

Exp. 1



INTERGOVERNMENTAL RELATIONSHIPS:
FEDERAL, STATE, LOCAL

Dr. Marver H. Bernstein

NOTICE

This lecture has not been edited by the speaker. It has been reproduced directly from the reporter's notes for the students and faculty for reference and study purposes.

No direct quotations are to be made either in written reports or in oral presentations based on this unedited copy.

Reviewed by: Colonel Tom W. Sills, USA

Date: 17 September 1959

INDUSTRIAL COLLEGE OF THE ARMED FORCES
WASHINGTON, D. C.

1959-1960

**INTERGOVERNMENTAL RELATIONSHIPS: FEDERAL,
STATE, LOCAL**

1 September 1959

CONTENTS

	<u>Page</u>
INTRODUCTION--Mr. C. D. Pulver, OCDM Adviser, Industrial College of the Armed Forces.....	1
SPEAKER--Dr. Marver H. Bernstein, Professor of Politics, Princeton University.....	2
GENERAL DISCUSSION.....	32

NOTICE

This lecture has not been edited by the speaker. It has been reproduced directly from the reporter's notes for the students and faculty for reference and study purposes.

No direct quotations are to be made either in written reports or in oral presentations based on this unedited copy.

Reporter: Ralph W. Bennett

Reviewed by Colonel Tom W. Sills, USA, 17 September 1959.

Publication No. L60-13

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington, D. C.

**INTERGOVERNMENTAL RELATIONSHIPS: FEDERAL,
STATE, LOCAL**

1 September 1959

MR. PULVER: General Mundy, General Houseman, Gentlemen: So far in our review of political science we have considered the theory, the organization, the administration, and the functioning of the Federal Government. Today we will look into a new and most interesting aspect of American government--the complex of relationships amongst the Federal, State, and local levels. By the time you have completed your final unit of instruction at the College you will have come to appreciate more fully the importance of these divisions of government responsibility because of their extreme importance in our plans and readiness for war and rehabilitation.

As you have noted from his biography, our speaker for this morning is especially well qualified to discuss this subject. In addition to having served in the Federal and State government agencies, he's a well-known author and teacher on the subject, and is now Professor of Politics at Princeton University.

Gentlemen, it is an honor and a pleasure to present Dr. Marver H. Bernstein, who will speak on "Intergovernmental Relationships: Federal, State, and Local." Dr. Bernstein.

DR. BERNSTEIN: American federalism is part of a grand design of limited government in the United States. It's part of the constitutional scheme in which power has been granted to governmental

units but under conditions designed to hold the exercise of that power accountable.

Americal federalism, like almost all of our political devices and instrumentalities, was adopted initially out of necessity more than anything else. It was a scheme which was adopted by the founding fathers in order to make it possible to create unity among the thirteen States of the original Union. The ideology about federalism, including some of the modern expression of States' rights and Federal power, came much later. It was the necessity which gave rise to the creation of federalism at the outset, rather than any commitment of an ideological nature at the outset about the desirabilities or the advantages of a Federal form of government.

On the other hand, we can see in federalism one of the characteristics of American politics which is really all-pervasive in the American political system; and that is that the constitutional system permits and even demands a tremendous range of flexibility in order to enable each political generation, each political society, in the United States to adjust the constitutional system to the demands of the day. And in federalism, as in other areas, the Constitution permits very wide fluctuations in national and State powers; and there have been times in Americal political history in which the swing of the pendulum has gone in the direction of much-increased Federal power, that is, power at the national level; and times when the swing of the pendulum has moved in the opposite direction to enhance State power, although certainly over the long pull

of American history the trend has been toward increasing centralization at the national level. But even within these swings of the pendulum there are other movements as well; and we all know that the power of cities within the States, for instance, has increased enormously within the past several decades.

The important point at the outset, however, is that the Constitution permits rather wide fluctuations in national and State power; and therefore the major questions in intergovernmental relations today are not so much constitutional questions, that is, they are not questions which go to the heart^{the power} of any level of government under the Constitution; but, rather, they are political questions. They are questions of policy concerning that level of the issue: Which level of government is best equipped to handle a particular problem?

Now, the basic political fact of federalism in the United States is that a federal system of government creates separate, self-sustaining and centers of power ~~in~~ action in American politics. In other words, in a Federal system we are dealing with units of government which have important functions many of which cannot be taken away from them; but, on the other hand, they are functions which change very considerably over the years depending on the demands which American citizens make upon their government; and the demands which we make upon our government depends pretty largely upon the felt necessities of the day.

In federalism, then, each level of government is a separate, self-sustaining center of power. Just to give you one example: Under our

Constitution, for instance, it is the States which provide really the basic legal framework of American political life. And sometimes we forget in our preoccupation with the exercise of power at the national level that it is the States generally which establish the contours within which or the limits within which individuals participate or fail to participate as the case may be in political life in the United States.

Our political parties, as I'm sure you have already learned, are essentially State and local organizations. And in any case the legal status of parties in the United States depends entirely upon State law; and State law will vary from one State to another. The election machinery for national office, including that of President and Members of Congress in both houses, is also provided by the State Government. Our congressional constituencies are established by States; and one of our real difficulties in American politics is the problem of, well, really overcoming the obstacle that is represented by the rigidity and the inflexibility of State legislatures and their unwillingness to reapportion congressional districts and State legislative districts in accordance with population movements.

