

# The Great Depression and the Cities

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December 1957  
Revised February 2009  
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Published by the American Grand Jury Foundation  
[www.grandjuryfoundation.org](http://www.grandjuryfoundation.org)

Originally written as a class assignment  
for a political science course  
at the University of California, Berkeley

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## Foreword

Fifty-two years ago, I wrote this monograph for a graduate-student seminar at the University of California, Berkeley. As you read this study, bear in mind that I wrote it half a century ago about a decade-long national crisis that had occurred 25 years earlier. The source of much of the information in the paper was *Public Management*, a journal for city officials then and now. My research paper was brought to my mind by the remarkable chain of events that followed the recent bursting of the national real estate bubble which, in turn, has been associated with a succession of financial crises.

Because the sound of the bubble bursting still echoes throughout our nation, I decided to post the study on our Web site. Some readers might challenge the idea that the paper is relevant today. The Great Depression of the pre-World War II decade is not, to be sure, identical to our nation's current plight. Readers may decide for themselves whether the paper teaches any useful lessons for today. I think it does, even if all it proves is that George Santayana was right in admonishing us that, if we ignore history, eventually we pay a price for doing so. The question to be answered in time is, how much shall we pay, in what type of currency, to whom, and for how long?

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February 2009

# 1

## Forecasting Trouble for the Cities

In the early years of the Great Depression, the pages of *Public Management* are surprisingly free of advice from those who saw, or thought they saw, trouble ahead. One early sign of impending financial crisis, according to one author, was “municipal unrest” caused by a desire for services in cities that their tax base cannot afford, including “installment buying”:

I am convinced that installment buying, or let me say the abuse of installment buying, is one of the chief causes of political unrest. We, as a people, demand good streets well lighted, good school buildings out of all proportion to our ability to pay, up-to-date police and fire departments, parks, well-supervised playgrounds, clinics, city halls and auditoriums, in fact, everything and anything we believe will add to our comfort or sense of pride—all on the installment plan.<sup>1</sup>

Whatever else he might have said about it, it is interesting that the author was not too alarmed: “At heart, the people are all right ... in spite of municipal unrest, we are progressing, so why worry?”<sup>2</sup>

Another commentator examined the prevailing tax structure and concluded that most of the taxes came from “those who are now spending or investing all they receive as fast as it is received,” and that the plan to “stimulate business and employment by increasing the appropriations for public works by all governmental units” was wrong, since blood cannot be squeezed from turnips. The writer concluded that, “Indeed, it would be economic wisdom for city managers and their councils to cut budgets if there is reason to believe that the incomes of the bulk of the taxpayers has declined.”<sup>3</sup>

If the cities anticipated the Depression and what it would mean to them, they were silent on the matter. One city manager tells us that his city had known for some time that

The first indication that the depression was about to descend upon St. Johnsbury quickened the civic pulse of the populace and convinced all of the necessity of making new and complete plans to cope with the great amount of distress and unemployment which obviously would result from the economic disturbance.<sup>4</sup>

It was claimed by this manager that the city had arranged for a “complete centralization of relief responsibility,” and this prevented “undue exaggeration of the welfare problem....” The city also developed in advance a made-work program and devised a salary-reduction schedule to pay for the made-work; therefore, “the town has been able to operate within its income and hold the tax rate to a satisfactory minimum.”<sup>5</sup>

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<sup>1</sup>Charles E. Ashburner, “Municipal Unrest—A Result of Installment Buying,” *Public Management*, XII (March 1930): 71.

<sup>2</sup>*Ibid.*

<sup>3</sup>Walter J. Millard, “Public Works Budgets and Better Business,” *Public Management*, XII (July 1930): 385.

<sup>4</sup>R. W. Orebaugh, “Advance Planning,” *Public Management*, XV (August 1933): 247.

<sup>5</sup>*Ibid.*

Noticeably absent was any mention of the sort of systematic measurement of impending trouble that we might expect to find today. One organization, the Citizens' Research Institute of Canada, had attempted to develop "warning signals" for some time before the Depression decade and reported that most cities had begun to show an increase in at least one of these standards before the Depression broke:

- Assessment: \$1,000 per capita for cities 10,000 or more; \$750.00 per capita for urban municipalities 2,000 to 10,000 or more; and \$500.00 per capita for urban municipalities 400 to 2,000.
- Debenture debt per capita \$200.00 for cities of 10,000 and more; \$150.00 for urban municipalities 2,000 to 10,000; and \$100.00 for municipalities 200 to 2,000.
- Relation of debt to standards assessment; 20 percent for all cities.<sup>6</sup>

In one case, the signs of trouble were, like the purloined letter, where one would least expect to find them—in the most obvious place:

In the summer of 1933, powerful real estate interests proposed a further change in the Constitution. A skillfully organized campaign, which sought tax reduction regardless of consequences, quickly put a ten-mill limitation into the State Constitution, effective January 1, 1935. At the same election, while the voters reduced their taxes, they approved an expensive old age pension law, necessitating additional tax revenue.<sup>7</sup>

In view of administrative research in the measurement of governmental functions, one would think that it would not be difficult to devise predictive techniques to anticipate critical changes in the economic picture that relate to the cities and which would permit needed adjustments to be developed in advance of major municipal economic crises. A number of indices are present in most cities that could be of used for predicting financial downturns, such as the rate of tax delinquency, the numbers of persons who apply at police headquarters for "nomad lodging," the incidence of armed robberies and burglaries, increases in mortgage non-payments, etc. Needless to say, the treatment of such data for the purpose we propose would require considerable sophistication in statistical methods. Furthermore, the validity of the data would depend to a great extent on their geographical representativeness. Nevertheless, if provisions do not already exist for such measurement, it would seem prudent for the cities to consider it.

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<sup>6</sup>Horace L. Brittain, "Financial Warning Signals for Canadian Cities," *Public Management*, XVII (December 1935): 388.

<sup>7</sup>George L. Leffler and G. Burman Curry, "Ohio Cities Battle Depression and Tax Limitation," *National Municipal Review*, XXIV (July 1935): 391.

## 2 Growth of Services

As the trough of the Depression deepened and more attention was directed to the problem faced by the cities, many authors addressed themselves to questions about municipal services: Which services do and should the cities provide? Have the raw numbers of services increased numerically, or have the basic services always provided by the cities simply become more complex, but not more numerous? What these commentators hoped to find, of course, was a way to reduce the cost of local government. These three considerations were frequently discussed:

- May local government justifiably abandon certain services altogether?
- Has local government entered any fields that should properly be occupied by private enterprise?
- If most of these services cannot be abandoned with justification, can they be provided more efficiently and cheaply by innovations in municipal organization (e.g., integrated fire–police services, etc.)?

Champions of the first two propositions are not numerous in the pages of *Public Management*. The general conclusion is that the accretion of municipal services is a function of an ever-increasing complexity of society:

Congestion of population itself has created new needs—traffic control, street widening, unusual [levels of] fire protection, additional police, better lighting, and an adequate water supply. Higher standards of living compel the maintenance of parks, boulevards, museums, increased educational facilities, libraries and concerts. Increased humanitarianism has brought playgrounds, better prisons, care for the sick, and many activities unknown in other years. Scientific development has resulted in bringing about the technical and extensive administration of old activities, particularly relating to public health, water supply, and the disposal of wastes. Today, not only prosperity and culture but even food, shelter and safety depend upon the proper functioning of government.<sup>8</sup>

Undoubtedly, the cities have accepted new responsibilities. Whether this has been due to such motivating forces as “increased humanitarianism,” or whether the economic determinist could safely argue that Civic Man has simply found it less expensive in the long run to undertake preventive activities that we confuse with “increased humanitarianism” is difficult to say. In one city, for example, many of the new services added over a ten-year period were in the general area of social welfare:

- 1922 – Recreation camps
- 1923 – Traffic engineering, junior traffic police; psychological clinic; vocational guidance; medical inspection of school children

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<sup>8</sup>Lent D. Upson, “The Growth of Municipal Functions,” *Public Management*, XI (November 1929): 639.

- 1924 – Provision of child welfare nurses; inspection of day nurseries; Del Valle Preventorium
- 1925 – Sunshine School
- 1927 – Rodent control
- 1928 – Radio control of auto patrol; readers' adviser service; classes for the deaf
- 1930 – Band concerts; mosquito abatement and control
- 1931 – Classification of positions; Probst ratings (efficiency reports)<sup>9</sup>

It may be that the greatest epoch of the addition of municipal activities was in the twenty years that immediately preceded the Depression. Furthermore, if this growth in municipal activities was simply a part of a generalized expansion period in the United States, then perhaps the period we call the Depression was really a decade-long lull in a long-trend boom period.

The general spread of municipal activities is portrayed in another study of the subject. This list of activities represents those reported as being new in 34 cities between 1915 and 1929. Like other studies, it implies that the greatest single area of development has been in the health-and-welfare field:

*General Government.* Development of zoning plans; planning of public improvements; centralized purchasing; centralized maintenance of motor vehicles; preparation of executive budget.

*Protection to Persons and Property; Police.* Traffic lights, auto patrol; crime records; traffic control; radio control of auto patrol; police teletype.

*Other Protection.* Municipal employment agency.

*Conservation of Health.* Inspection of swimming pools; provision of tuberculosis nurses; maintenance of venereal disease clinic; maintenance of infant welfare service; maintenance of children's clinic; dental inspection of school children; clinics for pre-natal care; maintenance of child welfare nurses; inspection of dairy farms; inspection of food handlers; provision of public health nurses.

*Sanitation.* Installation of motor street sweeping.

*Highways.* Installation of safety zones.

*Charities, Hospitals and Corrections.* None.

*Education.* Vocational guidance; classes for cripples; classes for deaf; classes for mental defectives; classes for defective speech.

*Libraries.* None.

*Recreation.* Community centers; playgrounds; golf courses; open air swimming pools.

*Public Service Enterprises.* Public airports, hangars for aircraft.<sup>10</sup>

The narrative will not be delayed here to link this period of municipal expansion to the general economic depression. When citizens chose to provide these many services, they committed themselves to a long-term program of paying for salaries, supplies, construction of facilities, and the

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<sup>9</sup>Charles W. DeWolf, "The Growth of Municipal Activities," *Public Management*, XV (January 1933): 19.

