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OF WHAT DOES MUNICIPAL ADVANCE CONSIST?

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THERE has grown up within the past two or three years a controversy, in places fierce and violent, over the question "Shall public utilities be controlled by a state or local board." Without trespassing upon the functions of the franchise committee of the National Municipal League which has discussed the pros and cons of this perplexing problem, suffice it to say the question is not: Shall there be public control or none: but as to the form of that control. It is now generally conceded that public utilities, and chief among these are municipal utilities, must be carefully supervised and controlled so that the rights of the communities and of the users may be adequately protected.

That is municipal advance, for twenty years ago the principal phase of the franchise question to be discussed was "Have the city and the citizen any rights which the corporations enjoying the franchise are bound to respect." Then, the subject of municipal ownership and operation of public utilities was largely regarded as an academic one. Today the city of San Francisco is successfully running a street railway, and planning to extend it in many directions, the necessary money having been voted directly by the people. Detroit is taking steps in the same direction, its electors having voted by a large majority so to do. Toronto is apparently on the threshold of a similar policy.

The constitutions of certain states of the Union require a referendum on all municipal bond issues; some on all above a certain percentage. Others require a majority, some a three-fifths majority; while some, notably Maryland, require in addition special legislative sanction.²

¹ Nineteenth Annual Review of the Secretary of the National Municipal League.

² The following states require that all propositions for municipal issues shall be submitted to the qualified electors of the municipalities: Alabama, California, Colorado, South Dakota, South Carolina, Oklahoma, Idaho, Missouri, Kentucky, West

The placing of these safeguards around municipal bond issues, of course adds to their security; but over and above that important consideration is the still more important one of bringing home to the electorate its duty and obligation to provide the ways and means for carrying forward progressive, municipal policies. If our cities are to be really progressive and protective, and are to be truly democratic, then the electorate must have a voice, and a direct voice, in the determination of policies.³

That is municipal advance.

A further development of this democratic participation in the financial transactions of the city, is to be found in the recently adopted methods of disposing of bonds. St. Paul, Minn., had ready and waiting for sale paving bonds, bearing interest at the rate of 6 per cent. Notwithstanding the high rate it was found difficult to market them, owing to certain legal technicalities. The city needed the money, and while the city officials were debating what was to be done, one of the large department stores saw in the situation an opportunity to do something novel, attract attention, and at the same time to do its customers and the city a real service. Its heads went to the city officials and secured (a local trust company in the mean time having taken a part of the issue) half of the bonds. Thereupon it announced through the local papers that it would sell the bonds over its counters at the price paid for them. Furthermore, it agreed to guarantee the bonds, so that in case legal difficulties did arise and any of the purchasers wished their money refunded, they could get it for the asking.

These bonds were disposed of as fast as the clerks assigned to the duty could take the money and issue the necessary receipts. The average purchase was about \$250. The actual time consumed in the entire sale was less than five hours, and scores of people went away disappointed that they had not come in time to obtain a share of the securities.

The money came from the postal savings banks, from local savings banks, and from home hoardings. James J. Hill expressed himself as interested because the sale showed clearly that the public could finance their own public improvements, and as a result would take a personal interest

Virginia, Texas and Utah. The following states require a referendum for all issues in excess of a certain percentage of the assessed valuation: Georgia, Iowa, Virginia, North Dakota, Michigan, Pennsylvania and Washington. Three states—Oklahoma, Washington and West Virginia, require a three-fifths majority for the sanction of all municipal debts. New York's constitution requires a vote on state issues, but not on those of cities. Texas requires all issues to be registered in the state comptrollers' office, and such registration is the guarantee of their legality.

³ There may be, and in certain sections, there is a tendency to overwork the idea of the initiative and referendum. In other places the procedure is costly and clumsy; but experience will serve to solve both of these problems of detail and use.

in seeing that they were well done. A city financier said that "every dollar brought out of hiding by the sale was worth five dollars of credit."

A story to the same effect comes from New York where city bonds were placed on sale by one of the large department stores. The manager said the sale demonstrated that women who decline to patronize banks or bond brokers, because of their reluctance to enter the precincts of exclusively financial business, are eager to make investments when it can be done in environments to which they are more accustomed.⁴

The firm made no profit on the transactions, the sale being held for the sole purpose of accommodating customers, especially small investors, inexperienced in investment matters.