Voters' qualifications are established not by the Federal Government but by the States, including qualifications for voting in Federal elections. Whatever regulation we have of the polls in the United States is State regulation. And even with respect to the process of constitutional amendment it is the States which play an extremely important role in the ratification of constitutional amendments. And certainly in moving down to important functions of government, the basic protection of property

rights in the United States is a function of State governments. And so at times when we think that perhaps the States are becoming less and less important in the face of increasing national power, it is useful to remind ourselves that it is the States still in the American federal system which provide the basic legal framework of American political life.

Now, certainly one of the great achievements in American politics is the development of numerous contrivances to adjust and accommodate conflicting interests; and this morning what I would like to discuss with you is the development of some of these contrivances that have been designed to adjust and to moderate conflicting interests in matters affecting more than one level of government, affecting more than one governmental unit. And rather than outline for you in sort of civics textbook style the constitutional position and the major functions of each level of government in the United States, I would rather try to sketch out for you what seem to me to be some of the basic environmental facts that have affected the relationships among the levels of government in the United States.

I once learned from a distinguished professor of mine at the University of Wisconsin that the raw materials of politics, as he called them, are simply the demands that people make upon their government. And what governments do are largely a function of these public demands which are made effective over a period of time. And public demands upon government tend to grow out of our environmental situation. And so in the arid part of the far western region of the United States the demand for governmental action to provide irrigation facilities, to promote

agricultural development, to control lands, and so on gave rise to an enormous range of Federal activities primarily.

In the field of intergovernmental relations, the changing position of the National Government vis-a-vis the States and the local governments is very largely a result of various demands that have been made by American society upon their government. And I think it's useful to try to recall what some of these basic environmental changes have been in the United States that have given rise to these public demands.

Let's take a look first of all at the agricultural society of the United States. Since Jefferson's dream of a society of free farmers, Americans have idealized the rural way of life. This leads, of course, in the first instance to a disproportionate political strength of rural areas. And one of the most important facts of American politics in Federal-State relations is the disproportionate power accumulated in the hands of farm groups in State legislatures and in State politics generally, a disproportion in the holding of power which carries over, of course, into the Congress of the United States.

In addition to the disproportionate political strength of rural areas in the United States, there has grown up over a generation in America a kind of hope-belief that farmers form the nation's backbone. Sometimes our Fourth of July speaker, and certainly our Senators and Congressmen from the essentially rural States, try to remind us that there is something very special about States that are dominantly rural in character; that they have a kind of healing grace, a kind of exceptional sturdiness, we are told,

a certain integrity of character, and even a moral virtue; and it is claimed that all of these virtuous characteristics derive from contact with the soil. This is a kind of agricultural fundamentalism, and we are told that if we really want to get in touch with reality again, we need to go back to the soil. And there are a good many people in the United States who are firmly attached to this hope-belief.

On the other hand, the facts of rural development in the United States run in exactly the opposite direction. Since 1920 the American population has been dominantly urban rather than rural; and today only about one-eighth of Americans live on the land. If we go back more than a hundred years to 1825, we find that 160 or 140 years ago or so approximately three-fourths of Americans were gainfully employed on the farms. Fifty years later, in 1875, only a half of all Americans were gainfully employed in agricultural activities. But by 1955 only slightly more than 10 percent of all Americans earned their livelihood in agricultural activities, in rural areas.

There has been a vast population shift that has drastically reduced the significance of the agricultural segment of American society. Today, in 1959, there are barely four million farms operated by independent farmers on family-size farms, and ~~approximately~~ about half of these farms produce almost nothing of any commercial value. About two million of American farms produce 90 to 95 percent of all the products that are marketed commercially in the United States. This has been a great come-down for the farmer in his position in his position in American

society and particularly in the American economy.

Along with this change in the agricultural community have gone great advances of a technological nature in American farming. There have been enormous productivity gains. There have been great break-throughs, beginning in the 1920's and coming mainly in the 1930's and the 1940's. And many of these break-throughs in agricultural ~~knowledge~~ ^{late} technology and productivity have been associated with efforts of the Department of Agriculture, working through a Federal grant program involving county agents and a wide variety of agricultural specialists, including scientific research experts working in agriculture experimental colleges supported largely by Federal grants-in-aid in association with State universities and so on. And so we find that much of the change in agriculture of a technological and productivity nature in the 1930's and 1940's has been in many ways a direct result of the development of Federal-State joint activities based upon several grant programs in the agricultural field, many of which have been associated with the New Deal in the 1930's. ^{were given}

These programs ~~gave~~ further impetus during World War II because of the exorbitant demand upon the agricultural economy for the production of foodstuffs. But in 1955, say after about 20 years of extremely active governmental programs of a Federal-State character in the agricultural field, American farms were producing about 54 percent more than they produced in 1930 with 37 percent less manpower on the farms. We were producing much more with many fewer farmers and farm laborers in the agricultural sector of the United States.

