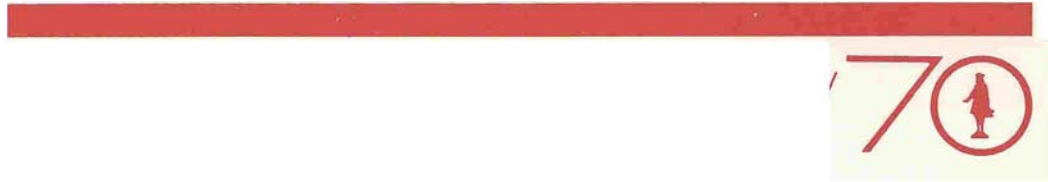


the charter: a history



The Committee of Seventy



THE CHARTER: A HISTORY

**CITY GOVERNANCE PROJECT
THE COMMITTEE OF SEVENTY**

*This publication is solely the product of the Committee of Seventy.
The research from which this document was prepared was conducted
by the Committee of Seventy through its "Practicum" Program.
Acknowledgment is gratefully made to The Pew Memorial Trust and
The Samuel S. Fels Fund for their generous support of that program.*

*Further acknowledgment is made to the Pennsylvania Economy
League for its cooperation and assistance.*

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PREFACE

I. The 1951 Philadelphia Home Rule Charter is our constitution, our agreement by which we establish the offices of government, assign the responsibilities for those offices, and create the power needed to fulfill those responsibilities. It is ours to preserve, if we approve of the system of governance that it establishes -and it is ours to change, if we do not. In either case, the decision should be an informed one, based on a thorough understanding of what our present Charter provides, where it came from, and what alternatives are available. It is the Committee of Seventy's hope that this publication, a history of the origin of the 1951 Charter, will assist all Philadelphians as they make their own assessment of the need for Charter reform.

The Charter: A History looks back to the era before Philadelphians possessed the right of home rule, and before the 1951 Home Rule Charter had been adopted by the citizens of Philadelphia. In a multi-leveled approach, the study provides background information which is essential to a full understanding of the current Charter. It is divided into four chapters, each of which addresses the development of our Charter from a distinct point of view. Taken together, the chapters provide the reader with a chronological, structural, financial, and statutory history of our present form of government in Philadelphia.

Chapter One sets the political, economic, and social background to the 1951 Charter and chronicles the sequence of events beginning in the early 1900s which culminated in the Charter's adoption. Chapter Two describes and evaluates the general operation of government under the prior 1919 Charter. Additionally, it compares the powers of the Mayor, Council, and lesser officials under the 1919 and 1951 Charters. It also describes the alternative forms of government used in other cities, identifying the advantages and disadvantages of each. Lastly, Chapter Two discusses the workings and failures of the civil service system under the 1919 Charter, recognizing the great importance of an effective personnel department to good government.

Chapter Three presents, in two sections, a detailed financial history of Philadelphia in the pre-Home Rule Charter era. The first section traces the effect of national economic forces on the financial vitality of Philadelphia, discussing the high-spending era of the 1920s, the depression of the 1930s, and the steps toward recovery in the 1940s. This section also identifies the extent to which Philadelphia's governing officials contributed to the city's extraordinary financial woes. The second section focuses on the financial provisions of the 1919 Charter, and evaluates the ability of those provisions to safeguard Philadelphia's economic well-being. For the purpose of comparison, the pertinent provisions of the current Charter also are described.

Finally, Chapter Four focuses solely on the statutory language of the 1919 Charter, the drafts of the 1951 Charter which the Charter Commission prepared in the course of producing a final document, and the 1951 Charter itself. Breaking governance down into its principal components -for example, the executive branch, legislative branch, departments, elected and appointed officials, and the budgetary process -the chapter compares side by side the statutory provisions of the Charters and drafts.

II. *The Charter: A History* has its origin in research which the Committee of Seventy began three years ago, when it undertook an examination of the quality of governance in Philadelphia under our Home Rule Charter. That research was directed at identifying reactions to the Charter, and the form of government it creates, which have been made in the Charter's thirty-year lifetime. To that end, we described the principal criticisms which have been leveled against the Charter since its adoption, as well as the major proposals for resolving those problems, either through Charter revision or otherwise.

In light of the number and seriousness of the criticisms that have been made, the Committee became convinced that the Charter should undergo a comprehensive assessment, so that it can be determined whether or not Charter revision is desirable. In December, 1979, the Committee therefore publicly called for full-scale Charter review and urged Philadelphians to seek the empanelment of a Charter Commission with the authority to place proposed revisions on the ballot for the approval or disapproval of Philadelphia's electorate. At the same time, the Committee published the results of its research in its study, *Charter Revision: A Review*.

The research which persuaded the Committee to call for a re-examination of our current Charter raised important questions which were beyond the scope of *Charter Revision: A Review* and are now the subject of *The Charter: A History*. What are the historical origins of our Charter? What were the prevailing political events and social forces which culminated in the adoption of the first Home Rule Charter in the Commonwealth of Pennsylvania? What was the quality of life in Philadelphia under the preceding form of municipal government? Precisely what form of government did our current Charter replace, and what were its strengths and weaknesses with respect to the degree of integrity, efficiency and responsiveness that it promoted among public officials and employees? To what extent was the present Charter specifically designed to cure the defects of its predecessor? What alternative forms of municipal governance were available for the 1949 Charter Commission's consideration before it proposed that which is embodied in today's Charter?

Given the pressing need for a comprehensive, well-informed review of the current Charter, it was, in our judgment, critically important that these questions be answered. By understanding how governmental authority was distributed under a prior form of governance -and the extent to which that distribution succeeded -Philadelphians could better comprehend why governmental authority is distributed as it is today. With a clear concept of Philadelphia's past, we could evaluate the relative merits of our current form of government, accurately focus on those elements of the Charter which may need revision, and avoid undoing those genuine reforms which that document achieved. Placing the Charter in its historical context would, finally, enable those of us who did not witness the events leading up to the Charter's adoption to grasp the drama which preceded the creation of our municipal constitution.

The Committee therefore set out to research the history of our Home Rule Charter. In the past months, we exhaustively reviewed those written materials relating to our Charter's history which are available in libraries and archives throughout the Philadelphia area. Our sources included journals, periodicals, books, reports by civic and governmental organizations, monographs, memoranda, unpublished academic dissertations, and statutes.

The Charter: A History is the product of that research. As was the case with respect to *Charter Revision: A Review*, we have presented our information in an objective, non-partisan fashion. With the goal of objectivity in mind, we have taken great care to let our sources speak for themselves. To avoid the distortion that comes from substituting one's own words for the original language, we often have quoted from the surprisingly energetic language of the pre-home rule era. In so doing, we hope we have accomplished our other important goal of capturing not only the facts but the spirit of the 1951 Charter's history.

III. As *The Charter: A History* explains in detail, the adoption of the 1951 Charter was a threshold event in the history of Philadelphia, marking a major attempt to break with past patterns of chronic misgovernment. The framers of that document carefully sought to reverse the systemic political corruption and repeated failure of then-existing financial controls to promote economic stability. In these respects, and in many others,

the Charter which they produced has served its city well, creating a far more workable system for administering Philadelphia than its predecessor. Certainly, severe problems of financial mismanagement and partisan political influence remain and would require the attention of a future Charter Commission. But they are problems of a different order and of a less systemic nature than those which existed in 1949. While room for improvement of Philadelphia's governance structure well may remain, we believe that the reader of *The Charter: A History* will develop new admiration for the work of the 1949 Charter Commission.

Since our founding in 1904, the Committee of Seventy has been concerned with how we in Philadelphia govern ourselves. From a non-partisan stance, we have worked to provide the information the public needs to promote fair and efficient governance in Philadelphia. *The Charter: A History* manifests our continuing concern for the quality of our municipal government.

Chapter One

The Pre-Home Rule Charter Era

I. INTRODUCTION

The present Home Rule Charter by which Philadelphians govern themselves represents a continuing experiment of government begun by the citizens of Philadelphia thirty years ago. The Charter embodies the struggles, defeats, and victories of those who, for decades prior to the Charter's adoption in 1951, had sought a better form of government for their city. As the first Home Rule Charter in the Commonwealth of Pennsylvania, it represents a milestone in the development of local government. The history of the movement toward the creation of that document is crucial to an understanding of the Charter, as Philadelphians embark upon a reconsideration of it.

The history of the 1951 Charter is highlighted by over thirty years of civic struggle against city government mismanagement, party machine politics, and pervasive corruption. A combination of a weak 1919 legislative Charter, one-party dominance in the city and state, and the attendant mismanagement and corruption had allowed the city's financial condition to deteriorate to a state of nearly total collapse. Its departments and agencies were inundated with patronage, its policies were warped by partisan political influence, and its reputation in the nation was damaged almost beyond repair. The history of the 1951 Charter is also the story of near victory, such as the flash of attempted reform in 1937-1939, when a new Charter for Philadelphia was proposed in Harrisburg but ultimately defeated, and the story of a triumph in 1949-1951, when a reform movement coalesced successfully to produce the first Home Rule Charter.

The 1919 Charter, which determined the formal structure of Philadelphia's city government was itself a product of supporters of machine politics, and therefore did not impede their efforts to control government in Philadelphia. The operation and provisions of that Charter are exhaustively examined in Chapters Two, Three, and Four of this book. At this stage, it is important to recognize that the 1919 Charter divided powers among officials in a fashion that thwarted the operation of traditional checks and balances. Lacking adequate provisions for budget preparation and fiscal administration of the city, the Charter was a contributing cause to the city's worsening condition, and a critical focus for reform.

II. LIFE UNDER A POLITICAL MACHINE

In the five decades preceding the adoption of the 1951 Philadelphia Home Rule Charter, Philadelphia's county and city governments were completely dominated by political party organizations. Various factions within an extraordinarily powerful Republican Party machine controlled Philadelphia's local government structure at every level. Determining who was elected, whom the city employed, and to whom lucrative city contracts were awarded, those in control of the political organization manipulated city government to serve and sustain the machine. The quality of life for most citizens reflected this unfortunate fact. Philadelphia, as one observer described, was "a city of petty crimes, small-time gamblers and five-and-dime shakedowns, where too often a citizen's first protection [was] not the law, the courts or the police, but his ward leader." (1)

The party organization blended formal and informal sources of power in a manner which ensured the machine's continuing hold on the city's government. Formally, the party was structured much as parties are organized in Philadelphia today: at its base were several thousand committeepersons elected by the voters. Committeepersons within each ward selected their ward leaders, who comprised the powerful Republican City Committee. Called by many the "Band of Brothers", (2) the City Committee chose the party's titular head, the City Chairman.

This formal structure constituted only part of the machine. In reality, the Chairman often served in turn as a chief of staff to an independently powerful "Big Boss," such as United States Senator Boies Penrose or contractor/politician William Vare, who actually controlled the machine.³ Actively supporting the bosses, and through them the entire apparatus, were less visible, but extremely influential members of the private sector, including certain bankers, industrialists, and other businessmen.⁴ The political organization, then was a highly effective amalgam, deriving power from the party's formal structure, the bosses, and elements of the private sector. It controlled City Hall with what one observer called an "unholy alliance" among the . . . " 'best people,' representing the city's financial, industrial and commercial interests, and a tightly-knit machine made up of

grafters, gamblers, and goons, whose political philosophy [was] based on the simple formula 'what is in it for me?' "(5)

Machine control of City Hall was pervasive. As reform Mayor Joseph S. Clark, Jr., explained, "Philadelphia was governed not from City Hall but from Republican Headquarters in the Market Street National Bank Building." (6) Controlling the elective process from beginning to end, the Republican City Committee, bosses, and supporting businessmen determined who held elective city, county, and judicial offices. (7) The machine also determined who could vote, inasmuch as the county assessors who prepared the lists of eligible voters were themselves "organization men." (8) Intimidation and blatant ballot box stuffing were also common methods of vote control available to counter any efforts at reform. (9)

In addition to controlling the uppermost levels of government, the powerful City Committee also manipulated the formal apparatus of government. It rewarded its own members and subordinates with paid city office positions (illegally) and paid county office positions (legally). (10) It has been estimated that the City Committee had almost unlimited control over 23,000 jobs. (11) Civil Service requirements which might have impeded this control were easily circumvented, (12) so that a patronage army was built up within the government which could be called on to get out the vote, and forced to make political contributions. The police force, magistrates' courts, license bureaus, tax assessors, Fire Marshall, and Civil Service Commission were all under the ultimate control of the Republican City Committee, which used that control to perpetuate its grip on city government. (13)

The cooperation of the citizenry was assured by the organization's control over the distribution of basic governmental services in exchange for help in maintaining its power. (14) For the citizen, this often meant that, if he wanted to get on a civil service list, speed up a building permit, have a patient admitted to a public hospital, or obtain such basic services as street cleaning or police protection—he had better cooperate by registering and voting for machine candidates, and by supporting his division committeeman. (15) It was, in fact, the committeemen whom the average citizen, often a newly-arrived immigrant, (16) learned to trust to help him get a job, fix a parking ticket, get out of jail, or provide him with a Christmas turkey. (17) And it was for "Joe, the Committeeman" that the average citizen voted on election day; in some cases, Joe saved him the trouble by voting for him. (18)

The infusion of machine politics into the city and county governments facilitated widespread corruption which pervaded many aspects of municipal activity. In the public sector were officers and employees whose allegiance was to their party, and whose goals were the acquisition of power and wealth. As Joseph S. Clark, Jr. noted, "Party loyalty took priority over public duty. The inevitable result was bad government." (19) Clark said of the machine's patronage army: "Primarily, its most active and aggressive members [were] mercenaries. .. who [were] in politics for what they personally [could]

get out of it. It is not unnatural, therefore, that the influence of this political hierarchy on the formal City Government [was] fundamentally vicious." (20)

The corruption extended outside the government proper to the many private business interests supporting the organization. To them, the city was a place to make money with the invaluable cooperation of the city government. (21) The links between the Republican Party organization and various banks, insurance companies, factories, and stores are well documented. (22) "The Pennsylvania Railroad," said former Republican Chairman and vice-president of the Atlantic Refining Company, Edwin R. Cox, "owns Philadelphia, body, soul, and britches," pushing favorable policy through City Hall and granting in return contracts to the city's politician-contractors. (23) Philadelphians were often the victims of these deals.

The link between favored businesses and the city was so close that politician-contractors all but awarded contracts to themselves. Although outsiders could bid on municipal contracts, they knew that the declared specifications of the jobs would be strictly enforced against them; politically influential contractors, on the other hand, could often underbid, since the city inspectors would approve less work than normally was required. (24) In this fashion, two "Big Bosses," Edwin and William Yare, rose to power, starting as garbage collectors and concessionaires, winning other contracts, participating in politics as a sideline, and finishing with "an iron-fisted dictatorship." (25)

Many business interests further tolerated or supported the Republican organization out of their desire for political influence in Harrisburg and Washington, D.C. (26) With the machine in City Hall, supported by these interests, Philadelphia was largely bereft of effective opposition to the rampant corruption. Residents of Philadelphia tolerated the situation, in large measure because taxes in their city were modest when compared with those in other cities. (27) Many of the city's elite—a potential source of reform leadership—moved to suburban retreats (28) and found it easy to ignore the decline of the standard of living in the city. (29) As an observer declared in 1946, "Too many of Philadelphia's ruling families, with their manorial ways and lethal aplomb, have, over the years, perhaps unconsciously, let the city down." (30) Some, seeking an outlet for their civic conscience, contributed to the city's cultural assets or engaged in charitable work, (31) disregarding the more fundamental problems posed by machine control.

These problems were pervasive: the consequences of corrupt partisan politics were gross inefficiency, inequity, and waste in the management of Philadelphia, and an utter absence of planning for the future. (32) True governance, in the sense of a mechanism aimed at meeting the citizens' daily needs fairly and efficiently, simply did not exist. As Joseph Crumlish has commented, "The city was ruled by the most quietly (and yet crudely) wasteful city government in the United States." (33) In the decades preceding the adoption of a Home Rule Charter, Philadelphia became a city divided between cultural

greatness and urban decay, drifting from one municipal financial crisis to the next.

Throughout this period of machine dominance, would be reformers repeatedly struggled to repudiate the organization and accompanying corruption. The 1951 Home Rule Charter represents the victory which these reformers, joined by many others, ultimately achieved; the following history of their struggles sheds light on the full meaning of that victory.

III. EARLY REFORM EFFORTS: RUDOLPH BLANKENBURG

Given the dominance of the Republican organization both in Philadelphia and throughout Pennsylvania, only a division within the machine could break its firm hold on government. Such a break occurred in 1911, when city and state Republicans split between contractor-politician William S. Yare and United States Senator (and political boss) Boies Penrose. Yare was a candidate for Mayor, but Penrose backed another candidate; when Penrose won the Republican Party's support for his candidate, Yare Republicans allied with reform-minded Democrats to form the "Keystone Party", which successfully backed "rebellious Republican" Rudolph Blankenburg. (34)

With the support of businessmen opposed to municipal corruption, the principled new Mayor brought in an expert public works director, Morris Cooke, who discovered overcharging and inefficiency in city services, and began reform by ensuring open bidding on contracts and streamlining city departments. Blankenburg's and Cooke's reforms saved taxpayers millions of dollars. Nevertheless, few lasting inroads could be made against the huge Party bureaucracy, the unqualified machine-appointed office-holders on the city payroll, and a thoroughly politicized judiciary.(35) City Council held up appropriations in an effort to stop Cooke and Blankenburg, and their reforms eventually were undone when the machine returned to full power in the Mayoral election of 1916.(36)

In 1917, Republicans Yare and Penrose clashed again, this time over control of the "Bloody Fifth" Ward. A particularly vicious struggle culminated in victory for Penrose's candidate. Yare's attempts to use police intimidation to move the ward to support his candidate resulted instead in the murder of a detective, followed by the arrest of the Mayor and Yare's lieutenant. This lurid tale jolted the average citizen, who had thought the Blankenburg reform spirit still alive. A non-partisan movement for reform candidates was slated for 1918, but lost.(37)

IV. THE 1919 CHARTER

Unable to take City Hall from inside, these reformers turned to Charter revision in Harrisburg as a vehicle for progress.(38) Unfortunately, the reformers were only a

third-rate force compared with Yare's faction of the machine, which controlled the city government proper, and Penrose's faction, which dominated the county offices and General Assembly.(39) What next transpired in the writing of the 1919 Charter for Philadelphia was more a victory of Penrose over Yare than of reformers over corruption.

The 1919 Charter Commission boldly proposed some major reforms, including a Council-Manager form of government and an at-large Council, but partisan political interests in the General Assembly rejected them.(40)

The General Assembly did institute some reforms in the new Charter: to counter Yare's abuse of the city government, it enacted tough provisions against the political use of police,(41) and, largely in order to diminish the influence of ward and division leaders, it selected a small unicameral Council.(42) Meanwhile, however, the General Assembly left the county offices intact and open to Penrose's control through political patronage, and the continued dominance of Council in the city government served well the purpose of the machine.(43) Penrose's relative triumph did not signal the end of Yare, nor of the continuing manipulation of government by the city machine.

V. THE FIRST STEP TOWARD HOME RULE

The 1919 Charter applicable to Philadelphia was enacted by the State Legislature in Harrisburg. The Charter attempted limited reforms, such as reducing the size of Council, moderately strengthening the Mayor's powers, adopting a new civil service system, and redressing financial mismanagement. Nevertheless, these reforms failed to prevent the machine from continuing to infiltrate and exploit city government.(44) The Charter did not sufficiently strengthen the Mayor's office to create an executive capable of leading city government: Council's power to appoint the important Civil Service Commission and its influence on the budget effectively reduced the Mayor to a "limited executive".(45) The continued presence of the political organization hardly constituted real reform, a view shared by progressive businessmen, lawyers, academicians, writers, and other professionals who by this time were forming new civic organizations pledged to upgrade and modernize Philadelphia.(46)

Such organizations had been pressing for home rule for Philadelphia for years,(47) as a means of placing the city's fate into the hands of its citizens, instead of relying on the distant State Legislature. Home rule would allow Philadelphia to write its own Charter and thus structure its own government within certain legal bounds.(48) In 1922, the General Assembly met the demand for home rule by amending the Constitution to declare that the General Assembly "may" delegate to cities the authority to write their own Charters.(49)

The "may" clause meant that home rule was not self-executing, as it would have been had Pennsylvania followed other states' examples. (50) This was an indication of reluctance to extend home rule; notably, the first draft of

the 1922 revision of the Pennsylvania Constitution had not included any home rule clause. In fact, such self-determination was characterized by certain of its opponents as too "bolshhevistic." (51) Because the Constitutional provision providing for home rule was not self-executing, home rule remained only a possibility for almost three more decades. Opposing action by the General Assembly which would have provided Philadelphia with the right to home rule, the city organization reasserted its dominance throughout the 1920s, and managed to stifle reform in the 1930s and early 1940s. (52) In doing so, however, the machine also laid the groundwork for its eventual defeat.

VI. PORTRAIT OF A BOSS: WILLIAM S. VARE

Aristocratic United States Senator Boies Penrose championed the interests of U.S. Steel and the Pennsylvania Railroad. (53) For him, Philadelphia politics was the winning of enough Republican votes to keep high tariffs and the gold standard safe in Washington. This assured, he ignored the political plundering of the city and state. (54)

After Penrose, it was the turn of the Vare brothers. Senator Edwin Vare held increasing power until his death in 1922. (55) Thereafter, his brother William, a politically astute contractor, dominated Philadelphia into the early 1930s. (56) In his lifetime, William Vare held a variety of elected offices, including Recorder of Deeds, City Councilman, State Senator, and United States Congressman. His was an "iron-fisted dictatorship", rewarding Republicans and persecuting Democrats; under him, machine politics reached its zenith. (57) A 1926 magazine article excoriated his "invisible and irresponsible dictatorship." (58) Others, however, contended that Vare's responsibility to his ties in the business community and his natural conservative bent led him to keep his administration relatively clean, the wide-spread graft organized, and the "take" modest. (59)

It could be said that the city was tranquil during Vare's reign, (60) though the causes—complacency growing out of prosperity (61) and Vare's intimidation tactics—hardly point to Vare's credit. Vare can be condemned for his reckless spending during the 1920s on subways, parkways, museums, public buildings, and the Sesqui-Centennial of 1926—all this while Philadelphia's borrowing capacity vanished and the net funded debt jumped nearly 200 percent in twelve years. (62) as the country entered the Depression.

William Vare died in 1934. He had suffered a stroke in 1928 after an indignant United States Senate denied him the seat he had captured in 1926 through his control of Philadelphia votes. (63) He had survived a 1928 grand jury investigation of racketeering, a 1929 election against a reform Republican League, and the challenges of other would-be successors. (64) In 1933, however, the Republican Party under the control of the Vare organization lost many of the elective offices in Philadelphia to the Democrats, who once had been a "mere corrupt annex" of the Republican organization, but who, for the next fourteen years, would compete for control and finally win it. (65)

Vare lost because the Depression had changed the scenario, and he lacked the political acumen to adapt. (66) The severe economic situation crippled the machine's ability to distribute jobs, favors, food, and coal for votes; little more than promises could be offered. (67) The socio-economic problems and lack of public improvements that were now so evident (68) also caused voter resentment of the wasteful machine. Further, the Republicans, defensive and concerned about the Philadelphia voters' support of Franklin D. Roosevelt, almost certainly damaged their own prospects by refusing (69) (or, because of debts and current liabilities, being ineligible for (70)) New Deal funds which would have helped improve the city's water supply, (71) airport, housing, and port. (72)

Vare deserves much blame for this turn for the worse; yet, he must be remembered in the context of his times, as one political scientist appropriately recognized:

A political boss is a natural phenomenon and not a legal creation. To describe him one inevitably describes the environment that produced him. Vare was the prototype of these Philadelphians—the controlling majority—who preferred to live peacefully under a boss rather than fretfully under a reformer. He never pretended to be a preceptor in ethics, a Savonarola fighting social injustice, a crusader tilting at economic wrongs. He was a champion of the existing order, and, until the Great Depression, his people were too. (73)

VII. THE DEPRESSION

As the Depression deepened, a period of attempted recovery and readjustment *set in*, which would not end until after World War II. The upper and middle classes continued to leave for the suburbs, and with them went much of the city's growth in taxable property and wealth. (74) Businesses migrated south or west, with similar results. (75) Remaining Philadelphians sought to use their electoral power to call on the organization for aid, but the machine's efforts now were directed primarily at defeating Franklin Roosevelt in 1932, 1936, 1940, and 1944. (76) The city was adrift. Its Mayors offered scant solace and more waste. (77) One such Mayor was S. Davis Wilson, elected in 1935 as an opponent both of the New Deal and the Machine. (78) When prodded by citizens demanding his promised reforms, he reluctantly started an investigation in 1937 which led to revelations of lax law enforcement and politically-controlled justice permitting unchecked crimes. (79)

Against Wilson's will, a grand jury was impaneled which found evidence of links between the underworld, the police, and city officials, (80) a relationship which permitted known criminals to go unpunished. In the confusing and disheartening public show that followed, Wilson and others were indicted twice for willful neglect and muzzling witnesses, (82) and demands for impeachment and removal from office increased. (83) Finally, when the Republican machine regained power in Harrisburg in 1939, funds for the investigation were cut off, so that the

investigation collapsed without any subsequent arrests.(84) The closing words of Presiding Judge Curtis Bok aptly characterize the confused uproar surrounding these proceedings:

The purpose of this investigation has been steadily misunderstood. It was not primarily to catch criminals, it was not to prosecute the rackets, it was not a crusade by the white knights of reform. It was fundamentally to disclose whether or not our local government had been purchased by organized crime, and no one who reads the voluminous record of the grand jury and its presentments can doubt that there is evidence that certain public officials have been purchased. ...[T]he Jury has been properly horrified.(85)

VIII. A CHARTER REFORM MOVEMENT FAILS, 1937-1939

In the same year that the returning Republicans in the General Assembly squelched Bok's grand jury, they also dashed the high expectations of the 'white knights of reform' to which Bok had alluded. The General Assembly, Democratic in 1937, had established a bipartisan fifteen-member Philadelphia Charter Commission to study proposals for a new legislative Charter. The Commission's one-and-a-half years of public hearings, discussions, and publicity stirred much of Philadelphia's citizenry, led by businessman Thomas Evans, to crusading fervor and creative optimism.(86) The Charter bill that the Commission finally submitted called for 'drastically' revised budgeting and accounting procedures, major departmental reorganization, proportional representation in Council, and a modernized and extensive merit system in civil service hiring(87)—all proposals to correct the abuses, waste, and poor service that have been described. In addition, the reformers, in a spirit of experimentation reflective of the Roosevelt era,(88) proposed that Philadelphia be governed by an elected legislative Council and a Council-appointed administrative City Manager ,(89) a form of government never before tried in so large a city.

It was estimated that the proposed 1939 Charter, coupled with city-county consolidation (which had been defeated in a state-wide referendum in 1937),(90) could have saved \$20 million a year in operating costs alone.(91) (Total operating expenses incurred by the city in 1938 were about \$75 million.) A Gallup poll showed that 76 per cent of Philadelphians favored holding a referendum on the proposed Charter.(92) Despite this, the Charter bill, after being introduced into the General Assembly in January, 1939, and passing the Senate overwhelmingly, died in committee in the House.(93) The political alignments had shifted back to the Republicans in Harrisburg,(94) and at the behest of the Philadelphia Republican bosses the bill was killed.(95)

The spirit of Philadelphia's reform leaders, however, did not die with that proposed Charter, as was demonstrated by the persistent introduction of enabling acts for

home rule or legislative Charters into almost every session of the General Assembly from then until 1949.(96) The 1939 experience did teach reformers to be more pragmatic: in the 1940s, Thomas Evans, for instance, continued to work for a new Charter calling for moneysaving city-county consolidation, departmental reorganization, and strict merit hiring—but he no longer demanded the controversial provisions for a Council-Manager form of government and proportional representation in Council.(97) World War II diverted attention from the reformers' efforts, however, and arguments that a new Charter at home would aid the war effort abroad carried little weight. The reform movement would not fully revive until the war's end.(98)

IX. THE FINANCIAL CRISIS REMAINS

The problems that had fueled the 1937-1939 Charter reform movement refused to disappear, and the possibility of bankruptcy still threatened Philadelphia. The Charter Commission had recognized this in its 1938 report, which called for a Home Rule Charter 'to rescue the metropolis from the morass of debts, deficiencies, high taxes and inefficient management into which it has sunk.' The report went on to detail a thirty-three per cent decline in real estate valuation from 1931 to 1938 (exacerbated by the continuing migration to the suburbs), widespread unemployment, and a debt which was \$38 million over the Constitutional limit, caused by massive city borrowing to make up for lost taxes.(99) The city was hamstrung by its huge \$500 million debt and \$44 million deficit.(100) forty-six cents of every dollar of city revenue had to be paid in the form of debt service.(101)

Although some business interests still were prospering under the machine, other members of the business leadership were, by 1939, in open revolt, deeply worried about the exodus of numerous industrial plants and the concomitant economic loss, increased unemployment, and higher taxes.(102) Many businessmen therefore supported the 1939 Charter reform movement; many more would be active in 1949-1951.

The Republican administration struggled to escape the financial crisis of 1938 by pledging the city's gas works for the period 1940 to 1957 to the federal Reconstruction Finance Corporation in exchange for a \$41 million loan.(103) In so doing, however, the administration sacrificed an important steady source of annual city revenue. A substitute became necessary. In 1938, a sales tax was imposed, but was tremendously unpopular and was repealed after only six months. Thereafter, a one and one-half per cent wage tax was imposed on all who either lived or worked in Philadelphia.(104) The wage tax angered residents and nonresidents alike,(105) but was attractive to banking interests (apparently the source of the wage tax approach,(106) an idea which had formed the major plank in new Mayor Robert Lamberton's campaign (107)) inasmuch as the tax did not apply to dividends.(108)

With these efforts, the Republicans bought more time for the current state of government under the 1919 Charter—ultimately, less than a decade.

X. WASTE, PLUNDER, AND NEGLECT

The Charter reformers had made much of the administrative costs which they asserted could have been saved with changes in the 1919 Charter. Those changes were designed to eliminate departmental overlap, consolidate city and county offices, reduce political patronage in hiring, and remove shoddy budgeting and accounting practices that tolerated the non-collection, rebate and stealing of taxes, fees, and rents.(109) There was, indeed, a great amount of money lost in this structural "maze of wheels within wheels." (110) A great deal of the blame for the city's near-bankruptcy also went to those who encouraged the excessive borrowing, the overspending, and the incompleteness of contracted services.(111) The links between contractors and politicians rigging the bidding process deserve blame for the "White Elephants", or, as one reporter called them, "The Tombstones of Plunder." (112) Two subways valued at \$25 million,(113) one under Arch Street, another under Locust Street, were built, but were unusable and impractical: the Arch Street subway (several hundred feet long) was poorly planned and abandoned; 114 and the Locust Street subway went unused from 1933 until 1953 because it was not needed and because of a lack of funds for appropriate transit studies to determine its usefulness.(115) A tunnel dug under the Schuylkill River, described as an "engineering masterpiece", was boarded up when it was determined that \$15 million more would be needed to taper the grades so that trains could negotiate them.(116) The Sesqui-Centennial Exposition, a graft-ridden, uncompleted project,(117) and reputed failure,(118) left the city with a municipal stadium used only for the Army Navy game.(119) Other buildings, such as Convention Hall, were poorly located. (120) The Art Museum, Benjamin Franklin Parkway, Board of Education administration building, and the "front yard" of the "new" Pennsylvania Railroad all diverted millions of dollars from more pressing projects.(121) (It is ironic that while these building projects were appropriately criticized at the time of their undertaking, today some of them are considered among Philadelphia's treasures.)

Among the more urgent projects which too long went unfunded was a new source of water with a filtering system superior to that then used on the badly polluted Schuylkill and Delaware Rivers.(122) The smell and taste of a "chlorine cocktail" from these rivers was so offensive that those who could afford it purchased bottled water or brought water from Fairmount Park springs.

The distribution of water also was a problem because of the frequently bursting water mains and fire plugs, which both caused flooding and made fire-fighting extraordinarily difficult for those ancient trucks which could reach the fires. Other service departments, notably the police department, were under-equipped, undermanned, and generally unreliable. Garbage was still collected by horse and buggy, and was hauled to a festering dump. The city's sewage system was inadequate. Streets often caved in, sometimes catapulting cars into deep pits or flooding the Broad Street Subway. Street lights were

too few for safety. Many buildings were old and crumbling, and adequate housing, hospitals, and playgrounds were lacking. Business and tourism both were declining. Population was down for the first time ever in 1940. Philadelphia was decaying to the point where "life [was] threatened as a direct result of political mismanagement", and its people were indisputably in need of thorough governmental reform. (123)

XI. REBUILDING PLANNED

Important steps to ameliorate this dismal state of affairs were taken as early as 1940 by businessmen recognizing the decay of their market, survivors of the 1937-1939 Charter reform movement, and a young group of reformers. Moved by their conviction that poor planning aggravated the city's Depression woes, these groups pushed for the creation of a City Planning Commission, and prevailed in 1942. The Commission's first executive director, Robert Mitchell, created the "Better Philadelphia Exhibition" in 1947, which showcased the city's past developments, present condition, and future possibilities. Viewers of the diorama, notably businessmen, were enthused by the prospect of an economic renaissance. Another civic group, the Citizens' Council on City Planning, was created in 1943 to link the citizenry to the planners of the city's physical rehabilitation, and to inspire the city with the possibilities of redevelopment. City Council thereafter usually consulted this civic group before taking action on any capital program.(124)

The key to saving, Philadelphia, however, as expressed by most observers, especially from 1947 on, was "sweeping the rascals out"(125) of City Hall. While the push for planning eventually would lead to a popular demand for honesty and order in government,(126) nevertheless, in the early 1940s the citizens of Philadelphia had difficulty in deciding if such reform really was what they wanted. As one discouraged onlooker explained:

It might offend our 'best people', who get along so nicely with their servile, hat-in-hand collaborators at City Hall. It might look as if we were associating with and encouraging the rabble. We might be accused of 'smearing Philadelphia'. And, quite definitely, we would endanger the prestige we enjoy in getting a parking ticket fixed at City Hall. (127)

With the end of the Second World War, a new group of dynamic local leaders would emerge to focus public discontent, and articulate the need for honest government.

XII. THE POST -W AR SPIRIT OF DILWORTH AND CLARK

The end of World War II brought home many war veterans intent on improving life in Philadelphia.(128) Joseph S. Clark, Jr., future Mayor of Philadelphia, epitomized the new generation's view of the past:

The worst thing about [Philadelphia] was that its government had fallen into the hands of a pathetic

group of little men, squabbling with each other over their petty cuts from the slot machines and numbers and vice. The old Republican bosses were no angels, but they had boldness and they did something to build up the city. The men who came after them had nothing but a jackal's urge to pick over the carcass. (129)

Clark and others like him had a great desire to revive their dying city. One such person was another veteran and future Democratic Mayor of Philadelphia, Richardson Dilworth. Campaigning for the Mayor's office in 1947 as part of a new reform movement, Dilworth set the city ablaze with his sensational accusations of Republican ties to illegal gambling and prostitution. Standing amid a hostile crowd in Republican Mayor "Barney" Samuel's thirty-ninth ward, Dilworth named the names, places, and amounts involved, going so far as to implicate the Mayor's son. Members of the Republican leadership were outraged, as 128 officials, ward leaders, and magistrates were accused of accepting graft and shakedown money. Although Dilworth lost the Mayoral election, he received an impressive forty-four per cent of the vote,(130) and won further support when many of his charges were proved to be true months later. Moreover, notwithstanding his loss, Dilworth had forced his opponent, Mayor Samuel, on the defensive, an instrumental step on the way to basic change.

XIII. MAYOR SAMUEL AND THE COMMITTEE OF FIFTEEN

During the 1947 election campaign, the police, firemen, and other city employees had demanded a pay raise, forcing Samuel into a corner.(131) In order to grant the raise without reducing expenses elsewhere, he would have had to increase taxes—thus sacrificing the Republicans' election year boast of continuing low taxes.(132) Alternatively, to avoid a tax increase he would have had to discharge the superfluous and incompetent among city employees, and implement cost- and time-saving methods - thus sacrificing the weapon of patronage and alienating many city employees.