An increasing number of cities are selling their bonds in small lots, directly to their citizens "over the counter." New York sold \$65,000,000 of its bonds in this way, not long since, which experience led the *Financial World* to say editorially:

One feature about the bids that is worthy of mention is the fact that a cautious attitude is displayed by all the big bankers or bank syndicates. Their bids were generally at par, the lowest figure that could be accepted. This indicates that these bankers, being in close touch with investment conditions at all times and the world's money markets, have found new capital supplies exceedingly scarce. The smaller bids were generally at a higher range, reflecting a more confident feeling as to the future among the smaller holders of capital. They realized the attractiveness of the offering, which being tax exempt really gives the new bond an added feature, which few other similar issues possess. . . . The city administration, recognizing the true situation, offered its obligations on a bargain basis, and got the money and could have got more. When people will buy bargains there is no need to despair. It is only when bargains are turned down that the situation takes on a serious aspect.

This is municipal advance when the citizens directly invest their savings in the public works and improvements of their city, after formally authorizing the expenditures, for the great difficulty in the past has been to interest voters directly in municipal affairs. Direct, personal subscriptions dissipate apathy and indifference.

There are now 371 cities in the United States that are carrying on their municipal business under a commission form of government. These are distributed as follows:⁵

⁴ The women purchasers proved they were by no means timid investors. One bought \$20,000. Subscriptions were in amounts from \$100 up, with the average between \$1,000 and \$2,000. The bonds were sold at 100.125, a figure said to be slightly below the average issue price.

⁵ Of this number five have a population of over 200,000; eight, a population between 100,000 and 200,000; twenty-four between 50,000 and 100,000; forty-three between 25,000 and 50,000; seventy-three between 10,000 and 35,000.

Northwestern states.....	80
Southwestern states.....	64
Northern Central states.....	54
Pacific and Rocky Mountain states.....	48
Middle states.....	48
Southern Central.....	42
Southern states.....	27
New England states.....	8

There are 7,500,000 living under this form of city government which embodies the short ballot principle; the idea of simplicity and of the concentration of authority and responsibility; the elimination of arbitrary and confusing ward lines; and a far larger measure of democratic responsibility and responsiveness than is to be found in any of the old forms of American charters.

It is only thirteen years since the first commission form of government was set up in the United States, and now that form has so far lost its novelty that it is beginning to show some signs of becoming obsolescent. Not that the core-idea of it has waned in popularity, for on the contrary it grows in popularity constantly and with remarkable rapidity. But, in the words of the Galveston News:

It is being evolved into a variety of forms which make the original form appear somewhat archaic while giving a more intense application to the philosophy that animates it. It is questionable if there are any people on the globe who have so many forms of municipal government as we have lately acquired, but however multifarious the forms, one can detect running through all of them the principle which, perhaps half-unconsciously, guided the people of Galveston when, driven by the consequences of an appalling tragedy, they accomplished a concentration of both power and responsibility, to the end that their affairs might be administered more efficiently without entailing loss of the people's control over their servants. The variations which the Galveston plan has undergone are chiefly changes in the fashion of the superstructure; the foundation principle, that of simplification, concentration and a more definite fixing of responsibility, has not only been retained in these various forms, but intensified. . . . The city manager form is enough at variance with that that Galveston set up to lead one into thinking it a distinct genus. But it is only one of many species that have been evolved of the Galveston plan, because it only employs the animating principle of the Galveston plan in what is perhaps its logical finality.

This recognition at the place of its birth, of the evolutionary character of the commission form is most significant.

The city manager plan represents a completer and more effective unification of the administrative work of the municipality; it makes possible the retention of a permanent professional expert and therefore the opening of a new career of the greatest possibilities. Moreover the city manager plan leaves the electors free to choose candidates on the basis of their rep-

representative character unfettered by any implied requirements as to executive experience or capacity to earn a large salary. It therefore involves an abandonment of the unscientific plan of attempting to select executive experts by popular elections for short terms. It constitutes a natural and effective evolution of governmental forms under American conditions.