In this 25-year period from 1930 to 1955, barely 25 years, agricultural productivity increased 110 percent. Acreage in this same time in the average-sized farm remained relatively stable, but man-hours decreased very sharply. The answer, of course, to this conundrum is scientific development--new fertilizers, new breeds, new insecticides, pest control, irrigation, new agricultural machinery, changes in the pattern of capital investment, improvements in management on the farm, increasing mechanization, and so on; and some of this is directly associated with the development of the rural electrification program, that started in the 1930's, in which the Federal Government makes grants directly to farm cooperatives in order to develop electrification programs, electrical supplies accessible to farms.

Let's move our sights a little bit away from the American farm to the small town. There has been a dual population shift in American society. On the one hand there has been a steady movement from the smaller to the larger units of population, mainly from the small towns to the cities, although certainly there has been a comparable movement from the farms to the big cities.

But, secondly, there has been a steady movement within the larger units of American population from the center to the periphery. This is the development of suburbia. Both of these population shifts have created enormous changes in the relationships among units of government in the United States.

You know, just as we have developed a kind of agricultural funda-

mentalsim in the United States that extols the unique virtues of farm society, there has also grown up somewhat later, associated perhaps mainly with the early 1900's in the United States, a legend of small town superiority. And just as Jefferson praised farming as a way of life in the United States, there were others in American literature, in American culture, that found the backbone of America not on the farm, but, rather, ~~at the small town~~ in the small town, in the highly decentralized unit where, it was said, here was the only place in American society where we could see democracy in action. And so we have also a kind of legend of small town superiority from the point of view of democratic politics.

On the other hand, the growing points in American life are not to be found in the small town, as much as some of us might not like to think this to be the case. The growing points in American society are not to be found in the small towns today. The small towns have become essentially marginal, and what survives mainly in American life appears to be more and more a growing standardization of life. It's the super-market in the small towns, it's the automobile and the turnpike and the mail order house. And there's a sameness and a homogeneity ~~about~~ and a dullness about much of American small town life today, that really is a far cry from the claims of those who extol the small town as the essentially virtuous and vigorous foundation of American society.

But there still persists in American life the belief that democracy is somehow more idealic, that power is somehow more democratically exercised and contained in the small towns. It is said that these are the

grass roots of American society. The small town is said to be less corrupt and less sinful than the big city; and in extreme claims of this sort it is the city which is said to have a monopoly on sinfulness and corruption in American life.

The small towns have actually been drained of much of their power in the last 20 to 30 years in American society. The key decisions in American life do not appear to be made any longer by small town lawyers or bankers or merchants and small town editors. It was something of an anomaly when the New York Herald Tribune turned to a small town editor very recently to take over the post as editor of the New York Herald Tribune. And what is interesting about this particular incident is the fact that it's apparently about the only case of its kind within the last 20 to 30 years. It helps to underline what has been a major movement in American society in the last two to three decades.

You see, as the economy becomes ~~Regionalized~~ ^{regionwide,} if not nationwide, in scope, we find that the towns of America, the small towns, no longer perform most of their functions alone. And the main street that runs through the town probably has a significance that goes far beyond that of being Main Street. It probably is the urban connecting link between a major highway running from one part of the State to another. These small towns rarely perform their functions alone these days, at least their important functions--the functions of road building, of relief, of education, even taxation, and the development of public works.

In these functional areas the small towns have come to depend

more and more heavily on subsidies not only from the Federal Government, but also from the State. For instance, in the field of education today probably the most important single fact in connection with the financing of public school education these days is the enormous increase in the amount of State aid. In other words, even in many of these important functional areas that have been typically almost the exclusive responsibility in previous years of local governments, we find that local communities are depending more and more heavily on higher levels of government. State aid today now provides roughly 50 percent of all the funds available for financing public elementary and secondary school education.

Let's move briefly to the cities. In every civilization, including our own, the rise of the big cities has been the product of technical and industrial development. And certainly the American city is no exception to this almost universal trend.

The growth of the American cities has been accompanied by a revolution in production, in motive power, in transportation, and in communication. For example, the change from one form of transportation to another, from roads to canals to railroads to automobiles and to aviation, and from steam to gasoline to electronic and atomic power has enormously complicated urban life. And some of the most difficult problems that our big metropolitan cities face today are the ^{accommodation} ~~accommodation~~ and adjustment to the enormous inflow of traffic, a problem which is closely associated with that second population shift that I mentioned, in the movement of people away from the center of the city out to the peripheral

outlying areas. These developments in American society have enormously complicated the problems that cities face.

And while the city retains its glamour and its lure for many Americans, for others in American society it has become, to use a Hollywood term, a kind of asphalt jungle; and hence the great exodus to the suburbs.

For many of these people who fear city life today the city is a necessity, but it is no longer a way of life. And while the city dominates the United States in terms of the kinds of decisions that are made in American society, they are almost entirely urban decisions despite the hangover of rural political power in the United States, for many Americans the city has become a kind of baneful necessity, a place of remunerative employment, a location for earning a livelihood, and not a place to live in.

The cities therefore form the frame of wealth and power in America today. They are centers of communication. They provide the banking mechanisms of the country. They are the centers of advertising and ~~the~~ of publication and of sales. And the absentee landlords of our small towns are frequently found in the big cities in the United States.