Adopting either alternative could have handed the election to Dilworth, but Samuel dared not deny the pay raise demand. (133) Faced with this dilemma, Samuel and City Council effectively abdicated their responsibility,(134) and attempted a public relations maneuver to give the appearance of approving a pay raise.(135) Promising the workers their raise, Samuel declared that a committee would be appointed after the election to look into possible new sources of revenue. Meanwhile, Council passed a provisional budget giving raises only to themselves and the Mayor. (136)

After the election, on December 4, 1947, Council created the Committee of Fifteen. Consisting of five Councilmen and ten citizen representatives of various civic groups,(137) all appointed by the Mayor and Council President, the Committee was given a modest appropriation by Council and was instructed to file its report by March

1, 1948. The limited time and money were insufficient for serious research, and were intended to ensure that the Committee would rubber-stamp the municipal employees' pay raise and recommend a necessary tax hike.(138)

Instead, the Committee of Fifteen hired Robert K. Sawyer, Research Director of the Bureau of Municipal Research, as its Executive Director and began a conscientious, thorough investigation.(139) Indispensable research aid was given by three research organizations: the Bureau of Municipal Research ("BMR"), which explored formulas for pay increases; the Chamber of Commerce, which examined possible sources of additional tax revenue; and, most importantly, the Philadelphia branch of the Pennsylvania Economy League ("PEL"), which surveyed major city departments and agencies to determine where money could be saved.(140) The departmental survey turned up evidence of inefficient, overpaid, and unsupervised staff working with obsolete methods and equipment. The Committee also determined that taxes were improperly being collected. In their March 1 report, far from recommending a tax hike, the Committee declared that expenditures could drop by \$2 million and revenue could increase by \$5 million without any decrease in services or increase in taxes. The public and press response to this announcement forced a reluctant city administration to grant the Committee of Fifteen's request for funds to continue its work until the end of the year; Council finally voted also to provide the promised \$5 million pay increase to workers.(141) In 1947, the city's operating expenses were about \$115 million.

XIV. THE COMMITTEE OF FIFTEEN UNCOVERS SCANDALOUS PRACTICES

The Committee now set to work in earnest and in depth. Further investigating the Department of Supplies and Purchases, it found that required annual reports had not been filed for seven years, leaving \$40 million in spending unaccounted for,(142) that inventories were as much as twenty-percent short,(143) that employees were working only six hours a day, that the placing of and payment for orders were being done extremely slowly and wastefully,(144) and, finally, that city contracts were being unfairly awarded.(145) One result of these findings was that an employee in the purchasing section of the Department was arrested in May, 1948, on forty-nine counts of embezzlement, forgery, falsifying records, and illegally doing business with the city.(146) Another employee was arrested for stealing \$15,000 from the revolving fund.(147) Additionally, the Mayor discharged the Director of the Department. Both the press and General Assembly paid great attention to the "withering" news.(148)

The Committee of Fifteen next focused on the Wage Tax Division of the Receiver of Taxes' Office, and found that gross inefficiency was causing one-fifth of the city's potential income not to be collected:(149) \$8 million in wage taxes and \$5 million in real estate taxes each year.(150) This investigation demonstrated that the prevailing

stabilization by constitutional amendment, and 4) consolidation of the Registration Commission and the board of elected County Commissioners (which served, among other things, as the County Board of Elections).(175) Other groups, such as the Democratic Party, Americans for Democratic Action (with which Clark and Dilworth were associated), and the city newspapers, also supported this program. (176)

XIX. THE PASSAGE OF THE LORD HOME RULE BILL

The Republican machine, reeling from the revelations of scandal, attempted to retreat strategically by advocating home rule along with the civic groups.(177) Newly elected Chairman of the Republican City Committee William F. Meade introduced, through his "captive legislators,"(178) three bills, deceptively similar to three of the civic groups' four proposals, into the General Assembly for consideration in January, 1949. Careful inspection of the bills showed them to be designed to preserve machine rule. Meade's proposals were to: 1) exempt the Board of Revision of Taxes, the patronage haven of which Meade was then Board President, from reorganization; 2) provide for a Charter Commission to be chosen by the (Republican) Mayor and Council President, thus assuring a Republican Commission; and 3) provide for a combined election board to be run by state administrators in Harrisburg.(179) The Philadelphia newspapers labeled these proposals "Meade's Three Gold Bricks", (180) and described them as a mere shadow of real home rule.(181)

The five civic organizations rallied to lobby for amendments to these bills. They succeeded in having the state-run election board dropped from consideration, giving up in compromise their alternate proposal for consolidation of the election machinery until city-county consolidation could also be completed. They also campaigned for an elective, rather than appointive Charter Commission,(182) fearing that the Republicans simply would appoint political hacks.(183) Although this goal was not achieved, in general, a General Assembly anxious to clear the Republican name throughout the Commonwealth(184) compromised with Philadelphia's reformers, enacting neither the straightforward bill they desired, nor the ineffective one Meade had proposed.(185) Despite Democratic Party opposition to the compromise bill, based apparently on disapproval of the Meade elements in that legislation,(186) the Lord Home Rule Bill was approved by the General Assembly and thereafter was signed by Governor Duff on April 21, 1949.(187)

XX. THE GREATER PHILADELPHIA MOVEMENT AND THE APPOINTMENT OF THE 1949 CHARTER COMMISSION

The next step, after Philadelphia's City Council passed the necessary ordinance initiating the process of preparing a Home Rule Charter, was the appointment of a fifteen-member

Charter Commission. This task, as intended by Meade, fell to Council President Garman and Mayor Samuel: under the terms of the home rule legislation, nine of the fifteen members were to be appointed by the President of City Council and six were to be appointed by the Mayor. No more than six of the nine Council appointees, and no more than four of the six Mayoral appointees could be of the same political party. As had been feared by civic organizations opposing an appointment process, Samuel initially drew up a list of unqualified machine operatives to serve on the Commission. Yet, these individuals never were actually appointed; ultimately, both Samuel and Garman selected outstanding civic leaders—Republicans and Democrats of high reputation and skill.

This fortunate outcome largely was induced by the intervention of a new organization—the Greater Philadelphia Movement ("GPM")—created by and composed of leading business executives. These executives had come to believe that the tolerance of machine waste had cost Philadelphia and the business community dearly in terms of lost business, industry, and an adequate workforce.(188) Other planning groups had formed in the early 1940s with the hope of ameliorating the city's serious physical and financial defects, which had been greatly aggravated by the Depression. This newest group, however, maintained that such improvements could be attained only if political reform could first be brought about.(189) The GPM was created at a December, 1948 meeting of 150 of Philadelphia's most important industrialists, businessmen, bankers, lawyers, and representatives of such influential concerns as the Pennsylvania Railroad and Atlantic Refining. This powerful organization had twenty-five directors¹⁹⁰ and a small staff headed by Robert Sawyer as Executive Director. 191 It was led by those who had founded it,(192) and was funded through contributions.(193) As one writer stated, GPM "combine[d] some of the best features of Dick Tracy, a sheriff's posse, and a high-powered board of directors." (194)

When it was learned that Samuel and Garman intended to appoint "hacks" to the Charter Commission, the GPM responded by drawing up a list of 150 possible qualified appointees. When Robert T. McCracken, a Director of the Pennsylvania Railroad and a prominent attorney, presented the list to his friend Mayor Samuel, the Mayor agreed to make appointments from that list so long as McCracken would agree to be one of the appointees. Council President Garman also was willing to work from the list. The result was a highly qualified and committed Commission dominated by Republicans, but without political hacks; six of the fifteen appointees were GPM Directors. (195)

XXI. OBSTACLES

The Charter Commission began its work in July, 1949, in "an atmosphere of skepticism and doubt." (196) There were many obstacles to its reforms including still dangerous (if disorganized) political forces opposed to reform;

civic and interest groups with widely varying opinions on what should be done; the disheartening memory of the 1939 reform failure; limitations built into the legislation enabling home rule; and, perhaps the most disheartening of all problems -the apathy and disunity of the citizenry, who would have to ratify any new Charter for it to become law.(197) The problem of inadequate enabling legislation (notably, the absence of provisions authorizing consolidation of county offices and employees into a new city government) could only be cured by legislative action in Harrisburg, and this was not immediately forthcoming.(198) The best the draftsmen of the Charter could do, then, was to make improvements which the enabling legislation permitted -for example, to improve the structure and function of the city—but not county departments, officers, and employees. (199)

The problem of opposition from the Republican machine largely was resolved when the Republican candidates in Philadelphia were soundly defeated in the 1949 election by Richardson Dilworth (elected Treasurer), Joseph S. Clark, Jr. (elected Controller), and other Democrats. The new 1951 Charter, for which Democrats—especially Democratic Party Chairman James Finnegan would get much credit,(200) would be first served under by Democrats Joseph S. Clark, Jr., (Mayor in 1951) and Richardson Dilworth (Mayor in 1955). Still, the threat of attempts to undercut the new Charter movement remained, so much so that after the Charter was approved in 1951 by the electorate, some expressed surprise at the machine's lethargy during the pre-election campaign.(201)

The chief question facing the Charter Commission was which form of municipal government to endorse. One option was to propose a Council-Manager form of government, with its strong Council, Council-appointed Manager, and figurehead Mayor. Another possibility was to institute the strong Mayor form of government, with executive and administrative responsibilities allocated to the elected Mayor and Mayor-appointed Managing Director, and with legislative responsibilities allocated to City Council. Under the 1919 Charter, Philadelphia's Mayor, although popularly elected, had been a "limited executive," sharing many powers with Council and other elected officials. Despite the support of many civic groups for the Council-Manager form of government, a plan which these groups held would be truly democratic in its operation, the Charter Commission endorsed the strong Mayor form, which had been tested successfully in other large cities.

The painful memory of the failed 1939 effort to reform the city's 1919 Charter by persuading the General Assembly to institute a Council-Manager form of government, led the 1949 Charter Commission to be more pragmatic in its approach to a Home Rule Charter. The Commission was determined that its proposed Charter be approved by the electorate of Philadelphia, so that the city could move away from the discredited 1919 Charter and the depredations of machine politics in the city. As Charlton Chute, one of the consultants to the Commission, emphasized, getting a Home Rule Charter was of more importance than getting a particular form of government

in that Charter: "[I]ts benefits will continue to be realized long after the first home rule Charter is forgotten."('202) After much deliberation and many hearings, the Commission rejected the efforts of many civic groups to resurrect the proposal for a Council-Manager form of government, a form which had not been used in a large American city since 1931. Instead, the Commission more cautiously embraced the strong Mayor plan of government, which, in 1949, was a popular and successful model for other large United States cities.

XXII. THE PUBLIC HEARINGS

The difficult task of gaining the support of the voters for the new Charter was facilitated by the succession of suicides and scandals which continued to remind the citizenry that the present form of government had failed.(203) Still, the reformers had to convince the electorate that merely electing better persons into office would not be enough, and that the old form of government invited the corruption even of good men and contributed to machine control. At least partly for this educational purpose, the Commission held public hearings during the fall and winter of 1949-1950 and, after the release of a preliminary Charter draft (the Commission's third draft) to the public, held more hearings in the fall of 1950.

Over forty groups and individuals appeared before the Commission, including a new civic group formed in November, 1949 out of the GPM office, called the Citizens Charter Committee ("CCC").(204) The CCC originally consisted of one person from each of eighty vocational, social, fraternal, religious, and neighborhood organizations; eventually, it encompassed 500 such organizations and provided an important link through its subcommittees between the citizens of Philadelphia and the Commission. (205)

Other civic groups, including the ADA, BMR, PEL, Citizens' Council on City Planning, Committee of Seventy, Chamber of Commerce, GPM, and the Democratic Party, also presented information and recommendations to the Commission.(206) As researchers, these civic groups, especially the BMR and PEL,(207) assisted the small staff (208) of the Commission in examining the issues which went into the drafting of a Charter. The reformers staffing these groups supported the Council-Manager form of government,(209) a strengthened and independent Civil Service Commission, and a coherent method of fiscal planning, all in order to make Philadelphia's government more efficient and honest, and less susceptible to political manipulation.(210)

The Charter Commission agreed with the civic associations' position that a stronger Civil Service Commission and more rigorous fiscal provisions were needed. With respect to the civic groups' more fundamental contention—that Philadelphia should be run by a Council-Manager form of government (whose Mayor and Manager would be appointed by Council)—the Commission did not agree. Instead, the Charter Commission sought a form of government which, though viewed as imperfect by some,

would be more efficient, more centralized, and more certain of voter acceptance. The Commission, therefore, chose the strong Mayor form, which would simplify the electorate's task to the choice of one person as the city's administrative and policy head. To the then-existing membership of the Committee of Seventy, this decision was a "disappointing" indication of a "defeatist attitude." (211) and reflected a lack of confidence in the public's ability to elect democratically a City Council which could be depended upon to appoint a qualified City Manager. The view, however, that the strong Mayor form would be "dictatorial" (212) did not, in fact, prove to be valid. Ultimately, Philadelphia's civic groups became more amenable during the Commission's public hearings and aware of the need for constructive compromise. (213)

The public hearings served more to educate the testifying groups and individuals and to foster their enthusiasm for a "personalized" Charter (214) than to indicate to the Commission which of the hundreds of proposals were the best. Charlton F. Chute later told the Government Public Relations Association that the Commission's task was fifty percent writing a Charter and fifty percent building a positive attitude toward it. (215)

-XXIII. INFLUENCES ON THE CHARTER COMMISSION'S DECISIONS

Much weight was given by the members of the Charter Commission to the visits they made to other cities representing a variety of municipal governmental forms, and to the opinions of outside experts who gave detailed assessments of possible forms of city government. For example, the Commission members apparently were profoundly influenced by the position of the American Political Science Association, which, at its December, 1949, meeting in New York City, indicated its doubts about the workability of the Council-Manager plan of government in a city the size of Philadelphia. Cincinnati reform leader Charles P. Taft, whose city was the largest using that form, told the Commission that its success depended on the continuing interest and participation of the citizenry, and upon their willingness to accept as chief executive a Manager whom they did not elect and could control only indirectly through their elected City Council. City Manager L. P. Cookingham of Kansas City, Missouri, minimized the importance of constant citizen alertness to the healthy survival of a Council-Manager form, but further acknowledged that strong political parties could inhibit that plan's effectiveness. (216)

Still, if outside experts gave some of the most useful and objective information, it remained up to the Commission, and especially its leaders, William Schnader, Robert T. McCracken, Abraham Freedman, Frederic D. Garman, and Lewis Stevens, (217) to interpret that information in the light of the experience and needs of Philadelphia. Indeed, in listing the reasons underlying its choice of government, the Commission emphasized "the size of

the city, its nature, its traditions, its election laws, and the patterns of political life." (218) Similarly, it has accurately been noted that the "scandals which brought the charter into being are reflected in its stem provisions for honest budget-making, tax collecting and civil service regulations." (219) This sternness is evident not only in the Charter's language regarding specific municipal practices, but also in the fact that a strong Mayor is the central locus of responsibility for the administration of the city and the execution of those practices. The current Home Rule Charter embodies the Commission's predominant commitment to acknowledge and transcend Philadelphia's unhappy past by replacing an ineffective, decentralized form of government with a carefully crafted, strong Mayor system.

XXIV. THE CAMPAIGN

If, as Charlton Chute said, the Commission's task was fifty percent writing a good Charter and fifty percent promoting it, the draftsmen were at least ninety percent successful. The campaign for the Charter was well run. Civic groups, especially the Citizens' Charter Committee, rallied Charter supporters with literature and meetings. A luncheon held by the Committee of Seventy was highlighted by endorsements of the Charter by the heads of the Democratic and Republican parties, both eager to be associated with the successful reform movement. The Chamber of Commerce raised \$80,000 for the campaign with a huge rally at the Academy of Music. The *Inquirer* and *Bulletin* gave the new Charter their editorial support. Schools used the Charter issue as a case study in civic government. (220) In the last months of the campaign 600 speeches were given in favor of the Charter—an average of thirty per day. (221)

The opponents of the new Charter were neither as vocal nor as well-organized as its supporters. They consisted of some groups of city employees, a veterans' organization, and a number of civic and political leaders. They attacked especially the Charter Commission's proposal that the Director of Finance and members of the Civil Service Commission be selected through a nominating panel procedure. (222) The Republican machine, however, dared not oppose reform any longer. (223)

On April 17, 1951, in a light election (a forty percent turnout), (224) 259,397 citizens of Philadelphia voted for the new Charter, and 159,607 voted against it. (225) Thus approved, the Philadelphia Home Rule Charter went into effect on January 7, 1952. That year, Philadelphia was named one of the "All-American Cities" by a jury sponsored by the National Municipal League and *Look* Magazine. (226)

XXV. CONCLUSION

Since the passage of the Philadelphia Home Rule Charter, there have been some criticisms in its thirty-year

existence. A collection of proposals for Charter revision which have been offered over the years can be found in the Committee of Seventy's companion to this publication, *Charter Revision: A Review*. Some critics of the Charter contend that the 1949 Commission over-drafted the Charter in the desire to legislate forcefully against all possible future corruption and mismanagement,(227) thereby creating an inflexible document which is unresponsive to the needs of today's city.(228) On the other hand, it is generally agreed that the 1951 Charter was a dramatic improvement over its poorly constructed predecessor; the Charter has been admired and imitated by other large cities seeking a formula for good government. (229)

It remains to the voters of Philadelphia to pass final judgment on the wisdom of any proposed Charter revision. In reaching that decision, attention should be given to the words of former Mayor Joseph S. Clark, Jr., who in 1971, called the Home Rule Charter,

one of the greatest municipal charters in history. A magnificent document. This is not to say that after twenty years it doesn't need some changes. It does. But for the day, it was an extremely fine framework for running a good government.(230)

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Chapter Two: A History of the Executive and Legislative Branches, 1920-1951

I. INTRODUCTION

The 1919 Charter provided for a "limited executive" form of government.(1) Under this form the Mayor was granted administrative powers which were shared with other elected city officials, including the City Council, the City Controller, the City Treasurer, and the City Receiver of Taxes. The Philadelphia County Code, which, along with the 1919 Charter, in effect established a dual form of government in the city, provided for a large number of county officers who were paid out of the city treasury, and whose salaries were fixed and determined by City Council. These county officers were: the County (and City) Controller, the County (and City) Treasurer, the three County Commissioners, the County Coroner, the County Recorder, the County Register of Wills, the County District Attorney, the County Sheriff, the County Clerk of Quarter Sessions, the County Prothonotary, and the Inspectors of County Prisons. All of these officers, except the last two, were elective.

The Mayor, under the 1919 Charter, was popularly elected, rather than elected by Council from among its members.(2) Heads of the various city departments were appointed by the Mayor with the consent of Council.(3) In the budgetary process, Mayoral authority was limited, primarily because the main financial powers of the city were in the hands of independent, elected city and county officers, and because of the absence of an adequate staff in the Mayor's office to analyze the budget.(4)

There were a few apparently uncontested Mayoral powers, such as the authority to investigate any city department without prior notice. However, even in this case, the Mayor faced competition because such an investigation could conflict with Council's statutory authority to reorganize city departments. Thus, Council could create, as it thought necessary, bureaus and divisions within existing departments. Neither Mayor nor Council, however, could create new city departments. The Mayor's veto power over Council ordinances could be overridden by a three-fifths majority vote.(5) An even more significant indicator of how limited a role the Mayor actually played in the hierarchy of city government was the fact that, until 1945, the Mayor was limited to one four-year term.

In summary, the executive powers of the Mayor were largely curtailed, even with respect to the administration

of the city departments. Mayoral participation in the city's financial affairs was largely illusory. Important city functions remained in the hands of other elective officers who acted independently of both the Mayor and the Council. A parallel county government, with numerous elective officials, remained dependent upon the city for funds, while at the same time enjoying virtually complete administrative autonomy.(6) Other city functions were performed by practically autonomous commissions. The twenty-two person Council, while prevented by its own structural form from exercising effective city-wide leadership, was, nonetheless, fully capable of preventing such leadership by the Mayor. (7)

However, this diffusion of power did not stop the wheels of government. Instead, an informal, but powerful,(8) driving force, completely outside the formal Charter structure, filled the vacuum. This powerful force -organization politics - operated under the banner of the Republican Party and, although disavowed by some Republican leaders, dominated the entire municipal government. Elihu Root, Secretary of State under President Theodore Roosevelt from 1905-1909, described it as a "corrupt and criminal combination masquerading under the name Republican". The machine carried out the consolidating function which the government structure, as provided in the 1919 Charter, failed to do, and provided a crude framework within which the independent, statutorily designated centers of municipal authority the Mayor, the Council, city departments and agencies, and the county government -could operate.(9)

This joining of party machine to government produced understandable inefficiencies which consisted primarily of the introduction of partisan political considerations into every area of municipal government.(10) If the party machine were to consolidate and, therefore, propel the government, then maximum control of the various units of government would be required. In return for its services, the political organization exacted a heavy price: as large a share of the government's money and manpower as required to maintain its control.(11)

The price of so-called 'boss rule' eventually became too onerous, precipitating the crisis which led to the drastic change in the structure of Philadelphia's municipal government in 1951. During the 1920s, the country as a whole was Republican, the city was prosperous, and the organization's control of government could be maintained

without much effort.(12) However, the Great Depression brought disaster to the GOP nationally, while simultaneously sharply reducing the city's economic resources and putting unparalleled pressure on its government. A Democratic administration, which expanded the activities of the national government to an unprecedented extent, activities which had impact upon Philadelphia, revitalized the city Democratic Party. (13)

The failure of the Charter to allocate to any entity power sufficient to operate the government effectively, without resort to outside forces (represented by the party machine), grew to such proportions that this failure seriously undermined the primary function of government the delivery of services to the citizenry.(14) This state of affairs led to further gains by such reformers as the Greater Philadelphia Movement and the Committee of Fifteen, both of which included Republicans and Democrats dedicated to combating government mismanagement and corruption. (15)

Ultimately, the machine-oriented municipal government buckled under the pressures of the economics of the times, the persistent efforts of reformers, and its own corruption. (16)

The party organization predated the 1919 Charter, substantially influenced the drafting of that Charter and, thereafter, took full advantage of the inherent diffusion of authority in the municipal government. Nevertheless, the need exists to examine those Charter defects which created its vulnerability to abuse, in order to understand fully how far Philadelphia has come in improving its government since attaining home rule and a new Charter.

The centralized, administrative structure, under a strong Mayor form of government provided for by the 1951 Home Rule Charter, contrasts sharply with the government established by the 1919 Charter. This latter document empowered the office of Mayor to provide direction and guidance to city government, but the Charter itself so substantially limited the Mayor's actual powers that no central, motive force existed in that government.

In summary, concerned first and foremost with the satisfaction of partisan priorities, the party machine exploited the fact that municipal power, as designated by the 1919 Charter, was dispersed among many appointed and elected city and county officers. The system of checks and balances, the presence of a parallel governmental structure in the form of county offices, was so entangling and confusing that no capacity for coordinated governmental action existed. The Mayor and the City Council were two principals in this stalemate. The remainder of this section will deal with the checks they placed upon each other and other limitations of their authority.

II. THE MAYOR

The Mayor was vested by the 1919 Charter with the power to appoint, with Council consent, the heads of all city departments, some boards, and some authorities, but not the offices of the City (County) Treasurer, the City

(County) Controller, and the City Receiver of Taxes. The Mayor appointed members and heads to the following entities: the Art Jury; the Department of City Architecture; the Department of Public Safety; the Department of Public Works; the Department of Public Health; the Board of Health; the Department of Public Welfare; the Department of Wharves, Docks, and Ferries; the Department of Supplies and Purchases; the Department of Law; the Department of City Transit; the City Planning Commission; the Philadelphia Housing Authority; and the Redevelopment Authority. The three financially related offices, Controller, Treasurer, and Receiver of Taxes, were headed by officials who, like the Mayor, were elected atlarge. While the Receiver of Taxes was a city officer, the Controller and the Treasurer were both county and city officers, thus their status could be altered only by State Constitutional amendment.(17)

Because these officers were elected, the Mayor had no control over who administered three important governmental agencies. In theory, these officers could have also been from opposing parties, compounding the problem of directing their activities, which affected the daily operations of the city's financial system. Consequently, the Mayor was almost wholly without authority in the all-important area of city finances. In addition, because the two county officers were not under the city's civil service regulations, and because departmental personnel matters were at their own discretion, these officers had more direct patronage at their disposal than did the Mayor. (18)

As chief executive officer, the Mayor could, at least, have expected to wield effective administrative control over the city departments. Unless the Mayor was fortunate to appoint department heads with exceptional qualities of personal loyalty, this control was likely to be illusory. Appointing department heads was essentially the extent of the Mayor's control in the administration of city departments.

As mentioned above, the Mayor's appointments required confirmation by Council. Thus, anyone who was unacceptable to Council (for reasons of loyalty to the Mayor, for instance) could be rejected.(19) More importantly, once confirmed, the heads of the departments were largely beyond Mayoral discipline. Department heads served for fixed terms and could be removed only through the cumbersome process of impeachment.(20) Therefore, the Mayor would have to face a complex procedure in order to fire an incompetent or insubordinate department head who was undermining his policy.

The City Council appointed, and therefore controlled, the Civil Service Commission. Through manipulation of the power the Commission had over personnel decisions within the departments, Council was able to undermine the authority of both the Mayor and department heads over their employees. Such actions led to chronic insubordination within departments and further added to general conditions of administrative laxity within the city government.(21)

Thus, the Mayor had less control over the workings of the executive departments for which he was officially responsible than did the department heads, who ran the everyday

operations and promulgated departmental rules. The Controller, without whose approval the departments could not spend money; and the City Council, which determined departmental priorities through the budgetary process and could reorganize a department, also had more control than the Mayor.

While the 1919 Charter gave the Mayor a role to play in the budgetary process, in practice this power, too, was without substance. The Mayor was required to present to Council an estimate of receipts, liabilities, and expenditures each year for Council's use in determining the next year's budget. The estimate of receipts and liabilities was binding on City Council. However, this estimate of city receipts was not to include monies raised through any form of taxation. Since taxation was the primary source of city revenue, this loophole allowed Council, by altering its estimate of tax receipts, to set the level of receipts where it pleased, regardless of the Mayor's estimate.(22)

The Mayor did not have the staff resources to allow him to play any important independent role in the budgetary process.(23) All data for receipts and liabilities which the Mayor presented to Council had to originate with the Controller. The expenditure estimates came from the respective agencies. The Mayor had only one person, his Budget Clerk, to assist him in preparing the estimate for Council. Thus, it was all that could be done merely to present the figures in the form required by Council. Independent scrutiny at more than a superficial level was beyond the Mayor's capacity.

Except for his estimate of expenditures, which was subject to alteration by Council,(24) the Mayor had little freedom in setting the figures.(25) The Charter mandated that the receipts estimate be the average of the three previous years, thus leaving little to discretion. Liabilities, being owed to outside entities, were not subject to Mayoral manipulation. While he had more leeway in deciding whether to recommend city borrowing, steps to increase indebtedness were subject to additional controls which decreased the impact the Mayor could have on the ultimate outcome.

In the financial area, as with legislation generally, the Mayor's effective power consisted of his veto. He could propose, but he could not impose. If the result emanating from City Council was unacceptable, a veto might force Council to reconsider its action. However, the efficacy of the veto was limited in two respects. First, it was wholly negative in its result, stopping legislation but producing none. Second, because an override required, at most, only three more votes than initial passage, the veto performed its obstructive function only when the balance of power in Council was almost evenly matched.

The fate of certain minor powers possessed by the Mayor also reflected the general malaise: they atrophied from nonuse. He was required to file an annual report for many years it was just not done.(26) The Mayor could conduct independent audits of accounts of any city agency -the power was never used.

III. COUNCIL

The leadership vacuum created by the limiting of the Mayor's executive authority could not be filled by the Council. Council's legitimacy as the representative body of all the people of Philadelphia was further undermined by lack of any provision for minority representation. As the strength of the opposition party grew, the Council remained entirely composed of members elected by the majority party. The result was that an increasing portion of the electorate found itself completely without representation on the Council. Its twenty-two members were elected in varying numbers from Philadelphia's eight state senatorial districts. Because Councilmen were apportioned according to population while the Senate districts were not so drawn, some areas of the city were represented by more councilmen than others and thus were the beneficiaries of greater legislative largesse.(27)

While the whole of Council power may have been sufficient in the abstract, the largely negative, obstructive nature of much of this power, the unwieldy size of Council, and the parochialism of its members combined to make effective Council leadership impossible.(28) The inadequacies of Council were less due to failings in the Charter than to the inherent weaknesses of legislative bodies and to the milieu in which Council operated. Large bodies of representatives elected from discrete districts, as opposed to at-large, naturally tend to devote most of their attention to the specific needs of their particular constituents, to the derogation of the general public good.(29) In addition, legislative bodies at times suffer from lack of direction,(30) promoting the inability of legislative bodies to conduct executive functions effectively.

This natural proclivity was aggravated by a number of factors peculiar to Philadelphia. Because of party primacy, most Councilmen tended to be members of the party organization, usually ward leaders.(31) This led to even greater parochialism as the ward leader Councilmen looked to the needs of their wards. Furthermore, as leaders of political organizations, Councilmen often ignored practices which, while beneficial to political groups, impeded city governmental operations. Thus, while the Mayor (who was occasionally a reformer)(32) was impotent in the face of corruption, the Council was unwilling to face the problem at all.

The lack of resources also constrained Council's effectiveness. Like the Mayor, Council was hampered by chronic understaffing. Council's investigatory functions suffered most from this resource starvation. Lack of effective supervision by Council, when coupled with insulation from Mayoral control, further enhanced the independence of the departments and other branches of city government. The centrifugal tendencies of the Charter thus were aggravated, further diffusing power and responsibility. Council was also unsuited to govern because it was a part-time body, in session only sporadically.(33)

IV. ALTERNATIVE FORMS OF GOVERNMENT

The failure of the 1919 Charter to allocate power in a way which allowed for its effective exercise led to the consideration of schemes which would alter the fundamental structure of municipal government. Such proposals generally called for a greater consolidation of executive power in order to achieve focused responsibility for the administration of municipal government.

In theory, cities are municipal corporations which receive their power through grants of authority from each state government. When Philadelphia was given the opportunity to create its Home Rule Charter, it marked the first time in its history that the city faced the problem of how to use this power and to arrange its government.(34) The issue of who was to control the administrative, legislative, and policy-making powers under the new Home Rule Charter was the most basic of all the issues the 1949 Charter Commission had to consider.(35) Because of the primary importance of the form of government question, the Commission immediately organized a committee to address itself to this fundamental subject.(36) Appointed were Robert J. Callaghan, Ralph Kelly and Thomas B.K. Ringe to the Form of Government Committee. It was the responsibility of these men to consider which of the possible forms of government would best help alleviate the disorder that had plagued the city since the institution of the 1919 Charter.

Traditionally, American cities are classified as having one of four municipal forms of government: (1) the Commission form, (2) the weak Mayor-Council form, (3) the City Manager form, or (4) the strong Mayor-Council form.(37) However, the Form of Government Committee considered only the City Manager and the strong Mayor-Council forms, believing that the weak Mayor-Council and Commission forms were not feasible.(38) Which of the preferred structures would be adopted in the Charter became the center of controversy, as many civic organizations pressured for the City Manager form, while both political parties supported the strong Mayor-Council form.(39) The Charter Commission pondered the organizations' suggestions, did an enormous amount of its own research, visited several cities with each form of government, and attempted to evaluate their advantages and disadvantages.(40)

The Committee was always conscious of the fact that "the actual successful operation of any form of government is, in the last analysis, dependent upon its personnel."(41) Of course, they did not hope to cure all of the City's ills overnight, but, after weighing the evidence, the Form of Government Committee concluded that Philadelphia's most pressing need was for an "intelligent and forceful leadership properly equipped with the ability to plan, formulate and carry into effect sound Governmental policies."(42) They had hoped the strong Mayor-Council form would provide a better administrative mechanism that would permit officials, charged with providing effective municipal government, to succeed in doing so.(43)

V. THE COMMISSION FORM

The governments in small cities and towns throughout America frequently are organized under the Commission form. Typically, the people in these cities elect individual department heads who administer the city's daily services. The department heads then join to form the City Commission and perform any necessary legislative duties. While there is usually no provision for a potent chief executive under the Commission form, often an honorary, part-time Mayor is elected to be present at any ceremony involving the city.

This form results in a Commission that holds all the important powers of the government. The Commission is responsible for administration and lawmaking, and, though this federation at times produces an unhappy marriage, it is often necessary for several reasons.(44) First, the lack of financial resources will not permit a small city to pay salaries for separate branches of government. Also, because the constituency is generally very small, it allows a department head to be held accountable for his actions in both governmental spheres. On the condition that there exists a small, responsive electorate, this form of government could effect a more accountable government, with the people able to solve most problems with the direct assistance of municipal officials.

The Form of Government Committee did not seriously consider, nor did any civic organization propose, the establishment of a Commission form of government in Philadelphia. It seemed apparent to many that, in a city as large and complex as Philadelphia, the possibility was dubious at best that this form of government would have even a minimal chance of success. The joining of the administrative and legislative functions, the problem the Charter Commission had been trying to eliminate through the new Charter, most agreed, would have led to chaos. Based on experience, there was sufficient reason to believe that, in a large city, corruption and political patronage would thrive under a structure without clear lines of responsibility.

The Commission form lacks any reliable devices for the establishment of a hierarchy of leadership that would be accountable for the overall decisions involved in administering a large city government. With no clearly designated hierarchy, the people of a large city would not know whom to hold accountable for misfeasance or malfeasance, and they would have no direct representation to aid them. Joseph S. Clark, Jr., one of those involved with the framing of the Home Rule Charter, believed the Administrative Board to be a "watered down" version of the Commission form of government.(45) In general, it is agreed that the Commission form of government is well suited for a small city, but would be completely unworkable for any of America's large cities.

VI. THE WEAK MAYOR-COUNCIL FORM

The weak Mayor-Council (as does its evolved structure, the strong Mayor-Council) parallels the traditional

form of American state and federal government. Typically, the chief executive (either the President, Governor, or Mayor) shares governmental powers with the legislative branch (either Congress, the State Legislature, or City Council).(46) Though the weak Mayor-Council was the most-used of municipal government structures until the close of the nineteenth century, many large cities saw the strong Mayor as the solution to the pressing problems that rapid urban growth had fostered.(47) These cities were reacting to the fact that the powers of the Mayor under the weaker structure are few, making him little more than the titular administrative head of the city. He is provided with no legislative veto power, some administrative appointment authority (but only with Council's approval), and is limited in his ability to act as a true executive head.

Other characteristics of a weak Mayor-Council form include a large Council elected ward-by-ward. This large Council (for example, there were 139 Councilmen in Philadelphia before the 1919 Charter lowered the number to 22) performs all the important functions of the city government. Besides writing and passing laws, Council is involved directly with the management of all departments and plays a crucial policy role in budget preparation. Another characteristic of this form of city government is the presence of a significant and powerful group of elected officials and administrative boards. These administrators supervise the functions of the departments and act as another check on the already diffuse powers of the Mayor.

As was the case with the Commission structure, the weak Mayor-Council form received no support from any civic organization or any member of the Charter Commission because of what appeared to be obvious deficiencies.(48) The Form of Government Committee understood that this structure had been tried in 1887 and in the 1919 Charter, which was adopted to refine the 1887 Charter to meet the needs of a growing metropolis. However, the same characteristics—a titular administrative head with no centralized controls, diffuse powers, and independent, elected, administrative officials—led to the complete revision of the 1919 Charter. The 1949 Charter Commission concluded that adopting the weak Mayor-Council form would be an ineffective step rather than an improvement.

VII. THE CITY MANAGER FORM

Although there was some mention of the adoption of the City Manager plan of government by those drafting the 1919 Charter, it was eighteen years later, in 1937, that a Charter Commission, ordered by the Governor of Pennsylvania, first seriously proposed the use of the City Manager form in Philadelphia. In 1939, after a long battle, the proposed Charter was shelved by the State's General Assembly. Many adherents of the plan were still active in civic government in 1949, when action on a new Charter was finally taken.(49)

The City Manager type of government models itself as closely as possible to a private business corporation, with the stockholders (constituents) electing a board of directors (Council) who appoint a chief executive (City Manager).(50) Council then formulates policy which their appointed executive carries out. In the end, this form is intended to produce an efficient form of government, with the elimination of most political interference from administrative positions.(51)

A. Powers and Duties of the Mayor

Those who support the City Manager plan of government believe that no person can serve ably both as an administrative and a political leader.(52) The 1937 Commission held that the type of person who makes a good City Manager has "drab and unappealing qualities" and usually does not have the 'political feel and color necessary for election.'(53) Thus, the City Manager structure provides that Council elect from among its own members one person to serve both as President of Council and as Mayor, who becomes the titular head of the city and spokesman for the city at functions and ceremonies. Except for his power as President of Council, he has little authority. The Mayor has no legislative veto, and his only executive authority is the appointment of some minor boards and commissions. All major appointments are shared by the Council as a whole and, through Council, by the City Manager.(54)

The Mayor in the City Manager type of government is totally unlike the Mayor in any other form. He is simply a legislator elected by his fellow legislators to perform superficial, ceremonial duties. His only influence on the city's government must come through Council, where, although he is President, he actually is little more than another Councilmember.

