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INTERGOVERNMENTAL RELATIONSHIPS:  
FEDERAL, STATE, AND LOCAL

Dr. Marver H. Bernstein

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**Reviewed by:** Colonel Tom W. Sills, USA

**Date:** 16 September 1960

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

**1960-1961**

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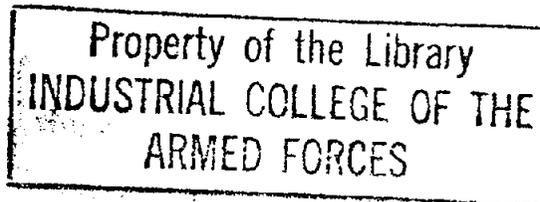
25 August 1960

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Reporter: Grace R. O'Toole

Reviewed by: Col T. W. Sells Date: SEP 21 1960

Publication No. L61-9

INDUSTRIAL COLLEGE OF THE ARMED FORCES

Washington 25, D. C.

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25 August 1960

CAPTAIN MARZETTA: General Mundy, Admiral Patrick, Gentlemen: Today we continue our discussions in the Foundations Unit in the field of government political thought. Yesterday we discussed the Federal Government. Today we will explore the field of the interrelationships between Federal, State, and local governments.

We have with us today an eminent authority on the subject. He has worked extensively with Federal and local agencies and has written a considerable amount in this particular field.

You will note from his biography that he has co-authored one of our primary reference works in this particular section.

We are privileged this morning to have with us Dr. Marver H. Bernstein of Princeton University, who will speak to us on Intergovernment Relationships: Federal, State, and Local. Dr. Bernstein.

DR. BERNSTEIN: Gentlemen: In discussing intergovernmental relations, it is all too easy to concentrate almost exclusively on the constitutional and legal problems, since these aspects of the subject are usually the ones that are covered most adequately in the reading materials that are available.

I wanted to refer to some constitutional aspects of intergovernmental relations rather briefly at the outset this morning by way of establishing

some framework for our discussion, and then move on to some other aspects which perhaps are not discussed as frequently.

I think it is useful, in thinking about the general subject of American federalism and intergovernmental relations, to keep in mind the obvious point that federalism in the American framework is part of the grand design of limited government. It is a fundamental aspect of the formula worked out by the Founding Fathers in the Convention in Philadelphia to keep the powers of government limited.

We are familiar with the attempts in the Constitution to distribute political power in ways which not only authorize aspects of various institutions of American government to exercise power but also establish limits to the exercise of that power with respect to the separation of powers within the essential level of government.

With respect to federalism, the hope here of the Founding Fathers was to distribute political powers geographically in ways that would help to fix the limits for the exercise of political authority by the various levels of government. So federalism is part of the grand constitutional design of limited government in the United States.

Initially, federalism, as a part of our constitutional design, was adopted out of necessity, and the ideology of federalism tended to come alone somewhat later as the ideology which tried to extol either the benefits of centralization of power or, in contrast, the ideology that attempted to establish the primacy of States' rights. A Federal

distribution of power along geographical lines was a necessity in the days of the 1780's.

The basic political fact of federalism that we have to keep in mind is that any Federal system of government, particularly the American Federal system, creates separate and self-sustaining centers of power and action in American politics. Therefore, in the American Federal system it is difficult to get a comprehensive understanding of political behavior and political action without considering the sometimes separate spheres of State and local government on the one hand and the National Government on the other.

While the Constitution establishes a general formula for the geographical distribution of power, the formula is not a fixed one. That is, the Constitution permits very wide fluctuations in national and State power. Many of our famous constitutional arguments over the years have had to do with the working out of a particular settlement in the context of a particular problem. The boundaries of national and State power have been drawn somewhat differently from time to time, but, over the long haul in American political and constitutional history, the dominant plan, certainly, has been toward an expansion of the power of the National Government and, in contrast, toward certain limitations in the authoritative position of the State governments.

The Constitution, I have indicated, permits wide fluctuations in national and State power. That's another way of making the same point.

It is to note that one of the great achievements in the American political system, or the achievement of American politics, is the capacity of the system to develop numerous contrivances, numerous formulas, from time to time to adjust and to accommodate conflicting interests in matters that affect more than one governmental unit.

In the area of intergovernmental relations, while the general boundaries have been fixed by the constitutional formula, that formula in itself has been so flexible and so general that it has made it possible to develop from time to time various adjustments and accommodations in order to resolve conflicts among our different levels of governmental units.

If the central and dominant constitutional trend in the area of intergovernmental relations over the generations has been toward increasing national power, this is not to say that the States have lost an important and significant position in American politics. In fact, it is all too easy, I think, to understate the significant position, from a political point of view, of the State in the American Federal system.