I think it may be useful just to take a brief look at the development of cities in the United States. They really have risen in what Max Lerner has called recently in his big book on American society an "orgy of planlessness." They have risen in a kind of helter skelter way. Washington is one of the exceptions perhaps in this respect, but planning in Washington goes back an awfully long time; and there has been quite a hiatus in urban renewal plans for the development of metropolitan Washington.

Many American cities are generally pretty grim and unlovely.

Where do we find American cities? They are huddling against railroads and wharfs. Very frequently they cluster around stockyards and around industrial plants. Almost all of them, in one degree or another, show scars of slums, of population congestion. They are cradled often in low-lying areas, like Cincinnati, where they may be frequently ravaged by floods, and where they may be saved from such ravages only by the expenditure of millions of dollars for suitable public works. We find many of our cities, particularly Los Angeles, poisoned by smoke, or polluted, as in Pittsburgh, although there have been many changes for the better recently, polluted from the slag of furnaces. Each city in the United States has its area of slums and ghettos. It contains a kind of human wreckage, of derelicts, of organized crime, of syndicates preying on women, those who specialize on the conscription of children into vice, and so on. These, of course, are among the least lovely or the most unlovely aspects of American urban life today; and all of these developments create in their wake public demands that something be done in one way or another.

This process of decay and blight in the American city, a decay and blight that affects not only the physical contours and the shape of the land in our metropolitan areas, but also our human society as well, is followed episodically or chronically by periods of renewal, by periods of attempting to tear down slums, to beautify the city, to try to correct in a short period of time and on the basis of the expenditure of millions and millions

of dollars the decay and blight that have developed almost at geometrical rates in the previous years.

We are now in the middle of one of these periods of urban renewal in the United States. And in most cities we are still in the planning stage. And even in the planning stage millions of dollars are required to make the necessary surveys and to try to develop some factual basis for a solution of the transportation problem, the sanitation problem, the water pollution problem, or what have you.

And in many of these activities, in almost all of them, the city does not stand alone in attempting to rectify the sins of the past. Its fiscal resources are sadly out of date. Its taxable facilities can no longer cope with the gigantic problems of urban renewal today. And the plain fact--and perhaps this is the central fact of American city life today--is that the city finds itself faced with gigantic needs just at the time when it has been drained of its ^{tax resources,} ~~resources~~, just at the time when the great movement to suburbia has reached a peak; and the suburbanites who have fled to the outskirts of the city and who are fleeing further and further away from the center of the city no longer contribute at least very much, no longer contribute significantly to the tax resources of the city. They depend upon the city, but they do not support it.

The people, the suburbanites, who depend upon the city for their livelihood, for their economic activities, but do not support it are the ones that produce the throttling traffic of our urban communities today. These are the people who pay little or nothing to correct the deficiencies

of transportation. It's very difficult in American society to convince the suburban dweller, who has still perhaps very few roots in this new green community of his, that is already developing a kind of depressing sameness to a dozen other neighboring suburban communities--it's very difficult to convince this fellow that he has any civic responsibility, or that he has any responsibility as a citizen of his county, of his State, or his metropolitan area, in order to help provide the revenues required in order to correct some of the problems that he and his suburban neighbors have created when they moved away from the central city to the green periphery.

These are the people, then, who use the facilities of the city, but are no longer taxed for it. And this has created an interesting but extremely difficult problem of fiscal adjustment in the United States. It's a problem that highly industrialized contiguous States, like those in the Middle Atlantic area, have tried to face--New York State, the City of Philadelphia--in developing the income tax as the device for increasing the revenue resources of the city.

Now, being sort of a North Jerseyite myself, I am well aware of the objections that citizens of New Jersey ~~have~~ who work in New York City have toward paying not only, let's say, the municipal sales tax in New York City, but also the New York State income tax.

The suburbanites not only fail to pay their own way with respect to the municipal problems today, but they also face mounting problems in their own new green communities; and much of the reluctance of the

suburban dweller to share with the city dweller the cost of operating municipal services stems from the increasing tax burden, and in many instances an enormous tax burden, in the suburban community, because typically many of these communities have extraordinarily high educational needs and an extraordinary shortage of industry, an absence of ratables. They find themselves ^{faced} with an enormous outpouring of children without being able to shift the burden of taxation to provide revenues for school construction and the hiring of teachers and so on from the resident owner to the industrial operator.

The effort to combine city and suburb into a single tax or single governmental unit to share the costs of metropolitan government has not yet succeeded in the United States; and I wouldn't even hazard a guess about how long it might take before we are able to develop some kind of ingenious contrivance in American federalism that will link the suburban community, that frequently crosses State lines, with the metropolitan center, which may also be the county seat in another State. We haven't yet succeeded in doing this on a general basis, although we have certainly been attempting to work matters out on a highly specialized functional basis since the early 1900's and particularly since ~~1920~~ 1920. I am thinking of such things as the Port of New York Authority, which developed in the mid 1920's to provide a bi-state agency linking New York and New Jersey in the development and operation of harbor and other transportation facilities in the New York metropolitan area.

But we find that as we develop such ingenious contrivances as the

independent bi-state authority, such as the Port of New York Authority, these inventions create other political problems in their wake. We find that these authorities, with special financial powers, with certain flexibility enabling them to operate pretty much like a private enterprise, like a private corporation, may drain away tax facilities that might otherwise be available to the local community for the development of resources.