B. Powers and Duties of the Council

The effective operation of the City Manager structure requires a small Council, elected at-large. The small Council, usually fewer than a dozen members, is intended to result in increased accountability for all members, a restriction on unnecessary debate, and the recruitment of competent individuals through an increase in salary and prestige.(55) By being elected at-large, Council represents city-wide interests, and produces candidates who will serve, regardless of the section of the city they are from.(56) Thomas Raeburn White, of the Committee of 70, believed that the City Manager plan could work only if Council were elected at-large. During the November 22, 1949, Public Hearing, Mr. White said, "I think if you had a city manager appointed by a council that was politically minded. . .you would soon abandon it (the Manager plan)."(57)

Council in the City Manager type of government has full power to run the city as it sees fit.(58) As "board of directors" of a city corporation, it is fully responsible for all aspects of a city's policy.(59) Besides performing the normal legislative duties of setting policy through law, Council has the power to implement administrative policy through its control over the City Manager. As the

1937 Commission explained, Council in the City Manager plan is the 'fountainhead of all local authority.'"(60) The Commission also held that, in this form, "there are no traditional separation of powers and what council wills, it receives...,"(61) The only checks on Council are the pressures of public opinion and the possibility of a citizens' recall.

C. Powers and Duties of the City Manager

Under the City Manager plan, Council appoints a professional administrator to execute the policy it has set down; the Manager dictates no policy. Council may dismiss the Manager at will. As the city's chief executive, the City Manager is solely responsible for the efficient administration of the city. (62) He serves an indefinite term. Ideally, this allows a competent Manager to stay on for a number of years, resulting in a better administered city.(63) As chief administrator, the City Manager would have appointment power over all department heads. The 1937 Charter Commission proposed that the City Manager also be assigned responsibility for the position of Chief of Police.

D. Advantages of the City Manager Form

Supporters of the City Manager form of government considered it a more antiseptic plan, occupying a "slightly higher plane than the grubbier, more political; mayor-council form."(65) These reformers viewed municipal administration not as a political operation, but rather as a business that concerns itself principally with the delivering of goods and services' to the public.(66) They hoped to form an apolitical system of government with a rigid separation of legislative duties and administrative functions.(67) Council is responsible for legislative duties and for hiring a single executive with professional management experience to handle the departments. To the end that Council and the Manager are allowed to reign in their separate spheres, the City Manager structure achieves the ideal of minimizing political involvement in municipal administration.

Unlike the strong Mayor plan the chief administrator is trained only for a management role and is retained only as long as Council wants his services.(68) Another advantage of the City Manager structure of government is that it is intended to reduce the "buckpassing" between Council and the Mayor that is sometimes a feature of the strong Mayor plan.(69) Because Councilmembers are the only elected officials in this government, they are answerable to the citizenry. This should allow a concerned electorate to decide which city officers deserve reelection. (70)

The Form of Government Committee realized that the City Manager type of government had features that would help heal some of the wounds that the 1919 Charter had opened. Under that Charter, administrative power was scattered among three groups: Council, elected administrative officials (such as the County Controller), and the Mayor.(71) Under the Manager form, a single, appointed administrator concentrates all executive powers, resulting in a more efficient government.

E. Disadvantages of the City Manager Form

One of the more persuasive arguments against the employment of the City Manager plan for Philadelphia was, according to the 1949 Charter Commission, that "no American city of over half a million population has adopted the manager plan since it was abandoned by Cleveland in 1931."(72) The American Society of Political Scientists agreed, stating that the City Manager form was "not suitable for a city the size of Philadelphia."(73)

James A. Finnegan, Chairman of the Democratic City Committee and a staunch supporter of the strong Mayor structure, believed that, although the City Manager plan had succeeded in many of the nation's smaller communities, it would not work in Philadelphia.(74) He declared that, in many of these small cities, "neither the job of mayor or of councilman amounts to very much", and, thus, it would be easier to entrust most of the city government to a City Manager.(75) The plain fact the Form of Government Committee faced was that, of America's largest cities, only Houston and Cleveland had tried the Manager structure and it had failed in both cases.(76)

Another significant disadvantage of the City Manager form is the absence of an elected chief executive.(77) Concern existed that the Manager might overstep his bounds and move from his administrative activities into policymaking. *James A. Finnegan* again attacked the City Manager plan, this time arguing that, if the City Manager 'would have control of the budget until its presentation to council, he would control the city's 'programming policy.'"(78) He added that the budgetary powers of the Manager would overwhelm the legislative branch and that he would, in effect, be able to dictate policy through his appropriating power.(79) The Americans for Democratic Action (ADA) also expressed concern that a Manager unresponsive to the electorate "could not be expected to rise above machine politics."(80) Proponents countered that the electorate would still control through Council, but opponents of this form still questioned if the Manager would be forced to accept responsibility for his actions.(81)

Some, including *Joseph S. Clark, Jr.*, were skeptical of those who believed the City Manager plan would eliminate political patronage. *Clark* said, "...I don't think it is right to say that patronage, which is one of the evils which your commission must attack, would cease under the city manager form of government and necessarily always continue under a strong Mayor form or any other municipal form of government."(82) A study by the Bureau of Municipal Research (BMR) concluded that the City Manager form would not by itself ensure good government. BMR cited Kansas City and reported, "that despite the adoption of a council manager form of government, Kansas City under the Prendergast machine provided one of the most corrupt regimes in the nation."(83)

Some additional drawbacks to the Manager plan were:

- (1) there was no reason, based on experience, for confidence in the ability of Council to handle expertly all the city's political affairs,(84)

(2) there was the possibility of a sharp decline in public interest because of a general sense of detachment from municipal affairs.(85)

(3) there would be the absence of an executive veto to check the passage of hasty, ill-founded legislation.(86)

VIII. THE STRONG MAYOR-COUNCIL FORM

The evolution of Philadelphia's government over the last one hundred years began with the weak Mayor-Council scheme adopted in 1887, followed by the "limited executive" structure (basically, the strong Mayor vigorously checked by Council and elected administrative officials) established in 1919, and finally, the strong Mayor-Council form provided for in the 1951 Home Rule Charter. The present system of government provides for a great strengthening of Mayoral powers and a relative weakening of Council's powers. Although the Form of Government Committee believed the 1951 Charter did not establish a pure strong Mayor structure, in effect, the Charter's creation was more closely related to it than any other. Even though it was unlike the City Manager structure, "it should provide similar assistance and betterment."(87)

Supporters of both governmental schemes accused the Charter Commission of making a compromise between the strong Mayor-Council and City Manager plans to reach the proposed form of government, and for this reason it received criticism from proponents of both. For example, both Louis B. Schwartz, of the Americans for Democratic Action, and James A. Finnegan, Chairman of the Democratic City Committee, agreed that the Charter Commission was "attempting to reconcile the two when they are not reconcilable."(88) However, the Charter Commission had not designed its government with the notion of reconciling these two structures in mind. It simply had hoped to relieve the Mayor's burden of routine administrative details by establishing a Managing Director under the control of the Mayor.(89) It understood that, although a Managing Director is comparable to a City Manager, there remains one important difference. That is, the City Manager is responsible to Council, which as a body is not directly accountable to the people, while the Managing Director is responsible to the Mayor, who is directly accountable to the people.(90) The Charter Commission concluded that the Managing Director would provide many of the advantages of the City Manager plan, and still establish the ideal of a single, elected administrative authority.(91)

A. Powers and Duties of the Mayor

The strong Mayor plan centers on the authority and abilities of its chief executive, the Mayor. He derives this enormous strength "from the fact that he is not only the policy head, but the city's principal administrator."(92) As principal manager, his control of the administrative branch is almost absolute. The Charter Commission believed that there was a distinct need for a way to "relieve

the Mayor of his great administrative strain," so they provided for three principal assistants, the Managing Director, the Director of Finance, and the City Representative. (93)

Administratively, the Mayor appoints the department heads and all other city officials, except the City Solicitor, without the approval of Council. The Mayor is also given the traditional executive right of veto of legislation within ten days of its passage. Under this system, the municipal authority centers on "one man who cannot plead lack of authority as an excuse for incompetent administration.." (94) Since recall was ruled unconstitutional in 1976, there are few checks on his administrative power, among them the chief being a limit of two terms in office.

It follows that, with the negation of the recall check, Mayoral authority is now greater than originally intended by the drafters of the 1951 Charter.

B. Powers and Duties of the Council

Council under the 1951 Charter consists of 17 members, 10 elected from districts and 7 elected at-large. Council is limited to legislative duties under the new Charter, and is prohibited any role in municipal administration. Council has two smaller checks on the power of the Mayor. First, it may lower appropriations on the Mayor's proposed budget. Second, Council has certain investigatory powers that allow it to examine questionable executive or administrative activities.

C. Powers and Duties of the Managing Director

The Managing Director is appointed by the Mayor to serve as a contact between the Mayor and the city's ten service departments. With the Mayor's approval, the Managing Director, in turn, is allowed to choose the heads of the departments. The appointment of the Managing Director is for a four-year term concurrent with the Mayor's, who may dismiss the Director. The reasons for such an action must be specified in writing and in detail. A hearing must be granted before the Civil Service Commission which determines justification for dismissal.

D. Advantages and Disadvantages of the Strong Mayor-Council Form.

The strong Mayor-Council plan of government has proved to be workable in many large cities throughout the nation. The high visibility of one chief elected official ensures that the direct responsibility for effective municipal policymaking and administration can be determined without ambiguity. In this fashion, both the public and public employees can readily ascertain who is responsible for how the city is operated and what standards are to be maintained.

Some believe that this structure of government creates centralized municipal authority that is too powerful and that can lead to an imbalance in representative government. The fact that the Mayor may be both a political and an administrative leader leads some to argue that this dual role creates a serious conflict: the Mayor must see to

it that both partisan political and public priorities are constantly balanced, but that, Ultimately, the needs of the city-at-large take precedence.

IX. DEPARTMENTS, BOARDS, AND COMMISSIONS

Prior to 1951, when the Home Rule Charter was adopted and the complete departmental and agency structure was streamlined, with responsibility for their effective operation placed directly under a strong Mayor and his appointed Managing Director, the Mayor, then a "limited executive", was only nominally responsible for nine departments. Important offices, such as those in financial operations, and the Civil Service Commission, appointed by City Council, formed another part of the hierarchy. There were also thirty-three boards, other commissions, and authorities -for a grand total of about fifty administrative governmental units.(95) In addition to these units, there existed, as described previously, a county governmental structure, completely independent of the city, replete with elected independent officers. Understandably, efficient operation, sound organization, and direct accountability, essential ingredients in any sound administration of government or business, were absent. Thomas Evans, Chairman of the 1949 Philadelphia City Charter Commission, described the lack of structure within the administration: "the present legislation is a glaring example of the unnecessary multiplication of agencies which perform one general function of government."(96)

Echoing this thought, William A. Schnader, a member of the Commission, stated that what the Commission was trying to do was to prevent departments, boards, and commissions' 'from mushrooming and throwing a streamlined organization into the same kind of mess that government. .is in right now."(97) The previously described power of City Council to reorganize departments, a power granted by the 1919 Charter but withdrawn by the 1951 Charter, certainly played a key role in this "mushrooming". In testimony before the Charter Commission, Robert K. Sawyer said that the large number of departments, boards, and commissions dilutes administrative authority.(98) Elsewhere, in remarks concerning departmental organization, Lennox Moak, of the Pennsylvania Economy League, argued that the number of city departments was not excessive, but rather that the problem was one of the poor distribution of municipal functions, which resulted in unwieldy government. Thus, Mr. Moak suggested, solutions could be reached by the centralization of administrative control (in either a strong Mayor or City Manager), the grouping of related departmental functions, and the judicious use of authorities, boards, and commissions only in "extreme cases and with full awareness of their advantages and disadvantages" .99

In its report, *A Plan to Complete the Consolidation of the City and County of Philadelphia*.(1948), the Fels Institute of Local and State Government of the University of Pennsylvania relied upon certain tenets of sound municipal

municipal administration in making its recommendations for a rational form of local government in Philadelphia. These principles include: centralized administrative responsibility; locating under a chief executive all city departments which are to assist him in carrying out policies; providing the chief executive with necessary staff; and limiting the number of administrative agencies, in order to ease the chief executive's task of governmental coordination. That report, observing these commonly accepted principles of sound municipal administration, along with the Committee of Fifteen's report, *Philadelphia's Management*_(1948), presented in detail suggestions for the careful centralization of administration, grouping of related agency functions, and the consolidation of city and county government. The Fels report concentrated especially on the areas of finance, elections, and recreation and parks. While such a detailed description is beyond the scope of this study, some specific departments and agencies are discussed in various sections. (See, for example, discussion on the Department of Supplies and Purchases in the chapter on city financial operations.)

One cause of this poor performance was the omnipresent problem of blatant criminal activity which permeated various departments, boards, and commissions. Following the Committee of Fifteen's investigations in 1948, numerous scandals were revealed. In one case, previously mentioned, the Receiver of Taxes, W. Frank Marshall, was impeached. Grand jury auditors "found losses of \$500,000 in tax penalties which had been waived for political favors in Marshall's office."(100) The 1937 Charter Commission, the 1949 Charter Commission, and the Committee of Fifteen all worked to restructure Philadelphia's government in order to prevent such enormities from recurring. Eventually, their contributions and recommendations, as well as those of many other concerned groups in the city, were recognized and built into the 1951 Home Rule Charter, which streamlined city departments and, through the Managing Director, focused all administrative responsibility on the Mayor.

In summary, under the 1919 Charter and the county system of government, the city confronted the problems of poor control, lack of structural symmetry within governmental agencies, and excessive decentralization of authority over agencies. The county offices whose main duties were really administrative and could have been executed by appointive officials, though financed by the city, were otherwise completely independent. Their administrative functions were constantly entangled with those of city officials, leading to confusion, duplication, and friction among city and county offices.(101) A good example of the existence of these problems was the overlapping responsibilities of the Receiver of Taxes, an elective city officer, the Treasurer, an elective county officer, and the Board of Revision of Taxes, appointed then, as it is today, by the judges of the Court of Common Pleas.

Even within the city government, there were numerous activities which were beyond the reach of the Mayor. (102)

The individual departments were plagued by the lack of well-defined lines of internal authority(103) and insubordinate lower officials who could not be fired.(104) Additionally, any systematic review was impossible because of shoddy and haphazard record-keeping. (105)

There also existed the problem of the lack of structural symmetry. Efficient government normally requires that agencies of equal stature be of approximately equal size. However, in Philadelphia, some city departments were so large as to be cumbersome to administer, while others were so small as to be ineffective.(106) At the same time, there were gross disparities in administrative power among the various offices and departments, some of which were characterized by officers performing simple administrative tasks, for example, the Receiver of Taxes.(107)

Finally, there was the problem of organization. The departments were decentralized, of necessity, because often they were nothing more than a motley collection of dissimilar functions gathered together under one roof .(108) The converse was also true -many departments were often involved in the same type of activity. (109) This led to frequent disagreement both as to policy and jurisdiction between departments.(110) Because the overall distribution of departmental functions was fixed by the Charter, an effective and comprehensive reorganization was impractical because it would have required action by the State Legislature.(111)

Excessive decentralization was furthered by City Council. Because department heads were almost impossible to dislodge, Council, when dissatisfied with the performance of a department, would resort to its power to reorganize it. As a result, bureaus and divisions within departments multiplied rapidly.(112) Boards and commissions also increased in number and in specialization, past the point of efficiency, for example, in terms of the need for multiple approval for intended action in capital projects.(113) Boards and commissions were an organizational nightmare, combining executive, legislative, and judicial functions in the same body, for example, in the Civil Service Commission.(114)

X. THE CIVIL SERVICE SYSTEM AND PERSONNEL WITHIN PHILADELPHIA DEPARTMENTS AND AGENCIES

Crucial to the work confronting reformers of Philadelphia's municipal government was the necessity to improve the manner in which personnel were recruited and placed within the government. The entire system was riddled with patronage, political influence, outright evasions of the civil service laws, and generally careless administration and enforcement.

The civil service idea, created in 1906 and subsequently embodied in the 1919 Charter, envisioned a merit-selection system divorced from political interference.(115) The sheer size of Philadelphia's civil service, as reflected in 1948 payroll records, is an indication of the system's importance within the city government as a

whole. There were 23,158 civil service employees.(116) In summarizing the Charter Commission's task of reforming Philadelphia's government, then City Controller Joseph S. Clark, Jr., said, "the fundamental problem we face in revising Philadelphia's city government is a personnel problem."(117)

The degree to which the civil service accomplishes the goal of merit employment necessarily affects the efficiency and the impartiality of departments, boards, and commissions in carrying out their substantive municipal functions.(118) By 1949, political influence and the patronage system had severely compromised Philadelphia's civil service and the merit system. This condition sparked numerous efforts toward reform. Recommendations and suggestions to remedy the problems of civil service were offered by Philadelphia civic groups, including the Bureau of Municipal Research (BMR), the Pennsylvania Economy League (PEL), the Greater Philadelphia Movement, and the Committee of Seventy.

These groups were instrumental in exposing rampant corruption in the civil service. The ensuing scandals provided much of the impetus which resulted in the 1951 Home Rule Charter and caused the amendment or the elimination of most of the rules and regulations which governed Philadelphia's civil service system existing under the old form of city government.

XI. THE CIVIL SERVICE SYSTEM AND THE QUESTION OF A PERSONNEL DIRECTOR

The Civil Service Commission was composed of three members who were appointed by City Council for four year terms. This arrangement, depending as it did upon a partisan City Council, inevitably resulted in the primacy of politics in the selection of the Commissioners.(119) Political influences were further heightened by the fact that all three Commissioners were chosen at the same time, allowing for instant total control by each new team, and ensuring that there were no holdovers from an unfriendly regime to cause embarrassment.(120) Thus, the immense patronage potential represented by so many city government jobs remained available to the party machine.

The responsibilities of the Civil Service Commission spanned the entire spectrum of governmental functions, merging judicial, legislative, and administrative duties. The Commission formulated the rules, oversaw their administration, and heard appeals from dismissals and other disciplinary actions. The Commission chose a chief examiner to assist it in carrying out its administrative duties.

The Civil Service Commission had excessive responsibilities, insufficient staff, and was inadequate in executing its duties.(121) While the part-time status of the Commissioners aggravated the Commission's inability to perform,(122) even a full-time Commission probably would have been impotent before the pervasive problem of political manipulation. Since overall municipal governmental authority was divided approximately evenly between the Mayor and the City Council, both attempted

to use the patronage machine. As a result, the Civil Service Commission essentially was under the direct influence of the Mayor, the Council, and a large number of lesser politicians.(123) Blatant politicization was epitomized by the fact that there was no restriction on political activity by the Commissioners themselves.

Among the principal suggestions to improve the Civil Service Commission and the city's personnel system were to:

- (1) change the term of the Civil Service Commissioners from four to six years, and to have the terms overlap; (124)
- (2) empower the Mayor to appoint the Commissioners from a list of nominees selected by a nonpartisan panel; (125)
- (3) appoint qualified Commissioners and make them as independent as possible in the performance of their quasi-judicial functions;(126)
- (4) separate the routine administration of the civil service system from the adjudicative and rulemaking functions of the Civil Service Commission;(127) and
- (5) provide for a Personnel Director with complete responsibility for the administration of the personnel program. (128)

In an effort to restructure the Commission and the personnel system and to strive toward a substantial reduction in the influence of political considerations, the 1951 Charter incorporates all five of the above reform plans. While some problems still remain, such as the provision for too many exempt positions, Philadelphia's new Charter, to a large extent, has the capacity to solve its principal personnel problems and has established an often exemplary Civil Service Commission setup.

It was also contended before 1951 that the function of a new Personnel Director could readily be assumed by the already existing Chief Examiner, given proper authorization by City Council. In addition, it was argued that the post of Personnel Director would result in overlapping of authority with that of the Chief Examiner.(129) On the other hand, because personnel policies varied widely among departments, the department heads were not required to coordinate their policies. Such disparities injured efforts to improve supervision and morale. This problem, it was contended, could be curbed by a Personnel Director with formal powers to control all post-examination personnel matters.(130)

As envisioned, and as finally provided for in the 1951 Charter, the Personnel Director would be the officer charged with ensuring that the departments conformed to the merit principle. If either Council, the Mayor, or a Managing Director chosen by the Mayor, appointed the Personnel Director, it was contended that there would be a strong possibility that the appointment would be largely political in nature.(131) Consequently, a politically oriented Personnel Director would be unlikely to prevent re-politicization of departmental personnel decisions and the merit idea would remain a mere illusion. Therefore, another suggestion, which the 1951 Charter also incorporates,

was that the Civil Service Commission should select the Personnel Director.(132)

XII. THE CLASSIFICATION OF CIVIL SERVICE EMPLOYEES

While the City and County of Philadelphia had been co-extensive since 1854, complete consolidation of their separate governments had not yet been accomplished. (133) The county government was completely independent of the city in personnel matters.(134) County personnel were not covered by any civil service law. Because of this, all county positions were openly political, and services rendered to the elected official who controlled the appointments and to the machine were the criteria for selection. These positions, not regulated by merit considerations and restrictions on political activity, were highly desired by those in the party machine.(135)

City government employees were broken down into two groups: unclassified and classified workers. The unclassified work force, which was not subject to civil service restrictions, consisted of elected officials, directors and assistant directors of city departments, the City Solicitor and his assistants, and a number of less important officials, chiefly the personnel in the three departments headed by elected officials. By definition, the unclassified service was political in nature since executive jobs were obtained through party effort, either by popular election or organizational appointment.(136)

Classified employees were arranged in three subgroups: the exempt class, the labor class, and the competitive class. The exempt class consisted of positions where the Civil Service Commission found that competitive examinations and public hearings were impracticable. These included chief assistants to department heads (except the Civil Service Commission) and one secretary or clerk appointed for each department head. Exempt positions were created either by the 1919 Charter or by Civil Service Commission ordinance. In neither case was there any restraint on the hiring and firing of personnel for political or any other reasons.(137)

The labor class consisted of unskilled workers hired from an eligibility list. Eligibility resulted from the passing of a physical examination. The examination was not rigorous, (138) and the list was clogged with political applicants. Because the list was not ordered, anyone on it could be selected. The labor class, too, was politically recruited.(139)

Constituting the backbone of Philadelphia's civil service employees was the competitive class. No person could be permanently appointed to a competitive post in this classification until that person passed an examination which determined required skills. Therefore, political influence was more subtle in the competitive class than in the other classes, but, nevertheless, it was just as penetrating and powerful.(140) Political patronage in the competitive class flourished because of the connivance of a political Civil Service Commission. The Commission ignored department heads' disregard of test scores, tolerated

the abuse of temporary emergency appointments, shuttled positions back and forth between the competitive and the exempt classes, and overlooked political motivations resulting in dismissals and demotions. Through these and other subterfuges, the competitive class became almost as politicized as the other classes.(141)

Ironically, given a politicized civil service, presided over by a partisan Commission, the protections designed to depoliticize disciplinary proceedings had the opposite effect. By using its powers to review dismissals and other disciplinary actions, the Commission took sides in the political squabbles in departments and protected its allies from dismissal by department heads, no matter how incompetent or insubordinate these allies were.(142) This problem became even more acute as the reformers began to make electoral breakthroughs.(143)

The department heads and the Mayor, insofar as he was heeded by the department heads, controlled patronage in the competitive class. Ward leaders dominated the labor class positions and most appointments, while the city committee distributed the county jobs among the ward leaders.(144) Thus, it was held:

The Philadelphia civil service system was tightly controlled from top to bottom by the party City Committee; every job in the unclassified and classified services required the endorsement of some member of the regular party organization—in most cases, the ward leader where the applicant lived. (145)

Compounding the problem of political interference was the lack of funds appropriated by City Council for the operation of the civil service system. Under the 1919 Charter, indeed ever since 1885, this starvation of funds had existed, with the apparent purpose being to cripple the Civil Service Commission and the merit system altogether.(146) There were many positions in the exempt class which could not be justified. Salary disparities existed among the various departments. Although a classification code was drawn up and approved by the Civil Service Commission, City Council had never enacted it into law.(147) Hiring and firing were effectively, if not formally, in the hands of appointing officers. Disciplinary actions were discretionary and limited chiefly by the considerations of the spoils system.(148) The result was a dearth of qualified personnel and great inefficiency.(149) This state of affairs culminated in urgent pleas for:

(1) consolidation of city and county offices;(150)

(2) mandating a sufficient operating budget for the civil service system; (151)

(3) maintaining an absolute minimum number of unclassified positions and abolishing the exempt class altogether; (152) and

(4) developing a job classification code.(153)

The civil service law of the pre-Home Rule Charter period, while attempting to foster merit employment, contained far too many loopholes to resist efforts at subverting that goal.(154) Evasions of the law through the exercise of political pressure were pervasive and successful. (155)

XIII. CONCLUSION

The 1919 legislative Charter enacted by the Pennsylvania General Assembly failed to establish a suitable framework for the effective governance of Philadelphia. The 1919 Charter's "limited executive" form of government divided responsibilities among the Mayor, City Council, and other elected officials in what proved to be a completely untenable fashion. This unworkable division of duties, combined with inadequate financial provisions, permitted and at times encouraged political machine rule, excessive political patronage, and general mismanagement of Philadelphia's city government.

Pressure for reform led the General Assembly in 1949 to authorize Philadelphians to adopt their own (home rule) Charter; a Charter Commission was appointed in that year to draft a proposed charter which, with the approval of Philadelphia's electorate, became the 1951 Philadelphia Home Rule Charter.

To cure the serious deficiencies of the 1919 form of government, the 1951 Charter sharply distinguished between executive/administrative powers—vested in the Mayor—and legislative powers—vested in City Council. Its central organizing principle is that the city should be operated under a strong Mayor form of government, with the centralization of accountability for all administrative and executive decisions in a single elected official -the Mayor. Consistent with this principle, the responsibility for the conduct of the city's service departments is vested in the Managing Director, appointed by the Mayor.

The past thirty years have substantiated the Charter Commission's belief that the strong Mayor form of government would provide Philadelphians with a more effective form of municipal governance than was established by the 1919 Charter. Whether or not the strong Mayor form embodied in the 1951 Charter is the best form available, or needs modifications, are separate questions which this chapter does not address.

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Chapter Three A Financial History of the City of Philadelphia, 1920-1951

SECTION ONE

I. INTRODUCTION

One of the most important aspects of a presentation of the history of the city of Philadelphia under the 1919 Charter is an analysis of financial administration and its relationship to the economic health of the city. During the thirty years of its operation, the 1919 Charter had shown that it could not provide effective guidelines for the management of the city. It was the task of the 1949 Charter Commission to determine what measures would be needed in a new home rule Charter which would attempt to insure that Philadelphia's future financial wellbeing would be safeguarded.

In order to assess how the 1951 Home Rule Charter was constructed to deal with the city's financial administrative problems, a clear understanding must be reached of the issues that were faced by the city under its previous form of government. Thus, Section One of this chapter will describe how the 1919 Charter operated under the economic conditions of the period from 1920 to 1950. Section Two will examine the defects in the financial provisions of the 1919 Charter.

The 1919 Charter contributed to the city's financial disorder by accelerating the transformation of severe external economic problems into financial crises within the city and by permitting official mismanagement. National economic problems were obviously beyond the control of any Charter provisions and nothing in that document could have forestalled the Great Depression that struck Philadelphia, the nation, and the world in 1929. However, certain major defects, such as the lack of a capital program planning agency which would coherently plan capital spending, and the absence of close controls on public expenditures, permitted vast overspending by the city during the prosperous 1920s. These defects left Philadelphia unable to operate efficiently during the era of the Great Depression in the 1930s.

Mismanagement, or the misfeasance and malfeasance of city officials, was a major contributing element in the weaknesses of the city's financial system. This mismanagement played an important role in the serious deterioration which the city underwent until the 1940s. The

combination of ambiguous or contradictory Charter provisions and the loose interpretation of those provisions by city officials added to the city's problems.

The most serious issue was not how the 1919 Charter responded to uncontrollable and unforeseeable national and global economic problems, but rather the ineffectiveness of its provisions in dealing with Philadelphia's internal financial administration. The main defect of the Charter was the extreme decentralization of responsibility for the running of the city's financial system. This decentralization permitted various officials to perform their duties more out of political or bureaucratic self-interest than in the interest of the city of Philadelphia.

The Basic Operation of the 1919 Charter Budgetary System

The decentralization of the system caused severe problems and confusion. The Charter divided budgetary authority among the Mayor, the Controller, and the City Council. Other officials, such as the Treasurer, the Receiver of Taxes, and department heads also played a role.

The Mayor assembled budget requests from city agencies and county offices, the latter of which were completely outside of city control. The Mayor revised appropriation requests from city agencies and passed the data on to City Council. From the Controller, the Mayor received binding estimates of receipts from all *non-tax* revenue sources and the binding estimate of the city's liabilities. This information, too, went to Council for its consideration.

The 1919 Charter stipulated that the Controller's estimates of non-tax revenue sources and liabilities were also binding on Council, which considered the city's expenses -its long-term liabilities, the current operating expenses of the city agencies—and the city's revenue from non-tax sources. Finally, Council attempted to balance the budget by setting tax rates which would provide income from tax revenue sources.

In an encapsulated form, this was the city's budgetary preparation process, and, while it appeared sound, it was not. The Mayor, who was lawfully designated to be responsible for the collection of important data concerning expenses actually had no adequate staff to assist in carefully analyzing this information. Although the Charter

indicated that the Controller was only to assist the Mayor by supplying the required financial data, the Controller actually had a more important role.. The Controller was an independent, elected city *and* county official, who often set his own priorities. The Charter, in effect, placed significant budgetary authority and indirect policy-making authority in the office of the Controller.

It was City Council's ultimate authority and responsibility to balance the budget, to allocate and to raise money through taxation and, thus, to make its own estimates of revenue from tax sources. Additionally, Council had the authority to make line-item current operating budget appropriations, which meant that Council not only determined how much money was to be allocated to various city departments and agencies, but also determined how that money was to be used within those departments and agencies.

However, Council's authority to balance the budget and its power to set the tax rate were infringed upon by the power of the Controller to make binding estimates of liabilities and estimates of revenue from non-tax sources. By making erroneous or intentional overestimates of revenue from non-tax sources, the Controller could, in effect, circumscribe the authority of the Council to set adequate tax rates. Section Two of this chapter will show in more detail how the extreme decentralization of the authority provided for by the 1919 Charter worked to confuse and to undermine Philadelphia's financial security.

II. PRE-DEPRESSION PROSPERITY

A. A Description of the Times

For Philadelphia, 1920 was an important year, not only because it was the first year of Philadelphia's government under the 1919 Charter, but also because it marked the beginning of a nine-year period of financial prosperity that could aptly be called the precursor of financial disaster. At the end of the First World War, the United States sank into a short-lived post-war economic depression that was caused chiefly by the process of conversion from a war-time economy into a peace-time economy. Millions of soldiers returned home to enter the labor force, rationing was ended, and industry began to adjust its capacity to civilian needs. However, when President Calvin Coolidge took office upon the death of Warren G. Harding (August 2, 1923), the economy had already recovered substantially.(1)

Coolidge appointed Herbert Hoover to the post of Secretary of Commerce, and the policies of these men led the nation into an era of unprecedented prosperity and optimism. Federal taxes were slashed, funds for investment were easy to obtain, and the nation flourished under a new ethic that worshipped the freedom of business activity and abhorred government intervention in the economy.(2) This attitude was to have serious consequences for Philadelphia when the Great Depression struck in 1929 and when Hoover (elected President in 1928) decided that the burden of relief was to be placed largely on state and municipal governments.(3)

For a time, Philadelphia enjoyed the optimism that swept the nation during the 1920s. As business and industry flourished, especially in the industrial northeast, the city found it necessary to make capital improvements to accommodate this rapid growth. New industrial, commercial, and transportation facilities were constructed.(4) New investment in residential improvements and community development were required by the large population movements from rural to urban areas, movements being made in order to take advantage of new job opportunities. (5)

Technological developments also contributed to the changes in Philadelphia. For example, the widespread introduction of the motor vehicle into American society made new and improved roads, bridges, and parking lots essential. The Philadelphia Chamber of Commerce described this economic metamorphosis in the following passage:

Tremendous development of the port, expansion of industries, expenditure of large sums upon vast programs of building and home construction, for transit and water systems, the complete remodeling of the face of the city. (6)

Signs of this expansion providing for Philadelphia's future with new hotels and office buildings, part of a construction program without parallel in the country lie all about . . .

A development on a huge scale is in progress in Philadelphia equalled in no other American city at this time . . . (7)

B. Capital Improvements: How They were

Financed

In light of the economic conditions of the time, the majority of these capital improvements were justified; economic expansion demanded them and also made them possible. Under the 1919 Charter, the city financed capital improvements through its capital fund. For a particular project, bonds were issued, the proceeds of which were placed in the capital fund, and were used as needed for that project. There were several restrictions placed on this procedure by the state:

(1) this debt was to be incurred only for specific purposes;(8) the project had to be a capital improvement, and could not be for the purpose of paying current expenses (payroll, interest on bonds, other debt service charges, expenses for materials and supplies, and other general annual city expenditures);

(2) a provision for the paying of the debt at maturity was required;(9) annual appropriations were to be made from the budget to a special fund, the Sinking Fund, for the purpose of paying of debts at maturity;

(3) the size of the legal debt could not exceed the state debt limit;(10) the debt limit was the numerical figure equal to ten percent of the assessed valuation of all taxable property in the city;(11) the legal debt was the non-self-supporting debt (projects that did not generate enough revenue to payoff their own

debt are termed non-self-supporting), both bonded and floating, minus the amount in the Sinking Fund and a few other legal deductions;(12) the amount by which the debt limit exceeded the legal debt was designated the borrowing capacity.

C. Capital Improvements: The Beginning of the City's Problems

All of the above restrictions were abused to varying degrees by the city's officials, but the debt limit was of particular importance in the context of the 1920s and the beginning of Philadelphia's financial difficulties. The formula employed in calculating the city's debt limit proved to be extremely sensitive to annual economic fluctuations. As the economy boomed during the 1920s and new capital improvements were constructed, the assessed valuation of all taxable property in the city climbed steadily; therefore, so did the debt limit. The more private sector improvements that were made, the more the debt limit expanded, and the more public improvements it was possible to make.

Philadelphia officials took advantage of this, and issued bonds as fast as the rapidly climbing debt limit would allow.(13) Mayor W. Freeland Kendrick could have listed the numerous improvements that had been made during his term (1924-1928): new sewer systems; highway improvements, including the installation of electric lights; the construction of the Broad Street Subway; the Philadelphia General Hospital; the new City Hall Annex building; the House of Correction; the new Free Library; the Art Museum; the renovation of the port; and the beautification of the banks of the Schuylkill River. (14)

D. Economic Factors and the Exhaustion of the City's Borrowing Capacity

Several economic factors, resulting from the nationwide Depression, combined to throw the city into a condition of extreme financial distress. First, the general price level (the wholesale price index) began to fall in 1929 and continued to plummet until 1932, when it stabilized to some degree. During this period, the price level fell from 95% of its 1926 value to 65% of that same figure and would not recover to a level comparable to 1929's until 1942. At first, this merely slowed the trend of sky-rocketing assessments. However, when the general effects of the Depression caused investment itself to drop off dramatically, the result of the two factors was that assessments also dropped sharply. The debt limit dropped, and borrowing capacity shrank steadily.(15) The city was to pay for its past economic extravagances.

E. Consequences

Numerous difficulties resulted from this state of affairs. One of these was the size of the net bonded debt,

which attained the then enormous magnitude of over \$445,410,000 in 1932. However, the majority of the bonds would not mature for some time, so that this was not the city's immediate problem. The most serious short-term consequence of this situation was the lack of new borrowing capacity. Having exhausted it during the 1920s and early 1930s, the city was without capacity when the full force of the Depression struck the local economy. Since President Hoover had decided that economic relief was to be largely a local matter, Philadelphians suffered. The City attempted to cope with the financial situation by resorting to schemes of questionable legality, such as including in the 1935 budget fictitious revenues from the sale of city-owned property.

