

## BEN S. PAULEN: MANAGERIAL PROGRESSIVE

by

Mary S. Rowland

In most histories of Kansas, Ben S. Paulen, the state's governor from 1924 to 1928, is regarded as the epitome of conservatism. In the opinion of those who elected him as well as historians who have written about him, Paulen typified the "stand-pat" Republican of the early twentieth century. Paulen certainly allied himself with that faction of the party and considered himself to be fiscally conservative, politically cautious, and socially far from progressive. An historians' word to be sure, managerial progressivism refers to the general movement of managing the social impetus that had been generated by reformers of earlier decades. The later managerial progressives--often governors--accepted the fact of reform but sought to channel that zeal into workable, manageable programs. Using newly-learned management principles, these business progressives expanded state services, increased regulatory action, and used professional personnel in government to achieve their goals. Their themes were centralization and efficiency.<sup>1</sup>

In Kansas, Governor Arthur Capper (1914-1918) was a leader in promoting businesslike methods in the programs of state government. His successor, Henry J. Allen, continued to stress management as a gubernatorial function. In 1922, this trend was temporarily thwarted with the election of the neo-populist Democrat, Jonathan M. Davis. Paulen's election two years later re-established the managerial tenor of the government and assured the success of the model Capper had proposed and Allen had advanced. During his administration Paulen settled the highway question, reorganized the health department, stabilized banking, overhauled utility regulation, and consolidated the administration of higher education. These actions he accomplished through stronger state regulation, centralization of state services, and the use of professional personnel to carry out his program. Paulen's personal conservative posture and managerial style blended well with a state interested in efficiency and economy in government.

It helped, of course, that Paulen was no novice to the state, to business, or to politics. He had been born on July 14, 1869, in Clinton, Illinois, but moved with his family to Wilson County, Kansas, later the same year. Paulen attended public schools in Fredonia and spent one year at the University of Kansas before studying at the Bryant and Stratton Business College in St. Louis, Missouri. He returned to his hometown in 1890 to form a partnership with his father who operated hardware business. Paulen sold his interest in the store when he purchased the Wilson County State Bank in 1918. Although banking was his primary economic interest, he also served on the boards of the Fredonia Ice and Light Company and the Kansas Life Insurance Company. His political career began in 1900 when he was elected Mayor of Fredonia and he remained on the City Council until 1904. In 1912, he won a

seat in the State Senate representing Wilson and Neosho County and was reelected in 1916. Governor Capper appointed him to a four year term as state oil inspector in 1917. In 1922, Paulen won the lieutenant governorship under Governor Davis.<sup>2</sup> In 1924, Paulen entered the Republican gubernatorial primary, competing against Clyde Reed, a known Progressive and former Public Utilities Commissioner, and Walter R. Stubbs, a former Progressive governor (1908-1912). After receiving the party's nomination to run against the incumbent governor, he was also challenged by William Allen White who had entered the contest as an independent because he felt neither major candidate was strong enough in opposition to the Ku Klux Klan.<sup>3</sup> While Davis had to campaign on this record of decentralized government under the cloud of pardon scandal and White, nautilally, championed a cause, Paulen had the opportunity to campaign on his expectations of government. His intentions were quite clear. As he later wrote,

The government of a state is, for one thing, a great business corporation. It spends annually millions of the people's money. It should be conducted on the same principles of economy and efficiency shown by the greatest corporate enterprises . . . . Its business is the development to the highest perfection of 81,000 square miles of territory into fruitful farms, and the extension and promotion of every enterprise and industrial convenience that will put happiness and comfort into the homes of its citizens.<sup>4</sup>

This apparently appealed to Kansas electorate who gave Paulen 323,402 votes to 182,861 for Davis and 149,811 for White.<sup>5</sup> Paulen ran for a second term in 1926 and was again challenged by Davis. Paulen took his business platform to the voters. He believed that

this big corporation--the government of Kansas--is not a "closed" affair. Its stockholders are the people. Every man and woman has a voice in its management. Stockholders meetings are held biennially in November. Each citizen has a voice in the election of the board of directors, who are employed to look after the business of the corporation for two years. Under the laws providing for the administration of this big business corporation, the governor is made chairman of the board.<sup>6</sup>

The stockholders of the corporation of Kansas must have approved of Paulen's management because he led the ticket in November, defeating Davis 321,540 to 179,308.<sup>7</sup> When Paulen ran for governor, his platform centered around three words: service, efficiency, and economy with his primary aim to expand state services for the benefit of all citizens and to do so in a businesslike manner.<sup>8</sup> The implication of efficiency and expanded state services were understood to mean centralization of function for both economies of scale and for control of quality. The results of quality control were to be increased regulation encouraged by professionals who possessed technical competence, not merely good judgment. Paulen's

election victory over Davis and White was a clear indication that the state was more interested in sound administration than in local autonomy or social causes.