After all, under our Constitution, or under extra constitutional devices that have developed since 1789, the States provide for all practical purposes the legal framework of American political life. It is the States, rather than the National Government, under the Constitution, which have provided whatever legal and constitutional mechanism we have

for the operation and administration of the political parties. It is the States that are responsible under the Constitution for the machinery of elections, even including elections to national office. It is the States that are responsible for the definition of Congressional constituency. It is the States that determine voting qualifications on a State-by-State basis within only very general limitations imposed by various amendments to the Constitution. It is the States that regulate the polls, for example, and, in the ratification of constitutional amendments, the States play a central constitutional role. Even in such a broad general area as the protection of property rights, we tend to rely more, in this general area, upon the State and local governments than we do upon the National Government.

The States have been criticized increasingly in the last 3 or 4 decades as lacking in economic logic. We are sometimes told that State political boundaries are illogical from an economic point of view, particularly where large metropolitan clusters of population can be found almost immediately adjacent to State political boundaries. We are told that in the New York metropolitan area, in the Chicago, Illinois-Gary, Indiana area, and in many other similar areas around the country, State political boundaries make no sense, no rational sense, from an economic point of view.

Without entering into this particular argument this morning, I think it may be useful to keep in mind the point that, whatever the States may

or may not lack with respect to economic logic, they do carry an essential political logic in the American political system, because they do provide essentially the legal framework for the continued operation of American political life.

I'd like to turn now from these preliminary observations to the social-political-economic environment which has affected so much the status of intergovernmental relations in the present day. I think what we have to keep in mind is that intergovernmental relations in the mid-20th century have been profoundly influenced by a continuing social and economic revolution in the United States, beginning with the great depression in 1929, and the general status of our various levels of government has been altered considerably, very considerably indeed, by this continuing social and economic revolution.

Since Jefferson's dream of a society of free farmers, Americans have tended to idealize the rural way of life. This can be seen, I think, in a number of areas in our political life. For example, there is the disproportionate political strength of rural areas in our State legislatures and even in the National Congress. There is also a kind of folk belief in the country that farmers indeed form the backbone of the Nation. There is even a feeling among some groups that farming possesses a kind of healing grace, and that farm folk, rural folk, as a type, possess an exceptional sturdiness, a kind of integrity of character, a moral superiority and a moral virtue that are said to derive from contact with

the soil. When some of these ideas are put together into a single expression of faith, perhaps this might be called a kind of agricultural fundamentalism.

Since 1920 the American population has not been dominantly rural but rather has been dominantly urban. It could be said, with reference to the 1950 census, that only about 1 out of 8 Americans live on the land today, in comparison with three-fourths of the Americans gainfully employed on the land in 1825, half of the Americans gainfully employed in farming in 1875, but by 1955 only slightly more than 10 percent.

I think the 1960 census will show still a further decline in the concentration of the population on the farm. Today there are only some 4 million farms operated by independent farmers on what might fairly be called family-sized farms.

The decline in agricultural population, the decline in gainful employment on the farm, I think can be traced to a number of factors that are fairly obvious. There have been enormous advances in American farming. These have been largely technological in character. There have been great productivity gains. Many of the great breakthroughs in agricultural technology came in the late 1930's, based on ongoing research of these in plant genetics, hybridization, and so on. Many programs had been started out of necessity under the New Deal, because of the long-term agricultural depression that set in immediately after the close of World War I.

The technological revolution in farming was given even further impetus by World War II, so that, by 1955, 37 percent less manpower produced 54 percent more food than in 1930. Farm productivity between 1930 and 1955, in some 25 years, had increased 100 percent. During this time the acreage under cultivation remained relatively stable, but man hours of employment on the farm decreased very markedly.

The interest again was science. New fertilizer, new breeds, new insecticides, test controls, new types of irrigation with wider availability of water for irrigation purposes, and the development of new types of agricultural machinery, improved capital investment in agriculture, and even improved management on the farm--in other words, the mechanization of the farm--have made it possible to produce much more with much less manpower.

So much for a quick look at the revolution on the farm. Let's shift to the small towns for a moment. There has been a dual population shift in the American society in the past 20 to 30 years, getting increasing impetus after the end of World War II. First, there has been a steady movement from smaller to larger units of population, from the small town to the big city. At the same time there has been a steady movement within the complex of the metropolitan area from the center of the metropolitan area to its periphery, the suburban movement.

These movements have had sometimes the effect of canceling each other out, but the manifest overall has been a substantial draining away

of population from the small towns of the country toward a clustering of population in the metropolitan areas, but with some losses of population in the central cities and a terrific gain in the suburban areas.

