her unemployment trust fund, plus an embarrassing deficit in her operating budget.

South Carolina faces a deficit of $15 million.

Texas faces a deficit of $55 million this year, and $74 million next year, if all presently authorized programs are expanded at the rate now fixed by law.

Washington State faces a deficit of $80 million this year.

Other states seeking new revenues to avert 1959 deficits are Alabama, Colorado, Georgia, Minnesota, Nebraska, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Rhode Island, South Dakota, Wisconsin, and Wyoming.

Washington, D. C. is no exception to the rule for cities. Early in January a committee of the House of Representatives warned the commissioners for the District of Columbia against their rapidly expanding municipal payroll. "The percentage of payroll increase in the District of Columbia has gone up in recent years far more than in any other similar city in the population class." In 1952, Washington D. C. carried 19,676 on the city payroll; the current total is 23,421.

A 1957 survey by the Federal Reserve Bank of Philadelphia reported that state and local budgets have increased from less than 5 per cent of the gross national product in 1946, to 9 per cent for 1956.

Almost without exception since 1953 all local and state government units in Pennsylvania and New Jersey have been operating in the red. Some now approach the limits of their borrowing power.

This Federal Reserve study relates the stormy meeting of a local school board which demanded an immediate new school.

"But ends barely meet as it is," the treasurer interrupted. "How are we going to pay for a new building? We still owe a lot of money on the gym we built in 1953. We'll have to have higher taxes before we can take on anything more."

"I don't think the public will stand for more taxes," another member of the board interjected. "We've already raised taxes twice, and people are beginning to grumble."

Looking to Washington

U.S. Budget Director Maurice H. Stans tells of a meeting to discuss a new bridge in the Midwest. Part of the cost was to be borne by the city, state, and county, but no division of allotments could be agreed upon. "Everybody was unhappy, and there was no solution in sight until one fellow at the end of the table suggested

brightly: 'Let's get the money from Washington – then nobody'll have to pay for it.'"

In 1946 state and local spending was only 18 per cent of all governmental spending in the U.S. Today the state and local total makes 36 per cent of all public spending.

Three states in the Northeast and all their cities over 25,000 population went into the red by a total of $1.4 billions during the four fiscal years, 1953-56 inclusive.

Growing deficits in Dixie were surveyed in the January 1959 bulletin of the Atlanta Federal Reserve Bank. "State and local governments borrowed at a record rate in 1958. . . . The borrowing trend of state and local governments in the [Atlanta] District still appears to be upward. . . . The demand for public services continues unabated and, in a sense, feeds upon itself. . . . Although some new sources of revenue may still be untapped, they are certainly dwindling. . . . The time, therefore, may be approaching when the public must choose between a school or a shiny new automobile, a sewer or a new television set."

Public Profligacy

Population increase, of course, justifies some annual increase in local budgets. Since 1946 city and county populations have increased by roughly 25 per cent on national averages.

In most urban areas, per capita income has increased upwards of 60 per cent since 1946. There is hardly a community in the country which could not afford to sustain *normal* growth in public services out of current income.

But what community can cover the pinch of inflation, when it costs $2.46 today to duplicate what $1.00 brought in new construction in 1945?

In 1945 hospital construction was estimated on the basis of $10,000 per bed. Today's hospitals are calculated on the basis of $25,000 per bed.

"Charge it!" appears to be the guiding mood of the city fathers everywhere.

Thus, budget demands have far exceeded, percentage-wise, both population growth and improvement in per capita income. Extravagance approaching public profligacy at the state and local levels is another grave factor in today's fiscal crisis. Local taxpayers must take matters in hand. In many areas, grumbling taxpayers already are looking to their political powder horns.

A revealing incident epitomizing the Wallingford spending mood of local supervisors comes to