The scrapping of the old municipal machinery, represents a substantial advance, and the city manager plan a greater one.

Non-partisanship has been the aim of the newer forms of government. It has been promoted by ignoring party designations on the ballot and eliminating the party ticket, and the machinery by which it has been brought forth. Candidates are brought forward on the basis of their individual merit and strength, with no adventitious aid from partisan labels or emblems. While partisanship still plays its part, it has been seriously crippled under the commission form and in some places, notably in the central and southwestern cities, it has measurably succeeded.

This good work has been greatly forwarded by the adoption of the constitutional amendment providing for the direct election of United States senators and by the growth of the movement for municipal home rule. The former is of importance where the state legislature has still a large say in determining the form and content of municipal government, because it takes out of that body the element of national politics which has heretofore been an overshadowing influence.

Municipal home rule has been making great gains within the past few years. In the first place by inserting in the state constitutions provisions giving to the cities the right to determine their own destinies, setting them free to do for their "citizen stockholders" that which they have come to realize needs to be done, and which they cannot do so long as they are "held under suzerainty by the rural population, expressing its will through the old fashioned sort of legislatures." In this class are the cities of Colorado, where the National Municipal League's constitutional amendment has been adopted in its entirety, California, Oregon, Washington, Oklahoma, Arizona, Idaho, Texas, Nebraska, Minnesota, Michigan, Ohio. The movement has made headway in those states which have given the cities the opportunity to adopt certain forms of government, as in Kansas, where the cities can, if they wish, come under the commission form if their electors so vote. Ohio, Illinois, Wisconsin, Iowa, North Carolina, New Mexico, are in this class. There is still another form of municipal home rule, which may be said to be home rule by sufferance, in those states where the state legislatures defer to the wishes of the representatives therein from the community affected.

These three movements: Non-partisanship, the direct election of federal senators and municipal home rule all represent municipal advance of the most effective kind, in that they place municipal affairs clearly on their

own basis, freed from outside and alien influences, and give to our cities opportunity fully to develop their resources along democratic lines.

Hand-in-hand with the growth of the commission form of government has been the increasing demand for the introduction of the expert into the management of the affairs of our cities. It is quite true, as President Lowell of Harvard says in his new book *Public Opinion and Popular Government* that monarchies have habitually employed "permanent administrators, while democracies have shown a preference for rotation in office. This is not an accident. It is a natural result of the different principles on which the two different principles on which the two forms of government are based. The use of experts is as normal in a monarchy or an aristocracy as it is foreign to the genius of a democracy."

While this result has been "natural," I am not disposed to regard "permanence in the tenure of public office . . . unnatural to a democracy" as Dr. Lowell urges (page 270).

We were many years in awakening to the facts that our governments (federal, state and especially municipal) were not real democracies. It has been only within the past generation that we have come to realize this, and the movement to democratize their form and content has only just gotten well under way. We were many years in awakening to the fact that many minor places in our several governments were not to be used as pawns in a political game, but were to be filled by those who had demonstrated their fitness in some adequate way; but this realization has become a fact in a lengthening list of cities and now we find cities laying down in their charters, as Boston has done, that the heads of the departments "shall be recognized experts in such work as may devolve upon the incumbents of said offices, or persons specially fitted by education, training and experience to perform the same." While I am not prepared to say, as did the editor of the *Toledo Blade* that "This is probably as daring a departure in American government as has been made in the history of the republic," I am ready to say with him that:

It seems to have been assumed from the first that all men were born with the capacity to administer government. Lawyers must satisfy the courts as to their ability to practice law. Doctors are subject to state examination. The right to work at the skilled trades is based upon the record of apprenticeship completed. Save in the unskilled occupations, no man can get a job until he has given some indication of knowing the work which he is to perform. But in politics it is different. It has been sufficient to win the votes, to carry the influence, or to provide the pressure upon the appointive power.

The mayor of Boston is constrained to select for department heads only such men who understand what they are to do and how to do it, and he is not the sole judge of the fitness of his appointees. That must be certified

to by a separate and independent civil service board, as a result of an independent examination of their qualifications.