Because Kansas had been a leader in the progressive social legislation at the beginning of the century and because local control was such a deeply imbedded fact of Kansas politics, the election of Paulen and the alternative he represented are particularly important and warrant historical interpretation. His reelection over Davis is important because it shows the extent of public acceptance of the ideas of managerial progressivism. Paulen's administration pivots on the creative use of government to manage a state's problems. While he considered himself a conservative, his was not the negative anti-government stance of many of his contemporaries. How he implemented his idea of the state-as-a-corporate-entity managed for the common good can be seen in his handling of major problems left by his predecessors: highways, education, and banks. In these activities, managerial progressivism can be seen at its best as well as its limitations.

### Highways

Construction and maintenance of Kansas roads and highways had historically been a function of county government financed by local taxes and maintained by local labor. This would change after 1917 when the first federal aid to highways act was passed and called for the establishment of a single state agency to supervise all federally-funded road construction. Governor Capper promptly created a three man commission to receive federal funds but to disperse them to the counties for actual construction.<sup>9</sup> This exception to allow county options had to be approved each year by special proviso of Congress. Through efforts of the influential Kansas senator, Charles Curtis, passage of such an amendment was easily accomplished and it allowed the state to acquire federal funds yet retain local control, acquiescing to the demands of the state's constitution and more importantly perhaps, to the political sensibilities of the 105 county commissions which were unwilling to lose their autonomy in the lucrative business of road construction.

The Bureau of Roads within the United States Department of Agriculture, which administered federal aid to highways, was not impressed with the Kansas response to federal legislature, and Washington bureaucrats repeatedly complained to Governors Allen and Davis that the state was not complying with either the intent (centralization) or the requirements (adequate state financing) of the law. Further, the Bureau of Roads believed that the State Highway Department was understaffed and under-financed. Governor Allen was sympathetic to the pleas and insisted upon a constitutional amendment in 1920 to allow the state to involve itself in road construction. To accomplish this end he mobilized the forces of the Good Roads Associations to bring the state into compliance with the federal law. But two years later, Governor Davis turned a deaf ear toward Washington and listened primarily to county commissioners who wanted federal money but neither state nor federal control.<sup>10</sup>

Despite Paulen's campaign promise to support the state highway system, by the time of his inauguration, the situation with the federal authorities had deteriorated badly and the legislature needed to take positive steps to finance the highway department adequately. The 1925 legislature passed the usual appropriations bill for state highways but failed to make a specific appropriation for the highway commission.<sup>11</sup> At the same time, the commission needed a deficit appropriation to continue work in the counties through 1925. Because of this situation the newly-appointed Secretary of Agriculture, William M. Jardine, a Kansan, ruled on May 12, 1925, that the state did not meet the requirements of the federal highway act.<sup>12</sup> Lack of money and staff prevented Kansas from doing what the federal authorities required, and Jardine ordered the commission to proceed only with work already begun or work that was specifically approved by the Department of Agriculture. Paulen understood that his state had tried the patience of the Bureau of Roads too long and now it stood to lose the federal aid. Since cost of road construction had risen dramatically, counties did not have the resources to build roads on their own and, since the state had not chosen to appropriate adequate funds, Jardine's decision effectively halted road construction in the state. Paulen promptly wrote Jardine to seek assistance. In early June, Jardine sent representatives from Washington to meet with Kansas engineers. After a review of conditions in the state, they recommended a minimum of \$6,000,000 in construction and \$2,000,000 in maintenance was needed. They also recommended that the state be divided into six highway divisions, each headed by an engineer.<sup>13</sup> The Highway Commission, of which the governor was a member, issued a statement on June 9 in favor of a strong highway department which would be eligible for federal funds. Paulen then wrote each state legislature requesting permission to borrow enough money to fund the highway commission office adequately so that federal aid could not be withdrawn. When a majority of legislators indicated agreement with the governor's stance, Paulen proceeded to borrow \$56,800 from state banks. At the same time, the Commission voted to reorganize itself along the lines suggested by the engineers from Washington, and on July 1, 1925, the reorganization was effected. July 18, Jardine wrote Paulen that federal aid would be restored.<sup>14</sup>

The crisis was temporarily over. Despite the pressures from good roads organizations and Kansas chambers of commerce, acquiescence of the county commissioners, and renewed threats from the bureau that construction and maintenance of federally-financed roads must be provided by the state, the legislature of 1927 still did not enact a properly established highway program within the context of federal regulations. To be sure, there were some administrative changes made by the legislature, but control of construction remained in the hands of the county commissioners. Paulen himself recognized that the state was not, nor had ever been, in compliance with the federal aid bill. To bring the state in line, in January 1927 he appointed a blue ribbon committee headed by Charles F. Scott, the prominent Republican editor of the Iola Register, to study the road situation and to make recommendations to the 1929 legislature.