Apparently our 1960 census will show that there are only some 3 or 4 major metropolitan areas in the country that have increased in population during the period from 1950 to 1960. At best, our large metropolitan areas, as a general rule, have been able to only just about hold their own population-wise.

Just as we have had a kind of agricultural fundamentalism in the United States, we have also been subjected to a legend of small-town superiority. Just as Jefferson praised farming as a way of life, so others, commenting on and interpreting American life, tended to find the backbone of America in the small towns, in the highly centralized areas of the country, and it was said that here at the grass roots was democracy in action.

But the growing points in American life, I think it can be said fairly, are not to be found in the small towns. Small towns, from the point of view of national development, have become more and more marginal in American society, and what survives in modern life is the growing standardization of the supermarket, the automobile, the turnpike, the mail order house.

But still persistent, in spite of these developments, is the belief that democracy is somehow more idyllic and pure in the small towns.

We are often told again of the moral superiority of the small town over the city slickers. We are told that the small towns are less corrupt and less sinful.

Whatever may be the case with respect to the comparative morality of small towns, farms, and the big cities, the fact remains that small towns have become increasingly drained of power during the last 20 years or so in American life. Key decisions are no longer made by the small-town lawyers, the small-town bankers and merchants and editors. As the economy becomes increasingly regionalized and nationwide in scale, the small towns no longer perform most of their functions alone--such functions as were traditionally local in character, such as road building, the administration of relief programs, the conduct and control of educational programs, taxation, the development of construction of public works, and so on. In these areas of traditional, local, governmental functions, the small town has come to depend heavily on subsidies both from the Federal Government and from the State government.

Let's look at the cities for a moment. In every civilization the rise of the big city has been the product of technical and industrial development. The American city in this respect is no exception. The growth of the American city has been accompanied by revolutions in production, in motive power, in transport, and in communications. For example, the change from roads to canals to railroads to autos and aviation, and from steam to gasoline to electric and atomic power, have complicated

urban life immeasurably, and some people believe today that perhaps our most difficult and complex urban problems concern the transportation complexes within metropolitan areas.

While the city retains its glamour and its lure for many Americans, for others it has become a kind of asphalt jungle, and Hollywood has attempted to teach us something about this aspect of American/city life in recent years. Hence the great exodus to the suburbs. For people moving to the suburbs the city is a necessity from an occupational or income point of view. It no longer represents to them a desirable way of life.

Cities form the frame of wealth and power in the United States. They are the centers of communication, the centers of our banking mechanisms, the centers of advertising, of publications, of sales. Cities have become the absentee landlords of small-town manufacturing and small-town industry.

On the other hand, American cities, which we are all familiar with, have risen rather helter skelter to what might be called an orgy of planlessness in the United States. Many of our cities are grim and unlovely to the extreme. Many are to be found huddling against railroads and wharves, clustered around stockyards and industrial plants, showing all too apparently scars of slums and population congestion. We find our cities cradled in low-lying areas, areas often ravaged by floods. The air often is poisoned with smoke and polluted from the slag of furnaces, and each city has its own private formula of slums and ghettos,

with human derelicts of organized crime preying on women, the conscription of children into vice, and so on.

Cities have been afflicted by a process of decay and blight which is followed from time to time, but all too infrequently, by attempts at renewal and attempts which normally have been too feeble to make up for the years of neglect and decay.

Cities today are faced with gigantic needs just at a time when they have been drained of tax resources by the suburbanites, who depend on the cities but who rarely support them from a tax point of view. Recently some cities have attempted to remedy this situation by developing new forms of income tax designed particularly to catch commuters who use the city only as a place to earn their livelihood. But on the whole the cities have not yet been able to turn the suburbanite into a tax-paying supporter of the metropolitan area. It is the commuter, by and large, who produces the throttling of traffic in many metropolitan areas, the same commuter who pays little or nothing to correct the deficiency of the transportation within the central city. The suburbanites use the facilities of the city but they are no longer taxed for it, except here and there--in New York State, in Philadelphia, in St. Louis, and perhaps one or two other places in the United States today.

So cities face mounting problems. But, in addition, the suburbanites face mounting problems in their own new, green communities,

because they have extraordinarily high education needs, a shortage of industry, and therefore an extremely scarce tax base for the raising of revenue to support needed services in these new communities.

Under the impact of the great depression in the 1930's, for the first time there developed a clear recognition that the big metropolitan areas of the country could not survive without Federal subsidies to help them carry on crucial tasks that affect the national interest, crucial tasks in housing, health, and unemployment relief--these three, particularly, during the 1930's.