Efficiency in public service, a truly modern note, is the new note of civil service reform work. This latter branch of volunteer civic activity is already sometimes thought old-fashioned, and it is sufficiently old as things go in America to be in need of reform, or at least of extension. The present secretary of the Chicago Civil Service Reform Association on accepting his position found the work had been rejuvenated, at least in the Illinois and Chicago associations; that these organizations had infused new life into the movement by making efficiency in the public service its watchword, thus emulating efforts put forth in this era of large organizations by the highest class of well conducted private enterprises.

The executive committee has adopted and announced the principle that every civil service commission should be the arm of the government for promoting efficiency in the public service; that it should devote constant efforts to investigating the efficiency of individual employees and of departments, to keeping records of efficiency, to making removals for inefficiency, and to making expert, constructive suggestions. Efficiency in the public service means not only economy in expenditure for the manifold services performed by the government; it means better treatment for all affected by this service. Since 25 per cent of the people's contributions to municipal, county and state government is for salaries, the importance of emphasizing efficiency in service is manifest.

While this newer efficiency work has been extended, during the past year, the older civil service work of securing efficient employees through open, competitive, practical tests of fitness, by promoting them on the same basis, and by protecting them against removal without just cause, has not been neglected.

It must be borne in mind, however, that while it may be that there is no difference in substance between municipal and private business, there can be no doubt among reasonable men that the difficulties of introducing efficient management are greatly accentuated in city business. The working forces of the American city, until the very recent past, have been almost entirely the creation of the political necessities of different municipal administrations and have been organized primarily as political organizations, efficiency of work being regarded, when regarded at all, as a secondary consideration. Then again the working force has been a compact body of voters who have been depended upon at election time to favor those candidates who promised the most benefits to the organization in the form of increased wages, easy jobs and shorter working hours. The "bread and butter brigade" has been at one and the same time the greatest bulwark of the modern political organization and the greatest obstacle in the way of introduction of modern efficiency methods into the administration of our cities.

The civil service movement is steadily making inroads on the "bread and butter brigade" and instilling new ideas of loyalty and service into the minds and conduct of public employees. They are beginning to appreciate that they owe a loyalty to the larger group—the whole community; rather than to the smaller group—the party; and that their service must be to the whole body politic, and not to any fraction thereof no matter how powerful and influential.

This certainly is a municipal advance.

Each new municipal administration is handicapped upon assuming office by its ante-election promises made in the heat of an exciting political campaign and in most instances without adequate knowledge of the real situation. If the new administration is conscientious and endeavors to carry out its promises it soon finds that the situation is very different from what it contemplated. If it fails to carry out its promises and endeavors to meet each situation as it arises, it is confronted not only by the hostility of its constituency, but by the feeling that it is not to be trusted. This situation is inevitable so long as we seek to continue expert administration with political representation. In the words of President Lowell in private affairs we have reached a stage where the complexity of civilization, the growth of accurate knowledge, the progress of invention and the keenness of competition which renders a high degree of efficiency alone profitable, have brought about the specialization of occupations.

We no longer believe in America today that a man who has shown himself fairly clever at something else, is thereby qualified to manage a railroad, a factory, or a bank. Are we better justified in assuming that an election by popular vote, or an appointment by a chief magistrate, confers, without apprenticeship, an immediate capacity to construct the roads and bridges, direct the education, manage the finances, purify the water supply, or dispose of the sewage of a large city; and this when it is almost certain that the person selected will not remain in office long enough to learn thoroughly a business of which he knows little or nothing at the outset? In industrial enterprise, in business concerns, the use of experts of all kinds is, indeed, constantly increasing. They have revolutionized some industries and are indispensable in many more. Nor do we merely seek for men who have gained experience in practice. In one profession after another we have learned to train them carefully in the theory of their work, taking them young and educating them for it as a distinct career. Sixty years ago for example, there was scarcely a school for engineering in the country, but now they are everywhere, and they can hardly turn out students fast enough to supply the demand. They are ever adding new departments, while our universities are creating new specialized schools, and thus adding to the number of professions. We are training men today for all services but that of the public.