In the meantime, Congress passed the Phipps-Dowell Act which did not carry the usual exception providing a way for states with no state system to receive aid. This meant that after January 1, 1929, Kansas would receive no more federal money. The new law also required a fifty-fifty match of federal and state money which was impossible under the 1920 constitutional amendment limiting state participation to \$10,000 per mile. Paulen understood that the Department of Agriculture was unwilling to accept any more promises and that Washington would insist that all states meet all requirements before receiving any federal funds. The state's choices were comply with the law or lose the aid.<sup>15</sup>

Paulen issued a public statement strongly urging a constitutional amendment to bring the state into compliance with the federal law. He also wrote each legislator asking for support of a special session of the legislature to propose the amendment. Paulen, always adept at political maneuvering, made sure that he had the necessary political support before continuing his public campaign. The support was there, and he called a special session for July 19, 1928. The session voted for two proposals to go before the voters.<sup>16</sup> The first amended the section on internal improvements to allow highway building at the state level and the second levied a tax on motor vehicles and fuels to pay for roads and highways. When Paulen signed these bills, he said,

I am pleased with the action of the legislature in submitting the road amendment to the people. Having always been of the opinion that the highway question was one for public consideration and approval, the results of the fall election should, for the time at least, settle the state's road policy.<sup>17</sup>

The public did support the governor at the polls in November 1928, and the road amendment passed 493,989 to 117,596 and the fuel tax by 444,806 to 136,719.<sup>18</sup>

In December, Scott's road committee recommended a state system run exclusively by the highway commission. Conferences on the road issue held around the state also urged support for a state system. On February 15, 1929, the legislature finally enacted a state highway system with no limitation to the state's authority. The bill was signed by the newly-inaugurated governor, Clyde Reed, on February 22 in the presence of former Governor Paulen. With the enactment of this legislation, the state's authority over highway construction was never seriously challenged again.

The highway issue is the clearest example of Paulen's managerial progressivism. State services were considerably expanded. By 1926, Kansas ranked second in the nation in total road mileage and eleventh in federal aid allotments.<sup>19</sup> Because Kansas was overwhelmingly dependent upon agriculture, farm-to-market roads were especially important. The power of the state to regulate was significantly increased as the powers of both the Highway Commission and the Highway Department developed. Roads had created new circumstances over which the state had responsibility and ultimate authority. When the state's power to regulate was

established, enforcing standards fell to professional engineers who had technical competence to make decisions. The effect of highway construction on the state was to centralize administration of a service and to remove it from county responsibility. Efficiency, an engineer's word, became the standard of the highway program. Paulen's actions on the highway issue proved that the state, not the counties, was the unit of government most responsive to the state's needs for services.

### Higher Education

One of Paulen's major concerns about state-supported higher education was the lack of sound administrative policy. Another concern was that professionalism--not political cronyism--prevail in educational institutions. Both issues were addressed by the creation of the State Board of Regents. Originally, each college had its own board, but in 1913, these separate bodies were consolidated into a Board of Educational Administration. Four years later, educational institutions joined state charitable and correctional facilities under the direction of a new Board of Administration, a move which had satisfied Governor Capper's desires for regulation, centralization, and efficiency. State higher education suffered under a system composed of so many diverse constituencies, and considerable debate centered on the proper management of the state's educational resources.<sup>20</sup>

The idea of a separate Board of Regents was not new with Paulen. In 1921, University of Kansas Chancellor Ernest H. Lindley and the presidents of the other state colleges asked for an assessment of the needs of higher education within the state. Governor Allen and the Board of Administration agreed to their request, and a committee was appointed composed of George F. Zook of the U.S. Bureau of Education; Lotus D. Coffman, President of the University of Minnesota; and A. R. Mann, Dean of the College of Agriculture at Cornell University. Their report, issued in the fall of 1922, recommended that higher education, for a variety of reasons, be removed from the control of the Board of Administration, replacing the old board with a new board of nine laymen, appointed by the governor, receiving no pay, and serving for terms of seven to nine years. The committee listed twenty-six other points, including the establishment of a business manager for the new system to centralize purchasing and to oversee building construction.<sup>21</sup> One Kansan, in tune with the educational arena said: "I think the report contains without doubt the best, fairest, and most comprehensive analysis of the relations of the state institutions to each other, that has been made. . . . It is a valuable document, not so much because of what it recommends as because of what it does not recommend."<sup>22</sup> Neither Allen nor the Board of Administration had recommendations based on the Zook report in time for the 1923 legislative session.

On coming to office, Governor Davis reflected complete disinterest in the report and did nothing with it. In the meantime, with essential control of the Board of Administration through his political appointments, the new governor assured Chancellor Lindley that the Board would not

try to direct the University's internal affairs. Despite these protestations, Davis was soon meddling. The governor and the board encouraged the hiring of the party faithful at Kansas University but soon ran afoul of John M. Shea, the Superintendent of Buildings and Grounds, who preferred selecting his own staff. When Shea refused to cooperate, the board fired him in July of 1923. Lindley vigorously protested the move on grounds of Shea's competence and his own prerogatives over personnel. The board ignored him. The board also was disinclined to accept Lindley's judgments about the financial needs of the University and they criticized him for excessive financial requests. The final battle between the board and the chancellor was over the termination of Melvin T. Sudler, Dean of the School of Medicine. While Lindley undoubtedly wanted Sudler's resignation, he preferred, as chancellor, to request it himself. The board usurped that authority and fired Sudler in July of 1924.<sup>23</sup>

