

**The Saga of a Landslide Reelection, Baby Bonds, and a Recall:
Mayor Daniel W. Hoan 1932-1933**

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INTRODUCTION

In April 1933, rumors of an impending effort to recall the mayor of Milwaukee spread around Milwaukee City Hall.¹ While the purported motivations driving the nascent attempt to unseat Mayor Daniel W. Hoan included his inability to push a change to the City tax code through the Common Council, deteriorating conditions in City Hall, and pressure from local taxpayer organizations, the real problem may have been the depths in which Milwaukee found itself during the Great Depression. According to a letter sent to him by the Fifteenth Ward Taxpayers' Club, during the depression Mayor Hoan failed to show "any leadership that would tend to lessen the burden of the hard-pressed citizens of Milwaukee."²

Daniel Webster Hoan was elected mayor of the City of Milwaukee in 1916 after having served as Milwaukee's City Attorney for six years. Hoan was born in Waukesha, Wisconsin, and educated at the University of Wisconsin and the Kent College of Law. He was admitted to practice law in Wisconsin in 1907. He served as a labor attorney until he was elected Milwaukee City Attorney in 1910.³ Hoan had been elected City Attorney, as part of a veritable sweep of the election by members of the Socialist Party, with Emil Seidel at the head of the ticket. Seidel was the first of three Socialist mayors that would serve the City of Milwaukee over the next half-century.

While Seidel would only last one two-year term as mayor, Hoan's reputation as a powerful advocate for clean government allowed him to retain the city attorney's office despite the combined efforts of the Democratic and Republican parties to drive the Socialists from

¹ "Report Drive Under Way to Recall Mayor, *Unknown Newspaper*, April 11, 1933. Daniel W. Hoan Clipping Collection. Milwaukee County Historical Society, Milwaukee. Newspaper clipping has handwritten date.

² Ibid.

³ Biography of Mayor Daniel W. Hoan (n.d.), (box 2, folder 56), Daniel Webster Hoan Collection, Milwaukee County Historical Society, Milwaukee.

power. In 1916, Hoan defeated the then-incumbent Gerhard A. Bading and was elected mayor. Hoan remained in office as mayor for 24 years, finally being defeated in the 1940 mayoral election by Carl F. Zeidler.⁴

Mayor Hoan had faced potential recall before. In early 1925, his political opponents initiated a recall effort following Hoan's appointment of Peter Steinkellner, a fellow Socialist, as Chief of the Milwaukee Fire Department.⁵ While Steinkellner's appointment was the triggering event for this earlier recall attempt, its motivation was purely political.

The 1925 recall effort was led by two of Hoan's political opponents: A.F. Chapman, who was president of the Milwaukee Junior Democratic League in addition to being a member of the Ku Klux Klan, and W.H. Park, who was a member of the Taxpayers League.⁶ In a February 6, 1925 letter soliciting circulators of recall petitions, Park, as Chairman of the Recall Committee, asserted that the selection of Steinkellner as Fire Chief did not really provide the impetus for the movement, despite his Committee's "objections to the illegal manner" of the appointment procedure. Contrarily, Park stated, the concern was much more dire. The Recall Committee's true purpose was "to free the community from the rule of a group whose object it is to destroy our government and to overturn our social order."⁷ Despite Park's claim that the Committee had obtained half the needed signatures by February 6, the effort failed.⁸ The Recall Committee gave up the movement and closed its office on February 18, 1925.⁹

"[R]ecall gives voters the chance to remove an elected official from office by submitting a petition containing the required number of valid signatures requesting a vote on whether the

⁴ Frederick I. Olson, "The Mayors of Milwaukee," *Milwaukee History* 19, no. 1, (Spring 1996): 22.

⁵ "Hoan Fighters Wrangle Over Recall Move," *The Manitowoc Herald News* (Manitowoc, WI), January 16, 1925.

⁶ Floyd J. Stachowski, "The Political Career of Daniel Webster Hoan," PhD Dissertation, Northwestern University (1966): 148.

⁷ William H. Park Letter to Fellow Citizen, February 6, 1925. Daniel W. Hoan Collection. Milwaukee County Historical Society, Milwaukee, Box 29, Folder 735.

⁸ Stachowski, "The Political Career of Daniel Webster Hoan," 148.

⁹ "Abandon Movement for Mayor's Recall," *The Milwaukee Journal*, February 18, 1925.

official should remain in office.”¹⁰ This paper discusses the bid to recall Mayor Hoan in the summer of 1933. Unlike in 1925, the 1933 recall attempt was a serious challenge to Hoan’s tenure as mayor. This paper addresses the stated rationale for the recall effort and explores the reasons that the attempted recall was not successful. A substantial portion of this paper is devoted to the efforts of Hoan and the Milwaukee government to issue scrip as an alternative currency in 1933 and the opposition to such issue as a significant motivation for the recall attempt.

The fact that a recall effort was undertaken is, in itself, interesting and unusual. Few attempts to recall heads of municipal government in Wisconsin have occurred. At the time, in 1933, the concept of recall election was relatively new in the United States. It is true that recall elections were possible under the Article of Confederation, however there is no record that any occurred. The first statute permitting the recall of municipal officials was enacted in California in 1903. A similar statute was legislated in Oregon shortly thereafter.¹¹ Wisconsin passed a law permitting the recall of municipal elected officials in 1911.¹²

While there is some literature generally on recall elections, there does not appear to be a large body addressing municipal recall elections. Other than as discussed in reported cases by appellate courts, there is a complete dearth of discussion of municipal recall elections in the literature regarding Wisconsin.

This is a topic that has never been addressed vis-à-vis Daniel Hoan to any degree beyond a cursory statement. For example, well-known Milwaukee historian, John Gurda, in his book *The Making of Milwaukee*, says no more than that Hoan “was the target of an abortive recall

¹⁰ Rachel Weinstein, “You’re Fired! The Voters’ Version of “The Apprentice”: An Analysis of Local Recall Elections in California,” *Southern California Interdisciplinary Law Journal* 15 (2005): 131-164.

¹¹ R. Perry Sentell, Jr., “Remembering Recall in Local Government Law,” *Georgia Law Review* 10, no. 4 (Summer 1976): 883-915.

¹² Sec. 94j-1, Wis. Stats. (1911).

effort in 1933.”¹³ Even Hoan’s own major work on his time as mayor, *City Government*,¹⁴ and that of his principal biographer, *Milwaukee’s All-American Mayor*,¹⁵ do not discuss the issue. Of the two extensive academic works written about Hoan, Robert Reinders’s master’s thesis,¹⁶ and Floyd J. Stachowski’s doctoral dissertation, only Stachowski addresses the issue and then only briefly.¹⁷

Daniel W. Hoan was a noteworthy figure in Wisconsin history. Until Henry Maier surpassed him, Hoan was Milwaukee’s longest-serving mayor. He served during a period when Milwaukee doubled in size and suffered through a world war and the Great Depression. His policies, and those of members of his administration, modernized Milwaukee in innumerable ways. Certainly, well-founded arguments may be presented that he made mistakes during his time in office as well. The fact is, in addition, that he was a Socialist. This circumstance alone seems to have caused the greatest angst among his detractors. Despite all this, there is no previously published literature addressing the causes of the recall or the reasons it failed.