What emerged out of our depression experience--and not out of ideology but rather out of practical necessity--was a new alliance between the Federal Government and the cities, largely, I think, for two reasons; first, because this seemed to be the only possible way for the cities to survive in a period of fiscal bankruptcy at the municipal level, and, secondly, because it seemed to be the only way for the cities to escape rural-dominated State legislatures, who are not at all interested, generally speaking, in increasing taxes or increasing State aid in order to help out the municipal areas within the State boundaries.

Even Republican Administrations since the 1930's have followed this pattern, although perhaps with somewhat greater reluctance than have the Democrats. The Democrats always seem to be more willing to spend money, and always, apparently, seem to get more enjoyment out of doing so. But, nevertheless, this has been a trend which has not

been reversed under Republican Administrations. The efforts of this Administration in the past eight years to reverse the trend, particularly by reallocating the the tax resources, by having the Federal Government give up certain taxes and hand them over to the States, have failed miserably. So, despite protestations of States' rights, of the evil of increasing centralization of federalist powers, we have not in the past eight years been able to revert the general trend of the 20th century toward, in short, centralization at the national level.

The suburban movement also, I think, must be included here in the brief review of the modern contemporary social revolution in the United States. According to the 1950 census--and these figures will have to be revised upward at a sharp rate when the 1960 data are available--about 35 million Americans live in suburbs in the United States. Clearly, again, America has been resettling itself, in search of open spaces, in search of better schools, a garage for the car, <sup>perhaps</sup> a closer knit community, and a sense of belonging to a smaller community. Young married people, in particular, have wanted a place to bring up their children; a place where they might be able to keep them around the house a bit, and so they've got a low down payment, a long amortized loan from the FHA or the Veterans' Administration, or from private funds, but insured by the National Government.

Very quickly in these new suburban communities there developed a pattern which is also familiar in the urban areas--traffic congestion,

school deficiencies. These appeared almost immediately in many of our suburban communities. Many of them were communities without industry, with much too few tax resources. Moreover, from an esthetic point of view, many of our lower-cost suburban communities were depressingly uniform. There was a kind of homogeneous mess in many of our urban communities that became extremely hard to take or to think of with some imagination.

There was a lovely cartoon that appeared in the New Yorker Magazine a couple of years ago which showed one of the Long Island suburban communities with thousands and thousands of identical houses on little dead-end circles, and so on. One car was leaving a garage in one of these houses and the host was saying to the departing friends, "Now that you know where we live, you come to see us." Here was one house exactly like several thousand others in the same community.

On the other hand, one of the attractions of suburbia, apparently, in modern American society, in the period of reorganization, then, has been its adaptability to a highly organized life in the mid-20th century. As a man moves up from the production line to foreman, and on to shop superintendent, or from salesman to division manager to sales manager, he tends to move from one type of suburb to another. It has often been said that suburbia is almost the typical society, or the typical social framework, for the generation of the organization man.

In the 1930's there was an enormous demand for the use and exploitation

of the resources and power of government--that meant, in a period of depression, the National Government--to develop a minimal standard of welfare. There was a demand to equalize economic opportunities. This demand arose, of course, under depression conditions at first, and perhaps its first immediate effect was to stimulate federal grants both to the States and to the cities directly.

In the 1950's the demand, which perhaps is not yet politically effective in the 1960's, is for some new form of government that will be able to deal with the complex problems of the city-suburb centers' clusters of population. The demand seems to be for some new form that would once again unite the city with its hinterland and would help to develop a viable political and fiscal unit that would be able to maintain minimal standards of welfare.

In the period from 1935, let us say in the bottom of the depression, to 1960 the level of our aspirations as a people has risen enormously, and the minimal standard of welfare of the 1960's bears little resemblance at all to the minimal standard of welfare as it was conceived in 1935.

We demand much more for ourselves and for our families, and therefore our demands on the National Government, as the most fiscally reliable government in the United States, have increased accordingly.

In the 1920's the answer to the problem of intergovernmental relations seemed to lie in regionalism, in the development of regional associations

of States that would tend to substitute regions for States and even perhaps completely eliminate State boundaries. This rather romantic notion--romantic because of its constitutional impossibility--was replaced in the 1930's by a vast utilization of the powers of the Federal Government, principally through the extension of grants in aid.

In the 1960's grants in aid no longer appear to be as significant as they did in the 1930's, and in the 1960's we appear to be searching for some new form of metropolitan government which again would somehow tie the city together with the suburban hinterland in order to create once more a viable economic and a viable political unit in American society.

We have tried a number of things in recent decades in the United States to readjust intergovernmental relations. I think it might be useful to have a look at some of the issues that lie immediately ahead in this general area. One of the overriding problems in intergovernmental relations today stems from the unresponsiveness of State legislatures to urban needs. It is this unresponsiveness, as I have already indicated, that tends to drive urban communities to seek more and more federal aid. This coincides with and is a major expression of the enormous metropolitan explosions of the last 20 to 30 years in the United States.

