

possessed, held, used, exercised, and enjoyed by said acquiring company as fully, completely, and absolutely, in all respects, as the same had been theretofore owned, held, exercised, and enjoyed by said vendor company; and said acquiring company may also, with respect to the property so acquired, have, exercise, and enjoy all the rights, powers, privileges, and franchises which it has and may exercise respecting its other property. Upon the filing in the office of the Secretary of the Commonwealth of said copy of agreement and attached certificates, as herein required, and upon the surrender of certificates of stock of the vendor company to the acquiring company for cancellation, and upon cancellation thereof, the capital stock of said vendor company shall be wholly extinguished and thereupon the corporate existence of the said vendor company shall terminate.

Use and enjoyment.

Powers respecting acquired property.

Termination of vendor company.

Section 3. That the copy of said agreement, with said certificates attached, filed in the office of the Secretary of the Commonwealth, shall be evidence of the lawful holding of the meetings of stockholders of each company and of the due approval of the said agreement as required by this act, as well as the precedent action of the directors of each approving thereof.

Agreement and certificates as evidence.

Section 4. All acts or parts of acts inconsistent herewith are hereby repealed.

Repeal.

APPROVED—The 26th day of June, A. D. 1931.

GIFFORD PINCHOT

No. 355

AN ACT

Authorizing cities of the first class to negotiate emergency loans for certain purposes during the present calendar year.

Section 1. Be it enacted, &c., That to meet emergencies occasioned by business depression and the consequent noncollection of taxes, it shall be lawful for the council of any city of the first class, during the year one thousand nine hundred and thirty-one, to authorize the creation of one or more emergency loans, not exceeding, in the aggregate, three million dollars (\$3,000,000) in excess of the emergency borrowing power granted to the council of such cities by the act, approved the twenty-fifth day of June, one thousand nine hundred and nineteen (Pamphlet Laws, five hundred eighty-one), entitled "An act for the better government of cities of the first class of this Commonwealth," and said council shall have additional appropriating power to the extent of the proceeds of such emergency loan or loans. Any such loan or loans shall be nego-

Cities of first class.

Emergency loans.

Authorization by council.

Amount.

Additional appropriating power.

Negotiation.

Repayment.	tiated on behalf of the city by the mayor, the city controller, the city solicitor, or any two of them, and shall be upon notes for periods not to extend beyond such year, and shall be repayable out of the income of the year one thousand nine hundred and thirty-one: Provided, however, That unless such loans shall be paid within said year, they shall be included by the city controller in his estimate of liabilities which must be paid out of the receipts of the year one thousand nine hundred and thirty-two before ordinary appropriations may be made therefrom.
Proviso.	
Use of proceeds.	Section 2. The proceeds of any loan or loans created under the provisions of this act shall be used only for meeting pay-rolls of city employees.
When effective.	Section 3. This act shall become effective immediately upon its approval by the Governor.

APPROVED—The 26th day of June, A. D. 1931.

I approve this Bill with reluctance and only because of the threat to cripple still further the work of the Philadelphia Fire and Police Departments which just now are in honest and efficient hands.

If I had the legal right to see that reductions in city expenditures were made where they are now wasted instead of where they are now needed, it would not be necessary for me to sign this Bill.

On June 5 I was advised by President Cox, of City Council, that "\$6,800,000 is the actual shortage of police and fire pay-rolls for the balance of the year 1931." When Council was considering the budget for 1931, \$3,000,000 was arbitrarily cut from the actual requirements for police and fire protection during the balance of this year.

This menace to life and property was incurred deliberately in preference to cutting the county and other payrolls, which are now heavily padded. Thus money known to be absolutely necessary for police and fire protection was refused in preference to the removal of unnecessary employees from the payroll.

Where most of this padding is appears from the following figures: In the seven-year period 1925-1931, the Philadelphia County payroll increased from \$9,760,437.43 to \$13,094,737.93 or 34%, whereas Philadelphia City payroll in the same time increased from \$39,433,995.00 to \$41,786,293.30, or only 6%.

In other words, county payroll cost to taxpayers increased six times as fast as city payroll cost. City employees are forbidden by the City Charter to take part in politics. County employees are not.

I recognize that because of the mandamus evil City Council ostensibly has little control over county expenditures. But those who control Council have, and they must accept responsibility for the present situation.

In 1910 city and county payrolls together carried 8,829 employees for a population of 1,549,008. Twenty years later city and county payrolls carried 26,030 for a population of 1,961,453. While the population increased 25% the payroll increased 200%. Office holders multiplied eight times faster than population.

The story of Philadelphia's funded debt is like that of its payroll. During the same twenty years it increased from \$102,228,800 to \$676,186,100, or more than six times.

Interest and sinking fund charges on this gigantic debt in

1925 amounted to 27 cents out of every dollar paid in by the Philadelphia taxpayer. Now it is 40 cents, or nearly double. The taxpayer today pays nearly as much in one year on account of the city's debt as seven years ago he paid in two.