RESEARCH QUESTIONS

Why, in the summer of 1933, did several civic organizations in Milwaukee combine in an effort to force a recall election of Mayor Daniel W. Hoan? What were the underlying conditions that led to the recall effort and what were the actions taken by Mayor Hoan that ultimately triggered the recall effort? Why did this effort fail?

¹³ John Gurda, *The Making of Milwaukee*, 3rd. Ed., (Milwaukee: Milwaukee County Historical Society, 2006), 280.

¹⁴ Daniel W. Hoan, *City Government: The Record of the Milwaukee Experiment*, (New York: Harcourt, Brace and Company, 1936).

¹⁵ Edward S. Kerstein, *Milwaukee’s All-American Mayor: Portrait of Daniel Webster Hoan*, (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1966).

¹⁶ Robert Reinders, "The Early Career of Daniel W. Hoan: A Study of Socialism in the Progressive Era," Master's Thesis, University of Notre Dame (1949).

¹⁷ Stachowski, "The Political Career of Daniel Webster Hoan," 170-171.

MUNICIPAL RECALL

In his 1912 article, “The Operation of the Recall in Oregon,” James D. Barnett addressed the procedures under the then-newly enacted constitutional provision permitting recall of elected officials in Oregon. He concluded that, at that time, there had been too little experience with recall to draw conclusions as to the efficacy of Oregon’s recall law.¹⁸

In “Mayor Roger D. Lapham, the Recall Election of 1946, and Neighborhood Voting in San Francisco, 1938-1952,” Dennis P. Kelly describes a failed recall effort brought against Roger D. Lapham, the Mayor of San Francisco, in 1946.¹⁹ Lapham had been a political novice. His “business and social life was rooted in regional, state and national institutions and not in local institutions unique to San Francisco.” He campaigned for his 1943 election as a political outsider who was supportive of business interests.²⁰

The recall movement against Lapham was organized through the cooperation of various civic organizations in San Francisco. Those involved in the recall believed that Lapham had elevated his concern for “pro-downtown policies” to such a degree that he alienated those who were interested in promoting other parts of the city. In addition, the recall petitions “referred in part to his political style, namely his ‘arrogant and contemptuous’ conduct.”²¹

The recall election against Lapham failed. Voting differed among neighborhood and class groups, although “the electorate [was] divided along traditional partisan lines on the recall question.” Working class citizens voted for the recall in larger numbers than other groups,

¹⁸ James D. Barnett, “The Operation of the Recall in Oregon,” *The American Political Science Review* 6, No. 1 (February 1912): 41-53.

¹⁹ Dennis P. Kelly, “Mayor Roger D. Lapham, the Recall Election of 1946, and Neighborhood Voting in San Francisco, 1938-1952,” *California History* 76, No. 4 (Winter 1997/1998): 122-135.

²⁰ Kelly, “Mayor Roger D. Lapham,” 124.

²¹ Kelly, “Mayor Roger D. Lapham,” 129.

despite the fact that labor leaders did not publicly support the recall.²² Kelly found that “[p]olitical choices were conditioned, but not determined, by the circumstances of social and historic partisan preferences, and these choices were made without noticeable regard for the recommendations of formal leadership.”²³

In “Remembering Recall in Local Government Law,” R. Perry Sentell, Jr., refers to the remedy of recall elections as “at once a merging of traditional sentiments and modern reforms.”²⁴ Referring to the controversial nature of recall efforts, which often resulted in litigation, Sentell noted that “recall takes its beginnings in positive declaration but its facets are fleshed out by judicial analyses.”²⁵

In “You’re Fired! The Voters’ Version of “The Apprentice”: An Analysis of Local Recall Elections in California,” Rachel Weinstein scrutinizes local recall elections. Describing recall as a powerful tool, Weinstein finds that it is used more successfully in smaller municipalities. The reasons for this, according to Weinstein, have to do with group dynamics. Channeling James Madison, Weinstein discusses factions and interests groups and indicates that recall efforts are often the result of a group of people with a common interest joining for the purpose of effecting a recall. The larger the group, the less likely that the individual interests are “common.” She finds that recall campaigns mounted by smaller groups in smaller municipalities are more likely to succeed.²⁶

Ultimately, the literature describes municipal recall elections as resulting from the dissatisfaction of a particular group or faction with the decision made by the majority in the prior

²² Kelly, “Mayor Roger D. Lapham,” 134.

²³ Kelly, “Mayor Roger D. Lapham,” 125.

²⁴ Sentell, “Remembering Recall in Local Government Law,” 883.

²⁵ Sentell, “Remembering Recall in Local Government Law,” 887.

²⁶ Weinstein, “An Analysis of Local Recall Elections in California,” 154-155.

election and the resultant actions of the candidate elected. Recall election efforts fail due to a lack of self-awareness as to the resolve of the proponents of recall and a miscalculation as to the breadth of those supporting recall. Shades of all of these existed in the Hoan recall attempt.

Wisconsin Municipal Recall Law

The first law permitting the recall of elective municipal officials in Wisconsin, then known as “removal of city officers,” took effect in 1911. Under that edict, Wisconsin Statutes § 94j-1 (1911), any elected city officer could be removed after holding office for six months. In first class cities, such as Milwaukee, if signatures equaling at least one-fourth of the total of those voting in the preceding election for the applicable office were filed with the city clerk, an election for removal could occur. In order to effect such an election, the clerk would certify the petitions to the common council, which would order the election.²⁷

By 1925, when Mayor Hoan faced his first attempted recall election, the Wisconsin Statutes had been reorganized. The law at that time, Wisconsin Statutes §10.44 (1925), permitted the recall of an “incumbent of any elective office” who had held office for at least six months, and again if signatures of at least one-fourth of the number of persons voting in the previous election properly signed recall petitions. Under the reorganized statute, however, the petition had to be filed with the county court for “careful examination [as to] the sufficiency or insufficiency of such petition.” The court then submitted its certification to the common council, which would set an election date if the court had found the petition to be sufficient.²⁸

In 1926, the Wisconsin Constitution was amended and a provision was created, *Wisconsin Constitution, Art. XIII, sec. 12*, ensuring the right to recall of elected officials in any state, county, legislative, or judicial district. However, such enactment did not apply to

²⁷ Sec. 94j-1, Wis. Stats. (1911). Signatures of one-third of the total voters in the preceding election were required in second, third, and fourth class cities.

²⁸ Sec. 10.44, Wis. Stats. (1925).

municipal officials.²⁹ So, the provisions of Wisconsin Statutes §10.44, along with other statutory provisions regarding elections more generally, remained as the law guiding recall of municipal elected officials.