There is an interesting development in the State of New Jersey now in which Governor Minors is trying to solve the problem of the sick railroads by subsidizing them; and the subsidy for the railroads is supposed to come from the revenues of the New Jersey Turnpike Authority, an authority which within the first year of its operation was already carrying traffic that was not estimated to develop until about ten years after it was in operation. The enormous revenues of this single turnpike authority, operating as an independent State agency, are ~~not~~^{now} to be used, assuming that the State Legislature will approve and the voters all subsequently approve the arrangement in a referendum in the coming election--these excess revenues of the turnpike authority will be used to subsidize the railroads in order to save the railroads for the commuters of the country. Here too is an interesting new development at the State level in which the superior fiscal and financial resources of an independent authority may, perhaps almost for the first time, be utilized in a way to benefit not only those who travel by automobile and truck in the State, but also those who depend upon the Pennsylvania Railroad, the Lackawanna, and so on.

Under the New Deal for the first time there was a clear recognition that metropolitan cities could not survive without Federal subsidies. And we see the development of these subsidies in housing, in health, and in unemployment relief. These are areas which Congress determined to be so much in the national interest that it was essential for the national Government to place its superior fiscal resources at the disposal of the States. And so while the New Deal certainly did not invent the Federal grant-in-aid--this is something that goes back to the Civil War days--and was first applied in the agricultural field--nevertheless there was, as in almost all other functional areas of American politics, an enormous expansion of governmental activity during the New Deal days.

And what emerged in the 1930's, and what has continued to develop since that time even under a Republican Administration, is a new alliance between the Federal Government and the cities. In part this alliance between the Federal Government and the cities, in such areas as aviation, for instance and in housing, where grants are made available directly to the municipal government or to special authorities created by municipal governments, can be traced to the effort on the part of the cities to escape rural-dominated State legislatures.

And so in a recent meeting of the Conference of Mayors in the United States, Mayor Wagner of New York made his usual speech, supported pretty largely by all the mayors present, pleading for increases in Federal aid made available directly to the cities. And while the States, at least in the industrial Northwest, have tended to resist the expansion

of Federal grants-in-aid because they see the grants-in-aid as a system of draining money away from the more prosperous States and snipping it out west and particularly down south to less prosperous States, these same States, like my own State of New Jersey, are pleading very strongly against this close tie-in in certain functional areas between the National Government and the cities, and instead are arguing not to eliminate such grants-in-aid in fields like housing, hospital construction, aviation, and so on, but, rather, they are arguing that at least in these areas ^{the} grants ought to be made available to the States so that the proper State authority--proper in terms of the State's definition--will be able to control the distribution of funds to the local communities in that State.

So we find that there is a growing competition between the cities and the states of which they are a subsidiary legal part for the control of Federal grant funds. This alliance is essentially a part of the New Deal, although, as I said earlier, the New Deal by no means invented the device of the Federal grants-in-aid.

Even Republican legislatures have tended to follow this pattern in recent American history, although they have obviously done so with more reluctance. Sometimes it is said that perhaps the major difference between Democrats and Republicans in American politics is that the Democrats really enjoy spending money, whereas the Republicans, while they spend it, ^{usually} don't spend quite as much, although they come pretty close, and they do so with a considerable degree of unwillingness or reluctance.

Let's take a look at this dual movement, this suburban movement, in the United States. There are about 35 million American in suburbs today in the United States. America has over the past 15 to 20 years really been resettling itself. There's been an enormous movement out from the South to the far western sections of the country, and an enormous less than a transcontinental movement on ~~adessethatranscontinental~~ basis from the central cities to the still-green areas surrounding the central cities. Americans have been resettling themselves in search of green spaces, looking for grass, for better schools, sometimes a garage for the car, sometimes the feeling of belonging to a closer-knit community, sometimes a desire to avoid a sense of unreality, of not belonging, that frequently develops in the cities.

It's a search for a neighborhood connection very often. It's a movement which ~~xxx~~ has attracted/young married people who want a place to bring up their children, for the man who would like a little free time to tinker around the house. And much of this suburban development has been made possible in a financial way pretty largely by a low down payment, long amortized loan, guaranteed either by the FHA or for veterans by the Veterans Administration. And so the National Government ~~can~~ ^{has} in a variety of ways/directly involved with the developing ^{been} suburban movement in the United States. And even when private funds are the source for mortgages, they have often been insured by the Government. Here too is a new development, or perhaps a new form of an old development, in intergovernmental relations in the United States.

Just as quickly, traffic congestion and school deficiencies have appeared. Almost immediately as these suburban communities are organized it is discovered very early that the streets are inadequate, that the schools are highly inadequate, and the tax resources are far too meager to support the demands that the new suburban citizens are making upon their community. Normally these communities are without an industrial base, and therefore the burden of taxation upon the home owner, who is already paying much of his income in the form of mortgage payments, is very heavy indeed. And, as we all know from traveling through the countryside these days, many of these suburban communities have a kind of depressing uniformity, a kind of excessive homogeneity.