This huge burden falls on the home owner first, and that is serious enough. But Philadelphia home owners are losing their homes to mortgage holders in alarming numbers. Mortgages are the backbone of security in many Philadelphia financial institutions. Hence the enormous and steadily mounting tax burden on real estate is a serious danger to the stability of the financial structure in Philadelphia.

I have been told that the present impossible situation is due solely to delinquent taxes. But every county, city, and borough, and the State itself, has the same problem. Philadelphia alone threatens to reduce police and fire protection unless permitted to add to its already huge debt by borrowing more money for current expenses. And that is contrary both to good financing and to the spirit and letter of the pay-as-you-go provisions of the City Charter.

I have been told that the budget cannot be balanced because of the mandamus evil. But careful inquiry shows that the mandamus evil is little more than an alibi for budget dodging. Council can, if it will, provide in advance for expenditures known to be inevitable and the unbounded extravagance of county officials, who have increased their payroll in proportion six times as fast as the city, can certainly be controlled.

A commission of City Council recently reported that nowhere save in Philadelphia, unless "in cases of immediate necessity," does any city "act to take title to land until the damages to be paid and the assessments for benefits to be collected have been ascertained." Philadelphia alone blunders into expense without first finding out what it will amount to.

All cities, save Philadelphia, follow the common sense rule that "all arrangements for the financing of an improvement must be completed and the money in hand * * * before the city can begin the improvement."

The truth is that during my time at least City Council has never made an honest budget. Expenditures have always knowingly been kept above income.

Philadelphia has been unbelievably wasteful of public moneys, to the enrichment of a few and the heavy burden of the taxpayers. The time has now come when the dance is over and the fiddler must be paid.

Controller Hadley hit the nail squarely on the head in his recommendation to Council made last January when he said:

"I desire again * * * * to recommend the adoption of a definite financial plan to meet the requirements of future years * * * *. There is great danger in the growing tendency to use loan funds for expenditures that should properly be made from current funds. Good business policy dictates that some portion of current income should be devoted to permanent improvements."

I am informed and believe that unless I sign this Bill, the protection of the city against fire and disorder will be weakened to a highly dangerous degree. I have also been assured that if I approve this Bill, \$3,000,000 will immediately be appropriated for the purpose of such protection.

I have, furthermore, the official assurance of President Cox that the expected revenues from delinquent taxes will permit this \$3,000,000 to be repaid before January 1st, and hence that this additional loan will not of itself add to the burden of the Philadelphia taxpayer next year. It is true that I have also the official assurance of Controller Hadley that it will.

But whether this Bill will of itself add to the tax rate or whether it will not, whether it is approved or vetoed, the gross mismanagement of city finances in the past has made a rise in the tax rate next year sure and certain. Nothing can stop it. Even continued dodging of the facts in the next budget would be powerless to prevent it.

I am entirely convinced that Controller Hadley is right when he says "Council by extraordinary action could transfer from other items to the police and fire payroll and institute immediately drastic economies to meet this situation." But I am equally convinced that Council will not do so. And I must look the facts in the face.

If I must choose between crippling the Police and Fire Departments of Philadelphia at a time like this, and the possibility, probability, or even certainty of a small additional increase in the tax rate (beyond what is already unavoidable) because of this Bill, I choose the safety of the city. Therefore I am signing the Bill.

GIFFORD PINCHOT

No. 356

AN ACT

To amend route number seven hundred and eight of the act, approved the fifth day of May, one thousand nine hundred and twenty-seven (Pamphlet Laws, seven hundred eighty-seven), entitled "An act establishing certain public roads as State highways, and providing for their construction and maintenance at the expense of the Commonwealth."

Section 1. Be it enacted &c., That route number seven hundred and eight of the act, approved the fifth day of May, one thousand nine hundred and twenty-seven (Pamphlet Laws, seven hundred eighty-seven), entitled, "An act establishing certain public roads as State highways, and providing for their construction and maintenance at the expense of the Commonwealth," is hereby amended to read as follows:

Route Number Seven Hundred and Eight. [Beginning at a point on State highway route number thirty-four in Hampden Township, Cumberland County, about one and one eighth miles west of Camp Hill Borough, at what is known as Reeser's Corner; and running thence in a southeasterly direction, crossing State highway route number five hundred and seven at a point known as Saint John's Church, and continuing on past the eastern limits of Shiremanstown, to and connecting with State highway route number one hundred and twenty-three.] *Beginning at a point in Wormleysburg, where Walnut Street intersects with State highway route number thirty; thence westerly through a granted right of way of one hundred feet in width to a point on Seventeenth Street in the borough of Camp Hill; thence westerly and southerly to an intersection with State highway route number thirty-four at Oyster's Point.*

APPROVED—The 26th day of June, A. D. 1931.

GIFFORD PINCHOT

State highway.
Cumberland
County.

Route 708, act
of May 6, 1927
(P. L. 787),
amended.

Route 708.