In 1927, in *State ex rel., Baxter v. Beckley*, the Wisconsin Supreme Court addressed the particularity with which the recall election statute had to be complied as to the specificity of the rules regarding signatures on recall petitions. The Court noted that, under the statute regarding signatures on election petitions then extant, Wisconsin Statutes § 5.26(5) (1925), each person signing an election petition was required to “add his residence, postoffice [sic] address and the date of signing.”³⁰ In addition, pursuant to Wisconsin Statutes § 5.26(3) (1925), the circulator of such petition was required to verify that he was personally acquainted with the signatories, that they were electors, and that the information provided by the signatories was accurate.³¹ According to the Court, where signatories failed to strictly comply with the statutory requirements for election petitions, in this specific case by failing include the year when affixing the date to the petition along with their signatures, such signatures were properly excluded from the petition. In *Baxter*, this was true even where the year of signing was clear from extra-documentary evidence.

In 1933, when Mayor Hoan faced the attempted recall election that is the topic of this paper, the requirements of Wisconsin Statutes § 10.44 remained as they had been in 1925. Mayor Hoan’s opponents were required to collect signatures equaling at least 25% of those who had voted in the Milwaukee mayoral election of 1932.

²⁹ *Matter of Recall of Delafield City Official: Mueller v. Jensen*, 63 Wis. 2d 362, 369, 217 N.W.2d 277, 280 (1974).

³⁰ *State ex rel., Baxter v. Beckley*, 192 Wis. 367, 370, 212 N.W. 792, 793 (1927).

³¹ *Ibid.*

METHODOLOGY AND DATA COLLECTION

The principal research for this paper was archival research using primary documentary sources located in the Harry H. Anderson Research Library at the Milwaukee County Historical Society. As relates to this paper, the Anderson Library houses two collections of archival materials donated by Daniel Hoan. The primary set of archival materials is the Daniel W. Hoan Collection. This is an extremely complete collection of nearly 1,000 folders of resources related to Hoan's political career. This includes both personal and professional correspondence, governmental materials, transcripts of speeches, newspaper clippings, and a wide variety of other miscellaneous documents. While part of the greater collection, boxes of newspaper clippings are indexed separately. Clippings found therein are referred to as part of the Daniel W. Hoan Clipping Collection. The second collection is the Daniel W. Hoan Recall Collection. This collection includes the court transcript of several days of hearings during which Mayor Hoan challenged the recall effort. This collection also includes the original recall petitions, which number more than 2,500.

I further conducted research of newspapers between January and September 1933. Principally, I researched online and microfilm archives of *The Milwaukee Journal* and the *Milwaukee Sentinel*. In addition, I conducted some additional online research of other local newspapers.

THE SAGA OF A LANDSLIDE REELECTION, A BATTLE OVER SCRIP, AND A RECALL ATTEMPT

Nineteen thirty-two had been banner year for Daniel Hoan politically. Running in his sixth mayoral election, he ran on a theme of a "better, bigger, and brighter city" despite the fact

that Milwaukee was heading deeper into the Great Depression.³² In the 1932 election, Hoan won the biggest victory of his political career. In addition, “Socialists captured the city attorney’s post, the city treasurer’s office, and . . . Hoan had a working majority on the Common Council for the first and only time in his long tenure.”³³ In this election, Hoan beat a non-partisan candidate and former alderman, Joseph P. Carney, by more than 45,000 votes.³⁴ Hoan received 108,279 votes to Carney’s 62,511 votes.³⁵

When giving his 1932 inaugural address, Mayor Hoan reaffirmed his belief in his political philosophy. Hoan argued that there would be no end to the Great Depression “until the present industrial system, called Capitalism, is entirely replaced by the next stage of human development which is called Socialism.”³⁶ However, by the end of 1932, the problems of the depression were worsening. The year 1933 would prove to be the worst of the Great Depression in Milwaukee.³⁷ Early in 1933, the Taxpayers’ Advisory Council had vehemently opposed the then-pending proposal by Hoan that the City of Milwaukee issue scrip as a means of dealing with the shortfall in property tax collections claiming that to do so was a “confession of bankruptcy.”³⁸

The Great Depression and the Use of Scrip

As 1932 was ending, along with the rest of the country, Milwaukee was mired in the Great Depression. While unemployment was already high and the dollar’s value notably diminished, the economy would worsen. Despite the promise of a changed focus of federal

³² Bayrd Still, *Milwaukee: The History of a City* (Madison: State Historical Society of Wisconsin, 1948), 258.

³³ Gurda, *The Making of Milwaukee*, 279; Douglas E. Booth, “Municipal Socialism and City Government Reform: The Milwaukee Experience, 1910-1940,” *Journal of Urban History* 12, no. 1 (Nov. 1985): 63.

³⁴ Still, *Milwaukee*, 258; Kerstein, *Milwaukee’s All-American Mayor*, 166.

³⁵ Hoan, *City Government*, 73.

³⁶ Inaugural Address of Daniel W. Hoan (1932), (box 38, folder 967), Hoan Collection.

³⁷ Gurda, *The Making of Milwaukee*, 279.

³⁸ Daniel W. Hoan, *Mayor Hoan Answers Critics* (n.p.: n.p., n.d.), 1; “Scrip for City Called Token of Insolvency,” *The Milwaukee Journal*, January 10, 1933.

policy following the impending inauguration of President-elect Franklin D. Roosevelt, 1933 would see Milwaukee floundering in deepening economic straits.

Why and how Milwaukee and the country ended up in this condition is the subject of some debate and of some of the literature regarding the Great Depression. Some writers point to “Black Tuesday,” October 29, 1929, the day the stock market lost more than 10% of its value, as a triggering event. Others argue that such an explanation is overly simplistic. Much of the literature’s focus deals with the many programs initiated to handle the immediate problems resulting from the economy and to bring resolution and recovery. A common thread in the literature is a description of the human difficulties, and then extant, regardless of the abstract and theoretical causes or varied programs intended to bring fiscal salvation. Replete with photographs of dry and wind-blown fields and ragged families standing in soup lines, those writing about the depression effectively describe the suffering of the average person on either a national or local scale.

In a good example of a work focused on life in America during the decade between the stock market crash and the gear-up to World War II, in in *The Great Depression: America in the 1930s*, T. H. Watkins thoroughly describes the ebbs and flows of the economy, stories of suffering and success, and eventual recovery on the eve of World War II.³⁹ While certainly not unconcerned with the causes of the depression, Watkins focuses on the effects thereof.

Watkins concedes that there is “general agreement” that Black Tuesday was not the cause of the Great Depression.⁴⁰ Watkins argues that the American economy was in a tenuous state after World War I, in part due to federal loans made to assist the rebuilding of allied countries, and because of over-investment in the stock market. The crash, Watkins argues, reduced the

³⁹ T. H. Watkins, *The Great Depression: America in the 1930s* (New York: Back Bay Books 1993).