<sup>10</sup>Carroll H. Woody, "Changes in the Functions of City Governments, 1915 to 1929," *Public Management*, XV (January 1933): 10.

numerous other expenditures that were thereby necessitated. A depression “looking for a place to happen” picked the right point in time, insofar as the cities are concerned. It is little wonder that the problem of tax delinquencies was so pressing.

### 3

## Municipal Tax Delinquency

The subject of tax delinquency has, as do unemployment data, an advantage in a study of the Depression: Given reliable information and procedures, many financial trends of that time were statistically manipulable. Nevertheless, compared with other subjects, few articles were dedicated to the problem of tax delinquency between 1929 and 1933. Two articles published near the end of 1931 spoke directly to the issue, and the authors observed that, while a number of remedies had been suggested, many were ill considered:

During the present economic depression, the legislative bodies in various states and municipalities have been besieged with requests to waive penalties and decrease interest rates on delinquent taxes. This seems to be a rather dangerous tendency because effective means are needed at the present time to encourage payment of such obligations. It is undoubtedly true that many people cannot pay at the present time, but if the laws are permitted to become lax now, then those who are able to pay when prosperity has returned will withhold payment of their taxes to an even greater degree than they did in 1928–1929. When it is difficult to collect taxes, the collection methods should be strengthened rather than weakened.<sup>11</sup>

Arguments regarding penalties on tax delinquencies follow, in general, the same line as arguments about capital punishment: One argument holds that, if penalties are decreased, people will eventually honor their tax bills and that harsh penalties serve only to punish and degrade the taxpayer who has already been penalized by hard times. The counterargument runs that this is nonsense and that the solution is obvious: Those who do not pay should be penalized to discourage other potential delinquents and that this should be done quickly and certainly:

The tendency is to ease up the penalties on delinquent taxes. Another common practice has been the picking up of all delinquencies prior to 1932 or some other stated period and spreading them over future years. The net result places a premium on delinquency and a penalty on prompt payment of taxes, In many instances it is more profitable in dollars and cents to go delinquent than to pay. Rarely indeed are taxes paid through a sense of loyalty to local government. People just aren't built that way, and unless a reasonably compulsory method of collection is maintained, financial support of government will be lacking.<sup>12</sup>

That this problem had reached considerable magnitude is demonstrated by the author's appraisal of the extent of tax delinquency:

The amount of delinquency varies from about 1.5 per cent four months after taxes became delinquent in Portland, Maine, to about 39 per cent at the end of the 1930 tax year in

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<sup>11</sup>Carl H. Chatters, "The Administration of Delinquent Tax Collections," *Public Management*, XIII (May 1931): 107.

<sup>12</sup>Clifford W. Ham, "Some Emerging Financial Problems," *Public Management*, XVI (November 1934): 355.

Astoria, Oregon. In the majority of cities reporting the delinquency at the close of the tax year it varies from 3–7 per cent of the total amount due.<sup>13</sup>

The ingenuity of the managerial mind was not idle in devising ways to increase collections, and, on the whole, some of the suggestions seem more positive in their approach than one might reasonably hope from officials harried by a lessening in the flow of the city's life blood:

When personal property taxes become delinquent, constables are sent to collect or to seize and sell property.

Letters, bills, telephone calls, newspapers and personal collectors are utilized in the collection of taxes.

Recently, a plan has been put into effect permitting payment of taxes in ten installments with interest at a nominal rate....

The county treasurer, an elective official responsible for the collection of taxes, mails bills to delinquent taxpayers, makes calls to encourage payment and in accordance with the law publishes a list of tax delinquencies.

The most effective method we have discovered to reduce the amount of delinquent taxes is the prompt filing of suits for their collection.

The most effective method yet devised to secure prompt payment is the repeated mailing of duplicate tax bills accompanied by checks complete except for signature and name of bank, together with self-addressed envelopes.

The fact that a heavy penalty of 15 per cent is charged for failure to pay taxes on time accounts in part for the low delinquency rate which has ranged from 3–7 per cent during the last 10 years.<sup>14</sup>

Probably the legal machinery for the enforcement of tax payments is now sufficiently developed in most jurisdictions that additional legislation will not be required. What is possibly more needed is persistence and the ability on the part of tax officials to condition citizens to comply willingly with tax laws. In fact, there may be a definite relationship between tax delinquency and the ingenuity and persistence of tax officials in the administration of their offices. With this in mind, one study devised a standard which was a composite of procedures found in cities having a relatively low percentage of tax delinquency:

1. Tax procedure should be based on a carefully planned calendar with the shortest duration of time consistent with the public good, between the date of the levy and the final disposition of lien.
2. Taxes should be payable in two installments with a high rate of penalty added at delinquency.
3. Adequate notice should be given delinquent taxpayers.
4. Tax certificates should be sold late in the fiscal year for which the taxes are levied.
5. Competition at the tax sales should be based on bidding down the rate of interest on the certificate.
6. The tax certificate may be foreclosed one year after sale and must be foreclosed within three years or become invalid.

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<sup>13</sup>Carl H. Chatters, "Tax Collections," 167.

<sup>14</sup>Carl H. Chatters, "Tax Collections," 169.

7. The tax deed issued at the foreclosure sale should be evidence of a valid title.
8. The tax sale should consolidate all existing municipal liens and add subsequent liens to the certificate first sold.
9. All administrative acts relating to tax procedure should be mandatory.<sup>15</sup>

Although it is true that the legal framework within which communities can operate the subject of tax delinquencies undoubtedly varies, and it is possible that additional tax-collection techniques can be discovered and that communities need not remain helpless while their tax base dwindles. At any rate, the results of yet another study dealt more closely with the question of the administration of the tax-collecting function and recommended

- That in the case of the smaller communities the collection of taxes be centralized in the county.
- That tax collectors be made appointive officers and be freed from political influence.
- That taxes be collected quarterly or even monthly.
- That the approved methods of collection used in private business (such as mechanical billings, follow-ups, etc.) be adopted in the case of the collection of taxes.
- That penalties be made reasonably high, be fixed, preferably at a graduated rate, and be enforced.
- That tax receivers be appointed for the management of the income of delinquent properties.
- That the sale of tax liens be made mandatory on the tax collectors at the expiration of a certain time.
- That the procedure of foreclosure be simplified and the tax lien laws be so revised as to result in the conferring of clear titles (wherever this is not now the case).
- That special tax arrears departments, divorced from politics, be created with authority to arrange with individual delinquents for the gradual payment of arrears over a period of time and to take such other steps in each case as the conditions therein may warrant.
- That property be assessed more scientifically and equitably.
- That property be assessed on the basis of its rental value rather than, as at present, market value.
- That new sources of revenue be developed so that property should not be taxed as heavily as it is today.
- That the services rendered by the municipality be properly publicized on the tax bill.<sup>16</sup>

Some authors reported pressure from citizens' groups, public officials, and students of public administration to decrease taxes. It is no surprise that such demands would be raised in a depression. The desire for lower taxes exists perennially, prosperity or not, and it is only logical that it would be stronger in a depression. The reasoning runs like this: Money is scarce; it is tougher in hard times to

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<sup>15</sup>DeWitt W. Krueger, "Reducing Tax Delinquencies through Adequate Collection Methods," *Public Management*, XIV (May 1932): 170.

<sup>16</sup>"Experts Propose Diverse Remedies for Tax Delinquency," *Public Management*, XVIII (August 1936): 249.

pay taxes. Taxes buy services—reduce services and reduce taxes. Thereafter, the argument involves which services to reduce.

A particularly refreshing, though not necessarily helpful, point of view is expressed by one author writing in the Depression era. Commenting on the nearly feverish efforts to reduce taxes, he suggests that there may actually be no returning to a time when needed or demanded services were few. It may be that citizens cannot depend on private enterprise to supply certain services, or at least shift the responsibility for providing these services to charitable groups.

The writer maintains that citizens must consider certain basic issues in discussing the reduction of services. One of these is that citizens can no longer regard themselves apart from government and that, despite cynicism to the contrary, our form of government depends on the people it serves for its existence. In contrast, citizens who live under other forms of government depend on government for their existence. Furthermore, an “increase of government services appears to be inevitable in our modern dynamic society...”<sup>17</sup>

There is also, the author observes, the bent of mind that endorses the proposition that “government should be productive” in the same sense that private enterprise is productive. The author seems to take issue with this proposition. Rather, he claims that what is needed is

... a sense of social values. Why should we bewail the increased expenditures of education and boast of the relatively greater increase in expenditure on cigarettes? Does the fact that the latter is a so-called “voluntary” expenditure on goods made by private business make it more socially useful?<sup>18</sup>

The writer makes the point, finally, that perhaps the single positive side of the Depression is in the hope that it would encourage citizens to observe the conduct of government and ensure that something is done to remedy the not infrequent blind spots of maladministration at all levels of government. In searching for opportunities to adapt to the realities of the Depression, many contributors to *Public Management* directed their attention to large-expenditure items in municipal administration.

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<sup>17</sup>William Anderson, “The Other Side of the Tax Problem,” *Public Management* (January 1932): 90.

<sup>18</sup>*Ibid.*

## 4

# Municipal Personnel Policies in the Depression

Attention drawn to the subject of economies in municipal administration during the Depression could not long overlook the expenditure in the municipal budget making the greatest claim on revenue: personnel. Apparently, it was not until 1932–1933 that trimming city payrolls was considered. Two general methods were used: manipulating the position and altering the salary for the position. Of the former category, the following techniques were most often employed: (a) leaving vacancies unfilled, (b) retiring superannuated employees, and (c) eliminating certain “unnecessary” positions.<sup>19</sup> By 1934, however, cities were beginning to reduce salaries. A survey by *Public Management* revealed, for example, that 50 cities with a population of more than 100,000 had reduced salaries of officials and employees by an average of 17.4 percent between January 1, 1930, and the time of the survey.