That is unquestionably true; but the very fact that we are lamenting the situation is as much of an advance as was a similar lament sixty years

ago with regard to the lack of engineers. There must be an appreciation of the need, before there is an effort to fill it. That there is such an appreciation of the need is shown by the fact that the National Civil Service Reform League and the National Municipal League have a joint committee to consider the question of selection and retention of the higher municipal officials; that the National Municipal League is about to add to its series a volume on the subject; that our periodical press is daily voicing the need; that the city manager cities are advertising for expert managers; that the cities like New York, Chicago, Philadelphia and Boston, are securing an ever increasing number of experts in their service; not to mention the smaller communities, no less interested and in many ways, no less progressive.

A substantial obstacle in the way of the introduction of municipal efficiency is the provincial attitude of the mass of municipal citizens. It is a natural enough feeling that each community can of itself supply all the administrative and expert capacity that the city may require. Certainly one of the most unpopular things that a new administration can do under existing conditions is to call to its aid experts from without the borders of the city. We constantly speak of the efficiency of the European city. European cities are efficiently managed because those charged with the management of their affairs do not hesitate to call to their assistance experts wherever their residence may be. This is the case not only with the heads of the bureaus, but even with the head of the city itself. The English city advertises for a chief executive not only in its own community, but in the professional papers of national circulation. German cities do the same thing. They get the best men wherever they can be found.

This prejudice, however, is slowly yielding as civic education advances. The constant advocacy of efficiency methods; the demand for the introduction of the expert into city administration, and of the city manager plan by civic bodies and the press, are slowly but surely molding public opinion, which in the end is sure to work its way. In discussing the case of permanent experts in the higher posts of the federal service, Dr. Frank J. Goodnow said: "That this can be accomplished by any changes in the law, may, perhaps, be doubted. That it will be accomplished, as soon as an educated and intelligent public opinion demands it, is a moral certainty."

Cornell University instituted this year a series of lectures on "Citizenship." In announcing this departure, the official circular pointed out that there had been a marked change in the conception of social and civic work during the past few years. That social work until recently had in popular estimation practically been confined to what was and is known as charity, charity in the sense of almsgiving; and that civic work was practically confined to the effort to "drive the rascals out" of office.

Today, though the need of remedial relief is still as thoroughly recognized as ever, the emphasis is more and more placed upon the improvement of conditions so that the need of relief may be constantly diminished. The term "worthy poor" is falling into disuse as a broader vision and a more thorough study of social conditions shows us how wide spread is the responsibility for inefficiency, sickness and misery.

Today, though the need for putting honest men into office is felt as keenly as ever, we have come to realize that not only the machinery of government should be as simple and as workable as possible, but also what is far more important, that the citizen must have a direct and a continuing interest in that government if it is to be honest, efficient and democratic.

The change is from an attempt to cure to an attempt to prevent. But it goes much further. The purpose is not merely to prevent the worst of the evils which in the past have been made the basis for appeals to our pity, our conscience or our wrath, but to set higher standards than have yet prevailed, and to adopt policies that will fundamentally improve the qualities of the race. It is not enough that men and women and children should be prevented from dying from hunger and cold; they must be assured full opportunity to live strong, wholesome, happy lives. It is not enough that graft should be prevented in our governments; they must be made efficient and truly representative. This new conception of social and civic purposes implies constructive work to the end not only that those who fall may be enabled to get upon their feet again, but that the whole community may find life better worth the living; this in turn is based upon the belief that such a community will produce a higher type of citizen, more efficient and productive workers, and through them again, a more prosperous and a better community.

The National Municipal League stands for this sort of constructive work and during the whole of its now nearly twenty years of activity it has sought to establish new and higher standards of municipal life; to study every phase of municipal activity; to multiply the number of those who are ready and willing to work for their cities; to bring into closer affiliations and coöperation the workers and organizations in this field of public endeavor. While at all time sympathetic with every sincere effort to turn out rascals, it has been more concerned in substituting the efficient for the inefficient; the public spirited for the selfish, the real progressive, for the reactionary; feeling that in that way the dishonest and the incompetent may be most effectively kept out.

In his address at the commencement exercises of the University of Cincinnati, last June, Dr. Albert Shaw said:

Their best citizens [those of Frankfort and Cologne] feel it their bounden duty to help in the administration of the city's finances, public services, schools, parks, and charities. So conscious are these cities of the needs of guarding their future growths that they have mapped out the surrounding lands for many miles, and indicated the future streets and boulevards, transportation routes, parks and other permanent features that relate to the general welfare. They will not permit any private exploitation of

real estate that does not conform to plans that are regarded by the public authorities as best for the future of the city.

