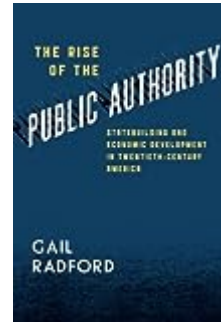




Gail Radford. *The Rise of the Public Authority: Statebuilding and Economic Development in Twentieth-Century America.* Chicago: University of Chicago Press, 2013. ix + 218 pp. \$85.00 (cloth), ISBN 978-0-226-03769-1; \$27.50 (paper), ISBN 978-0-226-03772-1.



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Among the many challenges faced by historians of the modern United States is finding a way to decipher and depict the labyrinth of government. The task proves tangled enough when dealing with the federal, state, and local layers, and all their executive, legislative, and judicial divisions. But the complexity grows exponentially when one builds in the myriad boards, commissions, agencies, and districts to which executive and legislative bodies have delegated responsibilities. It is a relief, then, to see a scholar like Gail Radford tackle the public authority, a particularly sizeable but woefully understudied branch of modern governance. *The Rise of the Public Authority: Statebuilding and Economic Development in Twentieth-Century America* provides a valuable overview of an intricate topic, explaining the growing role these institutions have played in the public provision of goods and services in the United States.

Public authorities—variously also known as public corporations, administrations, boards, trusts, agencies, or a slew of other monikers—are revenue-producing, administratively independent units, conjured into existence by legislatures and assigned to furnish particular goods and services (p. 4). They range in size and scope from the Springfield Parking Authority to Fannie Mae and the Tennessee Valley Authority. Yet while some po-

litical scientists, legal scholars, and public administration experts have researched public authorities in the United States, very few historians have cast more than a passing glance at these somewhat removed but often enormously powerful entities.

This lack of attention is surprising for at least two reasons. The first is the increasing attention that historians have given to making visible the hand of government in modern American life, as exemplified in the work of Thomas Sugrue, Jennifer Klein, and Meg Jacobs.[1] The second is the sheer volume of public authorities, in terms of both their numbers and the size of their debt. At the state and local levels, they have exploded since World War II: in 1949, their revenue-based bonds accounted for a small fraction of state and local government debt, but by 2002, five-eighths of subfederal debt emanated from public authorities rather than general government. Try as they might, neither public administration scholars nor state offices can pin down exactly how many exist—there may be as few as 5,000 or more than 18,000.[2] When scholars and governments alike cannot even agree on census techniques for an organization, that marks a telling cry for more research.

Radford's key historical intervention regards the in-

tentions behind the hybrid origins of American public authorities. When historians of the United States have thought about public authorities at all, they have cast them as another vehicle by which Progressive-era elites removed the institutions of governance from the dangers of corrupted democracy—a companion of the civil service, the independent regulatory agency, or the city manager. For many of these scholars, public authorities served as another handmaiden to the emerging corporate order, a means of making the state more like big business in form and function.^[3] Other social scientists who study this form of governance, whether champions or critics of their ubiquity in state and local U.S. governance, have generally swallowed this New Left interpretation of their genesis.

Radford, however, seeks to refute the corporate-liberalism view. She argues that the political entrepreneurs who championed public authorities and their predecessors—from socialist Milwaukee mayor Daniel Hoan to Woodrow Wilson’s secretary of the treasury, William Gibbs McAdoo—actually fought to expand the role that government played in American life against legal limitations and business interests deeply suspicious of government competition in the provision of goods and services. In other words, the public authority was not a grandly conceived antidemocratic plot but an inventive means of circumventing legal and institutional challenges to owning and operating public works. They were byproducts of constitutional reactions to Gilded Age corruption, especially at the state level.

Radford also counters those who posit long-standing cultural disdain for big government as a reason why the public provision of goods and services took a corporate form with the public authority. As Radford points out, socialists and liberals during the turn of the century successfully campaigned for public office in municipal races across the country on platforms built around expanding government’s role in providing water, gas, electricity, and streetcar service. The chief constraints were on government finance created by nineteenth-century taxpayer revolts and on government action as crafted by federal jurisprudence—not the support of the public. Special tax districts and revenue bonds, rather than tax-backed general obligation bonds, provided a way past these limitations. Especially after the 1930s, these financing workarounds often merged into the public authority form.