Where the spirit of progressive personnel administration prevailed, there were attempts to objectify and regulate these cuts as much as possible. Generally, these were the techniques:

- Across-the-board reductions (for example, 7% for all classes).
- Across-the-board reductions for most classes but “lesser” cuts for certain classes (e.g., “Salaries of city employees have been reduced 4% and the teachers and school employees 19%”).
- Sliding-scale reductions (“5% on salaries up to \$1,000 ... and 15% on salaries of \$1,000 and over”).
- Miscellaneous: In Milwaukee, for example, “... since August, 1932, all employees on an annual or monthly salary have been requested to make a voluntary contribution of 10% to a special fund which has been used partly for work relief and partly for regular expenses of the city government.”<sup>20</sup>

These represented some of the methods for achieving economies through the reduction of pay. Not all jurisdictions employed them. Generally speaking, there were four policies regarding pay in the public service:

1. A few fortunate jurisdictions are going ahead as if no economic depression existed.
2. A few public jurisdictions are following the opposite extreme on cutting salaries and wages generally or universally.
3. The commonest practice perhaps is to make no salary or wage increases.
4. Where the most attention is being given to the subject, the total payroll is being held stationary but at the same time the number of positions is being decreased, the pay

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<sup>19</sup>Although relatively frequent reference is made to “unnecessary” positions, I could find no definition of such a position nor any indication of the means by which a position could be so termed.

<sup>20</sup>“Municipal Salary Cuts and Restorations,” *Public Management*, XVI (April 1934): 103.

levels are being held stationary, or in some cases moved upward, and the more efficient officers and employees in the service are being rewarded by having their salaries adjusted upward within the schedules in effect.<sup>21</sup>

One theory popular with professional personnel managers was that, the Depression notwithstanding, the unusually competent should be rewarded since it is they who may be expected to guide the city through troubled waters. On the other hand, from the point of view of “social policy,” rather than discharging the unusually incompetent, it was thought more advisable simply not to renew vacant positions.

As might be expected, the possibility of making progress in personnel administration during this era was regarded by many as being enhanced by the necessity of adopting efficient management techniques:

The most important economies in government can be effected through the elimination of the spoils system, by the selection of trained and capable personnel, by proper organization of departmental working forces, by their effective supervision and direction, and by paying adequate salaries.<sup>22</sup>

Methods of reducing payroll expenditures were developed as the need increased. The following techniques were commonly employed: reducing the number of hours of work, eliminating vacation pay, leaving vacancies unfilled, consolidating and eliminating positions, retiring older employees, and increasing the use of mechanical equipment. “In Oakland, salary adjustments rather than reductions have been made and although a few increases have been granted in order to conform to the prevailing rates in industry, salary and wage expenditures have been reduced \$13,000 per month.”<sup>23</sup>

Some insight can be derived from the pages of *Public Management* regarding the effect wage cuts had on employee morale. Examples of employee response to salary adjustments are

[T]he general attitude of the employees is to accept the inevitable....

[N]evertheless, the morale is such that present employees will do their utmost to continue the high standard of service despite added duties....

[T]hese reductions have been accompanied by an improvement in the amount and quality of service but close observation seems to indicate a decline in morale....

The morale of the employees will no doubt be lowered when they receive their first pay checks under the new schedule.

No appreciable effect of the reduction is evident either upon the quality or amount of work or upon the morale of the employees.

Although the employees have accepted the reduced scale without protest, there is no question but that the general morale has been lowered and regardless of efforts to the contrary a decline in efficiency seems unavoidable.<sup>24</sup>

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<sup>21</sup>Fred Telford, “Pay Policies in the Public Service,” *Public Management*, XIII (June 1931): 199.

<sup>22</sup>Clarence E. Ridley and Orin F. Nolting, “Economies in Personnel Administration,” *Public Management*, XIV (October 1932): 312.

<sup>23</sup>“Payroll Reductions in the Municipal Service,” *Public Management*, XIV (January 1932): 94.

<sup>24</sup>*Ibid.*

In the event of a recurrence of a depression, personnel managers probably will find it particularly difficult to adjust to a depressed economy. Given today's personnel regulations and laws, it is likely that layoffs, payroll reductions, and the abolishment of "unnecessary" positions will not be undertaken with the relative ease that apparently characterized such measures during the Depression.

An example of effort to "scientific" the processing of employee layoff was found in an adaptation of the Probst rating system:

The formula provides for the computation of a layoff score which is determined by assigning numerical scores from one to ten for the letter ratings secured under the Probst system from E- to A. The equivalent score for the average service rating over the last four service rating periods is then increased by one point for each five years of service and the result is called the layoff score.<sup>25</sup>

Brief mention is made in *Public Management* of such organizational experiments as contracting for personnel services from larger agencies or combining or pooling personnel facilities in several jurisdictions into one agency in order to realize benefits from more specialization and centralization. However, these techniques were not discussed in full-length articles in the years reviewed. Undoubtedly, such adaptations offer some promise for economies and should not be overlooked.

Many jurisdictions realized that economizing governmental operations was not simply a matter of streamlining tax-collection methods or adjusting payrolls. There was a point beyond which these methods were of little use—and this was the point where it was realized that, simply stated, more money was needed.

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<sup>25</sup>"Laying off Employees by Formula," *Public Management*, XX (April 1938): 113.

## 5

### Searching for Sources of Revenue

The increase of the rate of tax delinquency and the increasing need for additional municipal services contributed to development of new sources of revenue during the Depression. The question of acquiring more money appeared to some writers to be a simple matter of levying additional taxes, but this was soon found to be oversimplifying the problem.

Traditional sources of revenue were subjected to a number of changes during the Depression. Property taxes became increasingly delinquent: "The general property tax in 1933 produced 75 per cent of the total revenues collected by the 81 cities. The total amount of taxes collected by these cities in 1933 was 11 per cent less than in 1930."<sup>26</sup>

The quest for the discovery of revenue sources continued late into the Depression era. Many people believed that increases in personal taxes would only create additional problems and certainly additional delinquency. But money was needed to undertake improvements that had been delayed well beyond the danger point, and around 1933–34, we notice in *Public Management* articles about the general rise in the cost of living.

Revenue did not simply come from a few sources at any time but from origins that varied across the country:

[I]n 1932, 17 per cent of the miscellaneous revenues came from licenses, fees, and fines; 19 per cent from government grants, 22 per cent from special assessments; 42 per cent from all other sources, such as permits, sale of materials, rents, interest, earnings of general departments.<sup>27</sup>

As city services became more numerous and varied, the cities tried to exploit these services as revenue sources. The following list shows the variety of such sources: gasoline tax reimbursements, reimbursement by the state for maintaining state routes through the city, certain license charges, fees from city-owned cemeteries, extra penalties on delinquent taxes, rentals of city property, franchise taxes, sanitary and inspection fees, use charges in recreation departments, the establishment of municipal abattoirs, rent from private entrepreneurs operating services such as dumps, etc.

The question of whether "shotgun taxation" was administratively sound tantalized writers for some time. Some favored use taxes and single-shot assessments on the premise that citizens received greater value for their tax money when they paid for a specific service, particularly when these services could be "metered." Opponents said that this kind of assessment resulted in an unfavorably fragmented tax structure and could be more easily abused.

Most of the so-called "new sources of revenue" that were written about during the Depression could be divided into (a) money from state-collected taxes or (b) money received from developed revenue sources, such as those mentioned above. Of the two varieties, many commentators favored the former because such taxes could be most expediently collected (e.g., gasoline taxes, motor vehicle

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<sup>26</sup>Hume K. Nowlan, "Income and Expenditures of 81 Cities, 1930–1932," *Public Management*, XV (April 1933): 117.

<sup>27</sup>*Ibid.*, 118.

registrations, state-collected liquor taxes), and they also provided a way around crippling tax-limitation legislation. Of the latter group, per-capita taxes were an example of a developed source:

Hinton levies a personal protection benefit charge of one dollar per capita (each man, woman, or child, head of family being responsible), a street lighting charge of fifty cents per person plus zoned “increments” on property, and a similar levy and increment for fire protection.<sup>28</sup>

Other systems of levying were devised: “Cliffside Park, New Jersey, for example, charges a fee of twenty-five cents per parcel for reviewing the records and furnishing tax and other information.”<sup>29</sup>

There was then, as there is now, a question in the minds of many administrators of whether there should not be a method of assessing for services rendered to groups that are not public in character. An example of this was found in the City of Oakland, California. It was discovered that city ambulances had been providing transportation services for nominal fees to privately operated homes for the elderly in the city. This information, discovered during a check for other information, occasioned concern in the city manager’s office, which resulted in an adjustment. An even more common example, and one that is topical in light of the recent survey of the San Francisco Police Department, is

Whether or not a municipality renders special police protection service to private businesses on occasions involving the transfer of payrolls or funds has been largely a matter of local officials’ discretion.... [S]ervices of this type often result in detriment to regular duties and are considered beyond the bounds of general police work; rendered free, the expense falls on the general taxpayer.<sup>30</sup>

Another type of assessment was devised which served the dual purpose of providing revenue and punishment outside the bounds of judicial proceedings: “The fire chief in Berkeley, California, has been authorized to bill property owners for the service rendered by the fire department at fires caused by negligence, in accordance with the revised fire prevention code which became effective July 1.”<sup>31</sup>

Whether the fire department and the public benefited from this plan was not disclosed. It is the sort of innovation that has apparent merit, but which experience often proves not practical. To begin with, consider what is involved in investigating a fire to find its cause: the writing, routing, and filing of reports pertaining thereto; the expenses of prosecuting and trying a case; the difficulty of actually determining costs; and the question of whether or not such a procedure is legal may have been sufficiently burdensome to offset any benefits.

No doubt some cities went to extremes in their search for additional money. Some were alarmed at the extent to which they feared the cities might go (and sometimes did go):

The effect also of the search for revenues upon the whole question of public morals is a serious one.... The repeal of the eighteenth amendment and licensing of liquor were hastened very greatly by the appeal for revenue.... Likewise, you have seen a return of pari-mutuel machines in many states where they were formerly taboo, again largely on the

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<sup>28</sup>A. M. Millhouse, “New Sources of Municipal Revenue,” *Public Management*, XVII (March 1935): 67. This is a West Virginia town, a state that was particularly affected by tax limitation laws.

<sup>29</sup>*Ibid.*

<sup>30</sup>Edward W. Harding, “Use of Police for Special Guard Service,” *Public Management*, XVIII (February 1937): 53.