It is often said that suburbia in American society is also deeply involved not only in the development of industry in the United States, but also with the mobile elements in the American class system. For instance, in American society, as a man moves up from the production line to foreman to shop superintendent, or as he moves from salesman to division manager and from sales manager perhaps on up to a kind of junior executive appointment or a middle executive appointment in his company, he then finds that he is able to move, and in fact he is almost forced to move, from one suburban community to another, finding one which appropriately suits his particular station in life. And perhaps many of the outward symbols of the American class system today are tied up, at least externally, with the outward look of our suburban communities.

I suppose also the suburban community in the United States is the

typical almost, if one can use it in a rather ironic or invidious way, it is the suburban community which is the ideal "society" for the organization man in American life today.

In the 1930's there grew up in the United States a demand from the public, in the face of a disastrous and devastating depression, for a minimal standard of welfare, a demand that the Government underwrite the standards of living for all Americans, so that no American would fall below a certain minimum with respect to his way of life. It was an extremely ambitious program. It was ~~not~~ a program which was not developed on the basis of any ideological commitment or any grand philosophical program concerning the ^{proper} role of government in American society, ~~it was~~ but, rather, like the situation which faced the founding fathers when they devised the Constitution of 1789, ^{during} ~~during~~ the New Deal period the Government was willy nilly forced to undertake programs of relief and economic recovery.

But in the 1930's, then, there developed in terms within the shaping contours of the great depression of the 1930's, demands for governmental efforts to shore up the American economy, to provide a minimal standard of welfare for all Americans. The Government was called upon to equalize economic opportunities. ~~And~~ And in the wake of bankruptcy ^{of} or near bankruptcy the States and the local communities in the United States, the only government available with some resources more or less adequate to the job--and even here the National Government fell far short of adequacy--was the National Government.

And so the Government was called upon to undertake a variety of tasks which heretofore had been considered to lie outside of the area of permissible or desirable governmental activity; and where these activities were regarded as essential or desirable, they were said to be within the exclusive province of State and local governments.

It was in this period, under depression conditions at the outset, that the Federal Government stimulated State and local activity by utilizing to a much greater extent than had been used formerly/^{the}Federal grant-in-aid system. But in the 1950's the demand for some new form of government, for some new kind of governmental unit, or for some new political contrivance, to handle metropolitan problems particularly, has turned our eyes away from the now conventional and orthodox technique or device of the Federal grant-in-aid; and, instead, these days we are searching for some new form of government which will be adequate for the handling of problems that are associated today with metropolitanism. We are searching rather desperately for some kind of new governmental unit for our complexes of cities and suburbs, some new form that would once again unite the city and its hinterlands.

In the 1920's the answer to this and similar problems--and this particular one was not very pressing in the 1920's, although it was by no means unknown--seemed to lie in the direction of regionalism. In the 1920's and in the early 1930's there was quite a spate of philosophical literature among the sociologists and political scientists setting forth the claim that the development of regions and regional governments was the

only viable answer to the new problems, particularly the fiscal problems, facing American society. It was said that the States were obsolete; and while the States may have been held by many to be obsolete in terms of their reduced fiscal capacity in the 1920's and particularly the 1930's, as we can see, under the constitutional scheme of the sharing of Federal power, the States are by no means obsolete in American life. And so the political obstacles of overcoming the hard political facts of the existence and the continuing existence of State political boundaries largely forced the advocates of regionalism either into the background in sheer despair and frustration, or it forced the hardier ones among their lot to search for some new scheme that might provide a way of bringing together the central city with its outlying areas in order to share or develop some common pool of tax resources to handle the problems which no longer could be contained within the boundaries of cities or even within the boundaries of States that impinged one on the other, and particularly where the industrial activity was no respecter of State political boundaries.

It may be useful for a moment to stand back for just a bit and take a look at what has been happening in American federalism given these environmental changes in American society in the past fifty years or so.

Certainly federalism, as I indicated at the outset, has been one of the most ingenious devices worked out by the founding fathers to balance and to accommodate conflicting interests. And over the long pull of American history the central movement in the American federal system has certainly been one of increasing centralization. This has been a

movement, as we can see, that has been an accompaniment of, or perhaps
an
a byproduct of, of/expanding technology. We have witnessed in American
life a growing gigantism in business and subsequently also in labor as well;
and big government has only trailed behind business and big labor. There
is something perhaps ironic and even futile in accepting business in econ-
omic life while attempting to reject it or resist it in governmental affairs.

Certainly since the Civil War there has been a movement toward
concentration of political power at the center. It is a movement, as I
tried to indicate in some of these remarks, that has come about primarily
as the result of self-need, of effective political demand, that American
society has placed upon their government. It has not been based upon
any reasoned preferences or upon any logical doctrine, upon any political
philosophy which has glorified the central government as opposed to
lower levels of government in the American political system. It has
been primarily the exigencies of war, of national economic development,
of devastating depression, which ~~has~~ ^{have} forced upon American society
its growing centralism. And while this trend has been increasing, the
trend toward centralism in American political life, there has also at the
same time been a kind of pendulum swing, and typically in American
politics every time we take two steps forward, we subsequently take at
least one step back. And as we swing toward growing centralization
in American public life, every now and then we swing at least part of
the way back, but never all the way back. And even succeeding Admin-
istrations of an opposite political party, despite some loose ideological

commitment along States' rights lines and so on, are never quite able to give up all of the shifts toward growing centralism that have taken place ~~during the years~~ in the years during which that political party was not in office in the White House or perhaps not in power in Congress.