In charting the rise of public authorities, Radford shifts her analysis between governmental layers, princi-

pally federal and municipal. She begins with two chapters at the federal level, focusing on the World War I creation of the U.S. Emergency Fleet Corporation and the Federal Land Banks. The former marked an important starting point for the public corporation as an institution; the latter led to the innovation of government-created agencies securing private capital through bonds rather than legislative appropriations. Radford then jumps back in time to address the municipal push for public ownership at the turn of the twentieth century in cities like Cleveland and Milwaukee. Financing municipal services proved challenging, given state caps on borrowing and property taxation. Cities therefore created new governmental bodies, especially special taxing districts, that had the additional benefit of being able to increase borrowing capacity—Cook County, Illinois, ended up with 419 special taxing districts by 1933. Other cities opted for revenue-bond financing to meet the infrastructure challenges of urbanization. Unlike general bonds, which were backed by the taxing power of cities but often capped by legal restrictions, revenue bonds were backed by projected fees. Not incidentally, they were also a hit with financiers. After revenue bonds were found constitutional in the state of Washington, they spread to other municipalities.

Radford then brings the story back to the federal level to explore how the institution of the public authority firmed up as a result of the Great Depression. Herbert Hoover played an instrumental role in the rise of public authorities: as head of the U.S. Food Administration during World War I, he oversaw the Grain Corporation, which helped demonstrate the effectiveness of government management of important sectors of the economy. As president during the Great Depression, Hoover again played a prominent role in the proliferation of public authorities by creating the Reconstruction Finance Corporation (RFC) to make “self-liquidating” loans—public works loans that could be repaid through the income they produced. Roosevelt’s New Dealers used these precedents as a springboard for the expansion of federal capacity to reshape the country’s basic infrastructure. When FDR took office, there were only eight national public authorities; by the end of World War II, the number of federal corporations had grown to 101. A conservative backlash, led by Virginia senator Harry Byrd, eventually trimmed their sails with the 1945 Government Corporation Control Act, and only a handful have been created since.

Yet 1945 marked only the beginning of the explosion in state and local public authorities, thanks in large mea-

sure to two 1930s federal creations—the RFC and the Public Works Administration (PWA). Financed in large measure by the RFC, the PWA diffused the public authority as a form: it pushing enabling legislation in exchange for federal funding. As Radford readily acknowledges, the loosened lid on this Pandora’s box was not entirely to the good. The public authority allowed state and local governments to break free of their fiscal straightjackets to provide jobs and build infrastructure during the Depression, but she notes that this mechanism also opened the door to a byzantine world of public finance that both increases the costs and undermines the accountability of government activity (p. 133).

Considering the dangerously dry material that Radford handles, this is an engaging book, enlivened by brief biographical portraits of key actors like Wilson’s secretary of the treasury, William Gibbs McAdoo, and the New Dealer Harold Ickes. Radford does an admirable job of spiriting the reader through the complicated morass of government structures and bond markets without bogging down in too much of the minutiae. The emphasis on these structures is fresh and timely, given contemporary debates regarding how the government should expand health care, improve education, and administer prisons—not to mention recent investigations into the cloistered world of the Port Authority of New York and New Jersey as part of the abuse of power allegations against the New Jersey gubernatorial administration of Chris Christie.[4] Many of these debates seem eerily similar to those unearthed in *The Rise of Public Authorities*. Radford repeatedly underscores the tension between the government that Americans would like to have in order to address market failures and the government that Americans can have given the limitations of American legal and institutional frameworks.

Radford aligns with scholars who see the Roosevelt administration’s freewheeling experimental approach as productive in the short term yet limiting for lasting change, especially when conservatives moved to rein it in during the end of his second term. Helpfully comparing American and European approaches to Depression-era challenges, she contrasts the tactical and untheorized approach to corporate agencies by New Dealers to progressive state-builders in Great Britain, who made systematic, public pitches for government corporations (pp. 111-113).

This work has broader implications for postwar historians, though Radford does not draw them out. The New Deal’s success in promulgating public authorities

across the state and local levels addresses one of the riddles of the late twentieth century: how the public sector has withstood the small government assault since 1980. W. Elliot Brownlee, one of the leading historians of U.S. federal taxation, has dubbed the period from World War II to 1980 the era of easy finance, a time when federal income tax rates combined with a growing economy and gradual inflation to provide a sufficient fiscal base for the U.S. version of the welfare state.[5] Radford’s book helps us see that the easy finance of this time period was not just at the federal level—state and local levels drew on the increased use of public authorities and their capacity for revenue bonds to expand infrastructure and services. Public authorities have been another venue through which the rising postwar prosperity diffused into public life. And unlike federal tax policy, these vehicles for the distribution of public goods and services have thus far escaped the constraints that the Grover Norquists of the world have sought to impose.