<sup>31</sup>Hollis B. Thompson, “Fire Department to Charge for Extinguishing Fires,” *Public Management*, XIV (July 1932): 231.

argument of public non-tax revenues. The great city of New York has but recently attempted to legalize lotteries to get revenue.<sup>32</sup>

Beyond the moral considerations, there was also the question of whether a proposal to reduce services to save money was practical. One possibility that was repeatedly referred to in the literature was the adjusting on some basis the burning of street lights:

In our operating budget for 1931, we estimated delinquent taxes to be \$555,000 but recently have had to raise this to \$677,000. As a result, it will be necessary for the first time in a number of years to assess property owners for street lighting and street cleaning [or curtail these operations].<sup>33</sup>

Some writers considered such a practice to be false economy:

One of the simplest and most obvious means of effecting a noticeable economy is in reducing the amount of street lighting. Such a reduction may be found to entail increased costs, monetary or otherwise because of more traffic accidents and crime. Realizing this danger, the New Jersey League of Municipalities has appointed a committee on Street and Highway Lighting and Safety to study the street lighting situation in that state and to help preserve adequate standards of lighting.<sup>34</sup>

The cities' fight for revenue and the other subjects discussed above might be termed problems of internal adjustment within the cities that were tangential to the most troubling symptom of the Depression: unemployment. Early assaults on unemployment were begun in the first half of the Depression decade by the cities; for convenience, the campaign may be classified into three phases: the stimulation of private charity by the cities, direct relief by the cities, and indirect relief by the cities.

As the emphasis of the campaign shifted from one phase to the other, the cities were to acquire experience in the mobilization of community resources, the supervision and control of private charity; the initiation and management of fact-finding studies of unemployment; the operation of unemployment bureaus; the financing, staffing, and control of public and semi-public employment agencies, and many problems involving intergovernmental cooperation.

Despite their efforts, the cities were to taste failure in these early years when they attempted by themselves to struggle with unemployment. And it appeared to them that, as their failure became more pronounced, the dominance of the federal government in the fight increased. In its simplest characterization, the federal government's history in combating unemployment may be divided into two periods, which followed each other in the last half of the Depression decades: direct and indirect relief.

The federal government also acquired considerable experience in developing its strategy. Many of its agencies rose and fell before the basic organizational patterns for administering unemployment funds were found, and much energy was expended in defining the goals and perfecting the basic philosophy.

Both levels of government could not avoid mistakes or criticism, and *Public Management* records some of these experiences in its pages. The remainder of this paper is an analysis of articles from that

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<sup>32</sup>Clifford W. Ham, "Some Emerging Financial Problems," *Public Management*, XVI (November 1934): 357.

<sup>33</sup>Carl H. Chatters, "The Administration of Delinquent Tax Collections," *Public Management*, XIII (May 1931): 167.

<sup>34</sup>H. M. Almsted, "To Foster Caution as to Street-Lighting Economy," *National Municipal Review*, XXIII (June 1934): 328.

journal and other sources and will be divided into two sections: “Unemployment and the Cities,” and “Unemployment and the Federal Government.”

## 6 Unemployment and the Cities

The problem of unemployment—or, rather, the evils attendant thereto—seems to be one of the earliest issues the cities confronted during the Great Depression. That the cities, following an era of relative prosperity, were not prepared for this emergency is no surprise. How they organized to handle the matter before the federal government’s intervention and some of the results is the topic of this chapter.

Generally, the entry of the cities into the fight against unemployment on a formal, organized basis occurred mainly in the large cities, as might be expected. In practically all cities with a population of more than 25,000, and in most cities with a population of more than 10,000, there were “... municipal, county, and private organizations for relief work, while in more than one half of the cities with a population of fewer than 10,000, there is no municipal administration of relief, this usually being a function of the county or of private organizations.”<sup>35</sup>

Municipal ingenuity advanced various major and minor means for dealing with the problem; the following is a random listing of some of them:

- Contracting with the county to handle county relief work from the city’s offices, providing thereby additional funds for a broader program.
- Cooperating with private agencies on a referral matched-funds basis.
- Pooling efforts between satellite cities and the core metropolis.
- Paying transportation to other cities if the indigent can prove he can find employment there, or aid from a relative.
- Furnishing offices and transportation to volunteer workers who disbursed funds from the community chest.
- Consolidating within the city structure the relief work of the city, county, state, and private agencies into a municipal welfare bureau and encouraging this by supplying transportation, furnishings for offices, stenographic help, etc.

Generally, the first attempts of the cities to participate in a program of unemployment relief were informal and relied heavily on community support:

The Give-a-Job campaign of 1931, addressed to the private citizen, was the most primitive form of work relief. It had been preceded by the sweeping injunction of [President] Hoover to the largest American corporate employers, but that plea had been without noticeable result. Now the householder was urged to have his yard cleaned or his cellar whitewashed and so give someone a few hours’ or a day’s work. Nothing more haphazard and trivial, in view of the magnitude of the need of the unemployed, could have been proposed, but this formless device showed how unprepared America was to grasp the

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<sup>35</sup>“Public and Private Relief Work in Council Manager Cities,” *Public Management*, XII (December 1930): 583.

proportions of the crisis. “Block Aid” was rather more systematic: volunteer committees collected small sums weekly for which an unemployed man would be given work in the block, removing ashes, and so on.<sup>36</sup>

As the size of the problem came to be appreciated, and its severity forced more considered attention to it, the cities, particularly the large ones, undertook more careful analyses of unemployment. It was not unusual to find a city undertaking relatively broad-scale studies of the matter:

The backbone for [a Cincinnati citizens’ committee for stabilizing unemployment] is in the ten sub-committees dealing with the following problems: temporary employment, transients, cooperation of social agencies, public works, state and national cooperation, continuous employment, fact-finding, state–city employment exchange, finance, and education publicity.<sup>37</sup>

In Dayton, Ohio, the results of a pilot study of the problem of relief and unemployment were distilled into the following action specifications:

1. Organize a permanent agency whose duty it will be to conduct the researches and scientific studies that are essential to working out sound and practical remedies.
2. Create a citizens’ unemployment committee, representing all interests in the community, the municipal government, social agencies, the professions, and working people as well as industry, commerce and the banks....
3. Collect reliable statistics as to the extent and nature of unemployment....
4. Study all experiments, wherever made, designed to regularize unemployment, and advise and assist Dayton’s industries in their use.
5. Study methods of finding jobs and securing workers in Dayton, and devise methods of improving and extending the work of the public employment bureau.
6. Study the possibility of creating a prosperity reserve of public and private construction and repair work.<sup>38</sup>

There are indications in the Dayton plan, particularly in proposal 6, of a forecast of the New Deal tenet of social engineering that was, several years later, to characterize the federal government’s role in the country’s efforts to combat unemployment. Perhaps Dayton found, as many cities did, that unemployment extended beyond municipal borders and that, for this reason, no more than a slight success could be attained by treating the problem as being only local in character. Nevertheless, the cities continued to study the problem to determine what they could do; for example,

Baltimore, Maryland—The mayor has appointed an employment stabilization commission which has recommended the establishment of an employment agency headed by an economist. It is planned that the public employment office established by the city several years ago would function as the fact finding arm for this new agency, to which the mayor has recommended an appropriation of \$10,000.<sup>39</sup>

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<sup>36</sup>Broadus Mitchell, *The Depression Decade, from New Era through, New Deal* (New York: Rinehart & Co., 1947): 102.

<sup>37</sup>Ruth Brownlow, “How to Meet the Unemployment Problem,” quoted in *Public Management*, XII (April 1930): 306.

<sup>38</sup>Arch Mandel, “How Dayton is Solving the Unemployment Problem,” *Public Management*, XII, (July 1930).

<sup>39</sup>“Municipal Plans for Stabilizing Employment,” *Public Management*, XII (July 1930): 403.

The pattern of the citizens' committees established in the larger cities are strikingly similar:

In March, a Civic Committee on Unemployment was mobilized largely through the efforts of the council of social Agencies.... The work of the committee was divided into eight subdivisions as follows: (1) fact finding, (2) stabilization, (3) construction reserve, (4) relief study, (5) vocational guidance and training, (6) temporary unemployment, (7) public information and (8) central employment.<sup>40</sup>

That the cities, or at least one city, were reluctant to abandon the notion that the enemy could be successfully engaged on the local front inheres in the goals of one unemployment bureau established early in the Depression years:

1. To plan ways and means for the proper distribution of the present burden of unemployment in San Diego County;
2. To study and devise ways and means of reducing present local unemployment;
3. To promote and co-ordinate the work of local organizations in the systematic investigation and study of the causes and conditions of commercial and industrial maladjustment in the local community;
4. To promote and co-ordinate the work of the local organizations in planning and instituting measures for the permanent alleviation and reduction of commercial and industrial maladjustment and for the increase of the social and economic welfare of the community.<sup>41</sup>

The possibility of appealing to professional sources for help in conducting research was explored: "Buffalo, New York—In order to secure definite information concerning unemployment, a survey was conducted late in 1929 by the University of Buffalo, under the auspices of the State Department of Labor."<sup>42</sup>

The main characteristic of the genesis of unemployment relief agencies during this early phase of the Depression was that they were initiated within the community by citizens' groups, as exemplified by the origin and work of this organization:

The Chamber of Commerce has organized a citizens' unemployment committee which called a meeting of the employers of the city to secure the adoption of the first step of a relief program. It was agreed to give preference to local labor and those with dependents, to employ no married woman except those with no other means of support, to stagger work, to secure labor through a clearing house of public employment agencies after re-employing regular employees who have been laid off, and to cooperate with the city bureau of social work and other agencies in the maintenance of a clearing house.<sup>43</sup>

The mobilization of the efforts of agencies having widely diverging traditions and oftentimes contrasting goals suggests that the problem of unemployment must have been critical in order to unite these agencies into a common cause; for example, welfare- and profit-oriented agencies often stood shoulder to shoulder at the task:

At the request of a conference called by the local community fund, the mayor and the president of the chamber of commerce last February appointed a committee of thirty-one

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<sup>40</sup>*Ibid.*, 404.

<sup>41</sup>*Ibid.*, 405.

