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STATE CONTROL OF LOCAL FINANCE IN MASSACHUSETTS

BY

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To
MY WIFE

PREFACE

ORIGINALLY this study was submitted as a thesis for the doctorate at Harvard University in 1932. The subject treated has interest for both the public administrator and the scientific student of government finance. Events of the past few years have heightened that interest notably, for depressed economic conditions have aggravated local financial problems and to an increasing extent states are being compelled to give attention to ways of helping municipalities to deal with their financial difficulties. Accordingly, the long experience of a state that has developed an extensive system for regulating and supervising local financial administration has especial significance at this time. Therefore after thorough revision my findings concerning state control of local finance in Massachusetts are now offered in this form as a contribution (I hope) toward a better understanding by scholars and public officials alike of the problems and measures involved in central control of local financial affairs.

In my doctoral dissertation I included some material upon the policies and methods of other states in controlling local finance, and especially of selected states which have adopted extensive systems of regulation and supervision. It has seemed best, however, to reserve that material for inclusion in a more exhaustive study of state control of local finance throughout the United States which I am now preparing for separate publication.

This study deals with principles of control of local finance as they have been developed and applied in Massachusetts under varying economic and political conditions. Thus they have scientific and permanent value. During the past two or three years several emergency finance measures have been adopted by the commonwealth for helping the local communities to meet the unusual financial difficulties arising out of the depression. Some attention is paid to those measures in this study, but inasmuch as they are likely to be of a temporary nature and do not affect the fundamental principles of control, they are not treated extensively.

At the time of writing the main body of this study, final official statistics on municipal finances in Massachusetts were available only through the fiscal year 1932. In so far, therefore, as the study is based upon such material, it does not extend beyond that year, although reliable preliminary figures enabled me to carry my investigation somewhat farther at certain points. However, just before the book went to press, official data for 1933, and in part for 1934, became available. They reveal significant tendencies in municipal finance in Massachusetts during the past two years. These I have summarized in an addendum following the concluding chapter, thus bringing the work as nearly up to date as possible.

For help in this undertaking I owe most to Professor C. J. Bullock, not only for having pointed out to me the possibility of profitable investigation in this field and counselling me wisely as the study progressed, but also for having awakened my interest in public finance and for having given me the best of training, as a student, in the fundamentals of that subject. His instruction and criticism, always generously and kindly given, have been invaluable to me.

To other members of the faculty of Harvard University I am also deeply indebted. Without the warm encouragement of Professor H. H. Burbank I might never have undertaken the publication of this work; and Professor A. P. Usher has given freely of his time in helping me to put it through the press.

Both Mr. Henry F. Long, Commissioner of Corporations and Taxation, and Mr. Theodore N. Waddell, Director of Accounts, Department of Corporations and Taxation, of the Commonwealth of Massachusetts, have been of great service to me in various ways. As the administrative officials who have long been in direct charge of the Massachusetts system of control, they have helped me to gain an understanding of it that otherwise would have been impossible. They have also made available to me important documentary material. The late Mr. Edward H. Fenton, Deputy Director and Chief Accountant of the Division of Accounts of Massachusetts, aided me in a similar manner. I wish to assert emphatically, however, that in no sense are these officials

to be held responsible for the opinions or conclusions which I present in the following pages.

I wish also to acknowledge my indebtedness to Mr. Charles F. Gettemy of the Federal Reserve Bank of Boston. As former Director of the Bureau of Statistics of Massachusetts, in which capacity he played a very significant part in developing the present system of central control of local finance in the Commonwealth, and as an alumnus of Knox College, he placed at my ready disposal indispensable source material in the form of a gift to the college library of a complete file of Annual Reports on the Statistics of Municipal Finances of Massachusetts together with other documents and books.

As a trustee of Knox College and a cherished personal friend, Mrs. Philip Sidney Post has shown the deepest interest in this undertaking, and has done more to make publication possible than I can acknowledge publicly, out of respect for her genuine desire for self-effacement.

The painstaking care which Miss Abigail C. Strickland of Knox College bestowed upon the preparation of the manuscript in its final form is also especially deserving of my word of appreciation.

And finally, I would give utmost credit to my wife for all that she so willingly did and cheerfully bore to make this work a reality. Her contribution has been one of the greatest indeed.

R. S. VAN DE W.

GALESBURG, ILLINOIS
September, 1935

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