The national control over interstate commerce today is broad enough to cover almost anything that Congress does. And certainly perhaps a major result of the constitutional revolution of 1937 is that the interstate commerce clause is no longer a constitutional barrier to the exercise of power by the National Government. But it's interesting that here too in American public life we find that it is not the Constitution which necessarily controls the development of American politics, because just at the time when the Constitution was no longer interpreted to forbid the expansion of Federal power in economic policy activities we find that Congress is changing its mind about some national governmental activities, and even the Supreme Court is beginning to interpret ~~many~~ some of the clauses of the Constitution to enable the States to carry on certain activities which somewhat before that time were held to be perhaps beyond the ~~power~~ constitutional power of the States. And so the Supreme Court today is interpreting State power very broadly in such areas as right-to-work laws, loyalty tests, and now most recently in the field of State taxation of interstate commerce.

Here too we find that there developed through the device of constitutional interpretation another way, apart from the development of particular contrivances, like grants-in-aid, authorities, direct relations between

the National Government and the cities and so on, we find still another perhaps very conventional and orthodox way, at least in American politics, to attempt to adjust conflicting interests. There certainly is a growing top competition among governments in these days for the tax dollar. This is a competition particularly between the States--well, it involves all three levels of government--the towns and cities and the States and the National Government--a competition for the tax dollar which seems to be growing sharper year by year. And efforts were made in this Administration to work out some adjustment among levels of government in order to divide up the available tax resources. But none of these efforts has yet produced any fruitful agreements.

It's very difficult in American politics to devise some overall scheme of adjusting conflicts among levels of government, such as any scheme would be for the sharing or pooling of tax resources among levels of government. Instead, we tend to be rather ingenious in trying to ~~pick~~ pick away at the problem in certain functional areas. And so in many functional areas, such as the regulation of corporate securities, the regulation of electric utility companies, the regulation of utilities in the communications field, and so ^{on,} a good deal in public health, a good deal of working cooperation has been achieved.

Moreover, sometimes without benefit of any formal agreement at all, without benefit of any sharing of tax resources, or making available any subsidy or grant, a certain cooperation has been achieved ~~has~~ between the authorities at various levels of government in handling

difficult problems in some of these areas.

In one area--and perhaps this underlines one of the major problems--very little progress has been achieved. That is in the area of State cooperation, of, for instance, the interstate compact. In one area, that of States attempting to divide the waters of a river, such as the upper and lower Colorado River and so^{on,} interstate ~~compact~~ compacts have been worked out among the various States, subject under the Constitution to the approval of Congress.

The interesting thing about the interstate compact device as a way of getting the States to solve their problems by mutual cooperation is that this device has not been widely used in American political life. And it may suggest that perhaps the States are seriously deficient in imagination and in adjusting their conflicting interests; and much of this lack of imagination, ^{and} therefore, ^{the} unwillingness to experiment in this particular field may still stem from the disproportionate power held by ~~rural~~ rural elements in the States.

With respect to water, I think we have had some results through interstate compacts because it's been primarily the farmers in the community desperately in need of water for irrigation to compensate for the aridity of the soil and so on--it has been essentially their political strength which has accounted for developments in this particular area.

Even where we have had a good deal of success in developing a scheme like the Tennessee Valley Authority, for the regional development

of resources, a scheme which has undoubtedly increased the power of the National Government over the States, this is still a national activity which has been highly decentralized under conditions that bring the Federal authority, the TVA Corporation in very close touch with State and local communities. But while the TVA remains perhaps the most attractive and most interesting and most stimulating political device to foreigners who visit the United States,--thousands visit the TVA from abroad every year--it's interesting that the TVA has not been adopted in any other region of the country. It has not proved to be the model for the development of regional resources along multi-purpose lines.

So even where we have been by all measures of technical efficiency, of fiscal incorruptibility, and ^{on} ~~so~~-even where we have developed sound schemes like the Tennessee Valley Authority, our typical reluctance to expand national power even under highly decentralized conditions has been strong enough to resist the desire of some to use the Tennessee Valley Authority as a model for the development of resources on a regional basis in the United States.

I would say perhaps we have two major problems or issues lying ahead of us in this area that set up obstacles to the continuing adjustment of the conflicting interests among our various levels of government. The first is the unresponsiveness of State legislatures to urban needs,--one of the oldest forces in American politics, a condition which, on the other hand, has had some advantages in the sense that it has stimulated a search for new contrivances in order to get over the hurdle of rural

predilections and prejudices in the State legislature.

And the second major issue lying ahead, I think, is the need to develop some new kind of ^{new} governmental unit which will make it possible for the city to associate itself with its neighboring suburbs in order to solve problems which today are common problems and which can no longer be handled, at least intelligently, on a divisible basis.

The old forms, the old devices, that we have attempted to solve the problem of developing a ^{new} complex for governing our metropolitan areas, are probably no longer viable ones. City-county consolidation-- we have probably gone almost as far as we can in using this particular device. We have certainly overused the device of creating special districts for handling specialized problems of water supply, cemeteries, sewers, sanitation, parks, libraries, public works employment, law enforcement, and so on.