The presumed complicity of the governor in interfering in the internal operations of the University added fuel to the Republicans' gubernatorial campaign that fall. After Paulen's election, the lame-duck governor turned his venom on Chancellor Lindley whom he felt had encouraged opposition to the Democratic administration. In December of 1924, Davis arranged for the board to fire the chancellor. Lindley refused to comply with the board's edict and engaged counsel, but the state's Supreme Court ruled the board was acting within its discretionary power in removing him. Despite the judicial opinion, Paulen agreed with the position of the Chancellor and reinstated Lindley during his first month in office.<sup>24</sup>

In his message to the legislature in January, 1925 Paulen called for the creation of a separate board of regents because

certainly our educational institutions should be separated entirely from the politics and from even the suspicion of politics. This can best be accomplished by an independent board whose members serve because of the honor of this service to the youth of the state . . . . This recommendation presupposes that the overlapping terms of the members of the board would prevent during any administration the influence of politics in the control of our educational institutions.<sup>25</sup>

He also stressed the advantages of centralized purchasing and supervision of construction but overlooked references to the other twenty-five points of the Zook plan which discussed programs. The Republican-dominated legislature, tired of partisan politics in the academy, enthusiastic about the governor's call for efficiency in government, and probably seduced by the intensive lobbying efforts of a group led by Henry Buzick of Sylan Grove, approved the measure and Paulen signed the bill on March 7, 1925.<sup>26</sup> Paulen promptly appointed seven Republicans and two Democrats to the new board. Led by William Y. Morgan of Hutchinson, the group represented a wide range of geographical sections and political interests.

Not content merely to appoint the board, the governor followed its development with some considerable interest. In the spring of 1926, he wrote a number of state leaders requesting their impressions of the new system. A total of twenty responses have been located.<sup>27</sup> Seven are from professors at the University of Kansas, seven from businessmen in the state, two from superintendents of schools, two from professional men, and two from married women who apparently were not employed. Eleven of the respondents lived in Lawrence with the remainder from other Kansas cities. The tone of all the responses was highly complimentary to the governor. What is particularly interesting about most of them is the endorsement of the new board in managerial progressive terms. "Efficiency," for example is frequently used. Frank T. Stockton, of Kansas University School of Business, wrote that the university was "functioning at least three times as efficiently as it did during any one of the later years under the Board of Administration." J.D. Moorehead, a medical doctor in Neodesha, thought that the "Regents will finally place our state educational institutions on high standard of efficiency." A Lawrence dentist, J.W. O'Bryon, echoed Moorehead's sentiments when he wrote that the University was "running harmoniously and . . . more efficiently than was possible under the Board of Administration," and Raymond A. Schwegler, Acting Dean of Kansas University's School of Education, felt that the new Board "will contribute in immeasurable amount to the efficiency of the state's success." The similarities of administration of state services and businesses were mentioned by several respondents. Robert C. Rankin of the Griffin Ice Company in Lawrence wrote, "There have been many changes in Chancellors, but the best work of the Faculty has been when they are not expecting a new one and new alignments. I believe that rule can be applied to business also." Curt Rosenow, a member of the Psychology Department, wrote more about the decline in educational administration in general than the Kansas situations when he commented, "Indeed the trouble has arisen because the business of managing the affairs of our American universities has degenerated into the business of advertising the universities and of persuading a reluctant legislature to appropriate more funds and still more funds." He concluded by noting that, "at the top of your stationery there is the state seal with its motto 'ad astra per aspera.' At the bottom there is the slogan, 'Kansas grows the best wheat in the world.' If our universities are ever going to regain the intellectual leadership they have lost, it will be by following leaders who search for guidance--at the top."

Although the governor asked for reactions to the Board of Regents, respondents did not always limit their remarks to what Paulen wanted to hear. W.A. Rankin of Neodesha used the opportunity to remind the governor that a change needed to be made in the Fredonia-Neodesha road, and J.W. Womer, Vice President of the Osage County Bank, admitted that he liked the new law but was more interested in improving the spiritual atmosphere of the University and decreasing bootlegging. While most of the letters may have expressed satisfaction with the board, the letter most reflective of public sentiment may have been that of Alfred G. Hill, an Arkansas City businessman who recounted the following story: "I asked an Aggie



professor the other day what he thought of the plan of administering state schools. 'Do you know,' he said, 'we don't discuss the board of regents hardly at all. We take it for granted as a high class way of handling the schools, and since there isn't anything to worry about, we don't have any reason to talk about it.'" Since Paulen, too, wanted a "high class" state, this letter might have especially appealed to him.

In one of his articles, Paulen cited among his accomplishments the establishment of the State Board of Regents, and said, "lifting these institutions from the realm of party politics has proved an advanced step for education."<sup>28</sup> The move was also representative of his style of managerial progressivism. It provided for a centralized structure to regulate the state's educational institutions. It centralized specific business functions to allow for efficiency and economy. It also removed higher education from the possibility of political intervention in personnel matters thus insuring the continued responsibility of professionals in making staffing decisions. Basic to managerial progressivism is deciding the issues--in this case, centralization and professionalism--and taking action to make changes work. The creation of the Board was one of Paulen's most significant accomplishments in achieving a workable solution for the efficient delivery of governmental services.

