint which an inter-city experience encourages. However, while theory and practice both strongly favor the non-resident, a city council should not refuse to consider a man having the requisite training and experience merely because of his local residence.

## PERSONAL INTERVIEWS AND APPOINTMENT

The council may hold one or more meetings to hear reports from the committee before the choice of a manager is narrowed down to a few candidates. Many councils think it undesirable to make known the names of applicants at this stage in the procedure for the reason that such publicity may harm the standing in his own city of a manager who has applied, especially if he is not subsequently appointed. Moreover, for the local press to make known the names of the four or five candidates to whom the council has narrowed its choice, would make it very difficult for the council to interview any of the candidates who live in other cities because it is not likely they would want to come for the interview unless they were certain of receiving the appointment. The council should explain the situation to the local newspapers and ask them to refrain from publishing the names of the men who come from out of town for interviews until the council is ready to make its announcement. If the first candidate invited for interview does not seem satisfactory or cannot be secured, the council should call for an interview with the next most promising candidate and so on down the list until a selection is made. When a candidate is called for interview it is advantageous both to the manager and council for him to meet all members of the council rather than only those who may comprise the special committee. Naturally any candidate who is invited by the council to come to the city for

an interview will expect the city to pay his expenses.

The interview with the candidate should be objective. While the manner in which he presents his case is an indication of his ability and worth it is suggested that the council follow a somewhat definite procedure or technique with a view of testing the candidate's ability, tact, and judgment. If the prospective candidate is serving as city manager in another city, the council committee may want to visit that city to ascertain his accomplishments and to sound out local opinion about the city manager; but such a visit is not an adequate substitute for the interview by the entire council.

The council should if possible be unanimous in its choice. If this is not the case the manager should be informed of the vote on his selection as some candidates would hesitate to become manager if, for example, the vote is merely five to four in his favor. It is advisable for the council to give the manager a vote of confidence by unanimous election if possible.

It is of great importance that the manager and council reach a definite understanding at the very outset on the provisions and interpretation of the charter, particularly those relating to the powers and duties of the manager, the relation of the manager to the council, and of the council to the manager. An experienced manager will probably request such a conference and understanding with the council before he accepts the position.



# INFORMATION ON THE POSITION OF CITY MANAGER

of ....., .....

## I. THE CITY

Name of city..... State..... Population.....

Type: ..... Industrial ..... Commercial ..... Residential  ..... Resort

Total assessed property valuation last year ..... \$

Total operating budget last year (less debt service) ..... \$

Total utilities operating budget last year (less debt service) ..... \$

Total bonded and floating debt, exclusive of utilities ..... \$

Total utilities bonds outstanding ..... \$

Total debt service charges last year, including utilities ..... \$

Utilities owned and operated: ..... Light and power ..... Water ..... Gas

..... Street railway

## II. THE COUNCIL

Council-manager plan adopted ..... 19....

.... By charter; ratified by ..... to ..... Popular vote ..... Ordinance

Number of councilmen: ..... Elected at large ..... Elected by wards

By means of: ..... Non-partisan ballot ..... Party ballot ..... P. R.

Council term: ..... years ..... Concurrent ..... Overlapping

Council's view of relations between council and manager

## III. QUALIFICATIONS COUNCIL REQUIRES OF CANDIDATES

Education

Training

Experience

## IV. ORGANIZATION

List of department heads, boards, commissions, and other officers:

- (1) Appointed and removed by council or mayor or both.
- (2) Elected by the people.
- (3) "Appointed and removed by the manager."

## V. WORKING CONDITIONS

Probable range of starting salary: \$. .... to \$. .... per annum

Maximum salary payable: \$. .... Bond required: \$. ....

Tenure of office: ..... Will and pleasure of council ..... Definite term (years)

Appointment probably will be made ..... 19....; manager's services probably will begin ..... 19....

## VI. APPLICATION PROCEDURE

Application for the position must be made on the regular form prepared by the city council and must be filed not later than ..... 19.... with .....

Date:..... Signed.....

Mayor or Clerk

Note: A copy of the city charter may be obtained on request.

APPLICATION FOR THE POSITION OF CITY MANAGER

of .....

To the City Council of .....

Date.....

I. CANDIDATE

Name .....
Address ..... City ..... State .....
Age ..... years Height ..... ft. .... in. Weight ..... lbs.
Nationality ..... Married or single ..... Number children .....
Number days of working time lost through illness during the past five years .....
If appointed, date applicant could assume duty .....

II. EDUCATION

Numbers of years attended high school ..... When graduated .....
Name of college attended ..... Number of years .....
Major course ..... Degree, and year graduated.....
Post-graduate work .....
(Major subjects, degrees, school, etc.)
Correspondence or special courses .....

III. PUBLIC EXPERIENCE

List only public positions held, including part-time and unpaid positions

Table with 5 columns: From, To, Title, Name of Governmental Jurisdiction, Annual Salary, Reason for Leaving

Indicate the number of years you have exercised full administrative control over the following government activities either directly as a department head or as city manager.

- Finance Law Police Welfare
Health Education and Libraries Fire Personnel
Planning and Zoning Utilities Public Works Engineering
Purchasing Assessing Parks and Recreation

SCHEDULE A

(To be filled in only by those who have been or are now a city manager)

Name of city ..... State ..... Population .....
At what salary did you start? \$ ..... Maximum since start? \$ .....
How long have you been engaged in your present position? .....
Why would you consider leaving? .....
Type of city: ...Industrial ...Commercial ...Residential ...Resort
Utilities owned and operated: ...Water ...Light and Power ...Gas ...Transportation
Total budget last year: (including operation, utilities, and debt service) \$ .....
Brief record of accomplishment: .....





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