The central city, as we have seen, is not well equipped for the tasks it faces. It lacks leadership, except in a few exceptional areas. It is being inundated, moreover, by inexperienced settlers from the small

towns. It faces mounting demands for increased services despite falling revenues within the cities.

The difficulty in the States, in terms of their unresponsiveness to metropolitan problems, is not based, I believe, on the lack of tax resources in the State. It seems to me that the difficulty in the State is not a lack of tax resources, as such, but rather a reluctance to tax. Generally, despite mounting governmental expenditures and mounting governmental debt in the United States, still governmental expenditures and governmental debt have not outraced increases in national income and increases in the productive capacity of the American economy. We may be spending indeed far more in governmental units than we did 10 or 20 years ago, particularly at State and local levels, but on the whole increases in State and local expenditures have done nothing more than just about keep up with increases in national income and in our productive capacity, and indeed in many areas have lagged far behind increases in our economic capacity.

The problem is not, I believe, that States are unable to tax, but rather that they are unwilling to tax. Because of the unwillingness of State legislatures to increase taxes within the States, the cities have turned more and more to the National Government as the most responsive governmental unit; that is, as the one most responsive to the needs of urban metropolitan areas.

At the suburban level, we find our suburbs still in the throes of

growing pains, with enormous increases in population to be reflected in the 1960 census. In the 1950 census there were some 168 metropolitan areas, but in these 168 metropolitan areas there were more than 15,000 separate units of government--a fantastic duplication of political machinery. There was a lack of personnel, trained personnel, for the operation of some thousands upon thousands of governmental units, a vast and unnecessary duplication of function, and, while one can note many so-called overlapping and duplicating areas of governmental activities, probably what was much more important in these areas than duplicating governmental facilities was the lack of any governmental attention to crucial problems.

The search for good schools has become increasingly intensified, particularly since Sputnik, with considerable help now from the Federal Government under the National Defense Education Act of 1958. In fact, today, except in a handful of political areas in the country, it is no longer politically safe to be an opponent of federal aid. Arguments about federal aid for educational purposes tend to concern themselves with the techniques of extending that aid, the concern whether such aid can be extended to local areas without at the same time putting the Federal Government in the position of controlling a traditionally local responsibility, and the issue of including the parochial schools in the program has become an important aspect of the argument.

We are no longer arguing about the need for federal aid <sup>as such</sup> /but rather

about the form and the conditions under which it is to be made available.

In the suburbs generally we find that the level of services tends to be lower than that in the central cities, and taxes tend to be higher. Planning and coordination in most of our suburban communities in the United States are almost nonexistent. So perhaps one of the crying needs in the suburban areas of the United States today is the need for developing some institutions, some devices, for planning the future development of suburban areas, and some States have begun to make available their facilities to small communities in the State to help them to develop plans for the future expansion and development of suburban facilities, and finding solutions to local community problems.

A quick rundown of various solutions of our metropolitan problems may be useful here. One of the oldest solutions proposed for some of our metropolitan problems has been the political unification of adjoining areas through a process of annexation, a process in which a larger central city area annexes outlying areas to form a single larger unit of government. This process of annexation is still marginally significant in the United States today, but it is not developing into an important means of solving metropolitan problems, largely because State legislatures in most instances set up too many obstacles to annexation, and also because many suburban communities are still resisting annexation by the central cities, reflecting the interest of

the suburbanites in escaping from the central cities in the first place.

A second formula has been the consolidation of cities and counties. This has developed in a handful of areas in the United States in recent years, but generally it is difficult to arrange, because very often vested political interests in the counties rarely coincide with vested political interests in the central cities. There are too many conflicting interests to be adjusted, and these normally make it impossible to bring off city-county consolidation.

On the other hand, something less than wholesale consolidation of the cities and counties has been fairly successful, and that is the working out of agreements between cities and counties to administer on a joint basis a particular function, very often having to do with a fairly extensive service, such as fire fighting, or police administration, or the extension of a city library service to the outlying county areas, and so on. In particular functional areas, joint administration by the city and county of a particular service has proved to be fairly effective.

Still another solution has been the creation of a special district-- still another type of governmental unit in the United States. Because of the lack of borrowing power very often of cities and counties, stemming pretty largely from restrictive legislation enacted by State legislatures, there has been pressure in the past 30 or 40 years to create special governmental units to administer certain rather technical functions in particular. So, to carry on such functions as providing a water supply,

controlling a port, if it happens to be a port city, developing sewage and sanitation facilities, operating parks and libraries, enforcing law, and running airports there has developed the device of a special district, often with special taxing powers, thereby getting the city, with its limited tax resources, somehow off the hook for the administration of these particular programs.