<sup>42</sup>*Ibid.*, 403.

<sup>43</sup>"Unemployment Plans," *Public Management*, XIII (September 1931): 302.

members with a full-time secretary. This work is divided among five subcommittees: fact-finding, cooperation of social agencies, cooperation of employers, coordination of employment agencies, and finance.<sup>44</sup>

One of the first steps in giving people work is to find it or create it. In the early days of the Depression, it was common to attempt to increase the local public works program and to solicit work from householders and private industry. These methods drew fire from some economic theorists who argued that such policies were unwise, and they challenged the assumption that “artificial” work could be “healthy” for the economy. The argument ran that, if work did not come into existence by a form of spontaneous generation or, to put it another way, did not arise as the consequence of the interaction of the “natural” forces of economics, then the integrity of the economic order was threatened, because creating work constituted tampering with the laws of economics. Nevertheless, some of the cities reprogrammed their public-works priorities and hoped to offer work to “employables” by this device:

The city has sped up its construction program in every way possible.... These improvements have all been made without a bond issue or without increasing the taxes of the City of Glendale; they were made possible by earnings from the Water and Light departments.... The unemployment situation also has been remedied to some extent by the street improvement program carried on with the assistance of the county.<sup>45</sup>

The intensity of the problem also appeared to have promoted inter-jurisdictional cooperation in finding work, as well as cooperation with private industry:

An unemployment bureau maintained jointly by the city and county placed more than three fourths of those registered for unemployment between December 1, 1930, and May, 1931.<sup>46</sup>

A special committee working in conjunction with the city–state employment bureau and the stabilization committee made a house-to-house canvass and discovered 6,000 jobs, chiefly on day work, in homes in the community during the first four months of 1931.<sup>47</sup>

... sent out a direct appeal to approximately 3,000 business executives asking their cooperation in relieving the unemployment situation. Following this, a number of interviews were held with the county commissioners and officers of other political subdivisions in the county with the result that an extensive program of public construction has been undertaken.<sup>48</sup>

While part of the administering of an unemployment-relief program is simplified because the task may, to an extent, be expressed numerically, aspects of such a program involve questions of judgment concerning who shall receive what, and how much. In order to equalize the disbursing of funds, criteria of eligibility were advanced in most of the cities. The following are examples of these criteria: (a) financial need in terms of savings; (b) whether applicant has dependents; (c) whether physically handicapped; and (d) if a woman, is the husband able bodied? Another qualification, in some cases, was willingness to work at specific tasks: “The policy has been followed of not giving

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<sup>44</sup>“Municipal Plans for Stabilizing Employment,” *Public Management*, XII (July 1930): 403.

<sup>45</sup>“Unemployment Plans,” *Public Management*, XIII (September 1931): 302.

<sup>46</sup>*Ibid.*

<sup>47</sup>*Ibid.*

<sup>48</sup>“Municipal Plans for Stabilizing Employment,” *Public Management*, XII (July 1930): 403.

food to able bodied men unless they work at maintaining the streets, cleaning the waterways, parks, highways, or some other specified work.”<sup>49</sup>

Besides offering employment, some cities provided food under plans by which persons needing employment worked on city farms:

Miami has attempted to alleviate the situation; ... a municipal farm has been operated and food dispensary stations established in both white and colored sections of the city. In addition, all food products which might spoil and go to waste are collected and distributed to the needy. Fish from the sea, culled fruits and vegetables from farms, skimmed milk from dairies and day-old bread from bakeries and stores are all collected, conserved, and distributed through the municipal relief agencies.<sup>50</sup>

Among strategies created to control the disbursement of relief money to the unemployed was the assignment of specific cases to particular workers who were specialized by experience and training in dealing with needy persons. One aspect, therefore, of municipal relief activities was the creation of the social-welfare profession and, therefore, its philosophies. We may anticipate that, if the economic conditions of the Depression decade are recreated—and the unemployment picture as of this writing suggests a trend in that direction—at least one principle of social-welfare organizations may need rethinking: the belief that welfare, to be rehabilitative to its fullest extent, must be given freely, with no restrictions on the recipient that might tend to degrade him or negate the constructive effects of receiving benefits from a society understanding enough to care for its needy.

In one jurisdiction, relief to the needy took the form of a loan, although there is no explanation by the writer of the rationale for this technique. An individualistic point of view contrary to the welfare theory mentioned previously is that people “don’t appreciate something they get for nothing.” Whether this view prevailed in Milwaukee County is hard to say, although it seems unlikely considering the dominance of the Socialist Party in that area:

Milwaukee County, Wisconsin, recognizes that many needy persons have some assets of value and accept as collateral whatever assets are available. Since the plan was inaugurated in 1932, some 1,700 clients have borrowed relief money, posting collateral worth \$300,000. Of this number, 450 families have liquidated their collateral and reimbursed relief authorities in full. This collateral is never sold without the client’s consent.<sup>51</sup>

One aspect of the large amount of idle time many citizens had forced upon them could probably not have been anticipated, i.e., the condition of too much leisure time created an increase in certain kinds of services. For example,

The first year of the depression in Hinton brought about a large increase in the cost of refuse removal ... simply because men without employment either voluntarily, or under wifely pressure, initiated a “clean-up” campaign around their homes which resulted in an almost double load upon the refuse removal department.<sup>52</sup>

Other cities reported that citizens had more time to notice defects in streets and other facilities that had been unreported for years on the one hand, and which had actually increased on the other, owing to the slowing down of improvement programs. This, in turn, required more time and effort

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<sup>49</sup>“Unemployment Plans,” *Public Management*, XIII (September 1931): 302.

<sup>50</sup>L. L. Lee, “Unemployed Look to the City for Aid,” *Public Management*, XV (October 1933): 310.

<sup>51</sup>“Relief on a ‘Loan’ Basis,” *Public Management*, XX (January 1938): 27.

<sup>52</sup>Hume K. Nowlan, “Increases Demand for Municipal Services,” *Public Management*, XV (November 1933): 340.

of the city officials to investigate the complaints (one city was obliged to establish a central complaint bureau to handle such calls).

One service that had to be started in cities *de novo* was the provision of municipal unemployment agencies. Money had to be found for the financing of these services, and, here again, the resource of human ingenuity was tapped: "About \$50,000 [for relief funds] was raised from contributions and from various charity shows given by performers who usually donated their services."<sup>53</sup> It was reported that the City of Alameda, California, set aside one percent of the city taxes "as an initiative relief fund for labor."<sup>54</sup> The burden added to municipal finances was considerable, and, in some cases, quickly increased in the early years of the era:

The city governments of twenty-three cities with a population of over 40,000 ... expended for relief in 1928 a total of \$2,683,482; and in 1930, \$3,826,211, an increase of \$1,142,729, or 46 per cent. These figures do not include approximately \$500,000 appropriated to private agencies in fourteen of the cities.<sup>55</sup>

Once a city had assumed responsibility for providing employment, problems of administration and control of the program arose. Administrative means varied considerably. In some cities, the entire operation was handled by the government; elsewhere, the city and a private agency jointly shared responsibility for the program. In some cases, the city provided only the setting for the program, and private agencies administered it entirely; other cities avoided such activities entirely. However, the cities usually were involved in one way or another:

During the winter the committee on unemployment provided work for the unemployed heads of families under the supervision of the city department of public work. The public work department divided the men into groups with trained leaders and put them to work cutting fire trails in the hills back of the city [and] in the clearing of vacant property and other constructive work. More than five hundred heads of families participated in the work. This committee is financed by funds secured from the city government, the community chest, private funds subscribed by individuals, and by the employees of one large industry.<sup>56</sup>

One role of the city was to coordinate the activities of governmental and private organizations in relief work: "There has been established a co-ordination bureau representing the following groups: city and county governments, chamber of commerce, associated manufacturers, realty board, federated trades, unemployment agencies, and community chest."<sup>57</sup>

The variety and scope of ways and means taken to explore formally the possibility of securing employment for citizens is exemplified by the following brief outline:

1. The establishment of employment bureaus in the city.
2. In small cities, a member of the city manager's staff kept a list of unemployed and also maintained a job file.
3. "The unemployment committee appointed by the city manager encourages the starting of local and state public works, secures temporary jobs, provides labor at public and semi-public

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<sup>53</sup>"Unemployment Plans," *Public Management*, XVIII (September 1931): 302.

<sup>54</sup>"Public and Private Relief Work in Council-Manager Cities," *Public Management*, XII (December 1930): 583.

<sup>55</sup>*Ibid.*

<sup>56</sup>"Unemployment Plans," *Public Management*, XVIII (September 1931): 307.

<sup>57</sup>"Municipal Plans for Stabilizing Employment," *Public Management*, XII (July 1930): 403.

institutions paid for out of a special relief fund, and handles transients separate from general employment.”

4. “In Berkeley, California, an employment office, opened in February 1930, is financed jointly by the state, city, and chamber of commerce.”<sup>58</sup>

Because unemployment was a fundamental problem, and because any agency assuming responsibility for dealing with it was necessarily involved in a highly sensitive and basic aspect of human well-being, the cities, in certain quarters, maintained that they should exercise control over private agencies that operated in that area. Besides the possibility of duplicated effort and relief disbursements, maladministration, and misappropriation of funds, there was always the possibility of discriminatory and unfair practices in the administering of relief funds by private as well as public agencies. Again, there were no standard means for meeting the problem:

In Berkeley, California, a contract is made each year between the city and each private agency in which it is agreed that the latter shall carry on its work under the supervision and direction of the municipal commission of public charities, the city paying part of the cost of the administration of the private agencies.

The City of Wichita, Kansas, requires monthly reports from private organizations and often suggests changes or improvements in the services rendered.

The most popular form of control, however, is that effected through the membership of municipal officials on the boards of private relief organizations; ... according to the charter of Miami, Florida, the director of public welfare is an ex-officio member of all boards to which funds are granted.

The director of public welfare of Norfolk, Virginia, and the city manager of Hopewell, Virginia, are members of the boards of various local charity organizations....

A form of direct financial control is found in Kalamazoo, Michigan, where municipal appropriations are not made directly to charitable agencies but are disbursed in payment of relief bills incurred in private social work.<sup>59</sup>

We have seen that the cities gradually accepted varying degrees of responsibility in providing unemployment relief. In order to fulfill this responsibility, numerous organizational devices developed, and there was no single policy to guide how these devices functioned but many policies.