#### Banks

The overwhelming problem of Kansas in the 1920s was the farm depression. Because of the state's pervasive dependence upon agriculture, all segments of the economy felt a decline when agriculture was depressed. Banks were particularly hurt. The expansion in agriculture during World War I sent many farmers to their local, state-chartered banks for mortgages to finance new production. When the agricultural bubble burst in 1921, these local banks were hard hit by the inability of farmers to pay their loans. Bank failures followed which in turn caused the collapse of the Deposit Guaranty System.

Kansas had been operating in 1909 under the Deposit Guaranty Law which insured the deposits of participating banks. The law, which applied only to incorporated state banks on a voluntary basis, required assessments of member banks to be paid into a special deposit guaranty fund. The fund was not to be used for immediate payment of deposits but rather for the payment of guaranteed deposits which had not been paid from the proceeds of liquidation of the failed banks' assets.<sup>29</sup> Regarded as a model at the time, by 1922 the system insured 703 of the state's 1113 banks.<sup>30</sup> Two years later, it received its first threat when seventeen member banks failed. From 1920 to 1930, 365 banks and savings and loans went out of business. Part of the decline was due to banks consolidating or seeking a national charter, but most bank failures were voluntary liquidations or failures due to poor loans, generally farm mortgages.<sup>31</sup>

When Paulen was elected governor, the state had a chief executive who thoroughly understood the banking business. His first message to the legislature reflected his concern about

banking in general and the Deposit Guaranty System in particular. Paulen thought the bank failures were largely due to the granting of excessive loans. He believed the state should have stringent laws governing their issuance and equally stringent penalties to prevent abuses. Paulen told the legislature there was about \$8.5 million in guaranty certificates outstanding, earning 5 per cent, a sum greater than member bank assessments, and urged strong banking laws, but gave no indication that the demise of the Deposit Guaranty System could be near.<sup>32</sup> The legislature did create a five-person advisory board on banking matters and directed the Banking Commission to examine all receiverships of failed banks.<sup>33</sup> Banking conditions appeared to stabilize a bit in 1925 largely through the efforts of the new banking commissioner, Topeka businessman Roy L. Bone. Through his membership on the Charter Board, he controlled the issuance of new charters to new banks while business conditions were so shaky.

Despite the best intentions of the governor and his commissioner, banks continued to fail at an alarming rate and the future of the deposit guaranty system looked bleak. As collapse seemed imminent, worried Kansans wrote Paulen urging immediate action. Paulen himself believed in the system but admitted it had not lived up to its earlier promise. By April 1926, the governor's apprehension about the system was heightened when twenty more banks applied for withdrawal and seven more sent in resolutions for withdrawals. Paulen knew that if the stockholders continued to vote for removal from the system, public confidence would falter. Both Paulen and Bone urged bankers to stand firm in order to protect the public's money and reassure the public of the soundness of the state banks. What Kansans wanted, however, was not statements of confidence in the system but a guarantee from the state that their deposits were secured in a state-backed guaranty system. Many depositors did not understand that the Deposit Guaranty System was a voluntary one for banks, but they did know that it was common for failed banks to repay at 60 per cent. These depositors wanted the state to assume their losses. Paulen had to tell these people that the state was not behind the fund, only the banks.<sup>34</sup>

In April 1926 the Kansas Supreme Court, in effect, fixed the liability of guaranteed banks at the amount of bonds on deposit in the fund and allowed banks operating under the system to withdraw by forfeiting an average of \$1,600 in bonds. Immediately thereafter, banks began withdrawing and by July there were only 225 banks left in the system, many of which were in the process of withdrawal. At that time, the system owed \$6,748,202 and had assets of only \$1,121,992. Despite some late minute maneuvers by the commissioner, there was no possibility the system could ever be solvent, and Bone recommended the law be repealed. By declaring the fund void, he could use the bonds and cash on hand to pay creditors of the failed banks.<sup>35</sup>

In his struggle to preserve the system, Paulen, true to his style, barraged prominent citizens with letters asking for their ideas on strengthening banking. Many responded. Some felt that banking should be made competitive, others blamed

officers for knowing too little about banking, and still others believed that the newer banks were being blamed for the collapse of the system, when, in reality, it was the older banks which were failing. One citizen indicated that the biggest problem of the state was not highways, primary election laws, or cigarette laws, but whether there would be stable banking "keeping faith with our citizens of thrifty habits and willingness to work. If this legislature adjourns," he warned "without some encouragement to depositors in failed guaranteed banks, I would not care to own stocks in either State or National Banks under present conditions."<sup>36</sup>