⁴⁰ Watkins, *The Great Depression*, 40-41.

availability of investment capital and, despite governmental efforts, the economy devolved significantly resulting in the failure of thousands of banks.

Through compelling narrative of difficulties on a broad scale and intimate details of the travails of individuals and families, Watkins effectively demonstrates the suffering of Americans in the 1930s. In addition to the poor economy, Watkins describes the effect of the weather – hail storms followed by years of drought – on the ability of families to sustain themselves. Watkins reveals the loss of faith in any recovery brought on by the “daily physical torture, confusion of mind, [and] gradual wearing down of courage.”⁴¹

Watkins nevertheless looks to the days of the depression with some nostalgia, and he sees the period as positively transformative to the American persona. He argues that the Great Depression resulted in “an era in which Americans had attempted to make real the possibilities of hope and validate the best that was in us as a society.”⁴²

Contrarily, in *The Forgotten Man: A New History of the Great Depression*, Amity Shlaes focuses on her assessment of the causes of the Great Depression and criticism of the New Deal policies enacted by President Roosevelt.⁴³ Shlaes derides the notion that the stock market crash in 1929 was the cause of the depression that followed. She minimizes the stock market crash as a “necessary correction of a too-high stock market.”⁴⁴ Instead, Shlaes places significant blame on President Herbert Hoover’s reaction, including his affinity for Germany during the rise of Nazism, and inappropriate governmental intervention following the stock market crash. She points to both Hoover and Roosevelt, albeit recognizing the differences in their character and

⁴¹ Watkins, *The Great Depression*, 189.

⁴² Watkins, *The Great Depression*, 19.

⁴³ Amity Shlaes, *The Forgotten Man: A New History of the Great Depression* (New York: Harper Perennial 2008).

⁴⁴ Shlaes, *The Forgotten Man*, 5.

policies, as mechanisms of reproduction that perpetuated the depression.⁴⁵ Shlaes also scoffs at the common opinion that Roosevelt brought the country out of the depression, pointing to America's entry into war as the economic salvation.⁴⁶

In her indictment of Roosevelt, Shlaes juxtaposes Roosevelt's use of the term "the forgotten man," with that of an earlier narrative by William Graham Sumner. In a 1932 speech, then-presidential hopeful Roosevelt used the phrase to mean the downtrodden individual, made to suffer by the failings of great men and institutions. Sumner, in a lecture to Yale University students in 1883, thought of the "forgotten man" as the downtrodden taxpayer, forced to suffer by the confiscatory policies of government. Shlaes clearly agrees with Sumner.⁴⁷

Interestingly, in the midst of it, Milwaukee Mayor Daniel W. Hoan addressed the causes of the Great Depression and his ideas for resolution. Unsurprisingly, his ideas were counter to Shlaes's argument. In a classic case of preaching to the converted, in a February 23, 1933 speech to the South Side Socialist forum in Milwaukee, Hoan impugned "[c]apitalists, industrialists, bankers and statesmen." Deliverance would come, he argued, only if workers would "take over the factories and manage them through the government or by non profit [sic] co-operatives."⁴⁸

Relevant to the issues of this paper, Shlaes addresses local solutions to the problems associated with reduced cash flow and deflated currency values. Shlaes points to several examples around the country, including such cities as Salt Lake City, Minneapolis, Yellow Springs, Ohio, and the states of Arizona and Washington, where governments, business, and trade associations instituted barter systems and or issued scrip as an alternative means of paying

⁴⁵ Shlaes, *The Forgotten Man*, 5-9.

⁴⁶ Shlaes, *The Forgotten Man*, 4, 9.

⁴⁷ Shlaes, *The Forgotten Man*, 12.

⁴⁸ "Hoan Sees Fall of Capitalism," *The Milwaukee Journal*, February 24, 1933.

employees or purchasing goods. Shlaes described the “notion of scrip [as] enormously satisfying” to people hindered by the then-existing financial system, especially on an emotional and tactile level.⁴⁹

The purpose of scrip is to serve as substitute currency and an alternative to legal tender. At its most basic, “scrip was a stand-in for cash when consumers could not access their funds, or had no cash but wanted to engage in trade.”⁵⁰ While the use of scrip was certainly not unique to the Great Depression, during the 1930s scrip was used on a wider basis than at any other time. Many different types of scrip have existed; the type proposed and used in Milwaukee was formally known as tax anticipation coupons or tax anticipation warrants.⁵¹ Tax anticipation warrants typically paid some sort of interest and could be applied to municipal taxes. Acceptance by local merchants in payment was another key component of a successful issue of tax anticipation warrants.⁵²

Prelude to the Battle over Scrip

In his 1932 inaugural address, Mayor Hoan called for sweeping changes as a solution to the depression. Perhaps as a foreshadowing of his efforts to find innovative answers to the local financial difficulties, Hoan proposed the creation of a municipal bank in order to minimize the need to borrow money to help fund municipal operations.⁵³

By the end of 1932, with the problems of the depression worsening, Hoan was ready to embrace creative solutions to Milwaukee’s financial situation. Although initially devised by Alderman Sam Soref, who was not a Socialist, Mayor Hoan adopted the concept of the issuance

⁴⁹ Shlaes, *The Forgotten Man*, 137-139.

⁵⁰ Sarah Elvins, “Scrip, Stores, and Cash-Strapped Cities,” *Journal of Historical Research in Marketing* 2, no. 1 (2010): 86-107.

⁵¹ Thomas H. Greco, Jr., *Money: Understanding and Creating Alternatives to Legal Tender* (White River Junction, VT: Chelsea Green Publishing Company, 2001), 58.

⁵² Elvins, “Scrip, Stores, and Cash-Strapped Cities,” 90.

⁵³ Inaugural Address of Daniel W. Hoan (1932), (box 38, folder 967), Hoan Collection.

of scrip.⁵⁴

On January 10, 1933, Hoan rose at a public hearing to address the Milwaukee Common Council's Committee on Scrip in defense of the scrip plan and of his administration. His remarks were a reply to the specific allegations of the Taxpayers' Advisory Council, a citizens' group that had been publicly critical of him.⁵⁵ By that time, Hoan had been the longest-serving mayor in the history of Milwaukee.⁵⁶

Henry Otjen had spoken to the Committee on Scrip on behalf of the Taxpayers' Advisory Council earlier in the meeting.⁵⁷ Among other assertions, the Taxpayers' Advisory Council had claimed that the then-pending proposal of the issuance of scrip by the City of Milwaukee was a "confession of bankruptcy."⁵⁸ In what was described as an extemporaneous speech, Mayor Hoan responded to this charge by the Taxpayers' Advisory Council.⁵⁹

Mayor Hoan's January 10, 1933 remarks to the Committee on Scrip took just a few moments of his long career in public service. But those moments laid bare the animosity between Hoan and his most vocal critics. Nevertheless, he embraced the opportunity and addressed a number of issues related to Milwaukee's financial condition, outlined a path through the difficult days ahead, and offered lessons on history, politics, and civics.⁶⁰

⁵⁴ Kerstein, *Milwaukee's All-American Mayor*, 129; Max Raskin, "Milwaukee and Its Baby Bonds," *Milwaukee History* 8, no. 1 (Spring 1985): 2-10.