Often the administration of governmental functions by such special districts has been somewhat better than the level of effectiveness achieved by the older units of government at the local level, but, whatever good has been accomplished by the special districts must be weighed against the enormous confusion and the increased cost that flows from the development of these special districts.

It is difficult to keep these special districts responsible politically for their actions. The job of the local electorate becomes much more complicated because of the multiplication of governmental units and the multiplication of public offices and officials.

Still another solution has been the interstate compact. If one goes back about 40 years, beginning in 1920, there was great hope that the one solution to our problem of intergovernmental relations, or at least the most promising one, was the interstate compact. This goes back to the feeling in the 1920's that what we needed was a unit of government that encompassed several States on a regional basis. Through the interstate compact, by associating two or more States in the development

and administration of a particular function, it was hoped that the States would be able to prevent, or to put some obstacles in the way of, further centralization of power at the national level.

So the interstate compact movement began with a great sense of promise at the State level and, while, in the areas covered by interstate compacts, these compacts have operated rather effectively, it now turns out that they really operate in quite limited areas and areas that have to do mainly with rather technical operations, particularly with respect to the allocation of water supplies in interstate river-basin areas.

There is now developing a rather interesting interstate compact in the Delaware Basin, involving the States of Pennsylvania, New Jersey, and New York. Perhaps the most famous interstate compact and a good deal in the public newspapers these days is the Port of New York Authority, an interstate compact entered into by the States of New York and New Jersey.

In some areas having to do with port administration, the allocation and distribution of water resources, and the operation of expensive public works, the interstate compact has developed some success, but it has not obviously become an important alternative to centralization of functions at the national level nor an alternative to further development of a closer alliance between the Federal Government and the cities.

In fact, it is this other movement which has become perhaps the

most significant contemporary development in intergovernmental relations today. It is the development of even closer alliance between the Federal Government and the metropolitan area. This is the alliance which began essentially in the 1930's again under depression conditions and has to do mainly with housing, because it goes back to the creation of the U. S. Housing Administration and the development of Federal aid to cities for the construction of public works projects. But in recent years it has been expanded enormously in the area of hospitals, the construction of airport terminal facilities, and even in the development of highways which are essentially urban or interurban in character rather than purely State or farm-to-market roads.

And, of course, the civil defense area represents at least potentially the area of greatest alliance-- I say potentially -- the greatest alliance/between the National Government and the States. And under a program which we are bound to get, I think, some time in the next political generation, an increasing program of Federal aid to education, we are likely to see an even further extension of this contemporary alliance between the National Government and the metropolitan areas.

Here, then are some--not all, but some--of the more important developments of the last 30 to 40 years in intergovernmental relations, developments which I think can be traced to the effort, often rather unplanned, to develop new contrivances to create new adjustments

designed to overcome some of the conflicts of interest between our various levels of government in the United States.

In conclusion let me suggest to you just a few more points for you to keep in mind about intergovernmental relations in the United States. In comparing the National Government with the States, I think the historical record of recent decades shows that the National Government has been more stable, more responsive to public needs, more effective in administration, more sensitive to the needs of minorities, and more concerned for civil liberties.

A large part, I think, of the answer to the question, Why the continued trend toward Federal centralization? can be found in the greater showing of capacity, demonstrated capacity, on the part of the National Government with respect to this responsiveness to public needs, its sensitivity to public problems, and particularly its willingness to take hold of metropolitan problems.

This is not to suggest that the National Government has developed a well articulated facility for planning with respect to the solution of metropolitan problems. In fact, I think the record will show that, in this growing alliance between the Federal Government and local communities in the United States, the movement has been episodic, it has had its ups and downs, it has been largely unplanned, and the extension of Federal aid for, let us say, airport terminal facilities has had little to do with the extension of Federal aid to local communities for the

construction of urban and interurban highways. Rather obviously, these two, having to do with transportation in the metropolitan area, ought to be related from any rational point of view.

I don't want to leave you with the impression that the National Government is all wise and all powerful in this area whereas the local communities and the States tend to be rather stupid. This is not only a gross oversimplification but dead wrong, as I think the record will show.

Rather, I think, the point is that, with respect to responsiveness and sensitivity, the National Government has a clear advantage over the States, as the historical record will show.

Secondly, I think it is essential to keep in mind that arguments for decentralization, for States' rights, for reducing national power in favor of building up States' power, are linked very strongly to points of view and philosophical orientation about the role of government in modern society. Arguments for States' rights and for decentralization of governmental power, I think, are linked strongly to unwanted change, to a fear of new problems, and to a nostalgia for a somewhat simpler system of intergovernmental relations, of federalism, in American society.