Radford might have more explicitly connected the emergence of the public authority with other seemingly technocratic aspects of modern governance, especially the regulatory state.[6] The rise of regulatory commissions and agencies charts a similar trajectory to the rise of the public authority—both arose to address similar problems of industrialization and urbanization—but it is unclear whether they were complementary or competitive. Radford quotes from Daniel W. Hoan’s *The Failure of Regulation* (1914), which pitched municipal ownership as the solution to the shortcomings of regulatory governance. Were public authorities, then, one answer to some of the failures of business regulation? Future research that looks at the relationship between regulatory bodies, designed to address externalities from privately provisioned goods and services, and public authorities, created to supply goods and services, might help us understand if one often served as a substitute for the other. And transnational comparison could flesh out Radford’s brief but suggestive consideration of public corporations in Great Britain.

These quibbles aside, Radford admirably directs her historical analysis to audiences of social scientists and policymakers. By examining the broader goals held dear by many of the early advocates of public authorities, Radford can call attention to these alternative visions, which might have led to a more democratically accountable version of the institution. Her historical analysis makes plain that a major stumbling block for alternative visions for the public authority was that advocates rarely sought to ally such ideas with social movements.

She closes with several suggestions for strengthening general government, such that the fragmented work of dozens of public authorities might be coordinated and planned in a way that can address goals of balanced development and greater equality, rather than focusing narrowly on efficiency.

The Rise of Public Authorities marks an excellent start at historicizing the public authority and its evolving role in American governance. Like recent scholarship on the hidden American welfare state, it complicates U.S. narratives of growing antistatism, illuminating key features of publicly provisioned goods and services that should command the attention of business and legal historians.

Notes

[1]. Thomas J. Sugrue, *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit* (Princeton, NJ: Princeton University Press, 1996); Jennifer Klein, *For All These Rights: Business, Labor, and the Shaping of America's Public-Private Welfare State* (Princeton, NJ: Princeton University Press, 2003); Meg Jacobs, *Pocketbook Politics: Economic Citizenship in Twentieth-Century America* (Princeton, NJ: Princeton University Press, 2005). The work of historically oriented political scientists such as Ira Katznelson and Jacob Hacker have also drawn considerable attention from historians. See Ira Katznelson, *When Affirmative Action Was White: An Untold History of Racial Inequality in Twentieth-Century America* (New York: W. W. Norton, 2005); Jacob S. Hacker, *The Divided Welfare State: The Battle over Public and Private Social Benefits in the United States* (New York: Cambridge University Press, 2002).

[2]. As Radford details, the New York State Comptroller's office found 643 of them in 2004, but soon had to revise the figure up after finding 90 more (p. 4).

[3]. See for instance Martin J. Sklar, "Woodrow Wilson and the Political Economy of Modern United States Liberalism," *Studies on the Left* 1 (Fall 1960): 41; and Gabriel Kolko, *The Triumph of Conservatism: A Reinterpretation of American History* (New York: Free Press, 1963).

[4]. Privatization has often been the watchword in these debates. For a piquant taste of the school privatization debate, see the recent work of education historian Diane Ravitch, *Reign of Error: The Hoax of the Privatization Movement and the Danger to America's Public Schools* (New York: Alfred A. Knopf, 2013). For a more measured take on privatization broadly from a variety of scholars, see Jody Freeman and Martha Minow, eds. *Government by Contract: Outsourcing and American Democracy* (Cambridge, MA: Harvard University Press, 2009). For a journalist's exploration of the outer boundaries of municipal privatization, see David Segal, "A Georgia Town Takes the People's Business Private," *The New York Times* (June 23, 2012).

[5]. W. Elliot Brownlee, *Federal Taxation in America: A Short History*, 2nd ed. (New York: Cambridge University Press, 2004 [1996]).

[6]. The scholarship here is interdisciplinary, with many of the current trends exemplified by the academic journal *Regulation and Governance*. For historically oriented work, see especially Thomas K. McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred E. Kahn* (Cambridge, MA: Belknap Press of Harvard University Press, 1984); William J. Novak, *The People's Welfare: Law and Regulation in Nineteenth-Century America* (Chapel Hill: University of North Carolina Press, 1996); and Daniel P. Carpenter, *The Forging of Bureaucratic Autonomy: Reputations, Networks, and Policy Innovation in Executive Agencies, 1862-1928* (Princeton, NJ: Princeton University Press, 2001).

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