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PHILADELPHIA'S MOST CELEBRATED MINORITY

Remarks of C. Canby Balderston,
Vice Chairman, Board of Governors of the Federal Reserve System,
at the Golden Anniversary Awards Dinner of Greater Philadelphia Magazine,
Philadelphia, Pennsylvania,
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All that is noble among man's privileges has been earned for him by a minority. The freedoms we hold dear have been won by a few people of vision, dedication and courage. Some of these people remain unsung, for merit is not synonymous with fame; others, like Penn and Franklin, have achieved fame because of the physical and cultural heritage they have left us. Many of these heroes of the past have met opposition. Lord Acton has put it well: "At all times sincere friends of freedom have been rare, and its triumphs have been due to minorities, that have prevailed by associating themselves with auxiliaries whose objects often differed from their own"

Tonight we have come here to honor a minority of fifty individuals. We have gathered to acknowledge the debt owed to the community's leaders of the present. I am not going to extol their virtues: they would not wish it. I am not going to recite their accomplishments except to remind you of the sage observation of the old Southerner when congratulated upon the beauty of the flower garden that he and the Lord had

tended. He answered, "But you should have seen it last year when the Lord had it alone." Nor is it my purpose to discuss the nature of leadership except to observe that a leader has a goal or a program for which he is able to enlist the support of others. In short, he is one who is going somewhere and who can induce others to follow him. My remarks shall be confined, rather, to certain challenges of the moment,---challenges to which historians of the future may point as having prompted the community leadership of the present.

Intractable problems evoke productive responses from those who lead and from those who follow. Such challenges appeal to the heroic; they appeal to those instincts in men that have impelled them to build empires, corporations, and cathedrals. Kenneth Boulding has observed that it is the visionary. . . who creates great enterprises in economic as well as in political, social and religious life. But heroism alone is rarely enough. In his words, "Without the heroic, man has no meaning; without the economic, he has no sense." These challenges are certainly not peculiar to Philadelphia; some, in fact, pertain to the nation as a whole. They stem from population density and from faster means of travel and of communication.

The number one urban problem is associated with the movement of people. The drift from farm to city is centuries old. Recently it has been accompanied by a partial reversal in the form of movement from mid-city to suburbs. Centrifugal forces are causing people to vacate center city. This exodus impels the suburbs to furnish costly schools, streets, water, sewers and police protection. Center city, in turn, is

left with declining neighborhoods filled with children who lack outlets for their talents and playgrounds for the release of their animal spirits. Not the least of the resultant by-products is the decline in real estate values and the loss of tax revenues. Still more damaging perhaps is the fact that so many of the area's civic leaders are ineligible to participate in the political life of the city. But whether they reside in or out of the city, business leaders can throw their support behind an active interest in the work of both political parties of those in their employ. Otherwise the quality of city government will suffer and its shortcomings will be reflected in communities outside. An enlightened citizenry supported by the managements of the city's firms can, for example, see to it that police work is not rendered futile by the lack of remedial follow-up or of convictions. The low percentage of traffic violators brought to book not only lessens respect for law but reflects a lack of responsibility that is incompatible with the freedoms of democracy. In my view, future progress toward good government at all levels in our democracy turns on the degree to which citizens feel the responsibilities that undergird their freedoms, and act accordingly.

The second complication that emerges from the new melange of city and suburbs, sometimes crossing state lines as in the case of Philadelphia, is how to achieve the necessary coordination among these discrete units of government. Each stoutly defends its right to govern itself and to determine its own expenditures and taxes. Such desires are understandable, but they tend to increase aggregate costs. Moreover problems that cross community boundaries can be solved only through

collaboration. As in other metropolitan areas, leadership of the highest order is needed because of its mosaic of wards, boroughs, towns and townships, each with its own community history, traditions, customs, and habits. This mosaic is the product of political invention during the 1700's. According to the Fels Institute of Local and State Government, the eight-county Philadelphia metropolitan area has 726 local units. Thus community-wide problems cannot be attacked broadly enough. After all, air pollution is no respecter of boundaries. And so new structural patterns have evolved, like school and port authorities, and from the imaginative Penjerdel development, financed by the Ford Foundation, still further improvements may come. The problem is to achieve the necessary coordination of effort among many different units with the minimum sacrifice of local independence.

The third set of difficulties stems from increased reliance upon the state to do what individuals cannot, or will not, do for themselves. Here again technological advance has been both a benefactor and a complicator. It has given us autos with which to travel and the road-building equipment with which to make turnpikes, but with an accompaniment of accidents and traffic problems. Fortunately, Philadelphia can remedy its traffic miseries by using its railroads to move people en masse. (I have a special interest in this problem because of one-time membership on the City of Philadelphia Urban Traffic and Transportation Board.) Technology has also given us airplanes that have made the world smaller. It has, however, caused us to depart from reliance upon the oceans as a defense and to

spend half of our national budget to protect ourselves against aggression. As a consequence of technology, localities cannot take care of building and repairing roads as they once did. Nor are they willing to use the little brick schoolhouse that was supported locally. They require, and properly, school buildings and equipment that can be supported, in country areas, only by clusters of townships under school authorities.