⁵⁵ Edward S. Kerstein, *Milwaukee's All-American Mayor: Portrait of Daniel Webster Hoan* (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1966), 104.

⁵⁶ Olson, "The Mayors of Milwaukee," 22.

⁵⁷ "Scrip for City Called Token of Insolvency," *The Milwaukee Journal*, January 10, 1933.

⁵⁸ Daniel W. Hoan, *Mayor Hoan Answers Critics* (n.p.: n.p., n.d.), 1; "Scrip for City Called Token of Insolvency," *The Milwaukee Journal*, January 10, 1933.

⁵⁹ *Ibid.*

⁶⁰ Perhaps as part of the effort to convince Milwaukeeans that the use of scrip by the city was a beneficial idea, the text of Mayor Hoan's speech on scrip was reduced to writing and published as a pamphlet. According to the Publisher's Note, "many citizens believe[d] the text of the speech] deserve[d] wide circulation." The pamphlet, entitled *Mayor Hoan Answers Critics*, called the speech "Mayor Hoan's Reply." Daniel W. Hoan, *Mayor Hoan Answers Critics* (n.p.: n.p., n.d.).

Mayor Hoan's Reply

Mayor Hoan's Introduction

Mayor Hoan opened by explaining that he considered it important to respond to the arguments that had been made by the Taxpayers' Advisory Council. He stated that the Taxpayer's Advisory Council's claim that the issuance of scrip would amount to an admission that Milwaukee was bankrupt was not only incorrect, but such assertion was also harmful to the city. He argued that, by so saying, the Taxpayers' Advisory Council was potentially causing damage to the city's status as a good credit risk. He also argued that a budget referendum that had been pushed by the Taxpayers' Advisory Council in 1932 had no significant positive effect on the financial status of the average citizen. In 1932, members of the Taxpayers' Advisory Council, including "the Association of Commerce, and the business-financed Citizens' Bureau" had managed to get a referendum put on the ballot. The referendum "substantially cut municipal expenditures and taxes."⁶¹ The referendum had passed, over Mayor Hoan's opposition.

In addition to the issuance of scrip being tantamount to a declaration of bankruptcy, Henry Otjen had claimed that scrip would inevitably be traded at a discount, merchants would refuse to accept it, the redemption of scrip in lieu of property taxes would further reduce the city's cash flow, and it was "probably illegal."⁶²

As to the issue of whether the issue of scrip was illegal, as claimed by Otjen, City Attorney Max Raskin had "assured Mayor Hoan that the city's tax redemption notes had 'no spot of illegality.'"⁶³ He later issued a written opinion to that effect.⁶⁴

⁶¹ Booth, "Municipal Socialism and City Government Reform," 55; "Taxpayers' Group Will Fight Hoan," *The Capital Times* (Madison, WI), July 28, 1933.

⁶² "Scrip for City Called Token of Insolvency," *The Milwaukee Journal*, January 10, 1933.

⁶³ Raskin, "Milwaukee and Its Baby Bonds," 7.

⁶⁴ *Id.*

A Modest Reduction in Taxes Would Have No Real Individual Effect

The essential position of the Taxpayers' Advisory Council was that Mayor Hoan and the Common Council, through excessive spending and failure to reduce taxation, had created conditions for resident homeowners to lose their houses due to an inability to pay their property taxes.⁶⁵ Mayor Hoan argued that a minimal change in the real property tax rate would not affect whether a family would be able to maintain their homes. Pointing his finger at banking interests and those he considered to be improperly attempting to avoid paying taxes for services, instead, he contended, it was the loss of jobs, due to the depression, coupled with demands from lenders for "outrageous payments of interest and principal," that made it difficult for people to keep their homes.⁶⁶

Hoan stated that the real problems facing Milwaukee were not due to property taxes that were too high. Here, Hoan set up the crux of his argument that it was necessary that Milwaukee issue scrip. Hoan argued that Milwaukee's financial problems were rooted in the inability or unwillingness of property owners to pay their taxes at all. It was not a difference of \$10.00 more or less per property tax bill, but the widespread failure of taxpayers to make their entire property tax payments, that was causing financial harm to Milwaukee. As a counterpoint to its then-existing problems with tax receipts, Hoan claimed that during all of Milwaukee's time in existence, from its incorporation in 1846 through the year before the depression, only \$38,000 in real estate taxes had gone unpaid.

Hoan did concede that Milwaukee had been in a state of bankruptcy in the past. Of course he stated that such condition existed in 1910 and so had arisen before he was elected City Attorney and before Emil Seidel was elected mayor as part of the first major influx of Socialists

⁶⁵ "Wrangle Four Hours on City Scrip Scheme," *Milwaukee Sentinel*, January 11, 1933.

⁶⁶ Hoan, *Mayor Hoan Answers Critics*, 2.

into elective office in Milwaukee. He claimed that, since that time, through the combined efforts of the citizens of Milwaukee, the mayor's office, and the Common Council, the City of Milwaukee's government had had a balanced budget, except for the type of long-term indebtedness that was common among municipalities.

Certainly, Milwaukee was in a serious state of corruption prior to the time that Emil Seidel became mayor.⁶⁷ Those in Milwaukee government in the first decade of the 20th century engaged in so many corrupt practices that that many dozens of elected and appointed officials were prosecuted for numerous acts of official misconduct.⁶⁸ The Socialists had swept into office in 1910 by "appeal[ing] to disaffected middle-class voters with promises of reform in local government."⁶⁹ After taking office, Seidel's administration discovered a shortage in the general fund of more than \$200,000, which previously had been concealed from the public.⁷⁰

Over the ensuing two decades, Milwaukee had built a national reputation for prudent fiscal operations.⁷¹ By early 1933, other large cities were in much more ominous financial states. Milwaukee's government was operating at nearly the lowest per-capita cost in the country and had remained solvent during the depression.⁷² However, whether the assertion by Hoan that a mere allegation that Milwaukee was admitting to being bankrupt would result in harm to the city's credit rating is speculative. Certainly, had Milwaukee's financial status been as dire as

⁶⁷ H. Russell Austin, *The Milwaukee Story: The Making of an American City* (Milwaukee: The Journal Company, 1946), 169; Still, *Milwaukee*, 311-320.

⁶⁸ Gurda, *The Making of Milwaukee*, 201-202.

⁶⁹ Booth, "Municipal Socialism and City Government Reform," 52.

⁷⁰ Booth, "Municipal Socialism and City Government Reform," 62.