It probably would be almost impossible to develop a system of federation among communities, at least in the short run; although perhaps in this particular area some further experimentation is needed before we can venture any prediction about the probable success of developments along ~~these~~ federation lines.

Some communities may try an experiment in which the central cities perform certain services for a fee for the outlying communities. But so long as the central city is so hard pressed for funds, and is not keeping up with demands made upon it by the city residents themselves, it may be difficult to expect our central cities to extend their services

to outlying suburban areas, except in certain highly specialized functional areas.

One alternative has, of course, been the extension of Federal and State services. We have seen this particularly in the educational field, but there is strong resistance still in most functional areas in American politics to the extension of Federal and State services in functional areas that have been characteristically ~~through~~ if not exclusively municipal or urban--highly local in American politics.

Voluntary cooperation perhaps may lead to some useful results here and there, but the problems we face today in making the most effective allocation of our scarce tax resources probably are sufficiently serious so that voluntary local cooperation can only be effective here and there in dealing with certain rather specialized problems.

I think my conclusion here would be that, while we have been enormously ingenious in the past, ~~ix~~ in working out new contrivances to adjust intergovernmental relations, it may well be that what we need now in order to meet the demands which American society is now placing upon various levels of government is the creation of some new contrivances, perhaps some that we haven't even begun to think of as yet. And this is a significant and important challenge for mid-twentieth century America.

MR. PULVER: Gentlemen, Dr. Bernstein is ready for your questions. We have time for only a few, but he will be with us this morning in our seminar groups and you can save some of ~~you~~ them for then.

QUESTION: Doctor, with the different interests between suburbanites

and urbanities, do you visualize a weakening of the political parties in the areas surrounding the cities?

DR. BERNSTEIN: I don't think so, but I think it's a guess because statistics on voting only give us, for instance, a little indication about the relative rate of participation of suburbanites in public affairs.

In many ways the suburbanites are almost forced to take some interest in their local government, because there are so many problems that impinge directly on them. They are voting on school bond issues. They're trying to do something about roads and install traffic lights and so on. And much of this may not take on a political party coloration, but since they can't depend on their own resources and have to get help from the State or the county, and in these dealings political party affiliations are important, you begin to get a lot of party activity at the suburban level also.

I don't have a great deal of confidence in my next remark, but I think ~~it's~~ it's probably right, and that is that there hasn't been a really significant change in political party identification, that is, associated with the suburban movement. You do get, as Sam Lubell pointed out in some of his books, you do tend to find some traditional Democratic city voters now voting Republican for the first time that they find themselves in a suburban community which is dominantly Republican. There is quite a pull that the suburban community may have in changing the traditional political party alignment. But I don't think we have had enough experience with this to know whether or not that kind of suburban pull is strong enough to change party identification for any considerable period of time. I don't

think it's going to change it much.

QUESTION: Doctor, you mentioned that one of the factors in the centralism increase in ~~capitalism~~ was the great increase in technology that took place in the last fifty years. Certainly this trend of technology is going to continue. Can we postulate therefrom ~~that~~ or forecast a continued trend in centralism? Does it mean that we're going to take two steps forward and not going to take any steps backward? Would you care to comment on that, please?

DR. BERNSTEIN: I think the demand for increasing the power at central levels versus local levels is probably going to continue, but we may do so by trying to moderate the movement toward the central level of government by devising schemes, ~~some perhaps~~ modeled on the TVA although in different functional areas, where there is involved a high degree of decentralization. One of the obstacles to this movement, however, lies in the States, because this kind of decentralization of Federal activity almost always increases the power and position and influence of local communities vis-a-vis their own State government. And so this is not a movement that States and their governors look upon with any great favor.

We may also be able to work out some kind of marriage between some ~~of~~ of our older political contrivances. Perhaps we can arrange a kind of shotgun wedding between a Federal grant-in-aid system on the one hand and a certain measure of interstate cooperation on the other. We have had this sort of thing, for instance, as I am sure you know better than

where you
I do, in the development of the Missouri Valley/ ~~we~~ get an extremely complex if not confusing type of operation, with the Department of the Interior or the Army Corps of Engineers and all the State governments and many of the local units very actively involved in building dams, controlling floods, and so on.

I think it's going to push us to try to devise some new schemes; and I think we probably are going to try to develop schemes that will at least decentralize Federal activity and bring the Federal people involved in much closer touch with the State and local people.

I am reminded in this connection that in the development of our resource development program the former Secretary of the Interior, the Honorable Harold Ickes, wrote in his book "The Autobiography of a Curmudgeon," which is still a much better book than his long series of memoirs, that in his judgment as Secretary of the Interior--and one you has to remember it as that--~~he~~ could not solve the problem of regional resource development by lighting a candle in a darkened room and intoning "TVA. TVA. TVA." And even in the Federal Government, and even in devices that will centralize power at the national level, you will find a great many conflicting interests; and obviously the Secretary was not anxious to have a strong independent authority, particularly one headed by David Lillienthal, managing the most successful resource program in the United States.

MR. PULVER: Dr. Bernstein, on behalf of all of us here at the Industrial College, I want to think you for a most interesting and entertaining talk. Thank you.