Another serious consequence of incurring this huge funded debt was the burden of the outstanding bonds added to current expenses: annual payments to the Sinking Fund were required to be appropriated in the annual operating budget. Other debt service charges that were to be provided for annually were the interest on bonds and a state tax on the bonds. The city paid this state tax so these bonds could be issued tax-free and, thus, would be more attractive to investors. These total debt service charges constituted nearly 40% of the city's current expenses throughout the decade of the 1930s. For instance, in 1937, debt service charges amounted to over \$31,000,000, compared to the city's total operating expenditures, including those for debt service, of \$80,000,000. The debt service charge nearly equalled the pay of 19,000 city employees.(16)

The drastic change from unprecedented prosperity to economic emergency in such a short time would have threatened the solvency of the city's general fund, even without the burden of the debt service charges. While the capital funds were intended to finance long-term capital improvements, the general fund was intended to finance current expenses. As already mentioned, current city expenses were of four types: payroll, debt service, materials and supplies, and others.(17) The general fund received revenue from taxes, fees, rents, and licenses.(18) These sources were grouped into receipts from taxes and receipts from miscellaneous sources.

The 1919 Charter recognized the need for a certain amount of short-term or "floating" debt, that is, debt that had to be passed on to the next fiscal year for payment. This would have been necessary only when unforeseen circumstances necessitated expenditures unappropriated in the current budget. However, the Charter also stipulated that such debt would be considered a liability on the following year's budget, and that it must be paid off in that year. Thus, the Charter intended that only a minimum amount of this floating debt should have existed. However, the Great Depression, severe economic forces, and poor management created unexpectedly high debt figures.

The drop in assessed real estate valuation, which along with the tax rate determines the tax levy, was a stunning blow in itself. Coupled with a rise in delinquent real estate and personal property taxes that is characteristic of

depressed economic conditions,(19) a severe loss of city revenue-producing power occurred. By 1934, the delinquent real estate tax problem had reached enormous proportions.(20) Total delinquent real estate taxes in that year were nearly \$34,000,000, equal to 60% of 1933's actual receipts from real estate taxes. Almost half of that amount represented current tax delinquency. Compounding the problem of this loss of funds was the fact that necessary expenditures were growing. Enormous fixed debt service charges and unemployment relief, which were the responsibility of the city, required constantly larger sums as conditions deteriorated.

F. Conclusions

The extraordinary economic conditions of the period from 1920 to 1934 indisputably played a major role in the city's financial problems. The spirit and letter of the 1919 Charter could have been followed in every detail, but the wild economic fluctuations and the inflexible state debt limit formula probably still would have placed Philadelphia in an extreme financial situation in 1934. Still, fiscal irresponsibility during the 1920s made the situation worse than it might have been otherwise. Continued corruption and mismanagement during the period from 1932 to 1939 took the city to the brink of disaster. Only a sudden policy change toward realistic and prudent financial management could have saved the city from complete financial collapse.

III. COPING WITH DISASTER: OFFICIAL MANAGEMENT

A. Current Expenses Financed from the Capital Fund

Much was left to be desired in the conduct of the city's officials with respect to solving the city's debt problems. During the 1920s, the ease of borrowing funds made it tempting to finance current operating expenses, as well as capital expenses, with borrowed dollars.(21) Indeed, city officials found this irresistible, since it permitted them to provide increased city services and to defer payment for them into the future. Also, a balanced budget, as required by the 1919 Charter, could be attained, since long-term debt was outside the annual budget procedures.

The question arises concerning how borrowed funds could be used by city officials to pay current expenses since the state Constitution and the Charter both often prohibited this action. One way in which this could be, and, in fact, was done was simply to ignore this provision. Both the Pennsylvania Constitution and the Charter provided that the City Controller had to certify that funds would be employed as the law provided, but this had not been done, and capital funds were used for current operating expenses.(22) For example, from the capital fund, Philadelphia had paid nearly one million dollars into the Sinking Fund, which was to be provided for only out of current expenditures. Capital funds were also used for

current expenses through the deliberate carrying of a short-term, capital fund floating debt. This brings us to the 'mandamus evil', another method of misusing capital funds for current operating expenses.(23)

B. The Mandamus Technique

City officials often entered into contracts for the purchase of property without sufficient money in the capital fund for this purpose. This problem was caused in part by the lack of planning of city bond issues.(24) Without adequate funds to pay all those persons with legitimate warrants, the city was frequently taken to court, where a mandamus would be issued ordering the city to pay the particular complainant. The city would then issue a certificate bearing six percent interest and payoff the debt as much as six years later.

Such unpaid mandamuses and warrants constituted a significant portion of the capital fund floating debt, and it is important to note that they were growing in importance in the early 1930s.(25) This debt was usually paid off with the proceeds of a fifty-year bond issue and was illegal on several counts. First, the total life of the debt would be as much as fifty-three years, which exceeded the fifty-year maximum set by the state.(26) Second, when the mandamuses were finally paid off, the total paid included interest charges of six percent per year for as much as three years. This interest payment was a debt service charge and, thus, a current expense, but it was paid out of capital funds.(27) This was a blatant violation of the Charter and the State Constitution. Additionally, this was also a more expensive means of financing such property. Thus, there were \$11.9 million worth of mandamuses payable in 1931, and the interest of six percent per year alone amounted to \$714,000. Instead, these liabilities could have been bond funded at only four percent, and savings on interest annually could have amounted to \$238,000, or approximately \$660 per day.(28)

Established over the preceding years,(29) this mandamus practice was used throughout the 1930s.(30) It was an attractive tactic, mostly because it was a handy form of borrowing.(31) It invited city officials to incur expenses by legal delay, instead of by sound appropriation and budgetary practices.(32)

C. Recapitulation

In the 1920s, city officials realized that it was easy to obtain money for capital improvements through long term borrowing. They intended to provide expanded city services, but felt hampered by the Charter requirement that the budget be balanced. Intentionally or not, advantage was taken of shoddy bookkeeping practices. For example, Controllers vouched for capital fund expenditures that were ultimately and illegally used for current expenses. This practice added to the city's legal debt and hastened the exhaustion of the city's borrowing capacity. However, the real harm was that these practices opened the way for more serious abuses along similar lines later. When the Depression hit, city officials realized that a

new source of revenue had to be discovered if they were to continue to spend as in the past.

Mayor Harry A. Mackey's administration (1928-1932) desired to continue and even to accelerate the improvement program. It was still believed that the Depression would be short-lived and spending would hasten the coming prosperity.(33) Current revenues never were sufficient to support the expenditures being made, but as the tax revenues dropped because of falling assessed valuations and rising tax delinquency, balancing the budget, even on paper, was becoming a problem. Raising taxes at that time would have been difficult for elected officials, so other methods of raising money were sought.

One way of dealing with this difficulty was "shortchanging" the budget. Thus, the budget was balanced on paper, even though appropriations were insufficient for a full year's operation. When money ran out in 1929, the city took advantage of its power to take out a \$2 million emergency loan, another example of the use of the capital fund floating debt for current expenses.(34) This happened again in 1930 and 1931. These loans were intended to be used for emergencies, but instead, were used to meet intentionally shortchanged payrolls. For instance, police pay in 1930 amounted to \$9.3 million, but only a little over \$7 million was appropriated for their payroll in 1931. (35_ Emergency loans had to be paid off within one year, and, frequently, new loans were taken out to pay old ones. Bonds were ultimately issued to pay off the loans,(36) so, in the end, the capital fund was used to finance current expenses once again.

D. Attempts to Avoid the Loss of Borrowing Capacity

This practice merely hastened the inevitable demise of Philadelphia's borrowing capacity, abetted by the falling debt limit. City officials tried almost everything to extend the capacity, however, and considered purchasing the Philadelphia Rapid Transit Company. It was assumed that the earnings of the P.R. T. would be large enough to payoff the bonds issued for its purchase and that there would still be enough remaining to payoff the outstanding Broad Street Subway bonds.(37) Thus, the entire transit service, now united under city ownership, would be self-supporting, and the debt for the Broad Street Subway could be removed from the legal debt figure. This was intended to create additional borrowing capacity, but never occurred.

Another idea, destined never to materialize, proposed borrowing 17 million dollars, using the ever-increasing delinquent tax pool as collateral.(38)

Help was also sought from the State Legislature. The "Sterling Bill" would have authorized the city to increase the size of its emergency loans from \$2 to \$8 million, but it failed to pass, as did the "Woodward Bill", which proposed to withhold ten percent of the pay of all county employees until the delinquent taxes were gathered. Proponents argued that this would make all county employees tax collectors, presumably by giving them personal incentive, and would thereby solve the delinquent tax problem. The desperation of Philadelphia's

financial officials was manifested in these dubious financial measures.

One feasible, though suspect, maneuver had been found. The Charter required that yearly appropriations be made to the Sinking Fund to lower the city's debt. The money in the Sinking Fund was invested in federal, state, and local securities, where it earned interest. Appropriations could be reduced by the amount that the money was earning, so long as the total provided the funds each year was equal to or greater than the required annual payment. Surpluses had been found in the past in the funds because the rate of earnings had actually been greater than assumed.(39) This was seen by the city's officials as a way to stretch dollars.

Using a series of retroactive substitutions of higher assumed earnings rates, the city was able to claim that surpluses existed in the Sinking Fund and justify decreased or eliminated payments to the Sinking Fund.(40) Whether the surpluses really existed or not is unclear.(41) The Bureau of Municipal Research stated that: "Not only did it (the city) reduce the normal appropriations by- the actual surpluses in the funds, but it reduced them by large additional sums through an erroneous method of computing the surpluses." (42) BMR went on to say that some of the surpluses were transferred to other funds and used to offset appropriations to them.(43) No money was removed from the general fund, but in the 1930 budget, Council simply reduced appropriations to the Sinking Fund and used the money elsewhere.(44)

IV. COPING WITH DISASTER: PHILADELPHIA'S FINANCIAL OFFICIALS, 1932-1939

A. Mayor Moore vs. Controller Wilson

When J. Hampton Moore took office as Philadelphia's Mayor in 1932, he was greeted by a city treasury so depleted that it could not meet the January 1 payroll. More than \$20 million was owed in delinquent real estate taxes, and the gross funded (bonded) debt had reached a new high of \$550 million. The 1932 budget prepared by Moore's predecessor called for no tax hike, because great public opposition to such an increase had persuaded Council to cut \$13 million from the budget instead.(45) This appeared to be deliberate shortchanging, and did not go unnoticed at the time. Clarence G. Shenton, the Assistant Director of the BMR, in a paper prepared for a meeting of the American Academy of Political and Social Science on November 30, 1932, stated:

"...the possibilities of solving the problem through dropping of employees and elimination of waste have been considerably exaggerated. ...

"In the first place it will be necessary to set aside about \$36,000,000 for fixed charges, the 1932 emergency loan, mandamuses, and other obligations for which appropriations are mandatory.

"There remains \$52,000,000 for what may be called operation and maintenance. This is the field in which budget cuts must be made.

"I should be very skeptical of the ability of anyone. ...to prove that as much as ...\$5,000,000 of the estimates for operation and maintenance is clear waste. ...Waste exists, but the items seem to run in tens or hundreds of thousands of dollars, not millions."

Mr. Shenton further points out that, even if all county personnel were dropped, this would eliminate only about 6 million dollars from the estimate of expenditures.(46)

Initially, the new Mayor and Council cut all expenditures to a minimum.(47) Public services were reduced, city institutions, like the Art Museum and the Free Library, curtailed their hours of operation, and it was even threatened that the animals in the zoo would have to be killed or sold.(48) Many departments shifted their employees and forced them to take vacations without pay.(49) Moore's administration was operating under Mackey's inflated budget, however, and the Mayor's attempt to economize led to a split between the Mayor on one side and the Controller, supported by a majority of Council, on the other side.(50) Nevertheless, 1932 ended with a surplus of \$2 million, and 1933 ended with one of \$7 million. This was in sharp contrast to Mackey's last year, which logged a deficit of \$10 million. The breach between the Mayor and the Controller intensified with the preparation of the 1933 budget.(51)

The Charter required that Council "...be bound to accept the estimate of receipts and liabilities furnished to the Mayor by the City Controller. ..." and gave the Controller exclusive power to estimate miscellaneous receipts. These provisions gave the Controller sufficient power to thwart the Mayor's economies.(52) In 1933, the falling debt limit finally passed the legal debt figure, and borrowing capacity was gone for eleven years, during which period the city was limited in the money it could borrow by the amount of debt it paid off. In other words, no net new debt could be created.(53) This was particularly troublesome, since it was a barrier to the city's ability to participate in certain federal Depression relief programs, such as the Public Works Administration matching aid. Controller S. David Wilson had promised to reduce taxes and increase the salaries of city employees.(54) City financial officials had in the past overestimated receipts to balance the general fund on paper, but the money had always been available in the capital fund to pay the bills, even though this practice was contrary to the Charter. For the first time, the city had to rely entirely on currently generated revenue for all its expenses. In order to fulfill his promise, Wilson found it necessary to produce an additional \$4 million—the amount by which his estimate of receipts fell short of his estimated expenditures in the 1934 budget preparation. His 1934 budget estimated that \$18,500,000 worth of delinquent taxes would be collected; this figure was almost twice the three year average specified by the Charter. (55)

Wilson also estimated that \$4,260,000 would be received from the sale of unused city owned property. This prediction proved to be illusory, since such a sale never occurred. Finally, Wilson added \$240,000 "found" in payments from the Philadelphia Rapid Transit CO.(56) The

extra created receipts totalled \$10 million.(57) Mayor Moore refused to sign this budget and returned it to Council on the grounds that the Controller had given the raised estimate directly to Council without showing them to the Mayor first.(58) Council passed the budget over the veto.

A dubious practice was revealed at this time.(59) Wilson had "merged" the \$1 million appropriation for the state tax on city bonds in 1932, thus making the payment to the state delinquent, while only one year's appropriation was made in 1933.(60) He repeated this in 1934, putting the city two years behind in the payments, and \$2 million in debt to the state. The City Solicitor had ruled that the money must be paid. This was one reason for the creation of \$6 million of extra revenue receipts in the 1934 budget above the \$4 million that Wilson needed to balance his budget.

At the close of 1934 there was a general fund floating debt of over \$4 million. Unlike in the 1920s, no money existed in the capital fund that could be shifted to pay outstanding expenses. The entire amount, therefore, was a liability in the 1935 budget.(61) Having retired \$16 million worth of bonds in 1934, the city was able to borrow \$9,160,000 from the Sinking Fund and local banks to meet the payrolls and warrants.

The city's financial distress exacerbated the problems between the Mayor and the Controller, with the result that no decisions were reached.(62) No new tax rate had been enacted by the December 15 deadline, so the old rate of \$1.75 for each \$100 of assessed valuation continued for another year. City Council did not pass the annual appropriation ordinance until January 15. Thereafter, the Mayor vetoed the ordinance and it was not until the 28th that Council overrode the veto. As a result, during the first two weeks of January, 1935, the city could not enter contracts, make purchases, or pay its employees.

The 1935 budget repeated the \$4,260,000 estimate for revenue from the sale of city-owned property, despite the fact that nothing was received from this source in 1934. In 1935, only \$124,807 was generated. In *Philadelphia's Budget Procedure*, a paper written for the 1937 Charter Commission, Robert J. Patterson of the BMR stated that the Controller had said that he "...deliberately put this \$4,260,000 item in his estimate of receipts to enable the city to 'operate on credit during the years 1934, 1935, and 1936.'"(3) The budget also indicated that \$18 million worth of back taxes would be collected, when only \$14 million was collected the year before. (This was a new high record.)

Disagreement over the suspended payments to the Sinking Fund and the existence of surpluses raged as one major point of conflict between the two factions in the city government. In January of 1935, the State Supreme Court decided that the city could not use money received from the Delaware River Bridge for current expenses over what was needed to pay the city's share of the costs of the project.(64) Council then sought to have the money declared part of the Sinking Fund, so that a surplus could be declared and appropriations could be used for other

purposes.(65) The matter was decided when the Mayor sued himself and the Controller, as members of the Sinking Fund Commission, along with Council and the City of Philadelphia for the \$7,771,780 that was now due to the Fund. The Court sided with the Mayor, but no money was received until 1936.

J. Hampton Moore sought to carry through his economy measures but the 1919 Charter limited his power to fight Controller Wilson, who was elected to the office of Mayor in 1936 by the citizens of Philadelphia as the man who had lowered their taxes. As Mayor Mackey stated in 1931, the city's indebtedness ". . . means nothing, because per capita indebtedness is not what affects the people. It is the tax rate which concerns them."(66)

B. Financial Administration Under Mayor Wilson

Wilson inherited a budget of his own making, which was immediately called "another fictitious paper balanced budget of Controller Wilson."(67) Estimated receipts from delinquent taxes were \$21 million, which was over \$6 million higher than the 1934 peak of receipts from this source. This occurred despite the fact that total delinquent real estate taxes were over \$4.5 million less than they were in 1934. The \$4,260,000 from the sale of city-owned property was included for the third year. Meanwhile, on the expenditure side, only \$3,049,778 had been appropriated to the Sinking Fund, while about \$15 million was actually due (past delinquency plus the 1936 payment).

On December 5, 1935, the City Council voted unanimously to reduce the tax rate to \$1.70 per \$100 assessed valuation. Taxpayers were told that this was possible because greater economy would be exerted, and because the financial condition of the city was so good that the reduction was warranted.(68) This occurred despite the fact that all indications suggested that a tax *increase* was needed.(69) Assessed valuations of taxable property continued to fall. This in itself would have lowered the tax receipts.(70) Further, the City Council had run out of places to look for additional funds.(71)

To raise money, the City Council took out another \$2 million emergency loan. As the Philadelphia Advisory Finance Commission concluded in its May, 1938, report, *Finances and Financial Administration in Philadelphia*, Council continually misused the emergency loan provision of the 1919 Charter. This misuse encouraged the making of an unbalanced budget and made impossible the use of the additional appropriating power when any emergency occurred. In search of new sources of funds, Mayor Wilson went to Harrisburg, where he was instrumental in the passage of a bill in the State Legislature that would have allowed the Mayor and the Controller (Dr. R. C. White) to borrow money against anticipated revenue. He also petitioned the State Supreme Court to allow the city to pay part of its Sinking Fund delinquency over time, in \$1 million installments. The Court permitted the city to pay the 1935 delinquency in million dollar installments and to pay the 1936 delinquency in half million dollar installments.

A cumulative deficit of almost \$22 million occurred at the end of 1936, an increase of \$5 million over 1935. Expenses had risen over \$2 million, assessed valuations were still low, and the tax rate was still at \$1.70. Council requested Controller White to include the \$4,260,000 figure again, according to Robert J. Patterson of BMR.(72) White refused, adding only \$124,807, which was the amount received in 1935 from the sale of city-owned property. He soon made up for his earlier rectitude by inflating the estimate of revenue from delinquent taxes, and revising his estimate of total revenue from miscellaneous sources by over \$6,000,000, even though there was no corresponding increase in the individual items making up this total.(73) Patterson stated that this was a clear violation of the 1919 Charter.(74) Despite this, the 1937 budget was passed and signed on January 14, 1937.

Over the years, under-funded departments and those that had their funds transferred to other under-funded departments had been paying their costs using deficiency bills that were paid off through the \$2 million emergency loans. In 1937, the situation was so severe that the loan had to be used immediately. Despite the fact that these bills allowed the departments to function over the short term, they were harmful in the same way as the mandamuses. They allowed the city to function temporarily, but without any provision that the bills would have to be settled somehow in the future.

The State Legislature produced a bill that permitted the city to payoff any debt over \$25 million over five years, instead of within the next year as stipulated by the 1919 Charter. This was intended to allow the city to balance its budget. However, this action indicated that the city's financial situation had reached the point at which only extraordinary steps could attain a semblance of temporary fiscal order.

When, in connection with the 1938 budget, the State Supreme Court ruled that more than \$7 million was due the Sinking Fund as a result of the Consolidation Act of 1937 being declared unconstitutional, the temporary reprieve was over. (The Consolidation Act of the State Legislature allowed the city to merge its Sinking Fund into one fund.) Finding nearly \$10 million to bridge the gap between estimated receipts and expenditures delayed passage of the city budget to March 21, 1938.(75) In the end, the Controller merely elevated his estimate of receipts from sources by \$7 million, without explanation.(76) Unofficially, however, the extra revenue was identified as his estimate of receipts from the new 2% sales tax that was enacted for ten months.(77) Actual receipts were in the area of \$6.5 million. This is significant because this was the first attempt to deal with the situation by creating new taxes.

An important decision was handed down by the State Supreme Court in late 1938. The Court, ruling on a taxpayer's suit, said that the city's budget procedure followed all these years was contrary to the intent of the Legislature, as embodied in the 1919 Charter.(78) The Court ruled that the Council, not the Controller, was to estimate the receipts from delinquent taxes,(79) since these were tax receipts and *not* miscellaneous receipts. The extraordinary

attempts of the city to deal with these circumstances led to an exploitation of this vague provision of the 1919 Charter, and the consequent ruling by the Court.

The end of 1938 also saw another significant landmark: the cumulative deficit reached a new record high of over \$32 million despite the new tax and falling tax delinquency. Preparation of the 1938 budget had shown problems in merely balancing the budget on paper. Paying off the cumulative deficit of \$32 million would have been difficult in the best of times, and in 1938-39 the economy was just beginning to recover. By 1939, though, the problem had moved beyond the realm of an accountant's nightmare, and struck the average citizen in a more noticeable way. Essential city services such as water, fire protection, and police protection were on the verge of collapse. (80) On November 25, 1938, organized labor asked Council to declare bankruptcy, but it refused on the ground that it still had the ability to tax, and thus did not have justification under federal law.

These realities must have been sobering to the Controller, and in the 1939 budget, he submitted realistic estimates. (81) For the first time in many years, delinquent tax receipts were estimated at or below what they had yielded the year before. Ironically, the decision by the Court, intended to bring sound management to Philadelphia by placing the delinquent tax revenue estimate in the hands of Council, thwarted the first real attempts at realistic management. Council immediately inflated the delinquent tax receipt estimates by \$4.7 million. (82) Even so, estimated receipts fell short of estimated expenditures by \$14.3 million.

The general fund floating debt had become uncontrollable. It had been growing bigger every year and, by 1939, the situation seemed irremediable. Worse, it threatened to crush the solvency of the city of Philadelphia. The difficulty in managing this debt was attested to by the unprecedented eight-month delay in passing the 1939 budget, which was not enacted until August. The final solution arrived at in July was the "sale" of the city-owned gas rentals for eighteen years for \$52 million.

The deal was made in terms of a sale, but it was actually a \$41 million loan taken against the gas works, and the term would extend to when the city could pay back the \$41 million principal, and \$11 million in interest. (83) The financing institution was the Reconstruction Finance Corporation. It appears that the reason for calling the deal a "sale" was probably that a "loan" was still impossible because of a lack of borrowing capacity. The money nearly eliminated the floating debt (cumulative deficit). The bonded debt had been reduced yearly as bonds matured and were retired. (84)

The 1940 budget included an earned income tax of 1.5%, and it generated \$16 million of new revenue. Total revenue for the year was \$80 million, indicating that without the new tax, the city would have been \$3 million in the red. This was a crucial point in Philadelphia's financial history. City Council had finally done what it had avoided doing all those years, to the detriment of the city: it enacted a new tax. Indeed, by 1950, the wage tax accounted

or about 30% of the city's revenue and continued as the city's most productive source of general revenue. (85)

Other indications of the new direction in Philadelphia's financial management were the accuracy of estimates in budget preparation, the issuance of serial bonds in refunding operations, and new bond issues. Serial bonds required yearly payments to their holders, rather than one payment on the date of maturity. This attracted lower interest rates, and avoided the disputes over the size of appropriations to the Sinking Fund. (86)

V. RECOVERY AND THE FUTURE

The Second World War was a factor in Philadelphia's recovery, as well as in the nation's. The influx of income from the war industries strengthened the tax base, and the post-war inflation sent assessments upward. This was one aid to the restoration of borrowing capacity in 1944. Others were State Supreme Court rulings that the Frankford Elevated could be considered self-supporting, and that the sewer rent ordinance of 1944 was legal.

The post-war period brought a new wave of capital improvements, which was understandable since improvements had virtually stopped being made in 1933, and a considerable backlog resulted. The new economic climate presented a new set of problems. The Philadelphia City Planning Commission predicted rapid change in the city over the next thirty years. While a 23% increase in population was expected, so was a radical change in the socioeconomic character of the city that would accompany the overall growth. (87) The more wealthy taxpayers and businesses would continue to move out to the suburbs, leaving a higher proportion of low income families in the inner city. This would mean slower growth in tax revenue, and greater demand for city services. (88) It was also felt that the city would have to work hard at developing itself as a major industrial, commercial, and cultural center, if it were to offset the trend of population and commercial movement to the "sun-belt" at the expense of the industrial northeast. (89) Also a factor was the necessity to compete with New York and the other large northeastern cities. (90)

Philadelphia had been overshadowed especially as an air-traffic center. (91) The Commission also foresaw the entry of women into the labor force. It recommended the selective development of certain geographical areas, such as the central business district and industrial parks.

The Commission envisaged the need for coordinated community planning that this type of development would necessitate, and significantly, recognized the need for comprehensive municipal financial management that would be at the core of these changes, and make the best long and short term choices:

" A long-range financial and administrative planning division of a well-staffed budgetary arm of the city government would be of great assistance in preparing the recommended program of public improvements more intelligently and with greater assurance ...

Notes

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3. Ibid., p. 619.
4. James P. Roberts, "Philadelphia's Debt Movement", 1928-1950" unpublished Master's dissertation, University of Pennsylvania, 1952), p. 75.
5. Ibid.
6. Philadelphia Chamber of Commerce, *Philadelphia's Past Achievements, Present Greatness, and Future Possibilities* (Philadelphia: Chamber of Commerce, 1924), p. 7.
7. Ibid., p. 9.
8. James P. Roberts, *op. cit.*, p. 13.
9. Ibid., p. 14.
10. Ibid., p. 16.
11. Bureau of Municipal Research, *Philadelphia's Debt, Revenues, and Expenditures, 1920-1949* (Philadelphia: Bureau of Municipal Research, 1950), p. 13.
12. Bureau of Municipal Research, *Debt Stabilization and Its Relation to Philadelphia's Public Improvement Program* (Philadelphia: Bureau of Municipal Research, 1951), p. 8.
13. Bureau of Municipal Research, *Philadelphia's Debt, Revenues, and Expenditures, 1920-1949*. p. 13.
14. W. Freeland and Kendrick, *Message of Mayor W. Freeland Kendrick Transmitting to City Council of Philadelphia Budget Requests of City and County Departments for the Year 1928* (Philadelphia: City of Philadelphia, October 13, 1927), pp. 4-6.
15. The City of Philadelphia exceeded the debt limit by \$24,811,381 in 1933.
16. Edward R. Heydinger, "A Financial History of the City of Philadelphia, 1929-1939" (unpublished Master's dissertation, University of Pennsylvania, 1952), p. 94.
17. James P. Roberts, *op. cit.*, pp. 32-33.
18. Ibid., p. 53.
19. Edward R. Heydinger, *op. cit.*, p. 38.
20. Ibid.
21. Ibid., p. 6.
22. Ibid., p. 54.
23. Ibid., pp. 99-100.
24. James P. Roberts, *op. cit.*, p. 83.
25. Ibid.
26. Ibid., p. 84.
27. Ibid.
28. Ibid.
29. Ibid., p. 83.
30. Edward R. Heydinger, *op. cit.*, p. 99.
31. James P. Roberts, *op. cit.*, p. 83.
32. Ibid., p. 84.
33. Edward R. Heydinger, *op. cit.*, p. 29.
34. Bureau of Municipal Research, *Philadelphia's Budget Procedure* (Philadelphia: Bureau of Municipal Research, 1937), p. 46. 35. Edward R. Heydinger, *op. cit.*, p. 29.
36. Ibid., pp. 33-34.
37. Ibid., p. 31.
38. Ibid., p. 32.
39. Ibid., pp. 23-26.
40. Bureau of Municipal Research, *Philadelphia's Debt, Revenues, and Expenditures, 1920-1949*, p. II.
41. Edward R. Heydinger, *op. cit.*, p. 26.
42. Ibid. 43. Ibid.
44. Ibid.
45. Ibid., p. 35.
46. Clarence G. Shenton, "Philadelphia's Financial Problems" (a paper prepared for a meeting of the American Academy of Political and Social Sciences, November 30, 1932), p. 3.
47. Edward R. Heydinger, *op. cit.*, p. 37.
48. Ibid.
49. Ibid.
50. Ibid., p. 47.
51. Ibid., p. 49.
52. Ibid., p. 50.
53. James P. Roberts, *op. cit.*, pp. 104-105.
54. Edward R. Heydinger, *op. cit.*, p. 66.
55. Actual collections of delinquent taxes in 1934 were only \$3,723,741.
56. Edward R. Heydinger, *op. cit.*, p. 66.
57. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 25.
58. Edward R. Heydinger, *op. cit.*, p. 66.
59. Ibid., p. 72.
60. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 34.
61. Ibid.
62. Edward R. Heydinger, *op. cit.*, p. 73.
63. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 26.
64. Ibid.
65. Edward R. Heydinger, *op. cit.*, pp. 76-77.
66. Ibid., p. 18. 67. Ibid., p. 80. 68. Ibid., p. 82. 69. Ibid.
70. Ibid., p. 83.
71. Ibid.
72. Bureau of Municipal Research, *Philadelphia's Budget Procedure*. p. 26.
73. Ibid., p. 20.
74. Ibid., p. 21.
75. Edward R. Heydinger, *op. cit.*, p. 105.
76. Ibid., p. 106.
77. Ibid.
78. Woodward v. Philadelphia et al., 333 Pa. 80 (1938).
79. Ibid.
80. Edward R. Heydinger, *op. cit.*, p. III.
81. Ibid., p. 114.
82. Ibid.
83. James P. Roberts, *op. cit.*, pp. 97-98.
84. Bonded debt stood at roughly 382 million dollars, while legal debt was at 368 million dollars, and the debt limit was just over 342 million dollars.
85. James P. Roberts, *op. cit.*, p. 99.
86. Ibid., p. 110.
87. Philadelphia City Planning Commission, *Economic Base Study of the Philadelphia Area: Planning Study No.2* (Philadelphia: City Planning Commission, August, 1949), p. 23.
88. Ibid., p. 34.
89. Ibid., p. x.
90. Ibid., p. xiv.
91. Ibid.

SECTION TWO

I. INTRODUCTION

The first section of this report demonstrated that the financial woes of Philadelphia while it operated under the 1919 Charter were caused by many factors. On the one hand, some of these factors, such as the economic conditions of the time and official mismanagement, were not caused directly by defects in the financial administration mechanism established by the 1919 Charter. On the other hand, that Charter did contain many weaknesses in the areas of budget preparation, review, and administration, which resulted in poor municipal financial management from approximately 1920 to 1951. A discussion of these procedural and structural problems in the 1919 Charter follows.

The distinction between Charter-related and external problems can be made, and it should be understood that these factors interacted to produce the city's fiscal problems. For example, part of the city's problem during the Great Depression was the Charter's understandable inability to provide adequately for city emergency financial support in a crisis. The Charter itself was defective in allowing dubious financial practices.

A presentation and analysis of actual Charter defects will be undertaken in the areas of budget preparation, review, and administration. These defects contributed directly to Philadelphia's fiscal problems. Within this, there are three vital areas: 1) the manner in which the financial system operated under the 1919 Charter; 2) the various problems that arose within the system; and 3) the many recommendations made to resolve those problems. A clear understanding of these issues will show how and why the 1951 Philadelphia Home Rule Charter responded and altered the city's financial structure.

II. BUDGET PREPARATION

A. A Description of the General Process

The 1919 Charter divided budgetary powers unevenly between the Mayor and City Council. The 1919 budget could be considered an executive budget only in part because, although prepared by the Mayor, it represented Mayoral plans only for that part of the city government which he controlled.(1) Council participation and county agency involvement made up the other basic elements of the budget.

When the Mayor and Council finally completed it, the annual operating budget consisted of appropriations for City Council, the Mayor, and all departments, offices, county agencies, boards, commissions, and other entities whose financial requirements were to be met out of the proceeds of taxes levied by Council, or any other funds over which Council had control.(2)

The city's budget procedure began when Council adopted a resolution "setting forth the form and detail in which the budget should be submitted by the Mayor to

Council."(3) Council did this if it wished some change in the form or detail of the previous year's budget. If it did not, the budget was prepared in accordance with the last resolution passed. The most prominent feature of the budget was the line item form, demanded by Council regularly, which required that allocations for the various government agencies be broken down into objects of expense such as personnel services, materials, etc. The allocation was further divided to show how funds were to be distributed within each object of expense. Usually, Council adopted this resolution by August 15. After that, the Mayor took charge of the formulation process until October 15.

During this phase, the Mayor received from the various departments under his official purview budget requests for the next fiscal year. These departments included City Architecture; Law; Transit; Public Works; Public Safety; Public Health; Public Welfare; Wharves, Docks and Ferries; and Supplies and Purchases. Section 1, Article 17, of the 1919 Charter empowered the Mayor to revise these budgets at his discretion.

The Mayor also received budgets from the various agencies not under his direct control. These were county agencies such as the Controller, Treasurer, Commissioners of the Sinking Fund and Fairmount Park, Clerk of Quarter Sessions and Council, Coroner, Receiver of Taxes, Board of Revision Taxes, Recorder of Deeds, Sheriff, Register of Wills, and the Registration and Civil Service Commissions.(4) The same Charter provisions giving the Mayor budget revision powers over executive departments seemed to grant him the same powers over these county agencies. Despite this fact, all county agencies were actually independent of the Mayor, and, therefore, beyond his or Council's discretionary budget revision powers.(5)

The Mayor also assembled tabulations of the estimated non-tax receipts and liabilities of the city for the upcoming year. Sections 2 and 4, Article 17, of the 1919 Charter provided that the Controller furnish the Mayor with these statements.(6) The Mayor later passed these on to Council unchanged, since the Charter also stipulated that the Mayor and Council were bound by the Controller's estimates of non-tax receipts.(7) Though the 1919 Charter provided that only Council could estimate tax receipts, until 1938, when the State Supreme Court ruled against the practice, the Controller estimated both non-tax and tax receipts.

The Charter called for this stage of preparation to be completed by every October 15, at which time the Mayor had to furnish Council with the statement of receipts, liabilities, money proposed to be borrowed, and estimated statements of expenditures for all city and county government units.(8)

Though Council was bound by the Controller's estimates of non-tax receipts and liabilities, it possessed full discretion to determine the expenditures to be met out of city monies.(9) The Charter stipulated that Council should do this by adopting a budget ordinance on or before December 15. The Charter also directed that Council fix a tax rate by the same date in order to balance the budget,

provide funds to meet operating expenses, liabilities, payments to the Sinking Fund, other commitments to floating debts, and all capital expenditures which could not be met out of loan funds.(10)

This was the procedure through which the budget was prepared. In many respects, the financial mechanism as established by the 1919 Charter did not result in sound financial management. In particular, serious problems existed in the estimation of receipts and liabilities, the management of debt, the formulation of capital expenditures, and the participation of the Mayor in budget preparation.

B. Estimation of Receipts

The statutorily required estimate of receipts was an important element of the city's annual budget. That estimate included a projection of receipts from real estate taxes and became the limit for the annual appropriating ordinance. II The estimation of receipts was also important because Council set the rate for the new real estate tax according to what the Controller said the old rate would add to the city's coffers.

The estimate of receipts also proved to be one of the more troublesome aspects of the budgetary process. One of the reasons for this was the nature of the estimate. In reality, it was not an estimate at all, but rather a set figure derived from a specific formula. That formula provided that 'the receipts from taxation shall be estimated by deducting, from the gross amount, that which would be yielded at the rate fixed, the average proportion of the amount uncollected at the end of the year for the preceding three years.'(12) Under normal conditions, this formula worked well, yielding a satisfactory receipts estimate. However, problems appeared during unusual economic conditions, when assessed valuation differed substantially from actual valuations, as had occurred during the 1930s and 1940s, and when the taxpaying ability was seriously affected by sharp economic downturns.