⁷¹ Gurda, *The Making of Milwaukee*, 282.

⁷² "Marxist Mayor," *Time*, 19.

alleged, it would have been difficult for the city to borrow money to pay for its daily operations.⁷³

Operating on a Cash Basis

Hoan maintained that, due to his leadership, Milwaukee was operating almost completely on a cash basis, again except for long-term debt. Hoan explained that, by “cash basis,” he meant that enough taxes were collected by the city by January of a given year to pay the all the operating expenses of the city during that year. He argued that, contrary to the desires of the Taxpayers’ Advisory Council, whom he pejoratively conflated with bankers, his administration’s practice had been to avoid short-term borrowing of money to pay for municipal operations while awaiting payment of as-of-yet-unpaid taxes or other municipal funding. In fact, Hoan placed significant blame on banks and bankers for some of the difficulties of the depression, principally the lack of an available money supply, which he claimed was “piled up in banks.”⁷⁴

Hoan conceded that, due to the fact that so large a percentage of property taxes remained unpaid as of that time, in 1933 the city could not completely operate on a cash basis. He speculated that the city would actually collect only \$20,000,000 in taxes, due to the inability of property owners to pay, to meet the city’s budgeted operating expense of \$31,000,000.⁷⁵ However, he queried whether it was proper for the city to borrow large amounts of money from banks to pay for operations if a self-help alternative existed.

The concept of operation of a municipality on a cash basis was important to Hoan. He considered it vital to the financial health of a municipal government. The elimination of debt, save bonds for long term capital improvements, was at the heart of Hoan’s conception of

⁷³ Herbert C. Hirschboeck, “Municipal Current Expenses and the Debt Limit,” *Marquette Law Review* 19, no. 2 (Feb. 1935): 59-72. Hirschboeck had been an assistant city attorney during 1933.

⁷⁴ Hoan, *Mayor Hoan Answers Critics*, 7.

⁷⁵ Hoan, *Mayor Hoan Answers Critics*, 6.

operating on a cash basis. He considered borrowing an extravagance that would “ruin ... the municipal financial structure.”⁷⁶ Over the years, department by department, Hoan’s administration moved the city to a cash basis operation. This was done, in part, by increasing property taxes to a small degree to cover tax delinquencies and to eliminate the need to borrow to cover the resulting deficiencies.⁷⁷

An argument can be made that, by pressing the plan to issue scrip, Hoan was acting contrary to his preference for a cash basis operation. However, to Hoan this was a way that the city could create its own solution to a complex problem. The city would receive a benefit from the scrip issue: the labors of its employees. In addition, because scrip could be used to pay tax indebtedness, the city’s tax delinquency problem would improve. Hoan considered the use of scrip as innovating “a brand new means of borrowing money, or rather an escape from bank-borrowing, through the issuance of its own money.”⁷⁸

Hoan’s animosity toward bankers was something that he carried throughout his public life. He especially decried the fact that banks paid savers far lower interest rates than banks charged borrowers.⁷⁹ Indeed, as he was in the midst of the 1940 election campaign, in which he finally lost the mayoralty, he lamented that banks abhorred him and that he had succeeded in his financial operation of the city “despite the attacks of bankers and newspapers.”⁸⁰

Administrators’ Salaries Not Too High

Confronting a primary criticism head on, Hoan derided the argument by his denigrators that a principal cause of the city’s financial difficulties was due to what had been described as

⁷⁶ Hoan, *City Government*, 123.

⁷⁷ Kerstein, *Milwaukee’s All-American Mayor*, 211-212; Booth, “Municipal Socialism and City Government Reform,” 55-56.

⁷⁸ Hoan, *City Government*, 170.

⁷⁹ Booth, “Municipal Socialism and City Government Reform,” 55.

⁸⁰ Kerstein, *Milwaukee’s All-American Mayor*, 183.

“fat salaries” paid to Hoan and other high-ranking city officials.⁸¹ The argument went, according to Hoan, “that if high salaries were only cut the city would be on easy street and the budget would be balanced.”⁸² Before directly answering this attack, Hoan noted that neither the federal nor state governments had balanced their budgets. Contrary to “other large cities in America,” Hoan stated that Milwaukee had so done.⁸³

In response to the claim that executive salaries were too high, Hoan first argued that, as compared to the total city budget, the combined salaries of top officials were relatively small. He stated that the total budget for the City of Milwaukee was \$38,000,000 and the total payroll for city employees and officials was \$19,000,000. He then compared the total salaries of “all heads of departments, including the Mayor[, and] ... all deputies[,] ... all of the aldermen and all the commissions.” The total of all such salaries was \$168,000, according to Hoan. He argued that, even if all those salaries were completely eliminated, rather than simply reduced as maintained by the Taxpayers’ Advisory Council, “the reduction on the tax bills would be so small that the taxpayers would be unable to notice it.”⁸⁴

Hoan said that he had been told that he was overpaid. At the time, the mayor’s salary was set at \$12,300 per year.⁸⁵ He argued that, unlike most major American cities, no budget existed for Milwaukee’s mayor to pay expenses of the office, such as official travel, entertaining official guests, “and other incidental expenses.”⁸⁶ Hoan asserted that, if the city provided for all the expenses of performing the duties of the mayor, and paid him only \$3,000 per year, he would

⁸¹ “Hoan Answers Club Criticism,” *The Milwaukee Journal*, April 11, 1933.

⁸² Hoan, *Mayor Hoan Answers Critics*, 4.

⁸³ Hoan, *Mayor Hoan Answers Critics*, 4.

⁸⁴ Hoan, *Mayor Hoan Answers Critics*, 4.

⁸⁵ Celia Harriman, *Salaries of City Officials in Wisconsin, 1930* (n.c.: University of Wisconsin University Extension Division Municipal Information Bureau, June 1930), (box 31, folder 763), Hoan Collection.

⁸⁶ Hoan, *Mayor Hoan Answers Critics*, 5.

be in a better financial position. Interestingly, Hoan did not discuss in his remarks the fact that he, and many other top city employees, had previously taken a voluntary 10% salary reduction.⁸⁷

The issue of the mayor's salary and the salary of other top city officials was one that occupied Mayor Hoan's attention. A few days before his address to the Committee on Scrip, a large group of city employees had protested demanding that administrators' salaries be reduced.⁸⁸ In April of 1933, Hoan found himself compelled to again publicly defend his salary. The Fifteenth Ward Taxpayers' Club Inc. had issued a statement decrying the mayor's "fat salary." He argued that, besides having to pay the expenses of his office, his pay was substantially lower than those operating businesses with a scope smaller than the city government.⁸⁹ That same month, Mayor Hoan wrote a letter to a constituent in which, at some length, he described all his expenses and deductions from his pay, including the 10% voluntary reduction. Hoan claimed that, after calculating all such subtractions, he retained an annual balance of \$3,757, from which he was required to "make other charitable donations and maintain a home."⁹⁰

Mayor Hoan was well-known for his personal financial austerity. Hoan was the subject of the cover story of *Time Magazine* in April 1936. The article opened by referencing the "cheap little frame house" in which the mayor had lived with his family for 18 years.⁹¹ In December 1932, Hoan had resigned his membership in the *Freie Gemeinde von Milwaukee*, which was a

⁸⁷ Hoan's Ass't Sec'y John L. Grunwald to Mr. L.C. Pauly, Jr. (August 5, 1932), (box 8, folder 203), Hoan Collection; Hoan to the Milwaukee Common Council (April 25, 1933), (box 8, folder 203), Hoan Collection.