By 1928, the fund had been liquidated and the failed banks were paid from the fund in the order in which they were finally liquidated. The question then arose of when to certify liquidation. Since Bone was reluctant to do this with so many failed banks and so little money to repay creditors, the matter went to the Supreme Court which appointed a special commissioner, Schuyler C. Bloss, to hold hearings to determine which banks should be certified and when. All securities of the fund were converted to cash and banks were paid in the order of liquidation. By August 1, all funds were distributed. The creditors of all banks failing prior to 1921 were paid in full, some failing between 1921 and 1924 were paid, and, because of the scarcity of resources in the fund and the large number of bank failures, none failing after 1924 received payment. By 1928, there were only 39 banks paying into the system, but they were small and their assessment would not even pay the interest on the outstanding certificates.<sup>37</sup>

Although the report of the bank commissioner in 1930 did not mention deposit guaranty, interest in the defunct system remained high, largely because the public wanted its money refunded. Controversy continued to plague the bankers until the United States Supreme Court refused to hear any more cases on the system in 1931.<sup>38</sup> Nevertheless, a large number of Kansans continued to believe that all depositors were entitled to some form of protection for their money. The Kansas experiment had proved that the voluntary cooperation of bankers in the deposit guaranty system did not work. It also proved the weakness of state government in regulating the banking business. The history of banking in Kansas in the 1920s defines the limitations of managerial progressivism in state government. Economic conditions in the country created conditions which were beyond the control of state government. The state did not have sufficient regulatory power to force bankers to monitor banking conditions; the bank commissioner's office was so under-financed and under-staffed that the state could not insure compliance with all the existent regulations. The growth of national banks with different standards complicated the problems of state-chartered banks. The limits of managerial progressivism in banking were defined, but so were the standards the depositors insisted upon. It remained for the federal government in the 1930s to assume control over the guaranty of bank deposits. The Kansas experience had proven one thing: the government at some level had the obligation to regulate banking in order to protect depositors. Voluntary regulation, by 1930, was no longer an option.

### Other Aspects

While these three issues were the most important that Paulen had to settle, the governor obviously did not limit his activities to roads, banks, and schools. Because Paulen believed that the administration of state government was a business proposition, one of his first priorities was for a budget system.<sup>39</sup> This had been advocated as early as 1915, but the legislature had been reluctant to centralize this function. Historically, individual agencies and institutions had submitted their proposed budgets to the legislature which had, by the act of appropriations, the ability to design the state's budget. The ultimate purpose of a formalized budget was financial control, a power that the legislature was unwilling to confer upon governors. When the legislature did create a Budget Director in 1925, Paulen's hopes for efficiency were accelerated. The establishment of such a position meant to him the elimination of duplicative services, extravagance and waste. A formal budget was a rational symbol of non-partisan government, in part because it was drawn up, scrutinized and defended by professional accountants. The future of the office was assured when Paulen appointed former state auditor, Norton A. Turner, as the first director. Turner was highly respected for his handling of the Soldiers' Bonus Bill as well as his fiscal conservatism.

Another of Paulen's campaign promises was the consolidation of existent boards and commissions to avoid duplication of services and to streamline functions. One major change was the creation of the Public Service Commission which combined the functions of the former Public Utilities Commission, the Tax Commission, and the Court of Industrial Relations. The State Board of Agriculture assumed duties formerly held by the Kansas Livestock Registry Board. Within the existent boards, many changes were made which increased their regulatory functions. This was particularly the case as state government responded to new conditions created by trucking, the motion picture industry, and medicine.

If by no other criteria, Paulen could be judged a successful governor on the basis of the number of his recommendations which the legislature enacted. His two terms as governor were impressive. The building and loan industry which had grown rapidly in the 1920s received its own autonomous board to supervise building activities and a Judicial Council was established to study court systems and recommend methods of simplifying civil and criminal procedure as well as court administration. Rapid growth and consolidation of regulatory agencies, the streamlining of state government, and the enactment of major regulatory legislation characterized Paulen's administration's drive to promote managerial progressive legislation. Every unresolved issue which had faced the state from 1916 to 1930 was addressed by the governor, and in most instances, settled. Those unresolved issues, such as insuring bank deposits, were in those areas where the state had neither the resources, the inclination, nor the power to solve. In Paulen the state had a governor whose style was so conservative that it offended no one. That was part of why his program worked. But his

vision of government was also compatible with the values of the majority of Kansans. He used centralization in the name of efficiency to expand state services. To make those services efficient, he insured that competent professionals were involved in decision making. Paulen said in his farewell address, "I have looked upon the state government as a great business corporation, needing and demanding the wisdom and service of men peculiarly qualified and fitted for the management of its various divisions."<sup>40</sup> Thus he concluded his administration with a strong statement of support of managerial progressivism. Robert LaForte in his history of progressivism in the state, called it an irony that progressive Republicanism ultimately led to a regulatory state.<sup>41</sup> The irony of Paulen's administration is that a conservative made progressivism in Kansas a reality.