The next chapter treats the advent of the federal government into the domain of unemployment relief, particularly as the federal program related to the cities. Nothing like a complete picture of this subject can be found in the pages of *Public Management* for this period, and this in itself is curious, since intergovernmental relationships must have been extremely complex.

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<sup>58</sup>“Public and Private Relief Work in Council–Manager Cities,” *Public Management*, XII (December 1930): 583.

<sup>59</sup>*Ibid.*

## Unemployment and the Federal Government

The day soon came when the cities turned to the federal government for aid in the unemployment problem: Times had become trying, and no other alternative seemed feasible. Some people ignored the problem and hoped that “it’ll go away.” Related to this was the “if we talk prosperity, it’ll be so” fantasy. Neither worked. One writer sketched the early years of the Depression in these words:

Relief expenditures of family welfare agencies mounted abruptly in the winter of 1930–1931, and some could take no more applications. The foolish self-assurance that there was no unemployment had been flung back into the country’s teeth: the “conspiracy of optimism” was obviously a delusion. Then cities across the continent began various work relief projects, variously administered and financed, and of many sorts from artificial to substantial, but showed on the whole every evidence of haste and uncertainty. That these plans avoided money relief from the public purse, which even Governor Roosevelt of New York at this time abjured, had to be their chief claim to common acceptance. Few men—and, of course, fewer women, got work for any length of time; ... these short-time municipal efforts were vastly less adequate to the emergency.<sup>60</sup>

When, in time, a basic philosophy for federal government participation in the general campaign evolved, various federal agencies began to develop. Federal government participation in the entire program may be divided into two phases: the eras of direct and indirect relief. Principal federal agencies were the Federal Emergency Relief Act (FERA) of 1932 (which provided federal loans to local communities), and the Federal Relief Administration (created in May 1933, to give grants-in-aid to the states).

Until January 1935, direct relief—although some FERA funds had been used to finance rural resettlement and public works—was the chief federal method for participating in the relief program. With the Emergency Relief Appropriation Act of 1935, the federal government had almost completely discontinued operations in the field of direct relief. Instead, a program for furnishing work to “employables” was substituted. The expectation was that the “unemployables” would be cared for by local government, as they always had been. To be sure, some observers were convinced that there was little distinction between the two groups and that both were victims of an economic system that had not merely broken down but which had become progressively worse.

Despite such objections, the federal program forged ahead. Eventually, conviction arose that certain of the relationships between the local governments and the federal government complicated the administration of the relief program and threatened the realization of its success. Perhaps to overcome these weaknesses, the Civil Works Administration (CWA), created on November 9, 1933, was designed as a centralized and controlled organization structure, and

... complications of co-operative federal-state-local financing and administration were largely eliminated. The projects were “quickies” chosen to reduce the volume of

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<sup>60</sup>Broadus Mitchell, *Depression Decade*, 102.

unemployment which was again mounting with the lapse of the boomlet of the summer and with the onset of winter. While “leaf raking” was not absent, CWA was more productive than work relief which until then had been carried on with FERA, state, and local funds. The 1,500,000 from the old stopgap relief projects, together with 500,000 more employables from the relief rolls, were transferred to CWA, and more than 200,000 workers not on relief were also employed. Projects were intended to be limited to public property. A third of the expenditures were on repair of 255,000 miles of roads and streets. School buildings and grounds were improved; stadiums, swimming pools, parks, and airports (over 450 landing fields) were constructed; 3,000 artists and a large number of professional and clerical workers in great variety were given suitable assignments.<sup>61</sup>

CWA apparently kept ahead of the problem of relief until March 1934, when its short life ended. Some observers believed that the emergency was past, and CWA had succeeded in injecting the required dosage of new blood into the economy to restore the country’s health. Advocates of federal aid pointed to the success of the program in meeting the need by providing aid quickly and equitably to the needy.

Although it had been announced early in the development of the program that the federal government would assume no responsibility for the care of those “who could not take work even if it were offered them” (about a million and one half “unemployable” persons), this, in fact, had not been realized, and, in September 1934,

... dissatisfaction with this state of confusion was expressed in the recommendation of the Conference of Mayors that the federal government assume responsibility for the unemployed only, turning back those who were mentally or physically unfit for work (except veterans) to the states and localities.<sup>62</sup>

To avoid some of the problems of CWA and in order to continue to bring relief to the country’s unemployables, the Works Progress Administration (WPA), created under the Emergency Relief Appropriation Act of 1935, was developed, and it was eventually decided that the proper focus of operation of the WPA would be on projects that met specific criteria; the projects must

(1) have authorized local sponsors; (2) have a general public usefulness; (3) not interfere with private employment; (4) be susceptible of execution by the available supply of workers eligible for WPA; (5) not demand excessive expenditure on material as compared with labor; (6) be capable of completion by the end of the fiscal year, since WPA lived on annual grants; (7) except in rare instances, be on public property.<sup>63</sup>

Early proponents of federal aid had received heavy criticism by many who said that direct relief was an unrealistic approach to treating the problem of unemployment. The previous approach was that unemployment was the basic target of any attempt to revitalize the nation’s economy. From economic failure flowed numerous problems of crime, health, recreation, and so on. This theory, which was predicated on the assumption that direct relief was the logical—“direct”—approach, soon lost status and was replaced by the concept eventually adopted by the federal government:

Unemployment had to be reached indirectly through economic revival, for unemployment *was* the depression. Some of the human suffering and some of the injury to the economy

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<sup>61</sup>Broadus Mitchell, *Depression Decade*, 317.

<sup>62</sup>Broadus Mitchell, *Depression Decade*, 318.

<sup>63</sup>*Ibid.*, 32.

could be lessened through public assistance of several kinds. Beginning with 1932, there was an awkward progress from federal direct relief to indirect relief through works projects and on to measures attempting rehabilitation.<sup>64</sup>

Rationalizations developed quickly to justify the expectations of the cities that the federal government should bear the greatest load of the relief problem. Perhaps the prime, or at least most oft-voiced reason, was that the Depression was a highly generalized phenomenon attributable to causes extending beyond municipal or state boundaries and therefore was a world-wide condition. A drift in the acceptance of responsibility for this condition from the local governments to the federal government was soon noticed:

During the first quarter of 1933, the federal government's share of the total financial burden was 58.4 per cent. The lowest point came in the first quarter of 1934, when the federal share was only 48.4 per cent, and the highest point in the first quarter of 1935, when it was 77.8 per cent. Over the three year period the federal share has been 70.9 per cent. The states started in 1933 paying 9.6 per cent of the cost. Their contribution for the first quarter of 1934 was their highest—33.9 per cent; and 8.5 per cent for the third quarter of 1934 was their lowest. The three-year average for the states has been 13.8 per cent. Local government started in 1933 paying 32 per cent of the total cost. Since then their share has consistently declined, reaching the low point of 12 per cent during the first half of 1935. Over the three year period, local governments have paid 16 per cent of the cost of the relief program.<sup>65</sup>

In terms of numbers, there was considerable fluctuation through the Depression years in the amount of relief activity undertaken:

As for the primary objective [of the federal relief program]—the provision of work for the needy unemployed—the program always afforded some kind of job to more than 2,000,000; at its first peak in February, 1936, some 4,000,000 were receiving employment from emergency funds.<sup>66</sup>

Another estimate speaks in larger figures:

Seventeen and one-half million Americans are on relief with prospects that by February there will be twenty-three million American citizens dependent on public funds. We are now spending approximately \$140,000,000 per month to meet the relief needs of this country.<sup>67</sup>

Basic to this was the fact that the cities needed help, but even this realization was surrounded in the literature by constant speculation as to whether, in appealing to the federal government, the cities would lose any of their autonomy and whether Uncle Sam had an obligation to help the cities. But the need was strong and sprang from a number of causes: Property assessments had been severely reduced, drastic tax limitations were legislated, and the tax picture—particularly tax delinquency—in general was grim.

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<sup>64</sup>Broadus Mitchell, *Depression Decade*, 314.

<sup>65</sup>Ralph E. Spear, "Twenty Four Million Persons on Relief," *Public Management*, XVIII (May 1936): 149.

<sup>66</sup>Arthur W. McMahon, John D. Millett, and Gladys Ogden, *The Administration of Federal Work Relief* (Chicago: Public Administration Service, 1941): 3.

<sup>67</sup>Paul V. Betters, "What the Cities Expect from Uncle Sam," *Public Management*, XVI (December 1934): 389.

As the relationships between the cities and the federal government increased, problems of supervision, control, and administration of funds grew. Questions concerning conditions of grants, eligibility for grants, and clientele of relief activities abounded and from time to time clouded the horizon.

One difficulty that soon became apparent was the “inability to determine in advance what kind of projects could be applied for. It was only later in the program that a guide for project eligibility was established.”<sup>68</sup> Many cities had experienced discouragement because of uncertainty about what the federal government would or would not approve. One result of this was the creation of the image in the public mind of hordes of people “polishing blades of grass,” etc. And in the early years, the decision as to eligibility of a project turned often on whether it was important to employ people merely to put money in their pockets or to delay and take time to employ them on projects that were “worthwhile.”

The cities also further complained that there was difficulty in getting projects approved, chiefly because of the amount of time involved in routing the projects through several types of bureaucracy, particularly the office of the Comptroller General, “who keeps [applications] from 10 days to three weeks for examination and approval.”<sup>69</sup>

The question of supervision was certain to generate comment. In theory, municipal relief program had been based on the premise that the city, as sponsor, would supervise the projects. In practice, there were wide and numerous deviations in supervision, some of which will be discussed shortly.