This was especially true during the 1930s. Under unusual conditions, this formula produced an estimate of tax receipts that was either substantially higher or lower than actual collections.(13)

This was only one of the problems with the estimation of tax receipts mechanism which characterized, in part, Philadelphia's faulty financial management. Simple and "grotesque exaggeration" by the Controller of the estimate of receipts proved to be another serious problem. 14 Section I, Article 17, of the 1919 Charter gave the Controller broad authority to estimate receipts from sources other than taxation.(15) Unfortunately, this "considerable discretion was abused horribly."(16) As mentioned above, a 1938 State Supreme Court decision stated that, for a period of nineteen years, Controllers' estimates of tax receipts illegally bound City Council.

The Court further declared that Council was bound only by the Controllers' estimate of miscellaneous receipts, which could not include money from tax sources, and that the Controller's estimate procedures had to conform to the legislative standard of having to base estimates on the receipts of the preceding three years.(17)

For example, Controllers would arbitrarily increase their estimate of miscellaneous receipts based on the assumption that actual collections would exceed the estimated receipts as determined by the Charter formula.

They usually did this without any explanation of the fact that the particular estimate had been made larger than the expected one in order to offset an underestimation of current tax receipts.(18) This problem was serious, with fabricated estimates ballooning to 10 million dollars in 1934 and 6 million dollars in both 1936 and 1937.(19) This practice and the faulty formula combined to turn the budget phase of estimation of receipts into an unreliable and costly procedure.

Many recommendations to solve these problems were made by groups who concurred that the mechanism to estimate receipts was faulty.(20) The Pennsylvania Economy League recommended that the Controller's duties and powers in this area be continued, but called for elimination of the formula that based receipts on certain dollar figures from the previous three years. Instead, PEL believed that the Controller should be allowed to reduce or increase estimates during the course of the year.(21) The Finance Commission of the 1937 Philadelphia Charter Commission went further, recommending the scrapping of the formula and a shifting of the responsibility for estimation of receipts from the Controller to the chief executive and his new budget director. The budget director post was an additional suggestion of the 1937 Commission.(22) With the problem still extant in the 1940s, some called for strict estimates based solely on the cash received from the previous year, and elimination of estimates made from non-revenue items such as the 'recurrently estimated, but only mythically received sale of real estate'.(23)

Section 2-300 of the 1951 Charter revamps this provision for the estimation of receipts. It states that 'the Mayor's estimates of receipts for the ensuing fiscal year and of surplus or deficit, if any, for the current fiscal year may not be altered by Council'. This simple provision seeks to place sole responsibility for the estimation of receipts with the Mayor, thereby avoiding the confusion that existed under the 1919 Charter, under which the Mayor submitted estimates actually made by the Controller. This centralization of responsibility was intended to encourage accurate estimates, since there would be no question of where that responsibility should fall, if the estimates proved to be inflated or in error. In addition, section 4-101 stipulates that the Mayor shall furnish to Council in the operating budget message the estimated receipts from *all sources*, including taxation. This places taxation as a mere "fill in" measure to make up the difference between estimated expenses and revenues. The 1951 mechanism regards tax revenues as an integral part of the budget.

Within the financial structure, another area of concern, which related directly to the estimate of receipts, was the process used to assess real estate taxes. Though the 1919 Charter did not require it, the Controller always included projected collections of real estate taxes in this estimation of receipts.24 To ascertain this figure, the Controller relied

lied on the Board of Revision of Taxes, a county agency with seven members appointed by the Court of Common Pleas, an elected body. The Board controlled the assessment of all property in Philadelphia through its powers to appoint the city assessors and to review and equalize assessments. The Board of Revision also prepared the assessment and tax rolls from which the Receiver of Taxes prepared tax bills.(25)

There were two major problems with this part of the financial system. First, the entire process used to assess property was found to be antiquated, discriminatory, and highly disorganized. Second, most civic groups investigating the Board found it to be little more than a wasteful, neglectful, and purely political agency, whose appraising staff was unqualified.(26) Both problems resulted directly or indirectly from faulty Charter provisions and were significant since the estimation of these tax receipts was a large part of the Controller's overall estimate. The city was highly dependent upon real estate taxes as a major source of income.

Most civic groups concurred with the recommendations concerning the Board of Revision of Taxes. The 1937 Charter Commission and various advisory panels called for the adoption of a uniform, modern assessment procedure to be implemented as soon as possible, and also better personnel procedure to ensure the hiring of qualified real estate assessors. The 1937 Charter Commission cited the benefits of these improvements: 1) reduction in the payroll of the Board; 2) a more equitable distribution of the burden of real estate taxes; and 3) an increase in the amount of taxes collected and, eventually, a decrease in the tax rate.(27)

Other steps suggested included the abolition of the Board and its incorporation as a bureau into the new Department of Finance, which many civic leaders and groups recommended. Such an incorporation was to expedite better control, more responsibility, and less corruption in the assessment process. In order for this to take place, however, city-county consolidation would have had to become a reality, since the Board of Revision of Taxes was a county agency. (28)

Today, the Board of Revision of Taxes continues to remain outside the city's Department of Finance, and its members are still appointed by the Court of Common Pleas.

C. Debt and Liability Management

Another important aspect of budget preparation, and also of review and administration, was the mechanism used to deal with the many different kinds of debt and liabilities, such as floating indebtedness, bond debt, current year debt, etc. This aspect of Philadelphia's financial management included many specific issues such as debt limits and the overall use of bonds, the role of the Sinking Fund Commission, and city use of various types of loans. These areas of debt and liability management, which in themselves are only a part of the larger issue of the budget preparation process, proved to be problematic under the 1919 Charter guidelines.

The 1919 Charter's provisions concerning debt and liabilities were specific. As already mentioned, the Controller was directed to furnish to the Mayor an estimate of liabilities which the Mayor then passed on the Council, with both entities being bound by the Charter to accept the Controller's figure. Upon receipt of this, Council was to appropriate sufficient funds to "extinguish the floated indebtedness" and any other outstanding debts of the city.(29) To ensure this, the Charter gave the Controller power which he could use to compel Council to provide in full for outstanding liabilities.(30) The Charter provided a Sinking Fund Commission, consisting of the Mayor, the Controller, and a 12 member elected by Council, all of whom were to administer the Sinking Fund and payments of interest and principal on one part of the city's debt, namely, the bonded debt.(31) Council itself was charged with all other debt management.

From 1919 to 1951, severe difficulties arose with this procedure for handling the city's debt. One major problem was that the Controller's estimate rarely included all of those items that should have been considered legal liabilities. A 1937 Bureau of Municipal Research (BMR) study indicated that, with few exceptions, Controllers up to that time had inexplicably omitted some twenty items that were liabilities and should have been included.(32)

That problem seems small in comparison to others encountered. It is evident, for example, that at times Council ignored the Controller's entire estimate of receipts.(33) The main actor in this story was not just Council; Controllers of the time compounded the problem by allowing Council to appropriate less for liabilities than was needed, or at times to reduce the value of items, or to eliminate them completely.(34) Although these problems did not cause all of the city's debt problems, especially those of the late 1930s when the city was \$38,000,000 over the debt limit, and \$.45 of every dollar collected in taxes went to interest payments, it did lay a big part in contributing to this debt accumulation. (35)

Surprisingly, few leaders or groups made many new and sweeping recommendations to solve this problem. Although the 1919 Charter already had provisions which were supposed to guard against these practices, neither the letter nor the spirit of that Charter was followed. So, many were of the opinion that it was not the fault of the Charter mechanism, but rather the people running it.

The 1951 Charter took steps to remedy both the problems inherent in this mechanism and the problem of the disregarding of Charter provisions. To assure responsible conduct by officials, the Charter consolidates responsibility for estimates of debts and liability in the Mayor, just as it consolidates responsibility for the estimate of revenues in his office. The Mayor is required to submit to Council, in his annual operating budget message, "the known liabilities of every kind which must be met during the year". Once again, centralization of responsibility is intended to encourage rationality in budget preparation. The major change in the provisions relating to debts and liabilities is the inclusion of capital expenses and expenditures in the annual budget procedure. The 1951 Charter requires that the Mayor submit to Council the recommended

mended capital program and capital budget as he received it from the independent City Planning Commission. He may make recommendations on this material, but must submit it as he received it from the Commission. However, the Commission's recommendations are not binding on the Council.

The capital program enumerates all expenditures to be made over six years for public improvements and related studies. The capital budget is the first year part of the program. This mechanism is intended to provide for the orderly planning of capital improvements, in contrast to the haphazard manner in which these improvements were financed under the 1919 Charter. (Section 4-406..)

As noted before, there were many other issues associated with the incurring and management of debt that proved problematic. Aside from the city's failure to provide for past liabilities, a significant problem was the manner in which that debt was rapidly accumulated.

Unfortunately, the 1919 Charter contained many deficiencies in this area which allowed the Mayor and, especially, City Council to use various devices to pull the city through the fiscal year. These devices eventually led to the accumulation of massive debts. One such mechanism used by Council was the practice of carrying over obligations from one year into the next as unpaid deficiencies.(36) This tactic was misused and overused. Another device at Council's command was the power to make temporary and emergency loans. The abuse of such loans also became a crucial problem.(37)

The 1919 Charter had empowered Council to take out two million dollars in emergency loans to cover only unforeseen expenses and emergency outlays. Council ignored the stipulations that applied to this money and anticipated the use of these loans. Within a short time even the two million dollars could not fill the gap that would remain in appropriations.(38) Unbalanced budgets and accumulations of large debts were encouraged by these financial practices.(39)

Regarding temporary loans, the 1919 Charter allowed the city to negotiate such loans for an amount up to 10% of the city's estimated receipts for the current year.(40) (Note that the problem with the inflation of estimated receipts would eventually affect this area of finances.) Temporary loans could be requested if, among the Mayor, the Controller, and the City Solicitor, any two agreed that the city needed the money.(41) The Charter had intended that these loans be used to solve temporary cash flow problems, however, the Mayors often abused them, thereby producing budgets that were even more unbalanced.(42) Though they were supposed to be paid back within the same fiscal year, these loans became real debt problems, since they were allowed to change from so called current running deficits into cumulative deficits.(43)

These loan procedures interacted with the estimation of receipts problem in yet another way. To a great degree, one of the reasons that Controllers overestimated receipts and Council ignored these estimates was that it was known in advance that extra funds could be secured through both temporary and emergency loans.(44) This was also a causal factor in encouraging Council to carryover

expenses from one year to the next. It is clear that ineffective Charter provisions often interacted to produce poor financial mismanagement.

Various recommendations were made to solve these problems. Concern over these issues reached its peak in the late 1930s when matters had become uncontrollable. However, in the ensuing period, stricter adherence to the 1919 Charter put the city's debt management in somewhat better order. There were many suggestions made to insure that the re-emergence of past bad practices would not occur. In one instance, the 1937 Advisory Finance Committee suggested establishment of a contingency item in the budget in which emergency funds would be available.(45) The Committee also recommended stricter Charter provisions requiring that temporary loans must be repaid in the same year as they were drawn, and done so from revenues of that same year .(46) Others suggested that these types of loans be halted after September 1 of every year to stop last-minute tinkering that resulted in large deficits.(47) Civic groups also agreed that stricter provisions had to be incorporated to prevent the carrying over of items from one year to the next.(48)

Under the 1951 Charter, the Mayor is required to "see to it that the city does not, except in the case of unforeseeable emergency, incur a deficit in any fiscal year". (Section 4101(e).) However, the 1951 Charter contains no provisions concerning the measures for complying with the state debt limit. These measures are still provided for by the state constitution.

These issues of loans and carry-over procedures involve that part of debt known as current debt or floating debt. Along with this debt, bonded debt was another major area of concern. As mentioned above, the Sinking Fund Commission administered bond issues and payments of interest and the principal on those issues. The Charter, by state law, also established a fixed debt limit for the city's bonded debt. The law required that the city could incur debt only up to 10% of the average assessed value of real estate and personal property within the city for the preceding three years.

A severe problem with respect to bonded debt proved to be the debt limit established by state law. As did the troublesome formula used to estimate receipts, this debt formula operated ineffectively, especially during difficult financial times. In practice, the debt limit, established by this formula, fluctuated wildly, expanding during periods of inflation when prices were high, labor scarce, and assessments high. During times of low assessment, large labor pools and deflation, the formula caused the debt limit to plunge drastically.(49) Such a capricious debt limit severely handcuffed the city's financial management.

Since bonds were used mainly for capital improvements, it was in that area that the effect of this problem was most sharply felt. When costs for improvement programs were low and such programs were needed, for example, the city's debt limit would be low and would not allow the city adequate borrowing capacity. When costs were high and the economy was expanding, the city found itself with a large borrowing capacity. The city

would often plunge into huge capital improvement programs. As a result of this situation, improvement programs were irregular at best, bonded debt accumulated needlessly, and the city's entire financial program was often endangered. 50 As mentioned earlier, this situation reached true crisis proportions in the 1930s when bonded debt hit a peak of \$568,791,200, and the city's borrowing capacity was virtually eliminated. (51)

Most of the recommendations to deal with this problem centered on proposals to stabilize the debt limit. Thus, a joint resolution for a Constitutional amendment of the State Legislature in 1947 sought to deal with stabilization of the debt limit by placing it at 12% of the assessed value of real estate only over the period of the preceding ten years. This bill eliminated the use of personal property assessments as a co-base of debt limit calculation, and extended the period of calculation from three to ten years. Formulators of the legislation hoped to level off the effects of annual tax rate changes on the debt ceiling, and allow the city to borrow more when it needed it most, and less when it could not afford to borrow.(52) (Today, Pennsylvania's Constitution requires that the debt limit of all municipalities, other than Philadelphia, be a certain percentage of their total revenue [percentage to be determined by the General Assembly] Philadelphia's debt limits still are pegged to the assessed valuation of real estate. See Pennsylvania Constitution, Art. IX, Sections 10 and 12.)

D. The Capital Budget

Closely related to bonded debt and its management are capital improvements, the major purpose for incurring such debt. The surprising defect of the 1919 Charter in this area was that it provided no mechanism to plan and budget such capital improvements. This oversight created great confusion in the accumulation of bonded debt. This issue was part of a larger one concerning the 1919 Charter's governmental structure, which failed to provide for an effective city agency that could prepare such a capital budget. The lack of an organized improvement plan resulted in the absence of an organized funding plan for the capital improvements that were undertaken.(53) As a result, expenditures for capital improvements amounting to hundreds of millions of dollars were appropriated haphazardly and based chiefly on political expediency or special interest pressures.(54) Many civic groups cited this lack of a capital program, and an agency to prepare it, as one of the single most important contributory factors in the accumulation of Philadelphia's disastrous debts in the 1930s.(55)

Another financial question was whether or not any other revenues except bonds could be used to pay for capital improvements. Though the 1919 Charter and state law did not prohibit use of other funds, the Mayors and Councils of Philadelphia were usually adamant in their belief that capital improvements should not and could not be funded out of current revenues.(56) This caused problems when the city's borrowing ability vanished in the 1930s. Many criticized this and stated that total reliance

on bonds had led to poor planning and the resulting inordinate amounts of debt service that the city was forced to pay.(57)

Most civic leaders and groups combined recommendations to solve these problems with ideas concerning the city's entire planning mechanism. Regarding the capital budget, the 1937 Charter Commission proposed that a city planning commission, with the Mayor, prepare a capital budget outlining expenditures for all capital improvements for the coming year.(58) Others suggested that this budget indicate the means of funding to be used and the exact manner of use.(59) There was some disagreement about who should decide the final amount to be spent on improvements. Many felt that the Mayor should set a maximum figure and that the planning commission should plan within that amount. Others believed that the planning commission should merely draw up an improvement plan, while the Mayor and Council sought to finance all or part of the plan as they thought necessary. Very little disagreement, however, existed over the issue of funding improvements from current revenues. Various groups, from the 1937 Finance Commission to the 1949 Charter Commission, suggested that increasing amounts of current revenues be used to finance capital improvement projects.(60)

E. The Mayor's Budget Preparation Activities

Besides these major areas of concern in budget preparation, other issues required attention, among them the Mayor's role in the budgetary process. Difficulties in this area arose primarily because of 1919 Charter deficiencies and poorly constructed state laws which seriously hindered the Mayor's office in budget preparation. Thus, problems stemmed from the lack of city-county consolidation, the inadequacy of the Mayor's budget staff, and unsound budget preparation.

Before city-county consolidation in 1951, this division of the municipal government created many difficulties for the Mayor, not only in terms of budget preparation, but also in budget review and administration. In terms of budget formulation, it was noted earlier that the Mayor received many departmental budgets from the various county agencies (approximately 20 in all), which were funded by city money. Even though the city was paying the bills, various Mayors and Councils labored under the burden that these county agency budget requests could not be altered or reviewed by the city.(61) This lack of executive control over the county governmental structure contributed greatly to the existence of an unwieldy budget and the inability of any Mayor to establish a needed centralized executive budget system.(62)

To solve this problem, various groups, beginning with the 1937 Charter Commission, called for the State Legislature to pass a Home Rule Charter and, most importantly, a city-county consolidation act. City-county consolidation would bring the county agencies under the Mayor's budgetary control and allow for better financial planning and control of all municipal governmental agencies.

The executive mechanism that existed for the preparation of the city's annual operating budget also presented problems, with the major difficulty being the absence of a Mayoral budget staff. The Mayor had only a budget clerk and a small staff of employees.(63) As the Philadelphia Advisory Finance Commission said, this was no way for a city the size of Philadelphia to conduct a budget office.(64) The Commission noted that proper budget-making was a year-round task, and not a hurried clerical job of a few months duration handled by a few people.(65)

The budget that this mechanism produced was understandably poor. The entire process degenerated into nothing more than the hasty preparation of a document which was only a scanty general framework of the city's financial program. The Mayor's office prepared the document in a way that barely fulfilled the Charter provisions, without any concern that it serve as a detailed guide for city policy and monetary expenditures for the coming fiscal year.(66) Many groups attributed Philadelphia's financial problems of the 1930s and 1940s directly to this organizational defect.(67)

Not surprisingly, many recommendations concerned the way in which the Mayor's office participated in preparing the budget. These suggestions were very similar in nature, with most groups calling for the establishment of a budget bureau either in the Mayor's office or in a newly created department of finance. Though suggestions differed over the placement of such an office in the governmental hierarchy, all concurred that such a new unit was needed to prepare the executive budget and carry out all related activities. These activities included such things as collecting information on current revenue expenditures, conducting investigations to promote municipal economy, and advising both Council and the Mayor on all budgetary matters. It was thought that such a move was the best way to create an effective and clear budget which would serve as an accurate device for good financial administration and management.(68) It is important to note that these recommendations concerning the budget bureau in a department of finance were part of overall plans for the centralization of all financial duties under one agency and, ultimately, under one person.(69)

That agency was the Department of Finance, whose head, the Director of Finance, is the city's chief financial officer. He is a Mayoral appointee and his primary function is "to establish, maintain, and supervise an adequate and modern accounting system for the city." The latter had been the duty of the Controller and, to some degree, had been done within city departments, but proved ineffective in the former and wasteful in the latter. Today, the Director approves all contracts, with special attention to the availability of funds, and prepares the facts and figures necessary for budget preparation. Finally, the Director compiles data for the City Planning Commission in its preparation of the capital program and budget. Working closely with the Mayor, and appointed by him, the Director of Finance helps to attain the 1951 Charter's goal of centralizing city financial responsibility and practices.

III. BUDGET REVIEW

A Description of Council's Role

Under the 1919 Charter, the City Council also played an important role in the budgetary process. Many of the aspects of that involvement and the problems associated with that involvement have already been discussed in the separate sections on estimation of receipts and debt management, however, Council's review procedures also deserve attention. The budget could not be molded into an effective economic tool of financial administration in Council.

It was already mentioned that Council's role began with adoption of a budget resolution detailing what the form of the budget should be. After this, the Mayor dealt with the budget from about August 15 to October 15 of the current year. On that date, Section 1, Article 17, of the 1919 Charter provided that the Mayor submit to Council a statement of receipts, liabilities, and proposed expenditures.(70) Council was then to review the budget, hold hearings on it, and enact the ordinance by December 15.(71) By that same date, Council was supposed to set a tax rate to raise the necessary revenues to balance the budget. After this, Council's involvement in the budget was limited to transfer ordinances which would come up during the year.

Council's review procedures were poor. For example, Council repeatedly delayed deliberation of the budget until after the November elections, since there was no Charter provision calling for deliberations to begin on a specific date.(72) This was the practice no matter how early the Mayor sent the budget to Council. Thus, Council left itself one month to finish hearings, investigation, and revision. This proved a Herculean task. Lacking adequate time and staff, a hurried Council usually allowed the same appropriations as in the preceding year, while requiring little explanation from heads of agencies and departments at the hearings, and doing little if any independent investigation.(73) When this shoddy Councilmanic review procedure was combined with the inadequate executive preparation process, the result was the final adoption of a document which was far from comprehensive or constructive.

Under the 1919 Charter, Council at no time took the opportunity to make the budget an informative document or an efficient tool for planning the city's financial program.(74) Instead, Council limited the document to appropriation items, money requested by the departments, money recommended by the Mayor, money available for current year expenditures and that spent in the preceding year, with only a brief explanation of the difference.(75)

The budget was confusing, unwieldy, and almost useless. Another example of this problem was that appropriations were made in line item form. In other words, items were broken down into objects of expense and then further divided into specific requisitions within the objects of expense. This practice failed to achieve efficiency, however, by making budget administration unnecessarily

rigid and giving Council little added control.(76) It also resulted in large numbers of budgetary transfers during the year. Another problem was that the budget was presented in such a way as to make it exceedingly difficult to determine the cost of performance of major municipal functions.(77) These shortcomings of Council's review mechanisms, combined with Council tampering in other parts of the budget, resulted in Council's role in the budget preparation and review process becoming a "real hit or miss affair".(78)

Most of those who suggested improvement in this area felt that the best way to achieve it was to remove some of these duties from Council. A repeated suggestion, for example, was the creation of the budget bureau in either the Mayor's office or in a department of finance, which would maintain a year-long review process and advise Council during that review.(79) It was also suggested that the director of this bureau be given the power to determine the form of the budget.(80) Other suggestions included more time for Council to consider the budget, and a larger Council staff to help with the work. Groups such as BMR also recommended an end to the line item appropriation form in favor of simple lump sum appropriations.(81)

The 1951 Charter gives Council sixty days to review the budget. The Mayor's version of the budget ordinance must be submitted no later than ninety days before the end of the fiscal year. (Section 4-101.) In addition, the Charter attempts to eliminate the problem of the inflexibility of line item appropriations by allowing them to be made only in lump sum form. (Section 2-300.) However, City Council continues to review the budget without technical staff and sufficient time.

Though Council's review duties under the 1919 Charter concluded by December 15, it involved itself with the budget in one more way during the course of the year. This consisted of the introduction, consideration, and passage, of transfer ordinances. These ordinances were used often because Council employed them to deal with many of the problems that have been discussed. Usually, Council used them to make up for the many shortfalls that had been included in the budget. Council also used numerous transfers because of the stringent line item budget form which compelled department heads to request a transfer ordinance for every small shifting of funds from one item to another. Many groups cited this never-ending flow of transfer ordinances as "one of the principal defects of the city's budget procedure" and a major reason for Philadelphia's financial difficulties.(82)

Various recommendations were made to solve these problems. As mentioned earlier, many groups called for an end to the line item form of the budget, maintaining that such a move would eliminate the need for a great many of the transfer ordinances.(83) Other suggestions included everything from tighter Council controls and executive approval of transfers to a total ban on these practices. (84)

The solution employed in the 1951 Charter with respect to transfers is to permit City Council to retain its power to authorize transfers, but to prohibit it from authorizing

them during the last four months of the fiscal year, except upon the recommendation of the Mayor. Since transfers within the budget are more likely to be made near the end of the fiscal year when appropriations begin to run out, it is intended that this restriction would encourage more carefully constructed budgets. This change, along with that concerning line item and lump sum appropriations, in effect, removes a significant amount of Council's capability to alter the budget.

IV. BUDGET ADMINISTRATION

A. A Description of the General Process

After adoption of the annual operating budget, municipal funds had to be disbursed to the various city government units, tax money and fees due the city had to be collected, and auditing and accounting procedures had to be carried on continuously. The importance of this administrative phase of the budget cannot be emphasized enough, nor can the lack of financial control in this phase be overlooked.

There were many factors that contributed to the defective budget administration that existed under the system established by the 1919 Charter. Some of the problems resulted from Charter shortcomings discussed above. Collection, disbursement, and auditing problems were peculiar to those areas. Whether caused by defective Charter mechanisms or mismanagement and abuse of otherwise sound Charter provisions, problems with the administrative phase of the budget plagued the city for many years.

B. Disbursement of Funds

The groups that investigated the disbursement of city funds under the 1919 Charter found that the city had little administrative control over the rate of expenditure and lacked even the normal controls that would be found in any large, well-run business, let alone America's third largest city.(85) One of the major contributing factors to this problem was the extensive decentralization of disbursement that existed in Philadelphia because of the structure of the governmental departments, agencies, commissions, boards, etc. The best example of this problem was the manner in which the city handled its payroll for many years. In all, 44 separate city and county agencies prepared and doled out their own payrolls, and 24 of these did so in cash, not by check.(86)

This was not the only problem caused by the decentralized network of city-county agencies. Because of a lack of central control, the various agencies made it a practice to overspend their yearly allocations. A 1937 study reported that department heads, regarding the entire budget as little more than a necessary evil to be circumvented, rarely curtailed expenditures to meet budgeted amounts, but rather incurred fiscal obligations no matter what the current state of funds.(87) Despite Charter provisions forbidding such practices, city officials often contracted for various items and services with no available funds. Instead of halting such practices, it was the long-standing

policy of City Council to validate these "deficiency bills" either by transfer of funds or from deficiency appropriations.(88) This situation, combined with the reluctance of the county agencies to supply accurate reports on the status of their funds during the course of the year, produced an understandably weak system of disbursement control.(89)

These contract problems were also complicated and worsened by the chaotic mechanism that the 1919 Charter established for the city's supplies and purchases procedure. A major problem with the old Department of Supplies and Purchases was that 30% of the city's supplies were acquired outside of that department by the various agencies on their own. This resulted in a loss in quality, efficiency, and control of money that a centralized purchasing agency was supposed to provide. In the late 1940s, this proved to be one of the problems with that part of the municipal financial mechanism. As it turned out, it might have been better if even more of the city's purchasing had been done outside of that agency, because, in an investigation by the Committee of Fifteen, that Department was found to be in chaos. Purchases were rigged for certain contractors.(90) The director was fired, and later arrested on "ten charges of forgery, two of embezzlement, nine of falsifying city records and twenty-eight other charges, while two other employees were fired for stealing \$15,000 from the revolving cash fund."(91) This criminal activity, combined with archaic purchasing procedures and poor management, resulted in a continuing heavy loss of city money.

The various recommendations offered over the years to improve these defective disbursement practices basically concentrated on the now familiar idea of centralizing control and responsibility under the executive branch in either a budget bureau or a department of finance. All of the problems of disbursement just cited were solved by the creation of such a mechanism under the 1951 Charter. Thus, in the case of supplies and purchases, many felt that placing it under the Department of Finance would allow for simplification and the expediting of the steps involved in the "encumbrance of appropriations and the payment of valid claims against the city."(92)

The case of other disbursement problems, such as payroll, overspending, and deficiency bills, many felt that a centralized bureau or department would also eliminate duplication of effort, the possibility of fraud, and the dubious spending practices of the department heads. Specifically, it was suggested that this could be done by having the new department allocate funds to the various agencies on a monthly basis.(93) To insure an end to the money shortfall problem, many recommended that the Controller disapprove, and thereby void, all purchase orders that had insufficient funds to back them up.(94) Finally, most felt that centralization of payrolls in one agency would be a vast improvement over the old system.(95)

The creation of the Department of Finance addressed these problems. As already explained, one of the chief duties of the Director of Finance is to maintain an efficient accounting system. He is also required to issue a

statement within 120 days of the close of the fiscal year showing the balances in city funds (Section 6-101). The Director must also approve all contracts and requisitions for the purchases of equipment, materials, and supplies upon the receipt of every proposal for such purchase from the Procurement Department (Sections 6-103, 6-104).

All requests for funds must pass through the Director of Finance, and he must approve them before funds can be issued from the City Treasury (Sections 6-106, 8-101). In addition, the Director and the Auditing Department receive daily reports of the funds placed into the City Treasury by the Department of Collections. The Director also has access to all records of city agencies that receive appropriation from the City Treasury (6-105). All data relating to the disbursement of funds must pass through the Department of Finance, and the Director has the authority to veto or approve requests for funds. Thus, this Department serves as a vital check on the city's financial operations.

C. Collection of Funds

The administrative control over the collection of taxes and other money due the city was often as lax and as inefficient as the control over the disbursement of funds. In this area, mismanagement and abuse combined with defective Charter mechanisms to create a confused and wasteful collection procedure.

Under the 1919 Charter, collection and oversight functions were divided among the Controller, the Treasurer, and the Receiver of Taxes.(96) The Receiver was an elected city official whose duty was to collect taxes and assessments for the city and the county.(97) The Treasurer, elected county officer, served as the custodian of city and county funds, receiving all monies owed the city, and finally disbursing them as well.(98) The Treasurer also kept records of these transactions as well as many other financial records for the city.(99) The Controller's role will be discussed later in the section on auditing and accounting.

Decentralization proved to be the major problem with the collection mechanism, as it had been with the disbursement process. Along with the Receiver of Taxes, and the Treasurer, monies owed the city were collected by 35 offices not officially finance-related.(100) Even though most of this concerned fees and licenses, this scattered collection network was inefficient and uncontrollable. There were also problems between the Receiver's office and the Treasurer, with duplication of efforts between them, since the former eventually had to turn all money over to the Treasurer. Additionally, despite the fact that the Receiver acquired most of the money first, it was the Treasurer who had to keep separate accounts and records of those funds.

The office of the Receiver of Taxes was one of the most criticized and controversial offices within Philadelphia's financial structure. The list of problems in that office was endless. No single office in city or county government was in more urgent need for modern machine methods and effective business procedures.(101) Its outdated procedures resulted in great losses in collection of

personal property, amusement, earned income, and miscellaneous taxes.(102) In the late 1949s alone, the Committee of Fifteen found that the Receiver of Taxes had failed to collect a total of thirteen million dollars of taxes owed the city.(103) After this discovery, a succession of suicides, scandals, and arrests for embezzlement and criminal negligence seriously further damaged confidence in this office.(104)

A great deal of this "confusion, chaos, and corruption" resulted not only from poorly constructed Charter mechanisms for that office, but also from inadequate provisions for pre- and post-audits that could have prevented a great number of these problems.(105) This is, of course, part of the larger auditing problem which existed and will be discussed below.

Another factor contributing to the inefficiency of the Receiver's office was its position as a political "dumping ground" that employed 600 people for work that usually took place in one fifteen-day span during the year and was followed by relative inactivity.(106) It is clear that many different factors, such as city-county separation, mismanagement, and defective Charter mechanisms combined to produce a municipal financial system that was out of control.

The wide array of recommendations made to solve these problems once again centered on the centralization of activities and responsibility as the basic cure for collection problems. In the case of collection, a department of finance was recommended to be the sole billing and collection agency for all taxes, fees, and fines due the city, thus eliminating the scattered collection mechanisms.(107) Most civic groups concurred in calling for the elimination of the Receiver of Taxes Office and a separate independent county Treasurer.(108) City-County consolidation, of course, required state action. (109)

Given the elimination of county offices, there were various suggestions on just how they were to be incorporated into a new department of finance. Most suggested the creation of a bureau of treasury within the department to collect all money, disburse funds, and handle the payrolls.(110) Others agreed with this idea, but stressed that billing and collection activities should not be integrated too closely, since this seemed improper.(111) Others suggested that a department of finance handle the record-keeping that the Treasurer was then responsible for, but do so by creating a separate bureau for that purpose alone.(112) Finally, a key suggestion supported by many of those involved in the various debates called for continuous and careful pre- and post-auditing of the billing and collection branches of whatever organization was finally established. Some groups felt that such a department could handle these pre-audits, while others insisted that the Controller handle these activities.(113)

Under the 1951 Charter, the Department of Collections replaces the Office of the Receiver of Taxes in the task of collecting revenues. Section 6-201 of the Charter lists the Department's functions: 1) collection of real estate and personal property taxes; 2) collection of income and other taxes; 3) collection of water and sewer rents; and 4) collection of license fees. By placing one

department in charge of all collections, responsibility and accountability are centralized, and efficiency is ensured.

D. Pre-Audit and Post-Audit

The final administrative phase of the budget, namely pre- and post-auditing, was carried out by the County Controller. To a very great extent, this office was the most powerful and independent of the three primary financial offices since it served as a financial watchdog over the government and as a check on the Mayor's powers.(114) As an elected county officer, the Controller was specifically charged with the keeping of all accounts, the supervision of all city employees engaged in accounting and bookkeeping, and those duties of estimation of receipts and liabilities discussed above.(115)

Of primary concern here are the pre- and post-auditing duties of the Controller. The pre-audit functions of the Controller consisted of examination of all transactions before their execution to ensure that they were within the appropriation ordinance.(116) In a sense, this was final financial approval of expenditures, since the Controller had the power to void expenditure, if the agencies making them did not have sufficient funds to cover them or were using different funds to cover the expenditures.(117) The post-audit function consisted of checking all completed transactions for conformity to law, as well as yearly auditing of agencies, whenever deemed necessary.(118)

Many problems arose with the Controller's pre- and post-audit functions because of faulty mechanisms and mismanagement. In the first instance, the 1919 Charter failed to require that reports be made of the post-audits conducted by the Controller. This shortcoming was regarded by many as one of the main reasons why misuse of funds occurred, such as in the office of Receiver of Taxes.(119) Also lacking in this procedure was a complete system of auditing taxes and other money as they were being collected by the myriad of city agencies that gathered these funds. As noted before, this greatly contributed to poor collection and the waste of taxes.(120) One good example of this is that the Controller conducted no audit of the Receiver's office for seven years in the 1940s, when the Receiver was annually collecting 95 million dollars in city money.(121) The final Charter defect that nourished the others was the failure of the 1919 Charter to ensure that sufficient funds would always be provided for the Controller, so that he could execute the audits which the Charter called for.(122)

In addition to these various problems, there were others. Many civic groups argued, for example, that the combination of the pre- and post-audit in one office was unnecessary. Others felt that the Controller's status as an independent, elected official was a problem. Still others believed that the Controller's authority to keep city records should not belong in that office. Their presence there only added extra duties and distractions to the auditing process. Finally, many groups criticized the outdated accounting procedures that were used not only by the Controller but in all city agencies and offices.

The recommendations made to solve these problems

were similar in many aspects and considerably different in other areas, as shown above. Even before adoption of the 1951 Home Rule Charter, recommendations were made which called on the Controller to audit all sources of tax money due the city.(123) In line with this, most groups had also recommended that continued auditing of all city agencies take place throughout the year. To ensure this, it was suggested by some that a Charter provision require that Council always provide sufficient funds for the auditing branch of municipal government to do its job properly.(124)

Various civic groups and leaders proposed many alternative plans for the structure and operating procedures of the Controller's office.(125) Some called for an appointed Controller who would head a bureau of auditing in the often-suggested department of finance. Others called for a similar structure, but insisted that the head of the auditing bureau continue to be elected.(126) Regarding suggested operating procedures, there was sharp debate about-whether or not the pre- and post-auditing functions of the Controller should be separated. Some argued this was necessary since the present structure put the Controller in the possibly dubious position of post-auditing accounts which he had pre-audited, that is, placing him in the position of auditing his own work. The separation of these duties was regarded as a step that would put real meaning in a post-audit.(127) Opponents of this idea argued that the former system had worked well and that a separation of the two functions would put the Controller 'on the scene too late", making him unable to catch errors or illegalities before they occurred.(128)

There was a consensus on other recommendations. One idea was the use of independent Certified Public Accounts to audit periodically the Controller's office and the rest of city government.(129) Many civic groups also agreed that the Controller should not be charged with keeping the city's financial records. A bureau of accounts could, in the opinion of some, handle this function most efficiently, thus freeing the Controller to concentrate on important auditing activities.(130) It was believed that a bureau of accounts in a new department of finance could handle such bookkeeping chores and possibly even some internal auditing.(131) In conformity with

these ideas, all groups unanimously called for streamlining, modernization, and centralization of the city's accounting and record-keeping procedures.(132)

The 1951 Charter designates the Controller as the head of the Auditing Department. According to the annotation to Section 6-400, the Auditing Department "...is the official agency of the city for auditing annually every officer, agency, city or otherwise, receiving appropriations from the city. ..." The Controller retains his pre- and post-audit functions. All disbursement requisitions must pass through his office, and must be approved by the Controller. Also, all orders for the payment of money out of the City Treasury must be approved by the Controller. The Auditing Department itself is required to submit to a triennial audit of its affairs by certified public accounts appointed by City Council (Section 6-404).