So far I have mentioned three challenges faced by the leaders of almost any American metropolis. With your forbearance, I shall speak as a former Philadelphian to Philadelphians and analyze, within the family so to speak, some of this city's non-financial assets and liabilities. One approaches such a task with hesitancy and humility. Who can know enough about a great city to prepare such a balance sheet even if he has spent three decades within its borders? One remembers, too, that in dealing with sore spots, even the most deft of surgeons is likely to cause some pain. Moreover, those native to a community may question the right to criticize of one not native born. A speaker was introduced to a Richmond audience as follows: "Having lived in Richmond for 35 years, he is almost one of us."

Philadelphia's assets cannot all be enumerated. They can only be illustrated by such examples as the Philadelphia Orchestra, Independence Hall, the Franklin Institute, the Philosophical Society, the Art Museum, the University Museum, the Food Center, and the educational institutions, especially their medical prowess.

Now for Philadelphia's liabilities. Its substandard neighborhoods are not a fit place for children. If the children of such

neighborhoods also come from broken families, they seek comradeship by joining gangs. Even the lack of pocket money may be a contributor to juvenile crime. For example, the Philadelphia newspaper strike that stopped the normal distribution of papers gave youngsters the chance to earn pin money by selling them. District Attorney Victor H. Blanc has told me that the invasion of parking meters dropped to almost zero during that period, and juvenile crimes of violence diminished markedly. The opportunity to work and to earn was not denied to me and to other boys who have grown up on the farm. Would it not be an exciting experiment for union leaders and employers to foster appropriate part-time work opportunities for teenagers, and for the whole community to operate conservation camps in which youngsters can render useful service close to nature?

The second item on the liability side is the failure of Philadelphia institutions to enlist local financial support commensurate to their needs. Perhaps over the decades they have failed to capture the imagination and interest of Philadelphians of means. Whether the cause be lack of salesmanship or a failure of families of wealth to appreciate the potentialities of local institutions, many of these institutions are less effective than they should be in view of Philadelphia's cultural heritage and its financial successes.

Finally, the financial management of our nation must be sound if the needs and desires of communities like this one are to be satisfied. As the services demanded of government increase, more and more of our national income is spent by government; more and more of what people earn is being taxed away. Professor Galbraith of Harvard has predicted that

our citizens will insist upon more government services. In fact, he favors diverting a larger portion of our economy to them. But government cannot give to some citizens what it does not take from others. Thomas Macaulay reflected upon this dilemma as follows: "There is no more important problem in politics than to ascertain the just mean between these two most pernicious extremes, to draw correctly the line which divides those cases in which it is the duty of the state to interfere from those cases in which it is the duty of the state to abstain from interference."

The importance of sound financial management is pointed up by the problem of employment. This country will need an increasing number of job opportunities each year during the decade ahead because the number of young people seeking a start in life during the 60's will be almost double that in the early 50's. Job creation requires an economy that is healthy. It requires growth that is sustainable,--not the feverish spurts of speculative booms interspersed by sickening recessions. Such economic health is undermined by resignation to inflation as being inevitable. If these jobs for youngsters are to be provided in adequate number, saving must be encouraged to foster the flowering of technology. Saving will be encouraged only, however, if the purchasing power of the dollar remains stable. There is no real conflict, therefore, between the aims of those who work for community betterment and of those who plead for prudent financial management of our nation in order to prevent inflation. Experience in many countries and in many ages supports the proposition that price stability and economic growth are compatible.

In homespun language, "There is no such thing as a free lunch." A nation cannot spend more than it earns through production. The goods we enjoy must be produced by someone's sweat and the capital we use must come from someone's saving. Each time we elect to spend, we must figure out how the bill will be paid. Intemperate and unwise decisions could squander our resources, magnificent as they are. But if our decisions are prudent and balanced, and if we assess correctly our country's capacity to grow and prosper, we should enjoy the great bounty that it can produce. It would be tragic if inept financial husbandry were to injure a future that appears to be so rich in promise and in hope.

So much for the responsibility of the nation as a whole: it is to small groups that we must look for the satisfactions of living. Dahl and Lindblom have put it thus: "Family life, the rearing of children, love, friendship, respect, kindness, pity, neighborliness, charity: these are hardly possible except in small groups. . . . For to most people the meaningful center of life is made up of the small groups of which they are a part, into which they are born or are accepted, among which they grow and live, marry, beget children who beget grandchildren, acquire friends, eat, talk, share in ceremonials, celebrate the newborn, and mourn the dead. . . . For it is on small groups that most people must rely for love, affection, friendship, 'the sense of belonging', and respect."

As Josiah Royce has phrased it: "We need - - -, in this country, a new and wiser provincialism. - - - Further centralization of power in the national government, without a constantly enriched and diversified provincial consciousness, can only increase the estrangement of our national spirit from its own life."