The cities soon learned that granting funds was not a matter of unalloyed philanthropy on the part of Uncle Sam. The homely analogy of the wealthy uncle offering to send his nephew through college *if* he majors in engineering exemplifies the issue. On occasion, the federal government demanded complete compliance with rules of administration; on others, they offered funds with few strings attached—sometimes none. An example of requirements is found in the United States Housing Authority in its program to eliminate substandard dwellings. Cities were permitted to apply for funds for undertaking demolition, but the WPA would approve their applications only under certain conditions:

1. Satisfactory evidence must be produced indicating that the demolition will not greatly enhance the value of the property to the owner.
2. Where the project’s principal purpose is to safeguard public health or safety, the property must be judged a hazard by some appropriate and responsible public agency with legal authority.
3. Evidence must be produced that there is no practicable method by which the private owner of the property can be compelled to demolish the building at his own expense.
4. The materials obtained by demolition are to become the property of a public agency.<sup>70</sup>

Returning to our earlier analogy, we can imagine the nephew taking offense at his uncle’s conditions as a threat to his own judgment, and the situation then becomes something like this:

Commenting on the question of state and federal aid, Mr. Leland [Simeon E. Leland, Chairman of the Illinois Tax Commission] remarked, “You seem to be torn between two

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<sup>68</sup>Donald C. Stone, “The What and How of WPA,” *PublicManagement*, XVII (December 1938): 368.

<sup>69</sup>*Ibid.*

<sup>70</sup>“Ten Cities Take over Management of PWA Housing Projects,” *News of the Month, Public Management*, XX (March 1938): 83.

points of view: wanting the money on the one hand, and rather wanting it without any strings or conditions on the other. To what extent should the state make its grants or its shared revenues for the benefit of particular functions? Should it make grants-in-aid of education, in aid of highways, in aid of sanitation and recreation? Or should it simply give these funds free to the local governments and allow them to spend the money as they please?"<sup>71</sup>

While this commentary concerns the relationships between the cities and the state, it probably captures the essence of the relationships between the cities and the federal government and no doubt also applies to the money the states granted to the cities that originally came from the federal government.

When officials at all levels of government had gained experience in administering governmental aid programs, and the anxieties and distrust that attach to such a program from its inception diminished, a more relaxed attitude permitting the development of local initiative occurred:

Management agreements have been signed by 10 cities with the United States Housing Authority under which local housing authorities will assume responsibility for 14 of the 51 housing projects which the authority inherited from the Public Works Administration.<sup>72</sup>

Having been presented with a choice, the aforementioned nephew might well begin to consider his future: Should he "buy the program" and accept the uncle's offer on his terms, or should he try "to go it alone"? The matter of federal aid soon reached a similar point in which a decision had to be made. Some commentators claimed that the issue involved two considerations: one borne of the feeling of local pride ("cities can handle their own problems"), and the other the result of what many observers termed Washington's usurpation of local revenues:

We might just as well admit it. Local pride has gone by the board, and I don't know of a city today, under our present revenue system, that could meet its relief burden for over three years without going into bankruptcy.... Uncle Sam has stolen the choicest revenues, and now calls the municipal governments paupers because they come on their hands and knees pleading that the federal government take both an economic and financial view of the existing relief situation. Cities merely ask for what rightfully belongs to them.<sup>73</sup>

It was not always clear which agency should be appealed to for a request for federal aid: Should the WPA or the Public Works Administration (PWA) handle the project? The programs advanced by both approached the same problem from two basic points of view. The PWA was a high-grade public works program and was not principally a relief program. It had priority over construction projects that cost \$25,000 or more. Funds available for projects under the PWA were soon allocated. The WPA, on the other hand, was, in a sense, relief oriented and undertook projects costing less than \$25,000.

Behind the operations of the nearly 60 federal agencies that were created to cope with unemployment were three common purposes. One was to provide work for "employables" who were able and willing to work. The second was building projects, making improvements, and providing useful services that would be broadly useful. A third purpose, which some termed subordinate to the first two, was to circulate money through wages ("pump priming"). Although many problems were

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<sup>71</sup>Carl H. Chatters, "Current Fiscal Problems of Cities," *Public Management*, XX (September 1938): 272.

<sup>72</sup>"Ten Cities," 83.

<sup>73</sup>Paul V. Betters, "What the Cities Expect from Uncle Sam," *Public Management*, XVI (December 1934): 389.

associated with selecting projects, standards were soon developed to approve grant requests of the types shown in the following table.

Expenditure of WPA-Operated Projects  
from Federal Funds by Types of Projects  
(Cumulative through June 1940)<sup>74</sup>

<u>Type of Project</u>	<u>Expenditure</u>
Highways, roads, and streets	\$2,931,737,719
Public Buildings	767,997,960
Parks and other Recreational facilities	743,329,295
Conservation	325,993,909
Sewer systems and other utilities	756,994,825
Airports and airways	150,811,719
Sewing projects	586,745,805
Sanitation	160,707,805
Professional and miscellaneous projects	1,222,566,929
Miscellaneous	138,077,617
Total	\$7,784,963,583

Many officials and other citizens hoped that the public works program would be the mainspring for relief employment during the decade since the projects shown above most closely matched the New Deal concept of economic pump priming. However, the cities soon believed that they did not have sufficient means to incur debt for public works projects, as one author wrote: "The federal government should create a revolving fund sufficient to meet the needs of the communities which desire to construct public works."<sup>75</sup> Other suggestions were offered, and an often-expressed wish was that there should be only one federal agency with which cities should be required to transact business in all public works matters and "that wages paid under PWA be adjusted more closely to prevailing wages in particular localities in preference to the present arbitrary rate on the basis of three zones for the entire nation."<sup>76</sup>

Another recommendation was for the creation of a permanent federal organization to consolidate the relief activities of various federal bureaus. Still another expressed wish was for the establishment of federal relief units of territory "large enough to secure effective relief and welfare administration."<sup>77</sup> Other commentators expressed concern that the cities, in undertaking public works programs through federal aid, had committed themselves to continued expenditures that they ordinarily would not make during "normal" times.

Public health services during the Great Depression experienced considerable growth. Grants in this area were usually made to the states, which, in turn, passed the money on to the cities:

Federal funds in the amount of \$8,881,859, are available for grants to states and their subdivisions during the fiscal year ending June 30, 1937, to assist states, counties, health

<sup>74</sup>Arthur W. McMahon, John D. Millett, and Gladys Ogden, *Federal Work Relief*, 6.

<sup>75</sup>Paul V. Betters, "Cities Expect," 389.

<sup>76</sup>C. A. Dykstra et al., "Suggestions for Improving Federal-City Relations," *Public Management*, XVI (December 1934): 407.

<sup>77</sup>*Ibid.*

districts, and other political divisions of the state in establishing and maintaining adequate public health services including the training of personnel for state and local health work.<sup>78</sup>

The economy and efficiency movement, or so many supposed, received considerable impetus during the Depression when the development of superior management techniques became a necessity and not a luxury or campaign issue. It is true, however, that the urban planning profession received a considerable setback in some cities during the early years of the Depression, principally because it had not been able to attain stature sufficient to permit it to defend itself as the Depression progressed.

However, in other areas, planning and research in management was encouraged, and some notable contributions to many fields of public administration were the result:

Brunswick, Georgia, recently installed a modern assessment system as a FERA Project, the only expense incurred by the city, in addition to regular employees, consisting of the cost of technical direction and supervision, together with the purchase of necessary forms and supplies.<sup>79</sup>

Another example of a similar project was the WPA-sponsored experiment to develop a technique for the rational distribution of a police patrol force in Wichita, Kansas. The methods this project created have been used many times since, and today the beat-workload methodology stands out in modern police administration as a major achievement.<sup>80</sup>

On occasion, federal funds were used to hire city employees to fill positions that had been eliminated in the lean years of the Depression. As might be expected, the crisis nature of the Great Depression occasionally raised commentary about adhering or not adhering to personnel standards that guided personnel selection practiced in normal times:

One is impressed by the caution with which CWA and other emergency employees have been added to police strength. In some instances the opportunity offered to municipal officials to get something for nothing has been especially tempting. Yet thus far such temporary additions have been confined either to special tasks such as traffic studies, statistical work and the like, or to the protection of school crossings which are usually so numerous that the police cannot cover all of them even in normal times. While some few officials who were wholly unacquainted with the requirements of active police duty have urged addition of these part time federal employees to the regular patrol force, no police department of standing has even temporarily lowered its requirements of selection and training.<sup>81</sup>

Some economic theorists contended throughout the Depression era that it was nothing more than the result of a number of weaknesses in the American governmental system and that, of these weaknesses, the ineptitude of public employees was a significant cause. The authors of one bill to provide education for public employees may not have taken such a strong stand on the matter, but the content of the bill is significant:

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<sup>78</sup>Clifford W. Ham, "Federal Funds Available for Local Public Health Work," *Public Management*, XIX (March 1937): 89.

<sup>79</sup>"Federal Aid in Reassessment of Property," News Note, *Public Management*, XVII (June 1930): 176.

<sup>80</sup>Works Progress Administration Project 7394, O.P. No. 655-821-3-70.

<sup>81</sup>Bruce Smith, "What the Depression has Done to Police Service," *Public Management*, XVI (March 1934): 68.

On August 9, the President signed a bill which appropriated \$14,000,000 to carry out the purposes of the George-Deen Act passed in 1936. One of these purposes is the further development of trade and industrial education “including public service occupations.” This clause found its way into the George-Deen Act because of the widespread interest in and need for better training for public employees and because many present programs are handicapped by inadequate financing.

George-Deen funds are available to the states and cities on a matching basis. The money will be expended in each state under the supervision of the state board for vocational education, which works in conjunction with the United States Office of Education. The matching provision means that the Federal government will take no initiative in improving or developing training programs. All of the initiative must come from the counties, states, and cities.<sup>82</sup>

Throughout the Depression decade, the cities developed a variety of programs to cope with the crisis. However, as they turned to the federal government for financial assistance, stresses and strains on the relationships between the two forms of government developed. The next chapter illustrates some of these controversies.

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<sup>82</sup>Arnold Miles, “In-Service Training for City Employees Aided by Federal Funds,” *Public Management*, XIX (October 1937): 307.

## 8

# Municipal Criticism of Federal Relief Programs

A federal relief program that, from its beginning, contrasted sharply with the political ideology of the preceding era and which was conceived on a grand scale could not avoid criticism. Some critics referred to New Deal Depression projects as “rampant social engineering” or “do-goodism.” At the other end of the political spectrum, New Dealers insisted that money be distributed to the states and their local governments with no strings attached, the theory being that the cities were trustworthy enough to give them free rein in developing relief projects, the more so because government officials inherently wished to do the right thing. The latter viewpoint enjoyed considerable status in the cities.