Let it be remembered that the larger growth in population, resources, attractiveness, and diffused prosperity has come to the most of European cities in our own generation, under the new forces of progress. And let it be remembered that every phase of this desirable advancement can be shown to have resulted from the *application of knowledge to the service of communities*. We have before us, in our American cities, of which Cincinnati is so interesting and well-founded a type, a period of possible growth in comparison with which the past seems only a rude urban beginning.

American cities have been slower in realizing all this, but they are arriving. Excess condemnation as a means of protecting great public improvements, as well as a social factor and as a means of financing them, was five years since an unknown term in our American municipal vocabulary. Today it has become a term of political significance in the states of New York and Wisconsin. Social and civic surveys were unheard of a decade ago; today there is a stock taking and a planning for the future of the greatest significance. The right of the eye to be protected against the ugly, the base and meretricious has become a practical question in a score of forms. City planning long ago recognized as important, is now recognized as essential in Massachusetts, for the latest legislature passed two bills making city planning compulsory for every town of more than 10,000 and for every city.

The strong arm of the city government is extended to protect not alone the weak and helpless, but the ignorant and indifferent, that the present and coming generations may be strong and healthy and vigorous, and as such able to do a full day's work and likewise to resist and overcome temptation. The problems of vice and crime, and especially those which we call the social evil, are at one and the same time, physical, economic and moral. The city owes to itself and to all its constituent parts to give them a fair physical chance, an opportunity to live clean and decent lives so that they may be able to meet and resist the temptations of life. How this can be when the food is poor, the surroundings worse and the health thereby undermined does not appear. The city and the citizen are asking "Why?" and more important still are seeking the answer.

Along economic lines the city may not have so free a hand, for its responsibility is not so direct and concentrated. So far, however, as it can in the exercise of its taxing and general welfare powers, it must stand for the fair deal, the equal opportunity and the social justice, not as the shibboleths of party, but as the declared and persistent policy of the community.

The city may not reasonably be expected to impose moral standards upon its citizens; but it must make it possible and feasible for them to be clean, and decent and upright. These, however, are mainly to be accomplished along physical, economical and social lines. Indeed we must not

overlook the fact that some of the so called political problems are at the bottom social ones. While, as Ida Tarbell points out, the power of the corrupt politician is being slowly abridged through civil service and other political reforms, it is being destroyed much more rapidly, in her judgment, at its very source by the establishment of public recreation centers, which must in the end abolish this particular type of gang training.

The rapid growth of the wholesome recreation movement is a great municipal advance, but its utilization to train future voters in effective "team work" is a greater municipal advance.

There is natural rejoicing at the overwhelming victory of the fusion forces in New York and the re-election of Mayor Baker in Cleveland; and there is some depression over the results in Philadelphia and Cincinnati, but these must all be regarded as incidents of a great campaign. For as Professor Munro, for years a member of the League's council, has pointed out in his recent book to secure achievements of permanent value

reformers must seek far more than mere change in the personnel of city government. They must simplify the political framework when necessary and make it afford those opportunities for constructive effort which are the only enduring attractions for public service. They must adjust the administrative machinery of the city to the work which it is called upon to do, a mission which in any large city is a reform task of Herculean proportions and of corresponding value when performed. If laborers in the cause of civic improvement desire to see in concrete form the results of their exertions they must also adjust their methods to the conditions of political warfare in a democracy; which means specifically that they must recognize the utter weakness of a house divided against itself, the impotence of purist professions that do not square with the facts, and the unerring certainty with which extravagant pledges return to work upon those who promise, in the way of public improvement, more than they can ever fulfill.

That the American people are coming to realize and act upon this idea is perhaps the greatest municipal advance, save the recognition, to paraphrase the language of the present chief executive of the American nation: "There is a vast deal to do, and it can best be done by forgetting that we are partisans of anything except the honor and prosperity of the city itself."

The president's address on "Public Opinion" will be published as a leading article in the April issue of the NATIONAL MUNICIPAL REVIEW.