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Mayors Plead Before Senate Committee for Loan Law, Warning of Bankruptcy.

DETROIT ASKS $35,000,000

Murphy Says City Is "Strapped"—Curley Sees Dole Ahead—Chicago's Plight Told.

Special to The New York Times.
WASHINGTON, Feb. 18—Mayors of great American cities begged the Senate Banking and Currency Committee today for an amendment giving the Reconstruction Finance Corporation power to lend money to the city on the security of municipal bonds and tax-anticipation warrants. A warning of municipal bankruptcy in the absence of such Federal aid was given by witnesses such as Mayor Frank Murphy of Detroit, James M. Curley of Boston and Daniel W. Hoan of Milwaukee, while M. S. Szymczak, controller of Chicago, testified similarly.

The committee, which appeared to represent Mayors of forty cities, whose financial situation is precarious.

"The enormous debt charges of the cities and the tax delinquencies, which now reach 40 per cent, are crowding the city into bankruptcy," he said.

"In Detroit the debt charge represents 67 cents out of every tax dollar. The vast burden of destitution is further crushing the citizens who are trying to keep the city afloat."

He revealed that Detroit would seek a loan of between $35,000,000 and $40,000,000.

Senator Couzens developed that the State of Michigan had done nothing to help destitution in Detroit, and further that Detroit's debt, four times greater than the State's. The Detroit city auditor reaches about 25 per cent of the total assessed valuation of the city—$2,600,000,000.

"We are trying to keep Detroit from default," Mr. Murphy said.

He added that the cost of the city government had been cut by $28,000,000, that some 10,000 city employees had been discharged and that there had been three cuts in wages and salaries of the others, but there were 208,000 persons on the relief list, including 1,500 of the 8,000 discharged employees.

"Detroit has gone further to put its house in order than any other large city," Senator Couzens commented.

"Detroit has done everything possible," Mr. Murphy added. "Michigan has an enormous deficit, all banks are closed under the Governor's moratorium and it would take a popular referendum to secure authority to issue State bonds."

"If the Federal Government won't help, we don't know where we can turn."

Mayor Curley presented resolutions representing opinions of many Mayors who said their cities were in danger of defaulting on their obligations.

"Congressional failure to provide the proposed $5,000,000,000 for public works was the reason the cities are in a present terrible condition, $9,000,000,000 unemployed," the Boston Mayor asserted.

He asserted that Boston was in a worse condition than any other large city, feeding 120,000 persons.

In 1932 the city spent $30,000,000 last year and would reach $14,000,000 this year, he said, and he added that for the first time we would have to travel fifteen miles of the City Hall, "the cost would be $30,000,000.

"The cost should be one per cent of the cost of government and organized wealth, if I may call it so, one per cent," Mayor Curley asserted.

"We don't believe that home ownership should be reduced, we don't want to sell homes at half-tariff. We want you Senators, in consideration of which we have done our best to save our cities, to relieve us by which American citizens can be saved from bankruptcy."

"Every community should immediately adopt a major program for public works and in the matter of tax anticipation warrants sufficient funds to save this great country."

"I wonder if the committee realizes that we are becoming a five-cent nation, by driving people on the dole. The dole has almost turned the English into a five-cent nation, and there is real danger that the American people will follow that example."

Before he ceased, Mayor Curley praised the St. Lawrence seaway project, and said that if Alfre D. Smith had made that his chief issue in 1928 "rum and religion have been bad for the workers and the Democrats would have won."

"Great cities like Milwaukee said his city was as well off as any other in the United States, but that he debt limitation of 5 per cent of the total assessed valuation of the cities had stopped public works this year.

"The great problem," he asserted, "is that default on municipal bonds into a nation of mendicants, and shake credit everywhere. The municipal obligations of great cities are likely to be defaulted in the near future. If municipal credit collapses—and it will unless you help us now—all credit will collapse with it.

We ask only what you have given to banks to aid in the guaranteeance companies. The government can issue money up to two and a half times the national debt. We have four and one-half billions in currency, then only about five billions in currency."

Szymczak said that taxes for 1929 and 1930 were now being collected in Chicago at the rate of $20,000,000.

"Chicago is solvent," he stated.

"All we need is a wider market for our currency. We do not want 60 per cent of our levy we can meet all obligations. Then we can pay each other back. If you go on, they have not had for five months. The payroll for the teachers is to the state for one year. We owe city employees $20,000,000."