Thirdly, there has been an enormous change in the significance of the Federal grant in aid. In the 1930's, when the Federal grant in aid developed--not initiated but developed--so strongly, the grant in aid

was viewed in part as an equalizing device, as a way of making available the resources of richer States, of richer economic areas in the country, to the poorer sections of the country. It was a way of turning over some of the resources of New York, New Jersey, Ohio, Pennsylvania, and Illinois, for instance, to the Southern States and to the Southwestern section of the country.

But I think quite clearly that, while the grant in aid remains very important in American public life, it can no longer be viewed as a significant equalizing device. In fact, something between 1 and 2 per cent of the national income is involved in Federal grants in aid to State and local communities in the United States. Therefore, in terms of the percentage of national income involved, the equalizing benefits, the equalizing effects, of Federal grants in aid can be seen as only marginal.

Lastly, I think it is useful to repeat what has been perhaps the most obvious trend in intergovernmental relations throughout the long pull of American political developments, that is, the dominant constitutional trend again, has been toward spelling out national supremacy, toward increasing State power but not in proportion to the increase in national power. This is not to say that States have declined absolutely in significance but rather that the increase in the position and status and prestige of State governments and governments in local communities has not been able to match that of the increase in authority and prestige

of the National Government. This is a development which has taken place wholly within the terms of the Federal Constitution, and, therefore, I think that this area of American federalism, of intergovernmental relations, once again can be seen as an illustration of the rather amazing capacity of American politics to work out solutions, new contrivances, to adjust political differences, all within the concepts of the American Constitution.

Thank you.

**CAPTAIN MARZETTA:** Dr. Bernstein is ready for your questions. I might suggest that you speak loudly enough for him to hear you and for your classmates behind you to hear you.

**QUESTION:** I would like to ask why the cities haven't protected themselves more in the taxation of their residents by the extension of the borough system, perhaps, or, as a common example, extension of city limits, as in Los Angeles. Why hasn't this been used more as a protection for the urban area as against the development of the suburban area?

**DR. BERNSTEIN:** I think probably the best answer I can give is that I don't know. This is a very complex area. Your mentioning Los Angeles as an illustration I think makes it even more complex. This is a very special area indeed. Los Angeles is already, I think, one of the two or three largest cities in area in the United States. Los Angeles has been very vigorous in extending boundaries.

One of the problems here is that the city loses tax resources when the suburbanites move out. At the same time, the city undertakes/major <sup>the</sup> burden of financing the extension of public services and facilities in areas that it annexes, which would otherwise have developed into separate suburban communities. It also increases its liabilities enormously. The city, really, is faced with the difficult problem of deciding which of these two evils is better or worse. Almost whatever decision the city makes, whichever way it turns, it is in serious difficulty unless it gets aid, through the form of increased State aid, particularly for education and public health, or increased Federal aid for particular functions.

QUESTION: Dr. Bernstein, you have indicated that the President's efforts during his Administration to turn the local responsibilities, together with the tax resources, to the States and local communities has generally failed. Could you touch on the reasons why they have failed?

DR. BERNSTEIN: I think the basic reason here is that, despite a good deal of strong pressure to transfer some Federal taxes to the States, the Government has not been willing to face up to the question of how it is going to make up for the loss of a particular tax revenue, or is not willing to face the loss of that particular tax revenue.

The most recent incident involved considerable pressure, particularly from the States, for the Federal Government to give up the 10 percent

telephone tax, one of the special excise taxes, the tax on long-distance calls. There was some effort to get this through Congress, but it clearly didn't have a chance at all. Similarly, there has been an effort to get the Government to give up the gasoline tax, so that whatever tax we pay will go entirely to the State, in this area.

But again, Congressional committees having to do with taxes find that giving up a particular source of tax revenue creates an additional problem for them in trying to find out where it is possible to cut Federal expenditures so that they can live with reduced revenues, or where it is possible to find revenue to compensate for the loss of a particular tax source.

Any question of this sort tends to raise almost a whole battery of questions about governmental functions. It is very difficult to talk about getting rid of certain Federal taxes by transferring them to the States unless you can do one of two things, or both, preferably--raise taxes in another way to compensate for that tax loss, or reduce expenditures. We are always ready to have taxes reduced, but it is very difficult to get anyone to agree about what Federal function ought to be processed, controlled, or eliminated completely.