V. CONCLUSION

Philadelphia's financial condition during the years from 1920 to 1951 can be divided into three periods: prosperity during the 1920s, severe economic depression during the 1930s, and a gradual recovery during the 1940s. The city's economic transformation during these years was directly affected by both national economic pressures and serious inefficiencies in Philadelphia's financial management practices.

An examination of these practices reveals two major contributing factors in the city's economic decline: the decentralization of financial authority as provided by the 1919 Charter, and the abuse of that Charter's provisions concerning the city's operating and capital budgets. The diffusion of authority made it difficult to ensure financial accountability within the city government and subsequently invited serious abuses in the areas of the sound preparation of the operating and capital budgets, debt and liability management, revenue collection, and the control of the city's payroll.

By carefully centralizing financial powers and duties under the strong Mayor and the Director of Finance, the 1949 Charter Commission attempted to fashion, in the 1951 Philadelphia Home Rule Charter, a coherent structure which would prevent past bad financial practices and ensure sound management on the municipal level.

Notes

1. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 35.

2. *Ibid.*, p. 5.

3. *Ibid.*, p. 5.

4. Bureau of Municipal Research, *Philadelphia Budget Procedure*, p. 37.

5. *Ibid.*, p. 37.

6. *Ibid.*, p.12.

7. *Ibid.*, p. 12.

8. *Ibid.*, p. 5.

9. *Ibid.*, p. 27

10. *Ibid.*, pp. 43-44.

11. *Ibid.*, p. II.

12. *Ibid.*, p. 17.

13. *Ibid.*, pp. 18-20.

14. Thomas Evans, *Demand For Action* (Philadelphia: by the author, September, 1948).

15. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 20.

16. *Ibid.*, p. 21.

17. *Woodward v. Philadelphia et al.*, 333 Pa. 80 (1938).

18. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 20.

19. *Ibid.*, pp. 21-24.

20. Philadelphia Advisory Finance Commission, *Recommendations to the City Charter Commission Pertaining to the Finances and Financial Administration of the City of Philadelphia* (Philadelphia: Philadelphia Charter Commission, 1937), p. 5.

21. Philadelphia Committee of the Pennsylvania Economy League, *Suggestions Concerning Accounting Systems and Budgeting and Financial Procedures* (Philadelphia: Pennsylvania Economy League, 1937), p. 57.
22. Advisory Finance Commission, *Recommendations to the Charter Commission* (1937) pp. 5-6.
23. Evans, *Demand For Action*, pp. 4-6.
24. Bureau of Municipal Research, *Philadelphia Budget Procedure*; p. 14.
25. Philadelphia Charter Commission (1949), *Public Hearings*, January 30, 1950.
26. Philadelphia Charter Commission (1937), *First Interim Report*, p. 16.
27. *Ibid.*, pp. 18-19.
28. Philadelphia Charter Commission (1949), *Public Hearings*, January 30, 1950.
29. Philadelphia Charter Commission (1937), *First Interim Report*, p. 16.
30. *Ibid.*, pp. 18-19.
31. Philadelphia Charter Commission (1949), *Public Hearings*, January 30, 1950.
32. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 12.
33. *Ibid.*, p. 32.
34. Bureau of Municipal Research, *Proposal for Improved Financial Administration*, (Philadelphia: Bureau of Municipal Research, 1948), p. 2.
35. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, pp. 27-31.
36. *Ibid.*, p. 32.
37. *Ibid.*, p. 32.
38. Philadelphia Charter Commission (1937), *Summary Report*, pp. 53-64.
39. Pennsylvania Economy League, *Suggestions Concerning the Accounting System and Budgeting and Financial Procedures*, p. 44.
40. Bureau of Municipal Research, *Philadelphia Budget Procedure*, p. 46.
41. *Ibid.*, p. 46.
42. *Ibid.*, p. 46.
43. *Ibid.*, p. 10.
44. *Ibid.*, p. 4.
45. Bureau of Municipal Research, *An Outline of Philadelphia's Government in 1949* (Philadelphia: Bureau of Municipal Research, 1949), pp. 4-8.
46. Advisory Finance Commission, *Recommendations to the Charter Commission* (1937), p. 12.
47. Pennsylvania Economy League, *Suggestions Concerning the Accounting System and Budgeting and Financial Procedures*, p. 55.
48. Advisory Finance Commission, *Recommendations to the Charter Commission* (1937), p. 12.
49. *Ibid.*, p. 8.
50. *Ibid.*, pp. 11-12.
51. Philadelphia Charter Commission (1937), *Summary Report*, p. 53, p. 644, p. 649.
52. Committee of Fifteen, *Philadelphia's Management* (Philadelphia: Committee of Fifteen, 1948), p. 34.
53. Bureau of Municipal Research, *Statement on Recommended State Legislation for Debt Stabilization* (Philadelphia: Bureau of Municipal Research, 1948), p. 1.
54. Committee of Fifteen, *Philadelphia's Management*, pp. 54-55.
55. Bureau of Municipal Research, *Philadelphia's Debt, Revenues and Expenditures 1920-1949*, p. 2.
56. Robert K. Sawyer, *Statement on Proposed State Legislation at a Public Hearing of the Senate Committee on Constitutional Changes and Federal Relations and the House Committee on First Class Cities* (Philadelphia: Bureau of Municipal Research, February, 1949), p. I.
57. Bureau of Municipal Research, *Report on Proposed Reorganization of the Philadelphia Planning Commission* (Philadelphia: Bureau of Municipal Research, May, 1942), p. I.
58. Advisory Finance Commission, *Recommendations to the Charter Commission* (1937), p. 4.
59. *Ibid.*, p. 5.
60. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 10.
61. Advisory Finance Commission, *Recommendations to the Charter Commission*, pp. 4-6.
62. *Ibid.*, p. 14.
63. Bernard Segal, "A Study of Recommendations made by Civic Organizations in the Writing of the Philadelphia Home Rule Charter of 1951", (unpublished Master's dissertation, University of Pennsylvania, 1953), p. 50.
64. Committee of Fifteen, *Philadelphia's Management*, p. 55.
65. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 37.
66. Advisory Finance Commission, *Recommendations to the Charter Commission*, pp. 1-2.
67. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 39.
68. Advisory Finance Commission, *Recommendations*, p. 2.
69. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 39.
70. Pennsylvania Economy League, *Suggestions Concerning the Accounting System*, p. 45.
71. *Ibid.*, p. 45.
72. Bureau of Municipal Research, *A Proposal for Improved Financial Administration*, p. 2.
73. *Ibid.*, p. 4.
74. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 6.
75. *Ibid.*, p. 42.
76. *Ibid.*, p. 40.
77. *Ibid.*, p. 40-41.
78. *Ibid.*, p. 7.
79. *Ibid.*
80. Philadelphia Charter Commission (1949), *Public Hearings* January 30, 1950.
81. Bureau of Municipal Research, *A Proposal for Improved Financial Administration*, p. 6.
82. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 7.
83. Philadelphia Charter Commission (1949), *Public Hearings*, January 30, 1950.
84. Advisory Finance Commission, *Recommendations to the Charter Commission* (1937), p. 2.
85. Philadelphia Charter Commission (1949), *Public Hearings*, January 30, 1950.
86. Bureau of Municipal Research, *Philadelphia's Budget Procedure*, p. 48.
87. *Ibid.*, p. 49.
88. Evans, *Demand For Action*.
89. Committee of Fifteen, *Philadelphia's Management*, p. 29, p. 33.
90. Philadelphia Charter Commission (1937), *Factual Memorandum*, p. 40, p. 98.
91. Pennsylvania Economy League, *Suggestions Concerning Accounting*, ..., p. 45.
92. *Ibid.*, pp. 47-48.
92. *Ibid.*, p. 47.
93. Ruth S. Levan, "The Politics of Reform" An Analysis of the Consequences of Philadelphia's Home Rule Charter and Reform Movement" (unpublished Master's dissertation, Temple University, 1968), p. 30.
94. *Ibid.*, p. 30-1.
95. Philadelphia Charter Commission (1949), *Public Hearings*, January, 1950.
96. *Ibid.*
97. Philadelphia Charter Commission (1937), *Summary Report*, pp. 53-60.
98. Pennsylvania Economy League, *Suggestions Concerning Accounting*, ..., pp. 20-32.
99. 53 P.S. §§12421, 12423, 12424; 53 P.S. §12395; P.S.
100. *Ibid.*
101. Bureau of Municipal Research, *A Proposal for Improved Financial Administration*, p. 2.

102. Philadelphia Charter Commission (1937), *Factual Memorandum, Materials and Tables*, 1937 p. 4.
103. Philadelphia Charter Commission (1937), *Factual Memorandum*, p. 39.
104. Committee of Fifteen, *Philadelphia's Management*, p. 9. 105. *Ibid.*, p. 31.
106. Levan, *op. cit.*, p. 29.
107. Charlton F. Chute, *Financial Provisions of the New City Charter, Memorandum to the Charter Commission* (Philadelphia: Pennsylvania Economy League, April 1950), pp. 2-4.
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109. Philadelphia Charter Commission (1937), *Interim Report*, pp.23-27.
110. Philadelphia Charter Commission (1949), *Public Hearings* January, 1950.
- III. Segal, *op. cit.*, p. 37.
112. Bureau of Municipal Research, *A Proposal for Improved Financial Administration*, p. 5.
113. Philadelphia Charter Commission (1937), *First Interim Report*, p. 28.
114. Philadelphia Charter Commission (1949), *Public Hearings* January 25, 1950.
115. Philadelphia Charter Commission (1949), *Public Hearings*, January 30, 1950.
116. Chute, *Financial Provisions of the New Charter*, pp. 4-8. 117.53 P.S. §§12423, 12424.
118. Philadelphia Charter Commission (1937), *Factual Materials ,Memorandums and Tables*, p. 4.
119. Philadelphia Charter Commission (1949), *Public Hearings*, January 30, 1950.
120. 53 P.S. §12428.
121. Philadelphia Charter Commission (1949), *Public Hearings*, January 30, 1950.
122. Chute, "The New Philadelphia City Charter. ..", pp. 5-6.
123. Committee of Fifteen, *Philadelphia's Management*, p. 19,p. 30.
124. Chute, *Financial Provisions for the New Charter*, pp. 1-4.
125. Chute, "The New Philadelphia Charter. ..", p. 6.
126. Committee of Fifteen, *Philadelphia's Management*, p. 19.
127. Chute, "The New Philadelphia City Charter. ..", p. 4.
128. Philadelphia Charter Commission (1949), *Public Hearings*, January 25, 1949.
129. *Ibid.*, January 30, 1950.
130. Bureau of Municipal Research, *A Proposal for Improved Financial Administration*, p. 6.
131. Segal, *op. cit.*, pp. 38-39.
132. *Ibid.*

Chapter Four A Presentation of the Basic Provisions of the 1919 Charter; Drafts of the 1951 Philadelphia Home Rule Charter; and the 1951 Philadelphia Home Rule Charter

I. INTRODUCTION

This Chapter has two purposes: First, it describes how the municipal government of Philadelphia functions under its present 1951 Charter (PHRC) as contrasted to its operation under the 1919 Charter. Second, this Chapter demonstrates how the PHRC evolved through the four drafts prepared by the 1949 Philadelphia Charter Commission. The reader should be aware that the fourth draft was approved by the voters in 1951 and thereby became the Philadelphia Home Rule Charter. Any references in this chapter to the "fourth draft", "final draft", "1951 Charter", or "1951 PHRC" all refer to the same document, our present Charter.

By emphasizing only the major features of Philadelphia's municipal government and discussing each as provided for in the 1919 Charter, the drafts of the PHRC, and the 1951 Charter, it is intended to facilitate an understanding of how the current city government is constituted.

The Chapter is generally constructed as follows: First, the 1919 Charter's provisions for a specific power, procedure, or office are presented. Second, the provisions of the four drafts concerning the same power, procedure, or office are presented. (Again, note that any reference to the final or fourth draft is a reference to what is provided for in the 1951 PHRC.) Third, the provisions of the 1951 PHRC are outlined.

The preliminary drafts vary in their degree of completeness, but, nevertheless, are a fruitful source of information, and reveal much of the thinking that went into the movement from the 1919 Charter to the present document.

II. THE MAYOR

The 1919 Charter

Under this Charter, the Mayor of Philadelphia was, in the fullest sense, a "limited executive". Municipal administrative,

financial, and personnel powers were divided among the Mayor, City Council, the independent, elected County Controller and County Treasurer, as well as department heads, and heads of boards, agencies, and commissions. Under the 1919 Charter, there existed no central locus for the making of executive policy or for the comprehensive administration of city agencies.

The Drafts of the 1951 Philadelphia Home Rule Charter (PHRC)

In the early drafts, the office of Mayor was similar to that in a Council-Manager form of municipal government. The final draft restricted the Council to legislative functions and the Mayor to executive and administrative functions, but these duties were shared in the early drafts of the Charter. This movement to a strong Mayor form is reflected in a change in wording of the Mayor's job description from "he shall be primarily responsible for the conduct of the executive, administrative work and law enforcement within the City"(1) in drafts II and III to "he shall be responsible for the conduct of. . ."(2) in the final draft. A further trend toward granting administrative and policy powers to the Mayor and the day-to-day administration to the Managing Director can also be traced.

The Office of the Mayor underwent major changes before the strong Mayor/Managing Director form of government was adopted in the final draft. Whether there was to be a City Manager or Mayor was left undecided until the second draft. It was also not decided initially whether the Mayor's term would be for four or six years,(3) although the first draft did limit the Mayor to one term.(4) Draft II adopted the two-term limit.(5)

The 1951 Philadelphia Home Rule Charter (PHRC)

The 1951 Charter provides for a strong Mayor form of government. Municipal policy-making, administration of city departments and other agencies, administration of city financial operations, city planning, and all other important municipal activities are directly under the Office of the Mayor, or indirectly under the Mayor through his appointees.(6)

III. APPOINTMENT POWER

The 1919 Charter

Under the 1919 Charter, the appointment of executive officers was a shared process between the Mayor and the Council. With the consent of Council, the Mayor appointed the directors of the Departments of Health; (7) Welfare;(8) Safety;(9) Architecture; (10) Supplies and Purchases; (11) Wharves, Docks and Ferries;(12) Public Works;(13) Transit;(14) and Law.(15) The Treasurer,(16) Receiver of Taxes,(17) and Controller(18) were elected and independent. The Treasurer and Controller were county officers. Members of boards, commissions, bureaus, and divisions were appointed by either the Mayor, Council, or various departmental directors. The Civil Service Commission was appointed by Council. 19

The Drafts of the 1951 Charter

In the drafts of the PHRC, the Council shared with the Mayor many of the appointing powers that the Mayor now exercises exclusively. In the first draft, the Mayor had to obtain the advice and consent of Council to appoint the members of all boards and commissions,(20) while in the second, third, and final drafts the Mayor had sole appointment authority.(21) In draft I, the Mayor and Council could appoint the heads of departments,(22) while the Managing Director appointed these heads in the final draft.(23) In draft II, with the approval of the Mayor, the City Business Manager (later known as the Managing Director) was responsible for these appointments,(25) as was the Managing Director in draft III.(25) The Mayor still required the Council's advice and consent to appoint the City Business Manager in draft(26) and the Managing Director in draft III.(27) The appointment of the City Treasurer followed a similar route. In the first draft, the Mayor required the Council's advice and consent,(28) but had unilateral appointment authority in the second and third. (29) In the final draft, the Director of Finance had this authority. (30)

The City Solicitor's appointment was made by (he Mayor with the advice and consent of the Council in the first draft and remained unchanged through the final draft.(31) In draft I, all Mayoral appointments were subject to Council approval.(32) Draft II conferred to the Mayor the power to appoint unilaterally the Police Commissioner, the Budget Director, the Personnel Director, and the Public Relations Director.(33) Draft III granted to the Mayor the appointment of the Director of Finance (from three names submitted by the Finance Panel) and the City Representative.(34) However, it was not until the Mayor appointed the Managing Director in the final draft (35) that the Mayor exercised control over the Managing Director's appointment of ten department heads.3

The Form of Government Committee commented in its February 2, 1950, report that if Council approval was needed for the Managing Director, "the door is open for concessions to be made to Council -the old 'quid pro quo'; and the Manager may find his hands tied before he begins. Just once let's give the Mayor a clear track and

see how he runs.”(37) The final draft also conferred on the Mayor the power to appoint departmental advisory boards.38 At this point, the Commission achieved the placing of legislative authority in the Council, executive policy-making powers in the Mayor, and day-to-day administrative duties in the Managing Director.

The 1951 Charter

In harmony with the centralization of municipal administration under the Mayor, the PHRC puts much of the appointment of executive officers under Mayoral control. The Mayor appoints the Managing Director and the City Representative.(39) The Mayor also appoints the Director of Finance, but does so from a list of names submitted to him by the Finance Panel.(40) The Finance Director, with the consent of the Mayor, appoints the Revenue Commissioner and the procurement commissioners. (41) Because the City Solicitor serves the Mayor and the Council, the Charter requires the Mayor to appoint the Solicitor with the consent of Council.(42) The PHRC designates the Controller an elected office(43) and requires the Civil Service Commission to appoint the Personnel Director.(44) The Mayor appoints the members of all boards and commissions, except as expressly provided otherwise by the Charter.(45)

IV. THE MANAGEMENT OF MUNICIPAL DEPARTMENT OPERATIONS

The 1919 Charter

The 1919 Charter did not provide for a Managing Director, granting the general responsibility of managing city operations to the Mayor(46) and City Council.(47) With the approval of Council, the Mayor made departmental appointments roughly equivalent to those currently made by the Managing Director. (48) The Mayor met with department heads periodically to receive reports on the affairs of the executive departments and submitted the reports, along with his recommendations, to the Council.(49) The Charter specified the number of assistants which the department heads could appoint and provided that Council set the number of other officers and employees to work within each department. (50) By ordinance, Council was to provide for the proper and effective conduct of city departments(51) and for their expenditures.(52)

The Drafts of the 1951 Charter

Draft I provided for no position comparable to that of Managing Director. Draft II made provision for a City Business Manager, who was appointed by the Mayor with the advice and consent of Council.(53) He was to be a member of the Executive Policy Board.(54) The chief powers of the City Business Manager were his authority to appoint all department heads with the approval of the Mayor(55) and his supervision of the daily operations of all the departments whose heads he appointed.(56) He also was authorized to settle disputes between the Auditing Department and the Finance Department concerning tax liabilities of city taxpayers.(57) The chief duties of the

Business Manager were to meet with all department heads(58)and to report to the Mayor on city activities.(59)

Draft III made some minor changes in draft II. The title of City Business Manager was changed to Managing Director.(60) The same basic duties were continued from draft II, with some minor changes. The Managing Director continued to appoint department heads,(61) but not to the degree he was allowed in draft II. The Director of Finance appointed the Revenue Collector and the Property Commissioner.(62) The Managing Director was still a member of the Administrative Board(63) (formerly the Executive Policy Board), but was also a member of the Mayor's Cabinet.(64) The final draft continued the provisions of the other drafts with only one change: the Managing Director was appointed by the Mayor without the advice and consent of Council. (65)

The 1951 Charter

In order to provide for a direct contact between the Mayor and city departments, boards, and commissions,(66) the PHRC designates a Managing Director, appointed by the Mayor and directly responsible to him,(67) to supervise the daily operation of city departments.(68) With the approval of the Mayor, the Managing Director appoints the heads of Licenses and Inspections,' Public Property, Records, Fire, Health, Police, Recreation, Street, Water, and Welfare.(69) He also approves the appointments of their officers and the salaries for their deputies;(70) approves the number and compensation of all employees in departments under his direction; (71) appoints and sets the compensation of the secretaries and consultants for the departments under his control; (72) serves as a member of the Administrative Board,(73) Mayor's Cabinet,(74) Board of Pensions and Retirement,(75) and the City Planning Commission; (76) approves building plans; (77) supervises the activities of department heads he appoints and the boards and commissions connected with them; (78) makes periodic reports with recommendations concerning the affairs of the city government under his control; (79) and meets periodically with the department heads he appoints. (80)

V. THE MANAGEMENT OF MUNICIPAL FINANCE OPERATIONS

The 1919 and 1951 Charters

The PHRC centralizes all city financial operations under the Director of Finance, who is nominated by a Finance Panel and selected by the Mayor.(81) Many of the duties and powers of the Controller under the 1919 Charter were transferred to the Director of Finance. The PHRC, thus, centralizes financial powers which were previously scattered among the Controller, the Treasurer, the Receiver of Taxes, the City Council, and the Mayor. The PHRC transferred from the former County Controller to the Director of Finance the powers to: approve funds for contracts;(82) examine and approve requisitions for payments;(83) maintain and prescribe a general accounting system;(84) make investigations;(85) enforce budgetary

allotments;(86) receive daily reports from the Treasurer;(87) have access to all records of units receiving appropriations from the city treasury;(88) and prepare the annual operating budget(89) (along with the Controller, the 1919 Charter also required the Mayor and Council to prepare the budget).

The PHRC also gives the Finance Director the powers to: approve requisitions for purchase of equipment and materials;(90) approve banks chosen by the Department of Collections;(91) make reports of the financial condition of the city to the Mayor;(92) prescribe rules on the issuance of checks by the Treasurer;(93) receive lists of employees and of securities from the Treasurer;(94) be responsible for the maintenance of a perpetual inventory in the Procurement Department;(95) and serve as a member of the Cabinet,(96) City Planning Commission,(97) Sinking Fund Commission, (98) Tax Review Board,(99) Board of Pensions and Retirement,(100) and the Administrative Board. (101)

The 1919 Charter provided that Council select banks to deposit city securities(102) and specified that the Treasurer and Controller draw checks only against items appropriated for in the budget.(103) The Department of Supplies and Purchases was empowered to keep the inventory of goods under control. (104)

The PHRC provides for a Finance Panel to furnish the Mayor with a choice of three persons for the position of Director of Finance.(105) No such panel was created by the 1919 Charter.

The Drafts of the 1951 Charter

In draft I of the PHRC, no provision was made for a Director of Finance. Instead, the drafters proposed the creation of the Budget Secretary, who was to be appointed by the Mayor, without consent of Council, to be on the Mayor's staff. Unlike the present Director of Finance, who serves in an administrative capacity by virtue of his supervision of the Departments of Revenue and Collections, the Budget Secretary had no comparable role, because in draft I the Mayor was granted administrative authority.(106) The Secretary's primary duty would have been to obtain from all officers, departments, boards, and commissions any data necessary for the preparation of the annual current budget and the capital budget. (107)

The Budget Secretary would also have been required to keep the Mayor currently informed about the status of the city's receipts and expenditures.(108) Although not stated in draft I, the drafters had planned that the Budget Secretary would be the city bookkeeper and that his office would be the repository of city accounts. The Budget Secretary was to have other duties also not stated in detail in draft I. Foremost among these duties was the receiving of all requisitions and the determination of their validity. If the Budget Secretary approved the requisition, it was to be sent to the City Controller, who would determine whether or not funds were available for the requisition. (109)

In draft II of the PHRC, the Budget Secretary's duties widened. The Secretary was also designated the Budget

Director. The duties outlined in draft I were retained and were more sharply defined. (110) Since the Budget Director had the duty of compiling financial data, draft II conferred direct access to such data.(111) The intended role of Budget Director as chief bookkeeper was also made more explicit in §4-301, in which the Budget Director is required to keep complete financial records of appropriations and expenditures.

In addition to those duties which were continued from draft I and which were more fully defined, the Budget Director referred to in draft II took on new responsibilities. First, he was required to make periodic studies of the cost of performance of the various functions which were assigned to the several officers, departments, boards, and commissions of the city. The results were to be made available to both the Mayor and the City Business Manager (112) (the forerunner of the Managing Director in draft II). Second, the Budget Director was responsible for accurate inventories of city equipment. In order to grant increased weight to this power, it became unlawful for the Department of Property and Procurement to make purchases in excess of \$5,000 without first obtaining clearance from the Budget Director.(113)

It was in draft III that the Director of Finance was created (114) and in which his authority assumed its present configuration. Draft III provided for the further growth of the former Budget Director's duties. During the Charter Commission's Executive Session of July 11,

1950, it was suggested that the Budget Director's title be changed to Director of Finance and that he become the Chief Accounting Officer, the Inventory Officer, and the Requirements Officer.(115) He was also to be empowered to appoint the Revenue Collector of the Department of Collections and the Commissioner of Property and Procurement for the Department of Property and Procurement.(116) The new provision would not have provided for a central bookkeeping office, since it was thought that it would be more efficient to maintain bookkeeping in individual departments. The suggestion was hailed as an improvement over the provisions contained in draft II.

For the most part these suggestions were incorporated into draft III.(117) The proposal not to require that the Director of Finance keep a full set of financial books was excluded. In addition to the duties suggested in the Executive Meeting, other duties were imposed on the Director of Finance. He was to approve every contract before it became effective. (118) He was to examine every requisition for money from the City Treasurer in order to ascertain whether or not it was a valid expenditure. (119) In draft III, the Director of Finance was also empowered to act as the chief arbiter in any disputes relating to tax liabilities between the Department of Collection and the Auditing Department. (120) This authority was removed in the final draft. Most of the responsibilities set forth in the third draft were continued in the final draft. However, some were not. Thus, for example, instead of supervising the Department of Property and Procurement, as was indicated in draft III, the Director supervised the Department of Revenue and the Procurement Department.(121) (In draft III, the Department of Revenue had not been designated.)

VI. THE CREATION OF MUNICIPAL AGENCIES, BOARDS, AND DEPARTMENTS

The 1919 Charter

The 1919 Charter gave the Mayor no authority to create any bureaus, divisions, or agencies. City Council was allowed to create new bureaus and divisions in city departments as Council decided was necessary. (122) Neither the Mayor nor Council could abolish existing city departments or create new ones. (123) The authority granted to Council resulted in an uncontrolled growth in the number of city boards and commissions and departmental bureaus and divisions.

The Drafts of the 1951 Charter

Draft I and draft II did not address themselves to the question of whether Council could create or abolish agencies of city government. Both drafts utilized the same language. The sections concerning legislative power provided only that legislative power was to be vested in and exclusively exercised by Council. (124) The sections on executive and administrative power provided that such power was to be vested in and exclusively exercised by the Mayor (or City Manager in draft I) and such officers, departments, boards, and commissions as designated by the Charter (§202, draft II; §1-102, draft 11).(125) No further delineation was provided.

One interesting aspect of the failure of draft II to address this issue is that this question of creation of agencies was raised during the Charter Commission's meeting of March 7, 1950. Draft II was completed on May 27, 1950, but no resolution of the issue was provided.

Draft III provided, as did the final draft, that Council could create, by ordinance, new boards and commissions only if the General Assembly conferred additional executive and administrative power on the city by amendment of the Constitution or laws of the Commonwealth of Pennsylvania. This additional power was to be vested in and exercised by the Mayor. and by the officers, departments, boards, and commissions designated in the Charter.(126) In draft III, Council was denied the power to abolish obsolete agencies. (127) This is in contrast to §2-305 of the final draft, which permitted Council to abolish any obsolete city agency. Following the public release of draft III, it was suggested that Council be authorized to create new departments. However, the idea was rejected by a vote of 12-1 and indicated that the Commission strongly believed that Council should not have this administrative power.(128)

The 1951 Charter

The PHRC continues the proscription concerning the creation of new city departments, but permits the abolition of obsolete departments by Council. (129) New agencies and boards, if created, must be designated departmental if their functions are related to those functions of existing departments. (130) Only the Mayor can create departmental advisory boards. (131) The PHRC seeks to limit sharply any proliferation of city agencies as occurred under the 1919 Charter form of government.

VII. THE COORDINATION OF MUNICIPAL ADMINISTRATION

The 1919 Charter

Under this Charter, the Mayor had no Cabinet or Administrative Board to assist him in shaping policy or in determining policy related to governing the administration of the city. The Mayor could meet with heads of departments and demand written reports from all departments in the executive branch concerning the status of city operations.(132) Because the Mayor shared actual authority with the City Council and county agencies, his authority was diluted. Municipal administration was a fundamentally decentralized operation under the 1919 Charter. Contributing to the diffusion of municipal authority, the independent, elected County Controller and Treasurer had important financial powers which affected the functioning of the entire municipal government.

The Drafts of the 1951 Charter

The need for an Administrative Board to help the Mayor coordinate municipal administration was agreed on in draft I, but its composition was not. Draft I left undecided whether this board would be called a Policy Board, Executive Committee, Administrative Board, or Executive Board. (133) The next two drafts created a board distinct from the Mayor's Cabinet. Draft II opted for an Executive Policy Board consisting of the Mayor, the City Business Manager, the City Solicitor, the Budget Director, and the Personnel Director. (134) Draft III changed the nomenclature to the Administrative Board, which included the Mayor, the Managing Director, the City Solicitor, the Director of Finance, and the Personnel Director. (135)

The City Solicitor's membership on the Board was criticized by the Municipal Affairs Committee of Americans for Democratic Action in the Notes and Comments on draft III, which stated that this role went far beyond the functions ordinarily performed by a city legal advisor. The Committee held that the Charter should prohibit such activity.

The Commission also seems to have followed the advice of the Committee of Seventy which favored the separation of the policy-making functions of the Civil Service Commission from the administrative functions by removing the Personnel Director from under the Mayor's control (as recorded in the executive minutes of the December 13, 1949 meeting). The final draft narrowed the membership to make the Board a subset of the Cabinet including only the Mayor, the Managing Director, and the Director of Finance. (136)

The 1951 Charter

The PHRC creates the Administrative Board, a subset of the Cabinet, (137) in order to allow the Mayor to maintain and control the operations of municipal government and to govern the details of this centralized administration. The Administrative Board consists of the Mayor, the Managing Director, and the Director of Finance, (138) the

last two appointed by the Mayor. (139) The Cabinet consists of the Mayor, the Managing Director, the Director of Finance, the City Representative, and the City Solicitor. (140) The Cabinet meets periodically to consider the condition of the city and to plan for sound administration.(141)

VIII. IMPEACHMENT AND RECALL

The 1919 Charter

The 1919 Charter provided that municipal officers could be impeached, suspended, or removed for corrupt acts, malfeasance, mismanagement, mental incapacity or incompetency, extortion, receiving gifts, or for committing fraud against the city, (142) after a written complaint was presented to the Court of Common Pleas by not less than twenty electors.(143) If a preliminary investigation found the charges well-founded, Council would hold an impeachment hearing to determine guilt. (144) If the officer were found guilty, the Court of Common Pleas would remove the officer and the position would be designated vacant. (145)

The Drafts of the 1951 Charter

The Commission's provision for protection against mismanagement is altered in the stipulation for the recall of the Mayor and the other elective officers. Recall was mentioned in draft II, but not fully elaborated until draft III.(146) The second draft provided for a special election to fill vacancies occasioned by recall, which the later drafts provided for through the next municipal or general election.(147) The recall procedure changed between draft III and the final draft, making it more difficult for an officer to be recalled. The final draft added the restriction that, if over one-fifth of the total number of signatures needed are from one ward, additional ones will not be counted toward the total. (148) The last draft reduced from four to two the number of years for which an officer is disqualified for holding office after being recalled. (149) While the third draft prohibited the filing of recall petitions in the first six months or last six months of a term, (150) the final draft forbade them in the first year or last six months of a term. (151) Finally, the third draft allowed removal by other means provided for in the U.S. or Pennsylvania Constitutions,(152) while the final draft contained no such provision.

The 1951 Charter

The PHRC grants the Mayor the power to remove any officer the Mayor has appointed. (153) The Managing Director can be removed only by being presented a written and detailed specification of the reasons for removal by the Mayor, and then only if the Civil Service Commission finds that the causes specified are sufficient for removal. (154) The Charter also provides that the Mayor can remove a member of the Civil Service Commission only for cause, showing in writing the reasons for doing so. The Mayor must allow a public hearing if the official being removed desires one. (155) Until 1976, when recall was

declared unconstitutional, the PHRC provided that the Mayor could be removed from office by a recall action of the electorate. (156)

IX. PROMOTION OF THE CITY OF PHILADELPHIA

The 1919 Charter

The 1919 Charter provided for no City Representative. The

Drafts of the 1951 Charter

The office of the City Representative underwent many changes in the drafts. In draft I, the officer was entitled the 'City Ambassador'; the functions of the office were to represent the Mayor at social and civic functions, to promote the city, and to act as an ambassador of good will. (157) The second draft added to the responsibilities of its newly designated 'Public Relations Director' the duty to promote the use and development of the port and to coordinate the work of city agencies in developing industry and business. (158) The third draft required the office of "City Representative" to act as the agency for receiving and answering all requests for information about the city government and complaints concerning city services. (159) The final draft reduced the number of the officer's official duties. It created a separate agency in the Mayor's office to handle requests for information and complaints, and created the Department of Commerce.(160) This Department assumed responsibility for promotion of business and industry, (161) although the City Representative(162) served as the Director of Commerce(§3-100(a)).(163)

The 1951 Charter

The PHRC directs that the Mayor appoint a City Representative, (164) who also serves as the Director of the Department of Commerce. (165) As the Director of the Commerce Department, the City Representative promotes the city. (166) The City Representative is also the ceremonial head of the city, (167) representing the Mayor and freeing the Mayor to concentrate on city operations. The Representative publicizes the accomplishments of the city, the growth and development of its commerce and industry, and prepares public information bulletins.(168) The City Representative is also a member of the City Planning Commission. (169)

X. MUNICIPAL COMMERCE ACTIVITIES

The 1919 Charter

The 1919 Charter provided for no Department of Commerce. Some of the functions performed by the current Department were performed by the Department of Wharves, Docks, and Ferries, which maintained, operated, fixed rates for, leased and rented facilities, and cleaned and constructed harbor facilities. (170) The design,

construction, maintenance, and operation of airports were performed by the Department of Public Works, and rates for airport facilities were set by Council. (171) No provision was made for the promotion of the port facilities.

The Drafts of the 1951 Charter

No provisions existed throughout the early drafts for a Department of Commerce. However, the functions later performed by that Department—promotion of commerce and the Port of Philadelphia, supervision of wharves, docks, harbors, and airports, and supervision of the Board of Trade and Conventions(172)—did exist, but were scattered among various other departments.

Draft I made provision for the promotion of business activity by the City Ambassador(173) (forerunner of the City Representative). The Board of Trustees of the Philadelphia Commercial Museum, Exhibition and Convention Halls was mentioned, but the Board's functions were not defined. (174) Supervision of wharves, docks, harbors, and airports was not mentioned because in draft I most department functions were not outlined.

Draft II responded to the omissions of draft I. Promotion of business and, for the first time, the Port of Philadelphia, were to be handled by the Public Relations Director(175) (formerly, the City Ambassador). The Board of Trade and Conventions became a departmental board under the Department of Cultural and Physical Recreation and was to manage the Commercial Museum, Exhibition, and Convention Halls. (176) Supervision of wharves, docks, harbors, and airport facilities was given to the Department of Utilities.(177)

Draft III continued the structure contained in draft II, except that the "Public Relations Director" was re-designated the City Representative and the Department of Cultural and Physical Recreation was called the Department of Recreation.

The Department of Commerce was first mentioned during the meeting of the Charter Commission on November 20, 1950. At that meeting, the Drafting Committee's recommendations on departmental organization were presented and included the Department of Commerce, with the City Representative as its head. No discussion ensued concerning the precise functions of the new Department.

The 1951 Charter

The PHRC creates the Department of Commerce(178) and requires the Mayor to appoint its chief officer.(179) The Department of Commerce promotes and develops the industry and commerce of the city and the use of the port and airports of Philadelphia. It also provides for improving, repairing, operating, designing, cleaning, dredging, constructing, and granting leases and licenses for the use of the wharves, docks, and harbor facilities. The city's airports are operated by the Department. (180) As authorized by ordinance, the Department sets the rates and charges for the use of city wharves, docks, harbors, and airport facilities. (181)

XI. THE CIVIL SERVICE SYSTEM

The 1919 Charter

Under the 1919 Charter, City Council appointed the members of the Civil Service Commission, who, in turn, appointed the Civil Service Examiner. Most of the duties and powers under the current Civil Service Commission, whose members are nominated by the Civil Service Panel, also existed prior to the adoption of the PHRC.(182) There was no Civil Service Commission nominating process or panel under the 1919 Charter.