⁸⁸ "Employes Angry As Bosses Dodge Budget Pay Cuts," *Milwaukee Sentinel*, January 8, 1933.

⁸⁹ "Hoan Answers Club Criticism," *The Milwaukee Journal*, April 11, 1933; Salaries of Elective Officials, Department Heads, and Deputies in Official Service (n.d.), (box 31, folder 763), Hoan Collection.

⁹⁰ Hoan to Dr. Stephen Cahana (April 10, 1933), (box 31, folder 763), Hoan Collection.

⁹¹ "Marxist Mayor," *Time*, 18.

“German-American free-thinkers and musical society,” citing a lack of available personal funds to pay the \$5.00 annual dues.⁹²

While Hoan’s argument is intellectually sound, during this period of great economic distress, perhaps it would have been prudent to frame this argument in a different light. Certainly, \$168,000 out of \$38,000,000 was a comparatively small portion of the total budget. It amounted to less than one-half of one percent of the total municipal budget. However, given the growing levels of unemployment and the difficulties that some taxpayers were having in paying their property taxes, Hoan’s reasoning sounds hollow.

Employees’ Salaries Should Not Be Reduced

Mayor Hoan addressed the proposal, made by the Taxpayers’ Advisory Council, that all employee salaries be reduced by 25% across the board. Hoan was roundly against the idea. He argued that, despite the fact that to reduce salaries might lower individual taxes to some degree, it would nevertheless hurt the city as a whole. Hoan acknowledged that some private businesses had taken similar actions; however, he contended that to do so was “cutting the throat of Milwaukee.”⁹³ Hoan had actually vetoed an earlier resolution by the Milwaukee Common Council to institute a “graduated pay cut” for municipal employees, which supporters of the resolution had claimed would have reduced the tax burden on City taxpayers.⁹⁴ Hoan’s argument was twofold.

First, he claimed that to cut employee salaries would make it significantly more difficult for employees to support their families. He said that he had been told that some employees had

⁹² Hoan to Mr. And. Denzinger (December 17, 1932), (box 31, folder 763), Hoan Collection; Milwaukee County Historical Society. Freie Gemeinde, 1870 – 1971. <http://www.milwaukeehistory.net/manuscript/freie-gemeinde-1870-1971> (accessed December 3, 2011).

⁹³ Hoan, *Mayor Hoan Answers Critics*, 5.

⁹⁴ “A Recall Movement,” *Milwaukee Sentinel*, July 14, 1933.

“been supporting from one to three families” on their city salaries.⁹⁵ He further argued that this would cause more families to descend into a greater financial hole. This would cause more of them to seek aid from the Milwaukee County Department of Outdoor Relief, which was a long-standing social service agency providing assistance to the county’s poor.⁹⁶ He argued that, by so doing, the costs of operating the Outdoor Relief department would increase, which would, in turn, cause the county to have to increase taxes in order to pay for the increased Outdoor Relief expense. Thus, there would be no net reduction in taxes for city taxpayers.

Hoan’s second argument was that, if the city cut employees’ wages, they would be less able to purchase goods. This would reduce the money in circulation in the local economy. If there were fewer dollars in circulation, local merchants might not be able to continue in business. This would, in turn, put more residents out of work.

While Hoan’s pronouncement about the disintegration of the local economy was an esoteric, albeit strong, argument, there was a significant basis for his claim that the county Outdoor Relief department would be burdened and the county tax rate increase. The Department of Outdoor Relief had been in existence for most of Milwaukee’s institutional history, from the time of Solomon Juneau. Outdoor Relief provided necessities to county residents in need, from “food, firewood, and sometimes lodging,” in the early days, to foodstuffs and staples, coal, and rent assistance during the depression.⁹⁷ In addition, the Department of Outdoor Relief provided shoes and clothing, paid utility bills, provided appliances, and medical services to families.⁹⁸ Outdoor Relief stations were established at many different parts of the city and the county.⁹⁹

⁹⁵ Hoan, *Mayor Hoan Answers Critics*, 5.

⁹⁶ Gurda, *The Making of Milwaukee*, 282.

⁹⁷ Ibid.

⁹⁸ Daniel Hoan, *City Government: The Record of the Milwaukee Experiment* (New York: Harcourt, Brace and Company, 1936), 320.

⁹⁹ Austin, *The Milwaukee Story*, 191.

From 1929 to 1935, the number of Milwaukee County households receiving services from Outdoor Relief increased from about 2,500 to more than 40,000, which was almost 20% of households in the county. Milwaukee County's property tax rate had increased by 100% from 1928 to 1932 due to this and would, thereafter, have to "issue millions of dollars in bonds to keep the needy from freezing or starving."¹⁰⁰

The Issuance of Scrip

After addressing the Taxpayers' Advisory Committee's argument and setting up the need for scrip, Mayor Hoan spoke to his plan. Simply assuming that the Common Council would agree that scrip would be issued, Hoan framed the choice as either paying employees 100% in scrip should the city's financial condition significantly deteriorate at some future date or beginning immediately, when the city had cash available, paying employees 75% in cash and 25% in scrip. He argued that it was better to begin immediately, when the plan could be put into place under the city's own terms, than to wait until there was no other option.

Hoan claimed that there would be no hardship upon local businesses that accepted scrip, if scrip was issued according to his plan. He stated that he understood that it would be a hardship if scrip flooded the local marketplace, as would happen if employees were to be paid 100% in scrip. However, he predicted that merchants would be pleased to make a sale 75% in cash and 25% in scrip, especially if the alternative may be no sale at all. Hoan dismissed the warning those who portended that the city would be in worse shape after scrip was redeemed in payment of property taxes as "pure bugaboo."¹⁰¹

¹⁰⁰ Gurda, *The Making of Milwaukee*, 282-283.

¹⁰¹ Hoan, *Mayor Hoan Answers Critics*, 8.

A Business May Quit – Your City Can't

Mayor Hoan concluded by arguing that taking extreme measures was not the way to resolve the problems facing the city. Maintaining that the city “must take a sensible middle course,” Hoan addressed those “extremely on the left” and those “extremely on the right.”¹⁰² Hoan suggested that both the Communists and the Milwaukee Association of Commerce were wrong in their opposition to the issuance of scrip, but for differing reasons. Hoan stated that Communists were in favor of “violent revolution” and, therefore, opposed to any measures that would prevent a complete collapse. Contrarily, Hoan argued that the Association of Commerce, a component organization of the Taxpayers’ Advisory Council, was opposed to the issuance of scrip, because, if the city issued scrip, then there would be less need for the city to borrow money from local banks.