QUESTION: Dr. Bernstein, I noticed in the biographical information that you have just returned from Israel. I wonder if you could give us very briefly an indication of how that government, a new government, has solved its problems of better relationships. Beyond that, I wonder

if you would express an opinion on whether there is any extent or hope that the Israel solution will be passed on to the new African states. I understand that some of the new African states have been looking to Israel for a solution to their problems. I will be interested in what you have to say.

DR. BERNSTEIN: Israel had the advantage of considerable tutelage under the British during the period of the mandate from 1920 to 1948. What Israel did in the intergovernmental area was to continue under the traditional British pattern of central local relations, in which the central government bears the major responsibility politically and fiscally, and in which the cities and the local areas are legally the creatures of the central government. There is central guidance from the Ministry of the Interior with respect to the development of municipal areas. There are only two levels--the central government and the local areas. There are some three different types of local areas--the municipality, which tends to include 15 or 20 of the most populated areas, the town, operating under a different ordinance, with somewhat different local powers invested in local authority, and a special rural, regional type of local governmental unit for operation in rural areas.

What the British had done was to divide the country into a number of districts for local government purposes. Each district was supervised by a district representative or a district commissioner. His responsibility was to help train municipal and local officers, to provide

some kind of general supervision of governmental functions in the municipalities, and to review the budgets of the local governmental units. So there is a rather tight relationship here.

I don't want to leave the impression that all of this has worked out beautifully in the period since 1948, when Israel gained independence. The problem has been a very difficult one, largely because of the lack of trained people at the local level. It has worked out most effectively, I think, in Tel Aviv, which, even under the mandate was an all-Jew city and had developed municipal services to a very high degree. So Tel Aviv, which is now a metropolitan area of close to a half-million, has had 40 years of experience in this area. So things work fairly well there.

There still is not enough attention <sup>given</sup> by the Ministry of the Interior officials to local governmental problems, mainly because the national problems seem to be somewhat more immediate, and it is not possible to put aside these national problems in order to tackle purely local questions.

But the pattern is one of the traditional British one, in which the local areas operate as legal creatures of the central government. Their powers and authorities are determined by the national Parliament in the statutes that are passed, and the national government attempts to exercise some measure of supervision and control, particularly over the raising of revenues and the spending of money.

The function of setting the meets and bounds of local authority is that of the national legislature, rather than that of any intermediate level of government or of the municipal legislatures.

The area in which Israel has been apparently thoroughly effective in advising some of the new African states, particularly in West Africa, is in the development of agriculture, the use of irrigation, the planning of water resources, the transportation, particularly ports and shipping, and so on, because these are areas where Israel has had considerable success.

It is much easier for one of these new states to accept help from a small country like Israel than it is to accept help from the United States, for example.

QUESTION: Part of your discussion now has answered what I had in mind, but it seems to me, that, as we have this suburban movement, we have also transplanted the necessities out into the suburban areas as well. I am wondering if there is not going to have to be a further trend toward the suburban area of, say, city administration, maybe a decentralization. The Jews have concentrated on the district approach in Israel as you have commented here. It would seem to me that possibly we will have to sway to the district area along with the suburban movement that we have here. Maybe city administration might possibly need to be decentralized. Do you care to comment on that?

DR. BERNSTEIN: Apparently a number of metropolitan areas, as

is indicated by the 1960 census, will be somewhat in excess of the 168 indicated in the 1950 census. In these metropolitan areas the problems, I think, have become even more difficult than they were some 10 years ago. I think the feeling is growing that the answers are to be found not by decentralizing in a political way the large central cities but rather in developing more facilities that will tend to promote unification.

Despite the movement of population out of the central city, it is not possible to divide and to classify many of the most costly municipal functions according to geographical area. If you are operating a sewage system, a water system, a fire fighting system, a police enforcement protection system, it is very difficult and extremely expensive to decentralize these operations when technically they can be operated more effectively and more efficiently on a unified and centralized basis.

I think this is perhaps the major reason why there has been some continued movement toward greater cooperation between cities and counties or cities and outlying areas for the extension of municipal services to these outlying areas. In many cases it is cheaper for the outlying area to buy its public services from the central city than it is to develop its own.

This has been followed generally throughout the country in the educational field, where either the consolidated high school or the central city high school around which are clustered the so-called sending districts in the outlying areas with high schools of their own has become the

conventional and traditional pattern in the development of this particular function.

It seems to me that probably the more attractive and appealing answers lie in the direction of a somewhat greater measure of unification rather than further decentralization.

CAPTAIN MARZETTA: Dr. Bernstein, there are a number of other questions to be asked, but time has run out on us. I think you have given us an excellent starting point for today's discussions which follow. On behalf of the Commandant, the staff, faculty, and students, thank you very much for an excellent and stimulating lecture.

DR. BERNSTEIN: Thank you.