Some of the criticism concerned not the purpose but the administration of the program. Thus, advice that the authority, control, and responsibility for work projects should be invested in the cities was frequently heard. Another argument was that wages paid to labor and skilled workers should be in accord with the prevailing rates of private industry lest the local economic picture be further distorted. Beyond this, “The federal government must be more liberal in financing costs of materials for construction of projects not self-liquidating or revenue producing, such as schools, city halls, sewers.”<sup>83</sup>

City managers occasionally suggested that work should be devised for so-called white-collar workers and employable women, since they had been overlooked, and others complained that eligibility requirements under the WPA had serious defects, among which were the following:

1. The requirement that applicants for WPA employment must have been on relief during the summer ignores seasonal unemployment which is a disturbing factor particularly in northern cities; as a result, employable applicants for relief who are beginning to come in during winter months cannot be provided for by WPA;
2. This “seniority” requirement for eligibility penalizes those who have avoided relief thus far and places a premium on continued attachment to relief rolls.<sup>84</sup>

As might be expected, one issue of considerable controversy centered about deciding who should get how much for what. Money could be disbursed a number of ways: Simply hand it over, no strings attached (either to the states, who would then disburse it to the cities, or directly to the cities); hand it over on the condition that the states create administrative agencies to disburse it on the basis of previously agreed-upon criteria of need; rigidly control the use to which it was being put—and many variations of each option. Eventually, some basis for apportioning the money on the basis of need was developed, although there were times when it appeared that this policy was being ignored:

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<sup>83</sup>Frederick N. McMillin, “Cities Criticise WPA as Inadequate and Misdirected,” *Public Management*, XVII (January 1935): 17.

<sup>84</sup>“City Managers Look at Relief” (survey abstract), *Public Management*, XVIII (January 1938): 11.

The present bills provide for the allocation of federal grants or loans by the United States Commissioner of Education on the basis of relative need. So far, so good. There is talk, however, of impending changes to the bills which would force division of the money among the states on the basis of their school population. With this suggestion, the *National Municipal Review* takes vigorous issue. If money is to be appropriated for the aid of education in this financial crisis, it should be spent where it is needed to keep schools open. It would be the height of folly for the same proportion of funds to be allocated to Alabama, where approximately half the schools are still closed despite desperate efforts of a united citizenry to keep them open, and to New York State which has relatively little trouble.<sup>85</sup>

Public-administration practitioners during the Depression hoped that economies enforced on the cities would foster the development of superior administrative techniques on the one hand; and with additional money from the federal government on the other, the incentive to conduct local government efficiently would be strong. Those who desired this side effect of the Depression were discouraged when money was granted to local government unconditionally: “[Such] federal assistance would simply result in a freezing of the present wasteful administrative organization of the school systems of many states.”<sup>86</sup> Criticisms of the system in its entirety included observations about federal–local government relationships:

Impediments to national–local cooperation slowing down action, which are likely in a program of heavy construction, can conveniently be analyzed; ... the main reasons for failure to begin construction in the analyzed cases were: (1) time consumed in amending applications to conform with PWA regulations; (2) administrative delays because of lengthy procedures or failure to draft bond or financing measures and to acquire land or property; (3) financial handicaps because of proximity to debt limits or other causes; (4) plans and specifications requiring revision because of engineering flaws; (5) incomplete bond transcripts, (6) awaiting court decisions or legislation needed to permit construction; (7) projects awaiting elections to authorize bond issues; (8) lack of familiarity with cooperative action so that one or more divisions, national, state, or local, delayed the necessary joint action.<sup>87</sup>

Criticism concerning an ambitious program that had to be administered over vast geographical areas and to varying clientele who represented many problems were what might be expected. These are examples of suggestions to standardize procedures and to simplify and make uniform the criteria on which decisions were based:

It is time someone did some thinking and laid down some principles of federal aid to local governments. As a starter, these might be considered:

1. Money should be allocated on the basis of need.
2. Power should be given to qualified administrative authority to lay down rules, regulations, and requirements (both as to the expenditure of funds and reorganization of existing machinery) on which the grant may be conditioned.

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<sup>85</sup>Howard F. Jones, “Federal Aid to Local Governments,” *National Municipal Review*, XXIII (May 1934): 149.

<sup>86</sup>*Ibid.*

<sup>87</sup>Wylie Kirkpatrick, “Federal Assistance to Municipal Recovery,” *National Municipal Review*, XXVI (July 1937): 341.

3. All functions of local government should be given consideration in any program of federal aid.<sup>88</sup>

One often reiterated sentiment was that the relative ease of availability of money for projects resulted in attention being given to initiatives that, in normal times, would not have been undertaken. Furthermore, it was frequently claimed that placing WPA personnel in municipal jobs lowered the general level of personnel in the cities. But one of the most severe criticisms was that the PWA and WPA had stopped progress in the development of the concept of long-range planning in municipal administration by emphasizing projects of an “emergency” nature:

The last two years we seem to have forgotten that regardless of what we do, regardless of the projects that we build today, our cities will have need for additional reservoirs of capital four, five, ten, fifteen years from now for the construction of further projects and that unbalancing of the debt structures today is going to present our cities with a very serious situation.<sup>89</sup>

The general theme of planning and the violence done to it by the crash-program nature of relief in its early stages was commented upon in still another connection: Many believed that placing deadlines on cities to apply for assistance in projects caused inferior plans to be developed by the cities because of the “first come, first served” character of the allocations. A proposal to offset this was the development of something like a central credit pool for cities. When, under this plan, a project proposal was finally completed and passed, a board of review would determine the plan’s merits and sufficiency, and the plan, if approved, would then become an application for credit. Critics believed that this procedure was superior to informing cities that they had, say, until February 28 of the next year to submit applications for funds to build schools and then experience an influx of inferior plans to the granting agency.

Another source of concern for municipal students was that the administrative distance between the cities and the federal government worked to the disadvantage of the cities in two ways: The federal government had little first-hand knowledge of the precise nature of local problems, and frequently, therefore, approvals or denials of fund applications were not realistic. Another fear was that the sovereignty of the municipality was threatened with each added involvement with the federal government.

Federal loans and grants-in-aid to cities have created new problems. On projects financed by a pledge of revenue, cities generally have pledged full net profits from operations for retirement of the PWA debt on water works, sewers, electric plants, and similar enterprises. As net revenues increase and as needs for added plant facilities are presented, additional capital loans must be made. These loans should be secured by a portion of the net bonds. In many instances, this will call for the rewriting of existing PWA loans. Do not forget that the federal government expects to collect the loan. Hence, more federal control over local finance can be expected. Supervision over accounting, municipality utility rates and levying and collection of taxes can be expected. While continuing to be a creature of the state in respect to powers and duties, cities will become the servant and creature of the federal government in matters affecting these repayments.<sup>90</sup>

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<sup>88</sup>Howard P. Jones, “Federal Aid,” 150.

<sup>89</sup>Clifford W. Ham, “After PWA and WPA—What?” *Public Management*, XVII (December 1938): 373.

<sup>90</sup>Clifford W. Ham, “Some Emerging Financial Problems,” *Public Management*, XVI (November 1935): 355.

In some ways, the strains between the cities and the federal government were not confined to the Great Depression. They were what might be expected when the three forms of American government (local, state, and national) attempt to combat any type of economic and social crisis. Time will tell how successful all three governments were in confronting the Great Depression and its problems.

## Afterword

Chapter 1 of the original version of *The Great Depression and the Cities* has been deleted from this version. It contained, in general, administrative information concerning the seminar, some comments about collecting information for the term papers, and suggested questions for class discussion concerning federal, state, and local relationships during the Depression. Class members each developed their own questions from the reading they undertook for their papers. The questions I developed were chiefly about federal–city relations, a topic that one might expect to find in professional journals for city managers of that time. I include my suggested discussion questions here, not merely because of their historical interest but because some of them illustrate civic issues that are still worth debating.

- Should grants be given unconditionally to the cities, and, if conditions are attached, what should be their nature?
- Should the federal government have responsibilities in providing aid to unemployables, or should the local governments have exclusive responsibility for such programs?
- Can the federal government effectively administer emergency relief programs by remote control, or should there be more decentralization in its operations?
- Is requiring deadlines to the cities for application for funds realistic, or should the cities be permitted to draw funds from a federal government revolving fund, when and if their proposals are adequate and sufficient?
- Can the cities and the federal government agree on administering relief programs over a unit larger than the city in order to approach the unemployment issue as a regional rather than a single-city problem?
- Should the cities be permitted more voice in the establishment of eligibility criteria for projects, inasmuch as many contend that it is revenue from the cities that supports the federal programs?
- Should more funds be assigned to improving management techniques by employing more so-called white-collar workers than was done during the depression?
- Should the federal government watch how the cities used grant money to ensure that the cities do not undertake projects that they would not otherwise initiate?

Other than a few wording changes for clarity, this paper is as it was originally written.

## Background Reading

Many books, scholarly monographs, feature stories in newspapers, plays, poems, motion pictures, songs, etc. have been written about the Great Depression. The Internet has thousands of offerings about the subject. My seminar paper suggested these books for background reading pertaining to the Great Depression:

Allen, Frederick Lewis, *The Big Change: America Transforms Itself, 1900–1950*. New York: Harper, 1952.

MacMahon, Arthur W., John D. Millett, and Gladys Ogden, *The Administration of Federal Work Relief*. Chicago: Public Administration Service, 1941.

Mitchell, Broadus, *The Depression Decade, from New Era through New Deal*. New York: Rinehart and Co., 1947.

Readers who would like to study the Great Depression and its background as more recent writers have treated it might find these books of interest:

Cochran, Thomas C., *The Great Depression and World War II, 1929–1945*. Glenview, IL: Scott, Foresman & Co., 1968.

Klein, Maury. *Rainbow's End: The Crash of 1929*. New York: Oxford Univ. Press, 2002.

Sloat, Warren, *1929: America before the Crash*. New York: MacMillan Pub. Co., 1979.

Smiley, Gene, *Rethinking the Great Depression*. Chicago: Ivan R. Dee, 2002.