The Drafts of the 1951 Charter

The continuing interest in protecting city employees from political manipulation was illustrated in the changing conception of the office of the Personnel Director and the Civil Service Commission. In the first draft, the Director was appointed by the Mayor, with the advice and consent of Council. (183) In the second, the Director was appointed by the Mayor, (184) and in the third, the Mayor selected the Director from among three candidates submitted by the Civil Service Panel.(185) Mayoral control over the Personnel Director was criticized by Clarence Stanton in the October 14, 1950, Charter Commission meeting. He advocated that the Personnel Director's appointment be made by the Civil Service Commission, with no fixed term, in order to remove that office from political pressure. In the final draft, the Civil Service Commission appointed the Personnel Director. (186)

In draft I, the Personnel Director's term of office existed at the pleasure of the Mayor. (187) This term was changed to a four-year term in drafts II and III.(188) The Notes and Comments to draft III explained that this was to free Personnel Directors from the appointing official.(189) In the final draft, the Director's term again was at the pleasure of the appointing power, the Civil Service Commission—a non-political body. (190)

The drafters attempted to create an independent and apolitical Civil Service Commission from the outset. The second draft described the Civil Service Panel, whose function was to submit a list of names to the Mayor from which to choose the three Commissioners.(191) This description remained unchanged through the final draft. (192) In addition, while departments, boards, commissions, and officers authorized to conduct investigations were given the power to obtain attendance of witnesses only in the third and final drafts,(193) the Civil Service Commission held this power exclusively in draft II.(194)

The earlier drafts generated even more protections, which later drafts reduced. In the second draft, civil service regulations could be approved only if there were public notice and a public hearing, (195) while departmental regulations could be approved only by the Administrative Board. (196) The third and final drafts allowed for a public hearing only if any person were affected by a proposed civil service regulation, or an interested citizen requested a hearing in writing from the Administrative Board.197 The requirements for departmental regulations were made consistent with those for civil service regulations at this time. 198 The second draft also provided for the establishment

of a board of review made up of three members designated by the Civil Service Commission for each department, board, and commission, in order to monitor employee efficiency ratings.(199) Provision for these boards was deleted from the third and final drafts.

The number of city jobs filled by civil service remained virtually unchanged from the second draft. Other changes were minor. The second draft referred to the "classified service" and the "unclassified service", rather than those in civil service and those who were exempt. The final draft added another restriction allowing all departments (except the Law Department) only two exempt deputies, and lifting the restriction on the number of exempt secretaries and clerks that the Mayor could hire.(200)

While the later drafts added little to draft II's provisions for the civil service, they did add restrictions on city employees in general. For example, while fidelity bonds were required of many city officers, beginning with the second draft, the final draft set a minimum of \$5,000 on the bond amount.(201) Similarly, the first draft required all persons appointed by the Mayor to take an oath of office;(202) the second and third required an oath of all persons elected, appointed, or employed by the city,(203) as did the final draft.(204) In addition, the final draft included, for the first time, a prohibition against any employee holding more than one job with the city, state, or federal government.(205) Finally, the second draft required that city employees take a leave of absence without pay if they wanted to run for public office.(206) The final draft required that they first resign.(207)

The 1951 Charter

The powers and duties given to the Civil Service Commission by the PHRC are: appointing the Personnel Director; advising the Mayor and Personnel Director on problems concerning personnel administration; conducting investigations and submitting the results to the Mayor and Personnel Director; approving, modifying, or disapproving of proposed civil service regulations; promoting the improvement of personnel administration;(208) hearing and disposing of appeals;(209) holding hearings on regulations; approving the pay plan, classification plan, hours of work, holidays, annual vacation, and sick leave;(210) and hearing appeals from dismissed Managing Directors.(211)

XII. THE CIVIL SERVICE PANEL

The 1919 Charter

The 1919 Charter did not provide for a Civil Service Nominating Panel. The Council selected the members of the Commission by majority vote.(212)

The Drafts of the 1951 Charter

See: **XI. THE CIVIL SERVICE SYSTEM**

The 1951 Charter

The PHRC establishes a Civil Service Panel to recommend and submit to the Mayor in writing the names of

three qualified persons to fill the positions on the Civil Service Commission.(213)

XIII. PERSONNEL ADMINISTRATION

The 1919 Charter

The 1919 Charter made no provision for a Personnel Director, but rather required the Civil Service Commission to perform functions which the Director now performs under the PHRC. Thus, the Civil Service Commission was both a quasi-judicial and an administrative body.

The Drafts of the 1951 Charter

In draft I, the drafters did not fully delineate the Office of the Personnel Director. As outlined, the Personnel Director was to be part of the Mayor's staff and appointed by the Mayor without the advice and consent of the Council.(214) The duties outlined included receiving applications for positions in the classified service and examining the applicants in order to determine whether or not they had the qualifications required by civil service regulations.(215)

In draft II, the Personnel Director was to be appointed without the advice and consent of Council.(216) However, instead of being a member of the Mayor's personal staff, the Personnel Director was to be a member of the Executive Policy Board.(217) Powers and duties of the office included prescribing a code of rules for the classified service and following civil service regulations. The Personnel Director was also to maintain a roster of all employees and investigate the operation of civil service regulations. Attendance at all Civil Service Commission meetings was mandatory.(218) The Personnel Director was also to administer all civil service examinations.(219)

Draft III contained essentially the same provisions as draft II, except that the Personnel Director was appointed by the Civil Service Commission from a list of names supplied by the Civil Service Panel.(220) The duties of preparing and administering civil service regulations were more sharply defined.(221)

The final draft contained the same provisions as draft III, except that the Personnel Director was appointed by the Civil Service Commission, without a nominating panel. (222)

The 1951 Charter

The PHRC designates the office of the Personnel Director (223) to be the administrator of the city's civil service system.(224) The PHRC places the responsibility for review in an independent Commission,(225) thereby sharply dividing the administrative and quasi-judicial functions of the personnel system between the Director and the Civil Service Commission.

The PHRC grants the Personnel Director the following powers and duties: establish and maintain a roster of all employees of the city; classify the positions of every employee in the service according to the civil service classification

plan; investigate the operation and effectiveness of the Charter's civil service provisions and report findings to the Mayor and Commission;(226) develop programs for the improvement of employee effectiveness in training, safety, health, welfare;(227) designate personnel to assist in the preparation and rating of tests;(228) subject to approval of the Mayor, offer services to county and other agencies;(229) prepare civil service regulations;(230) prepare regulations related to the pay plan, hours of work, holidays, annual vacation, and sick leave, and submit them for approval to the Administrative Board and Commission; after approval, file the regulations with the Department of Records;(231) administer examinations for hiring and promotions;(232) establish lists of eligibles;(233) certify the two highest on the lists;(234) institute identification methods for employees in the service;(235) lay people off;(236) maintain efficiency ratings of employees;(237) make provisional and temporary appointments without examinations;(238) dismiss personnel;(239) and serve on the Board of Pensions and Retirement.(240)

XIV. CITY PLANNING

The 1919 Charter

The 1919 Charter provided that a City Planning Commission could be created and that it recommend to Council measures in regard to future needs and growth of the city;(241) however, no steps were taken to do so until 1942. Council prepared zoning ordinances (242) and considered plans and specifications for city streets.(243)

The Drafts of the 1951 Charter

The City Planning Commission also underwent significant changes throughout the drafts. In the first draft, it was a board entitled the "Advisory City Planning Board;"(244) in the second and third drafts, it was a departmental commission under the Department of City Development,(245) and, in the final draft, it was changed to an independent commission. (246)

The make-up of the Commission also was transformed from a board of eight appointed members and the Director of City Development in draft II and III(247) to a board with six appointed members (five of whom may hold no public office or job), the Managing Director, the Director of Finance, and the City Representative in the final draft. (248) These changes may have been instituted as a result of an observation before the Commission on October 23, 1950, that as the City Planning Commission was constituted, members would be required to attend 181 meetings a year, an excessive number for its unpaid members.

The 1951 Charter

The PHRC continues (249) and widens the activities of the City Planning Commission. The Commission now adopts and amends a capital budget;(250) approves plans concerning streets and land subdivision;(251) prepares and adopts a physical development plan;(252) prepares zoning ordinances;(253) and makes recommendations on proposed city ordinances concerning the physical development

plan, zoning, street plan, capital improvements, and acquisition or sale of city-owned real estate.(254)

XV. THE ORGANIZATION OF CITY COUNCIL

The 1919 Charter

Under the 1919 Charter, the unicameral City Council consisted of twenty-two members. There were no at-large Council members. Districts were based on State Senatorial Districts. The number of Council members to be elected from a particular district was calculated by dividing the population of the city by twenty-two to determine the number of residents that a single Council member should represent. This figure was then divided into the total population of each of the city's State Senatorial Districts to determine the number of Councilmembers to be elected from each district. Remainders greater than one-half counted as one. Voters of a district were entitled to elect as many Council-members as the district had seats. Redistricting was strictly a state legislative function as was the fixing of Council salaries. Reapportionment was a function of the County Commissioners.(255) Under the 1919 Charter, all Council-members were salaried at \$7,500 per year.(256) Significantly, Council was not authorized to set its own future pay scale.

Under the 1919 Charter, Council-members were required to reside within the city from the time of nomination to the end of their term.(257) No mention was made of whether or not a Councilmember was required to reside in the district from which he was elected. Except the office of notary public and any office in the military, Council-members were prohibited from holding "any other office, position or employment" for profit with the city, county, state, any other political subdivision, or the United States, during their term of office.(258) A prohibition against Council-members' entering into any business contracts with the city during their terms of office is continued by the PHRC.(259)

Under both Charters (1919 and 1951), Council must meet for organization on the first Monday in January, following its election. Both Charters also empower it to provide for the employment and fix the salaries of staff necessary for the proper discharge of its business.(260) Summarizing, the 1919 Charter allowed Council considerably more latitude in its own organization, by being less specific as to how Council was to accomplish that goal.

The Drafts of the 1951 Charter

Perhaps no other section engendered as much debate within the Charter Commission as the sections dealing with the number and terms of City Council-members. A large number of options were considered by the Commission and yet only two of those options actually appear within the drafts themselves.

In draft I, no provisions were set forth concerning the number of City Council-members. The only sections which were provided were those dealing with redistricting the City for the purpose of delineating Council districts.

However, this provision was to take effect only if Councilmembers were elected by district. If Council did not set new districts, the Court of Common Pleas could be petitioned to redistrict the city.(262)

The first draft also provided for a Council President and a Vice President, with the Vice President having and exercising all the powers of the President in the event of the President's absence or disability. Council was also permitted to hire staff for the discharge of its business.(263)

The section on qualifications provided that no person should hold the office of Councilmember while holding any other office, position, or employment under the City, Commonwealth, or U.S., except as notary public or in the military service of the U.S. or the Commonwealth.(264)

Draft II showed the Charter Commission's indecisiveness concerning the size of the Council in the way in which Council members were to be elected. This indecisiveness was manifested in the presence of two alternate approaches. The first alternative called for the election of 17 members, 10 to be elected from Councilmanic districts and seven from the city at-large.(265) Each elector was to be granted the right to vote for one district Council member and for four Council-members at-large.(266) There were to be ten Councilmanic districts, each containing approximately 10% of the city's population. Following each Decennial Census, the districts were to be adjusted so that they would remain proportionately equal. Failure to re-district meant that any elector could petition the Common Pleas Court to redistrict and the Common Pleas Court was granted power to set the new districts. No appeal was allowed.(267)

The qualifications for Council membership remained the same, except that age and residency requirements were added. Council-members had to be residents of the city for at least one year prior to election and had to be at least 25 years old upon taking office.(268)

The salary was to be \$7,500 per year. However, no change in the rate of compensation was to be effective during the term for which a Councilmember was to have been elected.(269)

The second draft provided for the election of a President pro tempore from among Council members in the event of the absence or disability of the President. Also, Council could hire assistants to discharge business.(270)

Alternative two of draft II was similar to alternative one, with the exception of the number and election of Councilmembers. The number of Council-members was to be 22. They were to be elected from the various State Senatorial Districts of the city, in proportion to the population as determined by the last U.S. Census. The Councilmanic ratio was to be found by dividing the whole population of all state senatorial districts by 22. One Council member was to be elected for each such ratio and additional Council-members for any fractional portion in excess of 50%. Every State Senatorial District was to be entitled to elect as many Council-members as it had Councilmanic population ratios, and an additional Councilmember for any fractional ratio in excess of 50%.

The number of Council-members for each district was to be announced by the Elections Board in August of every

election year. Vacancies would be filled for each by special election for the remainder of the unexpired term.(271)

Draft III followed the first alternative for the most part. It noted provisions for 17 Council-members, ten elected from districts and seven at-large.(272) With regard to the seven at-large Council-members, each elector was permitted to vote for four at-large candidates, and each party was to nominate only four candidates. Therefore, a minority representation of three was to be assured within Council.(273)

Other minor changes also took place. If Council failed to re-district the City into new Councilmanic districts following the Decennial Census, electors were given the right to petition the Court of Common Pleas or order Council to set the new districts.(274)

Although draft III appeared to have settled the difference of opinion concerning the alternative sections in draft II, this was not clear. The Commission voted 10-3 to adopt the first alternative of draft II and embody it within subsequent drafts of the Charter.(275) Both alternatives were presented to the electors on the ballot when the Charter came up before the voters in 1951. At that time, the Commission publicly supported alternative one.(276) On the ballot, the first alternative did contain some changes from its appearance in drafts II and III. These changes are now indicated in the PHRC.

One of the changes which occurred concerned minority representation on the Council. Each elector was permitted to vote for one district Council member and for five Council members at-large. Correspondingly, each political party could nominate five candidates for Councilmember at-large. Thus, a minority representation of two was assured.(277) The decrease in minority representation was made in order to insure a larger working majority in Council and was done so over the strenuous objections of some Commission members, who felt that if minority representation were to take place, it should be decided at the polls.(278)

Another change which occurred concerned the penalty for failure of the Council to re-district the city following the Decennial Census. No longer was Court action necessary. Instead, Council-members' salaries were to be withheld until re-districting took place. This change was undertaken because it was believed that monetary penalties were far more effective than Court orders in achieving desired goals.(279)

The 1951 Charter

Under the PHRC, seventeen Council seats are provided for. Ten Councilmanic districts of approximately equal population are set up. Each district elects one Councilmember. Seven Council-members at-large are elected by the city's electors.(280) In order to insure minority party representation, each elector can vote for only five at-large candidates. Similarly, any political party can place only five at-large candidates on the ballot.(281) The original ten Councilmanic districts are designated in the PHRC by wards. Council is required to redistrict the city within six months after the publication by the United States Census Bureau of the population of the

city at each Decennial Census. Each district must consist of wards or contiguous wards containing, as nearly as possible, 10% of the city's population. Failure by Council to undertake this task within the allotted time results in a withholding of their pay until such time as a re-districting ordinance becomes law, with or without the Mayor's signature.(282)

Council members were granted a pay increase to \$9,000 per year, and the President of Council was granted an extra \$1,000 per year. Even more importantly, Council was allowed to set its own pay scale in the future.(283) Today, Council-members are salaried at the annual rate of \$25,000. The President of Council receives \$45,000, the majority leader receives \$27,000, and the minority leader receives \$26,000. No distinction was made in the 1919 Charter as to the salaries of the leadership versus that of the membership.

The PHRC is much more specific and demanding about Council qualifications. It requires members of Council to be United States citizens, to have been a resident of the city for at least one year prior to election, to be at least twenty-five years of age when elected, and to remain residents of the districts from which they were elected during their terms of office. Finally, it states that Council shall be the "sole judge" as to the qualifications of its members.(284)

A prohibition against Council-members' entering into any business contracts with the city during their terms of office is continued in the PHRC.(285) Article X of the PHRC also prohibits Council members (or any other officer or employee of the city) from soliciting or recommending the appointment of any person to any position in the civil service, or interfering with the duties of police officers or any other employee of the city.(286) The remainder of Article X of the PHRC also specifies other prohibited activities, including acting as agents(287) or brokers for procuring city bonds and accepting gratuities for acts or omissions during the course of performing duties. (288)

Under both the 1919 and 1951 Charters, Council must meet for organization on the first Monday in January following its election. Both Charters also empowered Council to provide for the employment and fix the salaries of such persons necessary for the proper discharge of its business. The 1951 Charter is more specific as to how Council is to be organized.(289) It differs from the 1919 Charter in that it requires Council to elect a President from among its members, and to choose as chief clerk a non-member to act as Secretary of Council. Further, it specifically directs the election of a President pro tempore in the event of the President's absence or disability, and directs Council to adopt rules providing for a finance committee and other committees, along with rules defining the duties of its President and of its employees.(290)

The method of filling vacancies on City Council was unchanged by the PHRC. To fill a vacancy, the President of Council issues a writ of election to the City Commissioners for a special election to be held not less than thirty days from the issuance of the writ. This election

may be held on the date of the next regularly scheduled primary, municipal, or general election at the discretion of the President. The person chosen to fill the vacancy serves out the remainder of the term. In the event of a vacancy in an at-large office of a minority party representative, it is not required that the replacement be from the minority party. (291)

XVI. ORDINANCE CONSIDERATION AND LEGISLATION

The 1919 and 1951 Charters

There are many similarities in the procedural aspects of Council's legislative power in both Charters. All ordinances or resolutions must originate as bills. Once introduced on the floor, a bill must be referred to a committee, reported out, and printed for the use of the members before it can be voted on. No bill can be altered or amended during its passage to change its original purpose, nor can it be voted on the same day it is introduced. Final voting is by yeas and nays. A bill must receive a majority of all Council votes and then be sent to the Mayor for his approval and signature.(292)

The Mayor has until the first Council meeting, not less than ten days after receiving the bill, to veto it and send it back to Council with the reasons for disapproval. If the Mayor does not do so within the allotted time, the bill becomes law as if the Mayor had signed it. A vetoed bill must receive a designated proportion of Council votes to become law.(293)

The differences in the two Charters regarding ordinance consideration and passage are considerable and significant. Both Charters ordain that no bill be passed containing more than one subject, which is to be clearly expressed in its title. However, the PHRC lists as exceptions to this, annual budget ordinances and general modifications and revisions of city ordinances. No exceptions whatsoever are listed in the 1919 Charter. (294)

Public hearings on all bills are mandatory at the committee level under the PHRC.(295) Notice of these hearings and notice of bills reported from committee must be given by advertisement in the three daily newspapers having the largest circulation in the city.(296) Notice must be given at least five days before the public hearing, or before the bill comes up for final consideration, and must include the time and place of the hearing.(297) Final versions of all bills must be printed and made available to the public. No specific provisions concerning public hearings on other than the annual operating budget ordinance were contained in the 1919 Charter.(298) Similarly, there was no public access provision.

The PHRC seeks to maximize public input into the 10-callegislative process in other ways. It specifies that an amended bill must be printed in its final form prior to voting and be made available to the public as well as to members of Council.(299) Also, while the 1919 Charter merely prohibited a final vote on a bill on the same day it was introduced,(300) the PHRC requires a five day layover

between the printing and distribution of a bill in its final form, including any amendments, before the final vote. (301) Paradoxically, although both Charters require publication of an ordinance once it becomes law,(302) the PHRC does not require advertising of the final ordinance after its passage, as did its predecessor.(303)

Under the 1919 Charter, all bills, whether destined to become an ordinance or a resolution, were to be sent to the Mayor for approval. (304) The PHRC makes only potential ordinances, and not resolutions, subject to Mayoral veto. While an ordinance is a law,(305) a resolution is an opinion.(306) In keeping with the general goal of the PHRC to strengthen the Office of Mayor and to limit the powers of Council, a two-thirds majority of all members of Council must vote within seven days to override a Mayoral veto.(307) Under the 1919 Charter, only a three-fifths majority within the same allotted time was necessary. (308)

It should be mentioned that under both Charters, the Mayor is given line item veto power.(309) In other words, he can approve or disapprove only certain portions of a bill at his discretion. Those portions approved become law, and those disapproved do not, unless Council overrides the veto in the appropriate-manner. Under the 1919 Charter, there were no exceptions to this -the Mayor had full line item veto power. However, certain limitations are placed on this power in the PHRC. Notably, they apply to mandatory appropriations within the annual operating budget ordinance (310) and will be discussed in greater detail in the following section.

Both Charters require that all Council meetings be "open and accessible" to the public;(311)°grant to any administrative officer the right to appear before Councilor any of its committees in matters relating to the functions of his office; and grant to the Mayor the right to so appear for the purpose of expressing views on any pending matters.(312)

The Drafts of the 1951 Charter

The basic conception of Council procedure changed little from draft to draft. Draft I provided that all legislation was to be by ordinance.(313) Each ordinance was to contain only one subject and its original purpose was not to be altered or amended during its passage. Before consideration, all bills were to be referred to committee, returned from committee, and printed for use by Council and for public information. The title of every bill reported from committee was to be advertised in two daily newspapers at least five days before final consideration. All amendments were to be printed before final consideration. Before a bill became an ordinance, a two-thirds majority of Council was required.(314)

Every ordinance had to be approved and then signed by the Mayor, thus making it law. If disapproved, the ordinance was to be returned to Council within ten days. Council was empowered to make the bill law without the Mayor's approval, with a vote of two-thirds of the members of Council. If the ordinance was not returned within ten days, it became law without the Mayor's approval. Ordinances making appropriations could be reduced or

disapproved in part by the Mayor, and the remainder would become law. The reduced or disapproved part could become law in the same manner as other disapproved ordinances.(315)

Council's meetings were to be open to the public and accessible at all times.(316) Also, Council was to have the power to compel the attendance of witnesses or the production of documents or other evidence.(317)

For the most part, draft II continued the structure contained in draft I. Concerning the passage of bills and their submission to the Mayor, the only difference which existed was the requirement that all bills should be tabled until the next regular meeting before final consideration. The advertising requirement was altered to require that notice of every bill should be advertised in three daily newspapers having the largest paid circulation. In addition, such other action was to be taken which would bring public hearings to the attention of interested citizens.(318)

One deletion occurred in the transition from draft I to draft II. In draft II, public Council meetings were *not* specifically required. Although the advertising provision anticipated public hearings, no section existed requiring such public hearings. Draft III also contained the same provisions concerning the passage of bills and their submission to the Mayor. In addition, the Mayor and any other administrative officer of the city were given the explicit right to appear before Council for the purpose of expressing views on any matter pending before Council.(319) Also, the meetings of Council were once again made open and accessible to the public.(320)

The sections on Council procedure passed into the final draft with little change. In that draft, all ordinances were to contain a single subject, except annual budget ordinances and general modifications and revisions of city ordinances.(321) Also, a section was added clarifying the publication requirement of ordinances. It provided that publication need not take place for passed ordinances.(322)

XVII. COUNCIL AND APPOINTMENT POWER

The 1919 Charter

Under the 1919 Charter all officers appointed by the Mayor had to be approved "with the advice and consent" of Council. Council appointed the members of the Civil Service Commission.(323)

The Drafts of the 1951 Charter

Council was to have control over all Mayoral appointments in draft I, with the exception of the Mayor's staff.(324) Thus, the Mayor was to appoint a staff consisting of Budget Secretary, City Ambassador, and Personnel Officer,(325) as well as the Police Commissioner,(326) without the advice and consent of Council.

In draft II, Council's power over appointments was eroded. In that draft, Council was empowered only to advise the Mayor and give consent on the appointment of the City Solicitor and the City Business Manager(327) (the

forerunner of the Managing Director). The City Business Manager was to be the Mayor's most important appointment because the Manager appointed all department heads without interference from Council and supervised the daily operation of the city.(328) The Mayor was to appoint the Police Commissioner, the Budget Director, the Personnel Director, the Public Relations Director, and the members of all boards and commissions without the advice and consent of Council.(329)

Draft III continued Council's power over appointments as delineated in draft II.(330)

The 1951 Charter

This area of previous Councilmanic appointive power is severely restricted by the PHRC. Under the PHRC, the only executive officer whose selection by the Mayor must be approved by Council is the City Solicitor, who provides legal advice to both the Mayor and Council.(331) Council has no power, whatsoever, to veto any other executive appointments. Also, the authority to appoint the Civil Service Commission (by means of a new Civil Service Panel) was transferred to the Mayor in the PHRC.(332)

XVIII. COUNCIL'S POWER OF INVESTIGATION

The 1919 Charter

The major provisions of the 1919 Charter relating to Council investigations and inquiries concerned Council's power to subpoena witnesses, documents, or any other evidence, the enforcement of this subpoena power through the Court of Common Pleas, and the grant of use immunity to witnesses.(333) Only the use immunity provision is omitted from the PHRC, but it still may apply through state law and limitations on "home rule."(334) Investigatory power under the 1919 Charter was more implicit than explicit.

The Drafts of the 1951 Charter

Council was not given specific investigatory powers in draft I. Essentially, this draft retained only the 1919 Charter power to compel attendance of witnesses and production of documents and other evidence.(335) In draft II, Council was given the power to authorize inquiries and investigations for the purpose of conducting inquiries.(336) Council was to be allowed to employ and compensate counsel, experts, and employees. It was to be allowed to authorize such other expenditures as necessary.(337) Council was also empowered to utilize the resources of any department, board, commission, or agency upon the receipt of permission from the head of the agency.(338) These investigations were to be public (339) and subject to such rules as Council indicated.(340) Council ' s investigatory powers passed unchanged into draft III and the final draft.(341)

The 1951 Charter

The PHRC specifically empowers Council to pass, by resolution, authorization for inquiries and investigations to be conducted by the whole body or any of its committees in aid of its legislative functions.(342) Other major provisions relating to this, in addition to the subpoena power,(343) are: explicit authorization to the presiding officer to administer oaths;(344) to employ counsel, experts, and employees, and authorize any other expenditures Council deems necessary; with the consent of any department, board, or commission of the city, utilize services, information, facilities, and personnel of such department or agency; and to set by resolution, the total cost of such investigation or inquiry, and to exceed such total only upon a majority vote of all members.(345)

All Councilmanic inquiries and investigations are to be public, except, when in the opinion of the investigating body, executive sessions are required.(346) Witnesses are entitled to representation by counsel and any person whose character is impugned in the course of an investigation must be given an opportunity to appear, with or without counsel, to present evidence, cross-examine any person who may have impugned his character, and to call witnesses of his own. To insure appearance of such witnesses, Council must use its subpoena power.(347) Subject to constitutional limitations, Council has full discretion to pass rules pertaining to the conduct of their investigations and inquiries.(348)

One very important ancillary provision to the investigative power of City Council, which had no counterpart under the 1919 Charter, is that section which authorizes Council to choose its own legal counsel. At any time that the Law Department refuses to advise or render legal services to Council, and whenever Council is conducting an investigation relating to the executive and administrative branch of the city government, outside legal services may be retained by Council.(349)

XIX. THE CITY CONTROLLER

The 1919 Charter

The 1919 Charter did not create an auditing department, although it provided for the office of City and County Controller.(350) The powers which the 1919 Controller had in common with the 1951 Charter Controller were the powers to audit all financial transactions;(351) approve all disbursements prior to payment;(352) approve orders of payment;(353) recommend standards for efficiency and economy;(354) audit the Fireman's Pension Funds;(355) and serve as member of the Sinking Fund Commission(356) and the Board of Pensions and Retirement.(357)

The powers which the 1919 Controller had, and which the PHRC Controller does not, are the powers to supervise the accounting system of the city;(358) prepare the payroll checks;(359) issue financial reports;(360) keep a general accounting for the city;(361) and initially approve requisitions.(362) These powers have been transferred to the Director of Finance.(363) The 1919 Controller also prepared

the non-tax related estimate of receipts for the budget, an estimate which the PHRC transfers to the Mayor.(364) The chief new powers of the PHRC Controller are the powers to appoint a CPA as deputy in charge of auditing;(365) to engage certified public accountants as regular auditors;(366) and submit to audits.(367)

The Drafts of the 1951 Charter

In draft I, the elected City Controller(368) headed the Department of Audits and Fiscal Control.(369) The functions which the Department was to exercise were carefully drawn. The duties of the Department included auditing all accounts for taxes and other money due the city. In the event that the Department of Revenue Collection made settlement on those taxes, the Department was to approve the settlement or return the case to the Department of Revenue should any error or discrepancy have occurred in making the settlement. The Auditing Department was also to audit all city and county officers to determine whether all moneys payable to them were correctly reported and transmitted.

The same audit would occur with respect to court clerks and magistrates and their collection of fines and penalties, and with respect to any agents charged with the collection of license fees. In all of the above, audits of any discrepancy were to be reported to the Department of Revenue Collection.(370) Reports of all audits were to be made to the Mayor and City Council, not the Department of Revenue Collection.(371) One deletion from draft II was that audits of the financial administration were no longer specifically mentioned.

Some new provisions were included in draft II under the City Controller section. The auditors of the Auditing Department were required to meet certain minimum qualifications.(372) The City Controller was to seek expert advice on the manner in which audits are performed,(373) and also had to submit to any audit ordered by Council for the purpose of checking on the Department's affairs and methods.(374) One final addition concerned the duty of the Auditing Department to make periodic recommendations for improving efficiency and economy in all agencies, departments, boards, and commissions receiving appropriations from the City Treasury.(375) Draft III provided the same as draft II, except that the Controller was to audit the pension funds of police and firemen.(376)

The final draft provided the same as the preceding drafts except that the Controller was granted access to all records necessary for audits.(377) The Department of Audits was to perform all audits connected with the administration of the city's financial affairs. Also, the Department was to make annual audits of all other city officers, departments, boards, and commissions, as well as any other special audits which the Mayor called upon the City Controller to perform.(378)

In addition to the Auditing duties assigned to the Department, the City Controller was to examine all requisitions calling for the payment of money from the City Treasury.(379) An up-to-date personnel file, listing all employees in each department, was to be maintained by the Controller.(380)

Draft II streamlined the language outlining the City Controller's duties. All duties were the same, except that audits of court clerks, magistrates, tax and license fee collectors were not specifically mentioned.

The 1951 Charter

The PHRC creates the Auditing Department(381) and places an elected city (not county)(382) Controller at its head.(383) The functions performed by the Controller (Auditing Department) are to approve requisitions submitted through the Director of Finance by departments and other agencies;(384) approve payments made out of the City Treasury;(385) audit annually, or as often as required by the Mayor or Controller, every department and agency and the accounts of the police and fireman's pension funds, and make a report of the results to the Mayor and Council;(386) make recommendations to departments and agencies for improved efficiency and economy of operations;(387) witness the opening of bids;(388) devise for the Director of Finance a system of accounting;(389) forbid payment to personnel not employed through civil service;(390) and appoint a certified public accountant to take charge of the auditing.(391)

Additional duties of the Controller are to require the Auditing Department to consult with expert private accountants;(392) have access at all times to records of every department, agency, and any other governmental units to which city money is appropriated;(393) have access, along with the city treasurer, to the safes which hold city securities;(394) receive a list of city employees every June;(395) receive reports from the Treasurer of all moneys paid into and out of the Treasury (daily);(396) receive all bills and receipts from the Department of Collections or any other department and agency;(397) submit to audits from certified public accountants appointed by Council;(398) and serve as a member of the Sinking Fund Commission(399) and Board of Pensions and Retirement.(400) Under the PHRC, appropriations requested by the Auditing Department cannot be reduced by the Mayor without the Department's consent.(401)

XX. THE CITY TREASURER

The 1919 Charter

The 1919 Charter granted the (city and county) Treasurer authority to receive all money from the city departments and agencies which received city funds, and to deposit such money into specified banks and institutions designated by Council;(402) make reports to the Controller;(403) and draw checks on orders of the appropriate heads and deputies of departments.(404) The Treasurer also collected miscellaneous revenues(405) (the PHRC gives this power to the Department of Collections).(406)

The Drafts of the 1951 Charter

Draft I specified no duties and powers of the City Treasurer. The only pertinent sections in draft I provided that there was to be a Department of City Treasurer with

the Treasurer at its head.(407) The Treasurer was to be elected until such time as he could be a legally appointed city (not county) officer. When appointment was possible, it was to be made with the advice and consent of Council.(408)

In draft II, the duties of the City Treasurer were defined. The Treasury was to be a part of the Department of Finance and would no longer be an independent county office.(409) The Treasurer was to receive and deposit all moneys collected to the City Controller.(410) All checks were to be issued by the Treasurer upon the warrant of the City Controller.(411) The sections concerning the filling of the office are changed in that when it becomes possible to appoint the Treasurer, the advice and consent of Council will no longer be necessary .(412)

Draft III continued the structure contained in draft II, with the exception that daily reports were to be made to both the City Controller and the Director of Finance.(413)

The final draft continued the functions outlined in earlier drafts. The Treasurer is now appointed by the Director of Finance.(414)

The 1951 Charter

The PHRC grants the City Treasurer the following powers and duties: to receive daily all moneys from the Department of Collections and any other source;(415) deposit all moneys received into banks and institutions designated by Council;(416) make reports of money received, deposited, and withdrawn from the Treasury to the Director of Finance and the Auditing Department;(417) draw checks on the order of the City Controller;(418) deliver payroll checks to the officer, department, board, or commission of the city on whose requisition it was ordered, and mail all others to their payees;(419) perform functions for the county;(420) have access to city securities and furnish monthly a list of all city securities and their place of safekeeping to the Director of Finance;(421) and serve as a member of the Tax Review Board.(422)

XXI. PREPARATION OF THE BUDGET

The 1919 Charter

Under the 1919 Charter, the preparation of the budget was chiefly a function of Council.(423) The estimate of tax receipts was exclusively prepared by Council;(424) the Controller and the Mayor prepared the miscellaneous receipts, and statements of departmental expenditures and liabilities and forwarded them to Council.(425) This Charter did not provide for a capital program. Council could determine whether to increase the deficit levels;(426) the Controller guarded against over-drawing and cross-drawing on items of appropriation.(427) The Controller's estimates of liabilities and estimates of revenues from non-tax sources were binding on Mayor and Council.(428)

The Drafts of the 1951 Charter

Throughout the various drafts of the Charter, the sections pertaining to budget preparation underwent little

change and only minor alterations existed. In each draft, budget estimate forms were to be distributed to all officers, departments, boards, and commissions which desired appropriations from the City Treasury for budget estimate preparation. These groups had to return their budget estimates within a specified time period. It was this time period and the city officer that was responsible for distribution and collection of these estimate forms which were the subject of draft changes. Thus, in draft I, the budget estimate forms were to be distributed by the Mayor's Budget Secretary by August 15 of each year and were to be returned by October 1.⁴²⁹ In draft II, the budget estimate forms were to be distributed by the Budget Director by October 15 and returned by December 1.⁴³⁰ Draft III required that the budget estimate forms be distributed by the Director of Finance six months prior to the conclusion of each fiscal year and returned no later than five months before the end of the fiscal year.⁴³¹ The final draft indicated no changes from draft III regarding either the deadlines for such paperwork or the officer who was responsible.⁴³²

The 1951 Charter

Budget preparation under the PHRC is performed solely through the Mayor's office. The Mayor receives preliminary estimates of receipts from the Director of Finance,⁴³³ amends and edits the estimate, and sends to Council a proposed annual operating budget message and ordinance based on the estimates.⁴³⁴ The annual operating budget ordinance, once passed by the Council, cannot be amended to transfer budget items during the last four months of any fiscal year, or to increase the aggregate appropriations made, without the recommendation of the Mayor.⁴³⁵ The capital program and budget is also prepared by the Mayor. The City Planning Commission sends a recommended capital program and budget to the Mayor, who amends and approves it, and forwards the proposed program and budget to Council.⁴³⁶ The Mayor must ensure that the city does not incur a deficit in any fiscal year, except under unforeseeable emergencies.⁴³⁷

XXII. BUDGETING AND APPROPRIATIONS

The 1919 and 1951 Charters

Under both Charters, the primary source of appropriations is the annual operating budget ordinance. The PHRC requires Council to adopt such an ordinance at least thirty days before the end of the fiscal year, without specifying when the fiscal year ends.⁴³⁸ Thus, Council can, by ordinance, specify the date which the old fiscal year ends and the new one begins. The 1919 Charter required Council to adopt a budget by December 15, indicating that the fiscal year coincided with the calendar year.⁴³⁹

The process of formulating and adopting an annual operating budget under the PHRC, begins with the submission to Council, by the Mayor, of the proposed annual operating budget along with the annual operating budget message: Immediately upon its receipt, the Mayor's proposed

budget ordinance is considered as introduced and is sent to Council's Finance Committee.⁴⁴⁰ The Mayor's proposal must include estimates of receipts for the ensuing year, other than from taxes, and surplus or deficit, if any, for the current year,⁴⁴¹ all of which is binding on Council and cannot be altered.⁴⁴²

As opposed to the 1919 Charter, under which the estimates of receipts other than from taxation and liabilities were prepared by the City Controller and were binding on the Mayor,⁴⁴³ the PHRC empowers the Mayor to formulate these estimates. Estimates of expenditures remain both within the Mayor's discretion and binding on Council.⁴⁴⁴ The 1919 Charter was much more specific as to how the estimates of receipts were to be calculated. It required that they be based on adjusted receipts for the previous three years. The Controller was also required to furnish a statement of the average portion of taxes uncollected at the end of the previous three years.⁴⁴⁵

A significant shift in power from Council to the Mayor concerning the budgeting process can be seen in the format required concerning appropriations in the Mayor's proposed budget. Under the PHRC, all appropriations to the Council, the Mayor, and all offices, departments, boards, and commissions, both in the proposal and in the final ordinance, must be made in lump sum amounts in specified classes which are: (a) personal services; (b) materials, supplies, and equipment; and (c) debt service. In addition to these three classes, a fourth reads "(d) Such additional classes as the Mayor shall recommend in his proposed annual operating budget ordinance." ⁴⁴⁶ This represents a significant departure from the 1919 Charter, which empowered Council to decide the form and detail of these appropriations.⁴⁴⁷

Under the PHRC no new classes can be added without a Mayoral recommendation. This means that Council cannot require the Mayor to go into such detail as "x" amount for paper clips, "y" amount for rubber bands, and so forth. Consequently, the offices, departments, boards, and commissions under the executive branch have considerably more leeway to decide how they will spend their appropriations within the enumerated categories. This represents a clear shift of power from the legislative to the executive branch of Philadelphia's government.