#### NOTES

1. The theoretical basis of managerial progressivism is discussed in Arthur S. Link, "What happened to the Progressive Movement in the 1920's?" American Historical Review, LXVI (July, 1959), 284 ff; Robert Wiebe, The Search for Order, 1877-1920 (New York: Hill and Wang, 1967, viii. Wiebe, "The Progressive Years," in William H. Cartwright and Richard L. Watson, Jr., eds., The Reinterpretation of American History and Culture (Washington, D.C.: The National Council for the Social Studies, 1973), 429; Alan Havig, "Progressivism, the Link Hypothesis, and the 1920's--An Assessment." Mimeographed paper. Possession of writer; Samuel P. Hays, The Response to Industrialism, 1885-1914 (Chicago: University of Chicago, 1957), 70. Otis Graham, The Great Campaigns: War and Reform in America, 1900-1928 (Englewood Cliffs, N.J.: Prentice-Hall Inc., 1971), 132. George B. Tindall, The Emergence of the New South, 1913-1945 (Baton Rouge: Louisiana State University Press, 1965), 219. Burl Noggle, "The Twenties: A New Historiographical Frontier," Journal of American History, LIII (June 1966-March 1967), 299-314. Noggle, "Configuration of the Twenties," in Cartwright and Watson, eds., The Reinterpretation of American History and Culture, 465. Don S. Kirschner, City and Country: Rural Response to Urbanization in the 1920's (Westport, Conn.: Greenwood Publishing Co., 1970), 151-159. George B. Tindall, The Ethnic Southerners (Baton Rouge: Louisiana State University Press, 1976), 142-161. Christopher Lasch, Haven in a Heartless World: The Family Besieged (New York: Basic Books, 1977), xv.

2. "Benjamin Sanford Paulen" in Robert Sobel and John Raimo, eds., Biographical Directory of the Governors of the United States (Westport, Conn.: Meckler Books, 1978), II, 484-486; Topeka Capital, 10 August 1924; Topeka Capital, 25 December 1975; Wichita Morning Eagle, 12 July 1961; "Kansas Masons Honor M.W. Ben S. Paulen" (pamphlet); Kansas House Journal (1962), 47.

3. Charles W. Sloan, Jr., "Kansas Battles the Invisible Empire: The Legal Ouster of the KKK from Kansas, 1922-1927," Kansas Historical Quarterly, XL (August 1974), 403.

4. Ben S. Paulen, "Kansas-By One Who Knows It," The Union Pacific Magazine, VI (November 1927), 30.

5. Kansas, Secretary of State, Twenty-fourth Biennial Report (1924), 95. See also Bower Sageser, "Political Patterns of the Twenties," in John

W. Bright, ed., Kansas: The First Century (Chicago: Lewis Historical Publishing Co., 1956), II, 83-84.

6. Paulen, "Kansas-By One Who Knows It," 30.

7. Kansas Secretary of State, Twenty-fifth Biennial Report (1926), 67. Also see D.U. McCray "The Administration of Governor Ben S. Paulsen," in William E. Connelley, ed., History of Kansas (Chicago: American Historical Society, 1928), II, 15.

8. Kansas, Senate, Journal, 1925, 9.

9. Laws of Kansas, 1917, Chapter 264. "KHC - The First Fifty Years," in Central States Construction Magazine, XX (April 1967), 14.

10. A longer version of the Kansas struggle with the Federal Government appears in Mary S. Rowland, "Kansas Highways, 1917-1930," Kansas History, Vol. 5, #1 (Spring 1982).

11. Laws of Kansas, 1925, Chapters 214 and 274.

12. W.M. Jardine to Ben S. Paulen, Papers of Governor Ben S. Paulen, Archives Division, Kansas State Historical Society.

13. "Report to the Kansas Highway Commission Suggesting A Plan of Organization for the Fiscal Years 1926 and 1927" from H.K. Bishop, James C. Wonders, and W.H. Lynch, Bureau of Public Roads (n.d., probably 9 June 1925), Paulen Papers, KSHS.

14. Kansas, Highway Commission, Fifth Biennial Report (1926), 17. Topeka Daily Capital, 4 August 1925. "New Kansas Highway Commission in Office," Kansas Highways (August 1925), 5.

15. Topeka Daily Capital, 13 May 1928, Jardine to Paulen, 5 June 1928; Paulen to Jardine, 7 June 1928; Department of Agricultural Administrative Assistant, to Charles Curtis, 9 July 1928; Ben S. Paulen to W.M. Jardine, 19 June 1928, Paulen Papers, KSHS.

16. Laws of Kansas, Special Session, 1928, Chapters 3 and 4. Kansas Senate Journal, Special Session, 1928, 11.

17. Topeka Daily Capital, 22 July 1928.

18. Kansas Highway Commission, Seventh Biennial Report (1930), 174.

19. Kansas Highway Commission, Fifth Biennial Report (1926), 32.

20. Bessie Wilder, Governmental Agencies of the State of Kansas (Government Research Series #4. Lawrence: University of Kansas, 1946), 8.

21. A complete account of the relationship of the University with state government is found in Clifford S. Griffin, The University of Kansas: A History (Lawrence: The University Press of Kansas, 1974), 400 ff; "Recommendation for State Schools," Kansas University Graduate Magazine (November 1923).