Another example of this shift is a limitation placed by the PHRC on Council's power to amend the annual operating budget ordinance, authorizing the increase of appropriations or transfer of funds from one item of the budget to another. Under the 1919 Charter, this was limited only by the Mayor's veto power, which could be overridden by Council.⁴⁴⁸ Today, it is subject not only to Mayoral veto. During the last four months of a fiscal year budget items may be transferred only upon recommendation of the Mayor.⁴⁴⁹ In contrast to the 1919 Charter, which allowed Council to increase appropriations upon certificate of the City Controller that a surplus was available,⁴⁵⁰ the PHRC contains a blanket prohibition, excepting only certain emergencies, against any increase in the aggregate of appropriations, a prohibition whose purpose is increased assurance of a balance budget.⁴⁵¹

The only requirement under the 1919 Charter with respect to a final appropriation made by Council to an office, department, board, trust, or commission was that it be sufficient to meet their needs, which were determined by Council.(452) To a certain extent, this is still the case today, and now, as then, an action in mandamus lies for an office, department, etc., whose needs have not been fully met. Furthermore, the PHRC requires certain items of appropriation to be in the annual operating budget, and by doing so, exempts them from a Mayoral veto. They represent the limitations on the Mayor's line item veto power which were alluded to in a previous section. The first of these mandatory appropriations concerns that amount allocated to the Personnel Director and the Civil Service Commission. An amount equal to at least one-half of one percent of the total amount appropriated as compensation for city employees in the civil service must be appropriated for the Director and the Commission. The purpose of this section is to insulate the civil service from political pressure and to assure it adequate funds for the performance of its duties.(453)

The other mandatory appropriations are in the area of accounting and serve to insure that city fiscal affairs are handled efficiently and honestly. First, an amount must be appropriated to the Auditing Department which is adequate to enable the City Controller to perform his duties. The exact percentage is not specified, but an action in mandamus is specifically given to the Controller to force Council to grant adequate funding.(454) Second, provision must be made for payment to certified public accounting firms for consulting services rendered to the Auditing Department with regard to the manner in which that Department performs its auditing duties. This sets up an internal mechanism by which the Auditing Department can seek upgrading.(455) Third, provision must be made for the payment of compensation to a certified public accounting firm to audit the expenditures of the Auditing Department. As opposed to the previous provision for outside accountants, in which they are to be retained by the Auditing Department itself, this provision requires Council to choose the accounting firm by separate ordinance.(456) Finally, at least once every three years, provision must be made for the payment of compensation to a firm of certified public accountants to examine the manner in which the Auditing Department performs its auditing duties. This firm is also designated by Council in a separate ordinance and performs a quality control function.(457)

The amount to be allocated for the retention of these outside accountants is not set forth in the PHRC. However, unless the budgetary appropriation was clearly excessive or insufficient, the Mayor's authority would be exceeded by any attempt to exercise a line item veto power over Council's figures. An action in mandamus could probably successfully be brought to compel Council to make adequate funds available, but the PHRC does not explicitly indicate who would be eligible to bring such a suit.

Under the PHRC, Council is prohibited from increasing the aggregate total of appropriations or making any operating appropriations in addition to those included in

the annual operating budget ordinance. There are four specific exceptions to this prohibition: appropriations can be made to meet unanticipated emergencies; to pay the expenses of holding any kind of special election, including elections on Charter amendment proposals; to pay salary that may have been awarded, pursuant to the provisions of the PHRC, to a Managing Director whose dismissal by the Mayor was found to be unwarranted by the Civil Service Commission; and to pay the costs of any investigations or inquiries by City Council, and the compensation of attorneys retained by Council as authorized by the PHRC. Unless paid out of surpluses or shifted funds during the current year, all amounts appropriated under these exceptions must be included as liabilities for purposes of preparing a budget for the ensuing year.(458)

Under the 1919 Charter, Council was authorized to appropriate surpluses upon certificate of the Controller that such surpluses would be forthcoming, even though not yet received. No restrictions were placed on Council's power to do this.(459) Also, the 1919 Charter authorized Council to borrow up to \$2 million annually for emergencies.(460) This is still true under the PHRC. What constituted an emergency was not spelled out in the 1919 Charter. The PHRC, while it does not attempt to define emergencies, specifically excludes certain recurring capital expenditures. It removes these expenditures from the emergency or capital program classifications by requiring that the repair of any property, the maintenance of streets, the acquisition of any property, or any work or project that does not have a probable useful life to the city of at least five years, be provided for by appropriation in the annual operating budget ordinance.(461)

By further providing that only emergencies may be paid for out of loan funds, the PHRC eliminates these types of expenditures as sources of debt. While Council can still incur the same amount of annual emergency debt, it is more limited in its ability to use these loan funds as part of its routine yearly receipts, as was the case in the past. In other words, routinely recurring expenses should be foreseen by Council and provided for in the annual operating budget ordinance.(462)

XXIII. BALANCING THE BUDGET

The 1919 and 1951 Charters

Both the 1919 and the 1951 Charters require a balanced budget. The PHRC is much less lengthy and more specific in this area than its predecessor. It calls upon Council to "no later than the passage of the annual operating budget ordinance. . .ordain such revenue measures as will, in the opinion of the Mayor, yield sufficient revenue to balance the budget." For this purpose, the Mayor's estimate of receipts from existing sources or new sources, including taxes, is binding on Council. In conclusion, the PHRC states that the annual operating budget ordinance does not take effect and no expenditures may be made under it until the budget is balanced.(463) The 1919 Charter designated Council to levy such tax rates as Council deemed necessary.(464)

Differing in another respect from the PHRC, the 1919 Charter, rather than prohibiting the budget ordinance from taking effect until the budget is balanced, merely stated that, should Council fail to fix a tax rate for the ensuing year by the fifteenth of December, the rate of the current year carried over and the budget had to be balanced accordingly.(465) The 1919 Charter also required the

Controller to provide Council with an estimate of the average proportion of taxes uncollected at the end of the previous three years.(466) Council could use the Controller's report on delinquent taxes in computing the rate of tax to levy in order to produce the receipts desired.(467) The PHRC does not address this, but rather designates the Mayor's estimate of receipts from all sources, including taxation, as binding on Council.(468)

The Drafts of the 1951 Charter

The drafters intended to provide for a balanced budget, and efforts to accomplish that were incorporated into the four drafts. Draft I sought to balance the budget through the real estate tax rate. Council set the real estate tax rate for the next fiscal year before the close of the current fiscal year. The rate would be determined by deducting the total estimated city revenue from the aggregate of all authorized expenditures, and then dividing the result by the total assessed deduction of taxable real estate within the city. Any deficit would result in a real estate tax increase for the ensuing year.(469)

Draft I also provided that the budget be submitted to Council in the form of a bill after being prepared by the Chief Executive (Mayor or City Manager) and the Chief Financial Officer (the Budget Secretary in draft I). The bill was to contain the estimated receipts of the city for the ensuing year and the city's known liabilities. Appropriations for Council, the Mayor, all departments, officers, boards, commissions, and all other expenses to be paid out of the City Treasury were also to be included in the bill.(470) No mention was made in draft I of any Council power to alter the bill after submission by the Mayor.

Draft I was regarded as too simplistic by the Charter Commission, and, therefore, draft II aimed at specificity. The real estate tax section became more realistic by regarding any estimates of uncollected real estate tax as part of the city's expenditures.(471) The Mayor's role in regard to the budget became stronger: he was required to estimate any surplus of the current year in addition to estimating receipts for the ensuing year.(472) A provision was also inserted which barred Council from increasing the Mayor's estimate of receipts, thereby adding to the Mayor's authority and responsibility.(473)

Some new provisions were added in draft II. The drafters attempted to ensure the integrity and independence of the Civil Service Commission and the Auditing Department. Draft II guaranteed funding for the Civil Service Commission by requiring that 1/2 of 1 % of the aggregate of all appropriations for city employees' compensation be appropriated to the Personnel Director and the Civil Service Commission. The amount requested by the City Controller for compensation of auditors would be

appropriated to the Auditing Department without reduction. Furthermore, compensation to firms for consulting services rendered to the Auditing Department was to be included in every budget ordinance. This would have enabled the two agencies to perform their functions without fear of reprisal through funding cutbacks.(474)

Draft III embodied all that is included in draft II, but again revealed an attempt to refine earlier provisions. The annual current budget was now designated the annual operating budget.(475) The section on the real estate tax remained unchanged.(476) However, further restrictions were placed upon Council. In draft II, Council was barred from increasing the Mayor's estimate of receipts. In draft III, Council was barred from increasing the Mayor's estimate of surplus for the current year.(477) Thus, even a greater premium was placed upon achieving a balanced budget.

While the foregoing shows a tightening of the Charter's provisions, some flexibility was introduced in draft III. Council was permitted to amend the budget through the use of transfer ordinances which alter the way in which appropriations are spent. However, the aggregate of appropriations could not be increased, and the budget items could not be transferred during the last four months of the fiscal year.(478)

The final draft contained significant changes. It still called for the Chief Executive (Mayor) to submit the budget in the form of a bill.(479) However, the form of the bill was altered. The bill was to provide for the discharge of any deficit. The Mayor was required to request appropriations in lump sum amounts and categorize them in the following manner: (a) personal services; (b) materials; (c) debt service; and (d) such additional classes as the Mayor recommends. Expenditures for the repair of city property and the acquisition of property which does not have a useful life to five years were to be provided for in the annual operating budget.(480)

All other provisions which evolved through the preceding drafts remained the same, with the exception of the real estate tax rate section. This section was deleted and a section was added pertaining to balancing the budget. It stated that Council shall legislate revenue measures which would create enough money to balance the budget. Council could increase tax rates of existing sources, or could create new revenue sources to yield such amounts as the Mayor determined. In addition, the annual operating budget could not become effective, and the City Controller could not approve any expenditure, until Council balanced the budget.(481)

While sections on the real estate tax rate anticipated a balanced budget, the new section was much stronger and accomplished the drafters' intention more effectively than the real estate tax section could have done. A provision in the final draft prohibiting Council from altering the Mayor's estimates of surplus and receipts (482) (as opposed to prohibiting Council from increasing the Mayor's estimates)(483) correlated with this provision -neither a surplus nor a deficit could be incurred; a balanced budget was required.

XXIV. THE CAPITAL BUDGET

The 1919 Charter

Under the 1919 Charter, there was no coherent capital program. Capital projects were made possible, however, by a section which allowed the city to enter into contracts extending over more than one year, without making appropriations beyond the current year.(484) This section was necessary in the face of another provision of the 1919 Charter which declared that any contract made in excess of, or in the absence of, an appropriation was void as against the city.(485)

The PHRC contains no such blanket provision. This is primarily because initial appropriations are made to the various departments in broad categories, and the various executive departments have greater control over their internal affairs, including what they contract for.(486) The PHRC does state that a contract extending over one year may be made, if there is an ordinance authorizing it. It further states, "otherwise no contract shall be binding upon the City unless there is an appropriation available for its payment". Also, in contracts extending over a period exceeding four years, a clause must be inserted allowing the city to terminate, without incurring liability for lost profits, at any time after four years.(487) This same provision is found in the 1919 Charter.(488)

The Drafts of the 1951 Charter

The final draft provided for a capital program and a capital budget.(489) Basically, the difference between the two is that the capital program is a financial plan for a six-year period. The capital budget, which must conform with the six-year plan, details the capital expenditures to be financed through Council-controlled or appropriated funds during the ensuing year. To reach this point, the Charter Commission refined their goals in each of the four drafts.

In Draft I, the capital budget provision simply reminded the Charter Commission that a capital budget was intended. Section 331 stated that when the current budget was adopted, a capital budget should also have been adopted. Instead of adopting a capital budget, Council could amend one already in existence. Draft I, though, avoided designating who was to prepare the capital budget or what it would specifically contain.

Draft II moved closer to the present PHRC provision. In addition to stating that the capital budget should be adopted with the current operating budget, Draft II called for the inclusion in the capital budget of a list of public improvement projects to be undertaken during the next fiscal year and the succeeding five years. The capital budget was to indicate the anticipated cost of each public improvement project, as well as the contemplated source of funding. Draft II clearly reflected the drafters' intent to provide for a capital budget with accounting for public improvement projects five years into the future -the rudiments of the capital program.(490)

The essence of Draft III was the deletion/addition of power granted to Council. With this power, Council

could delete public improvement projects from proposed capital budgets. However, additions were another matter. Council could add projects to the capital budget after receiving from the Mayor the recommendations of the City Planning Commission. This procedure was the same one to be used to affect amendments suggested after formal adoption of the capital budget.(491)

The final draft provided for a capital program and a capital budget. While this draft demanded a more detailed accounting of public improvement projects expenditures than the early drafts, the crucial difference between the final and the first three drafts centered on Council's deletion/addition power. In that draft, Council could continue to delete any projects from the capital program, and it could add projects, after receiving the City Planning Commission recommendations through the Mayor. However, Council also obtained the new power to choose whether or not to follow the Commission's recommendations, if not received within thirty days from the date requested.(492)

Another difference between the final draft and the early drafts lay in the Charter Commission's intent to establish long-range financial planning. In Draft I, the Commission considered implementing the idea of such long-range planning by providing only for the amendment of the current capital budget, instead of providing for a new capital budget. In drafts II and III, a requirement was made for the accounting of capital projects for the following five years. In the final draft, the idea of long-range capital planning was firmly embodied in the provision for a capital program.

The 1951 Charter

The aforementioned expenses (certain recurring capital expenditures which do not have a useful life of five years must be included in the operating budget) cannot be considered as capital programs under the PHRC.(493)

However, the Charter does require that City Council adopt a capital program and a capital budget ordinance to fund it. This must be done prior to the passage of the annual operating budget ordinance. (494)_

The capital program includes all physical public improvements and any related preliminary studies and surveys, the permanent acquisition of property, and the purchase of equipment for any public improvement when first erected or acquired. The foregoing must be all, or in part, financed by funds over which Council has control. The contents of the capital budget program can be described as a blueprint of capital expenditures for the following six years, including the sources of funds. It is initially prepared by the City Planning Commission and then submitted to the Council, which may delete projects at will, but may not make additions to projects until it has requested, through the Mayor, the recommendations of the Commission. However, Council is not bound by such recommendations and may act without them if they are not forthcoming within thirty days from the request.(495)

The capital budget ordinance must show in detail the capital expenditures intended to be made or incurred in the ensuing year that are to be financed from funds over

which Council has control. The ordinance must be in full conformity with the capital program for the applicable year and, once enacted, all appropriations contained within it become valid. Council may subsequently amend the capital budget ordinance, but only in such a way as it

conforms with the capital program.(496) The purpose is to establish budget provisions for the orderly planning and making of capital improvements, provisions which did not appear in the 1919 Charter. (497)

Notes

1. §4-100, Drafts I and II, PHRC.
2. §4-100, PHRC.
3. §403, Draft I, PHRC.
4. *Ibid.*
5. §3-200, Draft II, PHRC.
6. Articles III and IV, PHRC.
7. 53 P.S. §12291.
8. 53 P.S. §12321.
9. 53 P.S. §12231.
10. 53 P.S. §12711.
11. 53 P.S. §12691.
12. 53 P.S. §12351.
13. 53 P.S. §12261.
14. 53 P.S. §12371.
15. 53 P.S. §12461.
16. 53 P.S. §12391.
17. 53 P.S. §12501.
18. 53 P.S. §12421.
19. 53 P.S. §12625.
20. §504, Draft I, PHRC.
21. §3-207, PHRC.
22. §504, Draft I, PHRC.
23. §3-200, PHRC.
24. §3-205, Draft II, PHRC.
25. §3-206, Draft III, PHRC.
26. §3-203, Draft II, PHRC.
27. §3-203, Draft III, PHRC.
28. §504, Draft I, PHRC.
29. §3-202, Drafts I and II, PHRC.
30. §3-202, PHRC.
31. §3-203, PHRC.
32. §504, Draft I, PHRC.
33. §3-204, Draft II, PHRC.
34. §3-205, Draft III, PHRC.
35. §3-204, PHRC.
36. §3-206, PHRC.
37. Philadelphia Charter Commission, *Report of the Form of Government Committee*. February 2, 1950.
38. §3-917, PHRC.
39. §2-304, PHRC.
40. *Ibid.*
41. §2-306, PHRC.
42. §2-303, PHRC.
43. §3-201, PHRC.
44. §2-305, PHRC.
45. §2-307, PHRC.
46. 53 P.S. §12127.
47. 53 P.S. §12521.
48. 53 P.S. §§12231, 12321, 12291, 12461, 12261, 12351, 12371, 12691, 12711.
49. 53 P.S. §12127.
50. 53 P.S. §§12232, 12322, 12292, 12462, 12262, 12352, 12372, 12692, 12712.
51. 53 P.S. §12162(b).
52. 53 P.S. §12552.
53. §3-203, Draft II, PHRC. 54. §3-103, Draft II, PHRC. 55. §3-205, Draft II, PHRC. 56. §4-200, Draft II, PHRC.
57. §4-203, Draft II, PHRC.
58. §4-202, Draft II, PHRC.
59. §4-201, Draft II, PHRC.
60. §3-203, Draft III, PHRC.
61. §3-205, Draft III, PHRC.
62. *Ibid.*
63. §3-103, Draft III, PHRC.
64. §5-105, Draft III, PHRC.
65. §3-204, PHRC.
66. §§5-100, 5-101, 5-102, PHRC.
67. §3-204, PHRC.
68. §5-100, PHRC.
69. §3-206(2), PHRC.
70. §3-701, PHRC.
71. §3-702, PHRC.
72. §3-702(1) and (2), PHRC.
73. §3-103, PHRC.
74. §3-102, PHRC.
75. §3-803, PHRC.
76. §3-800, PHRC.
77. §5-900(a)(3), PHRC.
78. §5-100, PHRC.
79. §§5-101, 8-404, PHRC.
80. §5-102, PHRC.
81. §3-204, PHRC.
82. 53 P.S. §12423(4); §6-104, PHRC.
83. 53 P.S. §12423(5); §6-106, PHRC.
84. 53 P.S. §12423(2); §6-101, PHRC.
85. 53 P.S. §12551; §6-105(c), PHRC.
86. 53 P.S. §12426; §6-106, PHRC.
87. 53 P.S. §12395; §6-300, PHRC.
88. 53 P.S. §12423(1); §6-108, PHRC.
89. 53 P.S. §12551; §6-105, PHRC.
90. §6-103, PHRC.
91. §6-205, PHRC.
92. §§6-105(c) and (e), 8-102, PHRC.
93. §8-101(2), PHRC.
94. §§8-104, 8-105, PHRC.
95. §6-102, PHRC.
96. §3-102, PHRC.
97. §3-80, PHRC.
98. §3-915, PHRC.
99. §3-914, PHRC.
100. §3-803, PHRC.
101. §3-103, PHRC.
102. 53 P.S. §12395.
103. 53 P.S. §§12394, 12426.
104. 53 P.S. §12693.
105. §3-204, PHRC.
106. §202, Draft I, PHRC.
107. §§703(a), 801, Draft I, PHRC.
108. §703(b), Draft I, PHRC.
109. §§703(c), 801, Draft I, PHRC.
110. §4-300, 4-301, Draft II PHRC.
111. §4-304, Draft II, PHRC.
112. §4-302, Draft II, PHRC.
113. §4-303, Draft II, PHRC.
114. §3-204, Draft III, PHRC.
115. §7-101, 7-102, 7-103, Draft III, PHRC.

116. §3-205(b).
117. See notes 115, 116.
118. §7-104, Draft III, PHRC.
119. §§7-103, 7-106, Draft III, PHRC.
120. §7-107, Draft III, PHRC.
121. §3-206(b), PHRC.
122. 53 P.S. §12162.
123. 53 P.S. §12161.
124. §201, Draft I, PHRC; §1-102, Draft II, PHRC.
125. §202, Draft I, PHRC; §1-102, Draft II, PHRC.
126. §1-102, PHRC.
127. §2-305, Draft III, PHRC.
128. *Executive Minutes of the Philadelphia Charter Commission*, November 7, 1950.
129. §2-305, PHRC.
130. §1-102(2), PHRC.
131. §3-100(h), PHRC.
132. 53 P.S. §12127(V)(b).
133. §501(d), Draft I, PHRC.
134. §3-103, Draft II, PHRC.
135. §3-103, Draft III, PHRC.
136. §3-103, PHRC.
137. §3-100(b), PHRC.
138. §3-103, PHRC.
139. §3-204, PHRC.
140. §3-102, PHRC.
141. §4-104, PHRC.
142. 53 P.S. §12199.
143. 53 P.S. §12200.
144. 53 P.S. §§12201 to 12204.
145. 53 P.S. §12205.
146. Article X, Chapter I, Draft III, PHRC.
147. §3-500, PHRC.
148. §9-100, PHRC.
149. §9-104, PHRC.
150. §10-105, Draft III, PHRC.
151. §9-105, PHRC.
152. §10-106, Draft III, PHRC.
153. §9-200, PHRC.
154. §9-201, PHRC.
155. §9-202, PHRC.
156. §9-100, PHRC.
157. §702, Draft I, PHRC.
158. §§4-502, 4-503, Draft II, PHRC.
159. §5-304, Draft III, PHRC.
160. §4-106, PHRC.
161. §3-100(d), PHRC.
162. §4-500, PHRC.
163. §3-100(a), PHRC.
164. §3-204, PHRC.
165. §3-100(a), PHRC.
166. §4-500, PHRC.
167. §4-200, PHRC.
168. §4-201, PHRC.
169. §3-800, PHRC.
170. 53 P.S. §12353.
171. 53 P.S. §12263.
172. §§4-500, 4-502, PHRC.
173. §702, Draft I, PHRC.
174. §612, Draft I, PHRC.
175. §§4-502, 4-503, Draft II, PHRC.
176. §4-1806, Draft II, PHRC.
177. §§4-1702, 4-1704, Draft II, PHRC.
178. §3-100(d), PHRC.
179. §3-204, PHRC.
180. §4-500, PHRC.
181. §4-501, PHRC.
182. 53 P.S. §§12621 to 12647.
183. §504(b), Draft I, PHRC.
184. §3-204, Draft II, PHRC.
185. §3-204, Draft II, PHRC.
186. §3-205, PHRC.
187. §505, Draft I, PHRC.
188. §3-403, Draft III, PHRC.
189. *Notes and Comments to Draft III*, p. 38.
190. §§3-404,3-205.
191. §3-900, Draft II, PHRC.
192. §3-100I, PHRC.
193. §8-409, PHRC.
194. §4-2203, Draft II, PHRC.
195. §7-200, Draft II, PHRC.
196. §4-2506, Draft II, PHRC.
197. §7-400, PHRC.
198. §8-407, PHRC.
199. §7-200(o)(2), Draft II, PHRC.
200. §7-301, PHRC.
201. §8-302, PHRC.
202. §515, Draft I, PHRC.
203. §3-II00, Draft III, PHRC.
204. §8-300, PHRC.
205. §8-301, PHRC.
206. §7-301(e), Draft II, PHRC.
207. §10-107, PHRC.
208. §7-200, PHRC.
209. §7-201, PHRC.
210. §7-400, PHRC.
211. §9-201, PHRC.
212. 53 P.S. §12625.
213. §3-804, PHRC.
214. §501 (d), Draft I, PHRC.
215. §704, Draft I, PHRC.
216. §3-204, Draft II, PHRC.
217. §3-103, Draft II, PHRC.
218. §4-400, Draft II, PHRC.
219. §4-401, Draft II, PHRC.
220. §3-204, Draft III, PHRC.
221. §8-100, Draft III, PHRC.
222. §§3-205, 7-100, 7-101, 7-102, 7-103, PHRC.
223. §3-100(c), PHRC.
224. §7-100, PHRC.
225. §7-200, PHRC.
226. §7-100, PHRC.
227. §7-101, PHRC.
228. §7-102, PHRC.
229. §7-103, PHRC.
230. §§7-100, 7-400, PHRC.
231. §7-400, PHRC.
232. §7-103, PHRC.
233. §7-401(f), PHRC.
234. §7-401(h), PHRC.
235. §7-401(i), PHRC.
236. §7-401(o), PHRC.
237. §7-401(n), PHRC.
238. §7-401(k), PHRC.
239. §7-401(g), PHRC.
240. §3-803, PHRC.
241. 53 P.S. §12129.
242. 53 P.S. §12128, 243. 53 P.S. §13805.
244. §619, Draft I, PHRC.
245. §3-1014, Draft II, PHRC; §3-909, Draft III, PHRC.
246. §3-800, PHRC.
247. §3-909, Draft III, PHRC.
248. §3-800, PHRC.
249. §3-100(c), PHRC.
250. §2-303(2), PHRC.
251. §4-603, PHRC.
252. §4-600, PHRC.
253. §4-601, PHRC.
254. §§4-604, 2-307, PHRC.
255. 53 P.S. §12522.
256. 53 P.S. §12524.
257. 53 P.S. §12195.
258. 53 P.S. §12523.
259. 1919 Charter -53 P.S. §12673; PHRC -§10-100.
260. 1919 Charter -53 P.S. §12525; PHRC -§2-104.

261. Footnote Intentionally omitted.
262. §313, Draft I, PHRC.
263. §316, Draft I, PHRC.
264. §314, Draft I, PHRC.
265. §2-100, Draft II, PHRC.
266. §2-101, Draft II, PHRC.
267. §2-102, Draft II, PHRC.
268. §2-103, Draft II, PHRC.
269. §2-104, Draft II, PHRC.
270. §2-105, Draft II, PHRC.
271. Alternative §§2-100, 2-101, 2-102, Draft II, PHRC.
272. §2-100, Draft III, PHRC.
273. §2-101, Draft III, PHRC.
274. §2-102, Draft III, PHRC.
275. Philadelphia Charter Commission (1949), *Minutes*.
276. *Ibid*.
277. §2-101, PHRC.
278. See note 275.
279. §2-102, PHRC.
280. §2-100, PHRC.
281. §2-101, PHRC.
282. §2-102, PHRC.
283. §2-100, PHRC.
284. §2-103, PHRC.
285. See note 259.
286. §10-100, PHRC.
287. §10-101, PHRC.
288. §10-105, PHRC.
289. See note 260.
290. §2-104, PHRC.
291. See note 261.
292. §2-201, PHRC.
293. §2-202, PHRC.
294. 1919 Charter -53 P.S. §12526; PHRC -§2-201(1).
295. §2-201(2), PHRC.
296. §2-201(5), PHRC.
297. §2-201(2), PHRC.
298. 53 P.S. §12552.
299. §2-201(3), PHRC.
300. 53 P.S. §12526.
301. §2-201(4), PHRC.
302. 53 P.S. §12526, *Notes of Decisions* No.4.
303. §2-201, PHRC, Purposes, No.4.
304. 53 P.S. §12526.
305. §2-202, PHRC.
306. *Words and Phrases*, Vol. 37A, Philadelphia Bar Association; *People ex rei Holvy v. Smith*, 260 Ill. App. 166.
307. 53 P.S. §12526.
308. §2-202, PHRC.
309. See notes 307 and 308.
310. §2-202, PHRC.
311. 53 P.S. §12527; §2-204 PHRC.
312. 53 P.S. §12521; §2-203, PHRC.
313. §321, Draft I, PHRC.
314. §322, Draft I, PHRC.
315. §323, Draft I, PHRC.
316. §324, Draft I, PHRC.
317. §328, Draft I, PHRC.
318. §2-201, Draft II, PHRC.
319. §2-203, Draft III, PHRC.
320. §2-204, Draft III, PHRC.
321. §2-201(1), PHRC.
322. §2-201(5), PHRC and Purpose No.4.
323. 53 P.S. §12625.
324. §504, Draft I, PHRC.
325. §501(d), Draft I, PHRC.
326. §501(f), Draft I, PHRC.
327. §3-203, Draft II, PHRC.
328. §3-205, Draft II, PHRC.
329. §3-204, Draft II, PHRC.
330. §§3-200 to 3-207, Draft III, PHRC.
331. §3-203, PHRC.
332. §3-207, PHRC.
333. 53 P.S. §12528.
334. 53 P.S. §13133(b) and (c).
335. §325, Draft I, PHRC.
336. §2-400, Draft II, PHRC.
337. §2-403(a), Draft II, PHRC.
338. §2-403(b), Draft II, PHRC.
339. §2-404, Draft II, PHRC.
340. §2-406, Draft II, PHRC.
341. §§2-400 to 2-406, Draft II, Draft III, and PHRC.
342. §2-400, PHRC.
343. §2-401, PHRC.
344. §2-402, PHRC.
345. §2-403, PHRC.
346. §2-404, PHRC.
347. §2-405, PHRC.
348. §2-406, PHRC.
349. §2-105, PHRC.
350. 53 P.S. §12421.
351. 53 P.S. §§12423, 12424.
352. 53 P.S. §12428.
353. 53 P.S. §12429.
354. 53 P.S. §12423.
355. 53 P.S. §12431.
356. 53 P.S. §12481.
357. 53 P.S. §13432.
358. 53 P.S. §12425.
359. 53 P.S. §12423(7).
360. 53 P.S. §§12424, 12551.
361. 53 P.S. §12423(1).
362. 53 P.S. §§12426, 12427.
363. §6-100, PHRC.
364. 53 P.S. §12551.
365. §6-401, PHRC.
366. §6-401, PHRC.
367. §6-404, PHRC.
368. §501(b), Draft I, PHRC.
369. §503(b), Draft I, PHRC.
370. §1021, Draft I, PHRC.
371. §1022, Draft I, PHRC.
372. §4-1003, Draft II, PHRC.
373. §4-1004, Draft II, PHRC.
374. §4-1008, Draft II, PHRC.
375. §4-1005, Draft II, PHRC.
376. §7-401(c), Draft III, PHRC.
377. §6-405, PHRC.
378. §6-400(c), PHRC.
379. §6-402, PHRC.
380. §8-104, PHRC.
381. §3-100(d), PHRC.
382. §3-201, PHRC.
383. §3-101, PHRC.
384. §6-400(a), PHRC.
385. §6-400(b), PHRC.
386. §6-400(c), PHRC.
387. §6-400(c), PHRC.
388. §8-200(2)(b), PHRC.
389. §6-101(a), PHRC.
390. §7-302(2), PHRC.
391. §6-401, PHRC.
392. §6-403, PHRC.
393. §6-405, PHRC.
394. §8-105, PHRC.
395. §8-104, PHRC.
396. §6-300, PHRC.
397. §6-202, PHRC.
398. §6-404, PHRC.
399. §3-915, PHRC.
400. §§3-100(c), 3-803, PHRC.
401. §§2-202, 2-300, PHRC.
402. 53 P.S. §§12393, 12395, 12396.
403. 53 P.S. §12395.
404. 53 P.S. §12394.
405. 53 P.S. §§12393, 12396.

406. §6-200, PHRC.
 407. §301, Draft I, PHRC.
 408. §501, Draft I, PHRC.
 409. §3-101, Draft II, PHRC.
 410. §4-800, Draft II, PHRC.
 411. §4-802, Draft II, PHRC.
 412. §3-202, Draft II, PHRC.
 413. §2-300, Draft III, PHRC.
 414. §3-202, PHRC.
 415. §6-300, PHRC.
 416. *Ibid.*
 417. *Ibid.*
 418. §6-301, PHRC.
 419. *Ibid.*
 420. §6-302, PHRC.
 421. §8-105, PHRC.
 422. §3-914, PHRC.
 423. 53 P.S. §12552.
 424. 53 P.S. §12553.
 425. 53 P.S. §12551.
 426. 53 P.S. §§12585, 12581.
 427. 53 P.S. §§12426, 12554.
 428. 53 P.S. §§12551, 12552.
 429. §901, Draft I, PHRC.
 430. §4-300(b), Draft II, PHRC.
 431. §7-105(b), Draft III, PHRC.
 432. §6-105(b), PHRC.
 433. §6-105, PHRC.
 434. §4-101, PHRC.
 435. §2-300(6), PHRC.
 436. §4-101(d), PHRC.
 437. §4-101(e), PHRC.
 438. §2-300(1), PHRC.
 439. 53 P.S. §12553.
 440. §2-300(1), PHRC.
 441. §4-101(b), PHRC.
 442. §2-300(3), PHRC.
 443. 53 P.S. §12551.
 444. §4-101, PHRC.
 445. 53 P.S. 12551.
 446. §2-300(2), PHRC.
 447. 53 P.S. §12551.
 448. 53 P.S. §12554.
 449. §2-300(6), PHRC.
 450. 53 P.S. §12554.
 451. §2-301, PHRC.
 452. 53 P.S. §12554.
 453. §2-300(4)(a), Purpose No.4, PHRC.
 454. §2-300(4)(b), PHRC.
 455. §2-300(4)(c), PHRC.
 456. §2-300(4)(d), PHRC.
 457. §2-300(5), Purpose No.5, PHRC. 458. §2-301, PHRC.
 459. 53 P.S. §12554.
 460. 53 P.S. §12555.
 461. §2-300, PHRC.
 462. §2-301, PHRC.
 463. §2-302, PHRC.
 464. 53 P.S. §12553.
 465. *Ibid.*
 466. 53 P.S. §12551.
 467. 53 P.S. §12553.
 468. §§2-300(3), 2-302, PHRC.
 469. §332, Draft I, PHRC.
 470. §331, Draft II, PHRC.
 471. §2-301, Draft II, PHRC.
 472. §§2-300, 4-102(a) and (d), Draft II, PHRC.
 473. §§2-300, Draft II.
 474. §2-300(1), (2) and (3), Draft II, PHRC.
 475. §2-300, Draft III, PHRC.
 476. §2-302, Draft III, PHRC.
 477. §2-300, Draft III, PHRC.
 478. *Ibid.*
 479. §2-300(1), PHRC.
 480. §2-300(2), PHRC.
 481. §2-302, PHRC.
 482. §2-300(3), PHRC.
 483. §2-300, Draft III, PHRC.
 484. 53 P.S. §§12557, 12676.
 485. 53 P.S. §12560.
 486. §2-300(2), PHRC.
 487. *Ibid.*, §§2-309, 8-200(3).
 488. 53 P.S. §12676.
 489. §2-303, PHRC.
 490. §2-302, Draft II, PHRC.
 491. *Ibid.*, §2-303.
 492. §2-303, PHRC.
 493. §2-300(2), PHRC.
 494. §2-303(1), PHRC.
 495. §2-303(2), PHRC.
 496. §2-303(3), PHRC.
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