22. *Ibid.*, 7.

23. Griffin, The University of Kansas, 404.

24. *Ibid.*, 410.
25. Kansas, Senate, Journal (1925), 9.
26. Laws of Kansas, Chapters 256, 257, 258, and 259.
27. These are addressed to Paulen, are from: J.W. Womer, 18 February 1926; Dr. J.L. Moorehead, 18 February 1926; W.A. Rankin, 21 February 1926; C.G. Cochran, 22 February 1926; Dr. J.W. O'Bryon, 22 February 1926; R.A. Schwegler, 18 February 1926; O.R. Farris, 18 February 1926; C.M. Rankin, 18 February 1926; Christine Wenrich, 13 February 1926; Alfred G. Hill, 18 February 1926; Martha Snow Brown, 22 February 1926; Robert Rankin, 19 February 1926; Irving Hill, 20 February 1926; M.T. Van Heck, 23 April 1926; Thomas A. Larrenmore, 8 April 1926; L.B. Crawford, 16 April 1926; Curt Rosenow, 8 April 1926; H.C. Allen, 19 April 1926; R.S. Knapper, 15 April 1926; and Frank T. Stockton, 12 April 1926. All located in Paulen's Papers, KSHS.
28. Paulen, "Kansas-By One Who Knows It," 34.
29. Wayne D. Angell, "A Century of Commercial Banking in Kansas, 1856-1956" (3 vols. unpublished Ph.D. dissertation, University of Kansas, 1957), 363-66.
30. Kansas Bank Commissioner, Sixteenth Biennial Report (1922), 5-6.
31. *Ibid.*, Sixteenth through Twentieth Biennial Report. The 1928 report contains an error which I corrected in their figures.
32. Kansas, House, Journal, 1925, 11.
33. Laws of Kansas, 1925, Chapters 88, 91, and 256.
34. Paulen to C.C. Scats, 22 April 1926; Matt Dunn to Paulen, 30 December 1926; Henry Comley to Paulen, 18 July 1926; Paulen to Comley, 17 July 1926; Ray Bone to Wallace T. Rouse, 15 March 1926, Paulen Papers, KSHS.
35. Kansas, Bank Commissioner, Eighteenth Biennial Report (1926), 4, and C.M. Harger, "An Experiment that Failed," The Outlook, CXLIII (23 June 1926), 278.
37. R.W. McGrath to Paulen, 28 February, 1927, Paulen Papers, KSHS.
38. Francis W. Schruben, Kansas in Turmoil, 1930-1936 (Columbia: University of Missouri Press, 1959), 8. Mrs. May Morrell to Clyde Reed, 11 April 1929; Secretary to Governor to George Hook, 17 April 1929; Secretary to May Morrell, 12 April 1929; H.W. Koeneke to O.C. Wasson, 5 June 1930. Papers of Governor Clyde Reed, KSHS.
39. Kansas, Senate Journal, 8-9.
40. Message of the Governor, "Farewell Address of Ben S. Paulen," Topeka: State Printer, 1929.
41. Robert S. LaForte, Leaders of Reform: Progressive Republicans in Kansas, 1900-1916 (Lawrence: University Press of Kansas, 1974), 262.

Emporia State University  
and the  
Kansas Committee for the Humanities

announce

**KANSAS STUDIES**

A Humanities Seminar for School Teachers

August 5-9, 1985  
Emporia State University

The Kansas Studies Seminar is presented expressly for teachers in Kansas public and private schools. The seminar, which will emphasize subject matter and interpretations, is designed to be of value for teachers irrespective of their experience and background on the seminar topic. The seminar is not available for academic credit, but may be used for professional development recognition.

Seminar Staff: Emporia State University--Thomas D. Isern, June D. Underwood, Edwin C. Moreland, Joseph V. Hickey, Patrick G. O'Brien; Kansas State Historical Society--Robert W. Richmond, Katie Armitage, James L. Powers, Melanie Gimpel; Washburn University--Thomas Averill.

Eligibility: Teachers in Kansas public and private schools with instructional responsibilities related to Kansas studies.

Application Procedures: Interested teachers are to complete an application form, which can be obtained from Patrick G. O'Brien, Center for Great Plains Studies, Emporia State University, Emporia, KS 66801 (316-343-1200, ext. 464). Completed forms are to be mailed to the above address and postmarked no later than May 17, 1985 to receive consideration. Notification of acceptance will be made by May 30, 1985.

Compensation: Each participant will receive a travel allowance to and from the seminar, and living expenses (room and meals) will be defrayed up to \$40.00 for each of the five days of the seminar.

Housing: Each participant will be responsible for their lodging during the seminar, but the Great Plains Center will both assist with motel reservations and make arrangements for persons interested in residing in an ESU dormitory.

For information about the seminar or application procedures, contact

Patrick G. O'Brien  
Center for Great Plains Studies  
Box 32  
Emporia State University  
Emporia, KS 66801  
(316-343-1200, ext. 464)