Appealing to homegrown chauvinism, and contending that the people of the city of Milwaukee were self-reliant and could take up arms against the troubles extant, Hoan reasoned that the city was in a different position than local businesses. While businesses may take extreme actions, including ceasing operation, a municipality must keep “in mind the welfare of the common citizenry” and continue to attack “its important local, public questions.”¹⁰³ Hoan symbolically asked whether, at that momentous time in the city’s history, the city of Milwaukee and her citizens had trust and belief in their concomitant ability to confront the issues of the day. Hoan left no doubt as to his convictions. He proclaimed that, “[w]e, the people of Milwaukee can feed, house, and clothe ourselves if we have faith in ourselves and in Milwaukee.”¹⁰⁴

¹⁰² Hoan, *Mayor Hoan Answers Critics*, 7.

¹⁰³ Hoan, *Mayor Hoan Answers Critics*, 8.

¹⁰⁴ Hoan, *Mayor Hoan Answers Critics*, 7-8.

Milwaukee's Baby Bonds

On February 2, 1933, after conducting further hearings, the Milwaukee Common Council Finance Committee recommended approval of the plan to issue scrip. The scrip plan, as then forwarded, would not pay interest and would be used only to pay a portion of city employees' salaries.¹⁰⁵ However, the plan faced substantial opposition. Even Alderman Soref withdrew his support of the plan as advanced.¹⁰⁶ There was division between the Socialist and non-partisan members of the Common Council over the fact that the scrip would not pay interest, and the Common Council voted the plan down on February 4, 1933.¹⁰⁷

The plan to issue scrip died for a time, but, as the city's financial state further declined, it was revived during the Spring of 1933. The city had missed making timely payroll payments to its employees, so the city was pressed to act.¹⁰⁸ Hoan directed the city attorney to study the concept of paying interest on any scrip issued by the city.¹⁰⁹ By this time, the actual notes to be issued began to be called "baby bonds."¹¹⁰ Finally, on May 15, 1933, the Common Council approved a plan to issue \$5,000,000 in tax redemption coupons, paying 5% interest, with the first notes to be issued June 1, 1933.¹¹¹

Recall Attempt

While citizens' groups had been discussing the idea of recall since January 1933 and rumors of recall swirled around City Hall in April 1933, by early July 1933, after scrip began to

¹⁰⁵ "Council Committee Approves Plan for 25 Per Cent Scrip," *The Milwaukee Journal*, February 2, 1933.

¹⁰⁶ "Hoan Scrip Faces Council Snag," *The Milwaukee Journal*, February 3, 1933.

¹⁰⁷ "Mayor's Scrip Plan Defeated; Pay Released," *The Milwaukee Journal*, February 4, 1933.

¹⁰⁸ "City Workers Face Vacation Without Pay," *The Milwaukee Journal*, March 20, 1933; "City Hall Staff Happy; Cash for Pay Ready," *The Milwaukee Journal*, March 29, 1933.

¹⁰⁹ "Mayor's Advisers to Study Note Plan," *The Milwaukee Journal*, April 13, 1933.

¹¹⁰ "Milwaukee – The 'Baby Bonds,'" *The Milwaukee Journal*, April 22, 1933.

¹¹¹ "'Baby Bonds' Approved by City Council," *The Milwaukee Journal*, May 15, 1933; "Ready to Print Baby Bonds; City Rushes \$5,000,000 Issue," *The Milwaukee Journal*, May 16, 1933.

be issued, the talk had heated up.¹¹² The Taxpayer's Advisory Council began the process of initiating a recall campaign against not only Hoan, but also the City's Controller, Louis M. Kotecki. While stopping short of announcing a recall at that time, the Taxpayer's Advisory Council stated that it found Hoan's and Kotecki's fiscal policies and actions to be a "disaster to the community as a whole" and forecasted that "something [would] pop within the next several weeks."¹¹³

Unlike the Hoan recall effort, which was solely motivated by differences in policy and political philosophy, the proposal to recall Kotecki was also based upon allegations of corruption. Some months earlier, Kotecki has been indicted for charges of official misconduct for failure to audit the city treasury, which resulted in financial loss.¹¹⁴

Sadly, Kotecki would not live to see the recall action. Kotecki committed suicide shortly after the Taxpayer's Advisory Council's announcement.¹¹⁵ On July 11, 1933, Kotecki shot his deputy, William Wendt, and then shot himself at his office in Milwaukee City Hall. Kotecki died the next day, but Wendt recovered.¹¹⁶ Wendt was later appointed Milwaukee's Controller.

By July 14, 1933, additional citizens' groups, including the United Taxpayers' Co-operative Association, the Fourteenth Ward Taxpayers' Club, and the Twenty-Third Ward Taxpayers' Club, joined the recall movement.¹¹⁷ Ultimately, a group called the Recall Council, organized by Milwaukee realtor Leonard Grass, coordinated the recall effort.¹¹⁸ Grass was also the chairman of the Taxpayers' Advisory Council. The Recall Council included a number of the

112 "Taxpayers for 'Recall' Club," *The Milwaukee Journal*, January 4, 1933; "Report Drive Under Way to Recall Mayor," *Unknown Newspaper*, April 11, 1933. Daniel W. Hoan Clipping Collection. Milwaukee County Historical Society, Milwaukee. Newspaper clipping has handwritten date.

113 "Hoan, Kotecki Facing Recall, Foes Intimate," *Unknown Newspaper*, July 9, 1933. Hoan Clipping Collection.

114 "Milwaukee, Former 'Municipal Eden,'" *The Capital Times* (Madison, WI), July 28, 1933.

115 "Kotecki, Wendt Shot in City Hall," *The Milwaukee Journal*, July 11, 1933.

116 "Kotecki Dead; Wendt Rallies Slightly," *The Milwaukee Journal*, July 12, 1933.

117 "Recall Groups Gain Recruits," *Milwaukee Sentinel*, July 14, 1933.

118 "Unite Forces For Recall of Hoan," *Unknown Newspaper*, July 17, 1933. Hoan Clipping Collection.

separate citizens' groups. The initial reports were that 40,000 signatures on recall petitions would be needed.¹¹⁹ The final count actually needed, based upon the then existing law, Wisconsin Statutes § 10.44 (1931), was determined to be 42,697.¹²⁰ That number amounted to 25% of the total votes cast in the 1932 mayoral election.¹²¹ Out of respect for the funeral of Kotecki, to be held on July 15, the circulation of recall petitions was delayed until July 17, 1933.¹²²

Beginning on July 17, 1933, supporters of the recall gathered signatures from all quarters of the City. In compliance with the law, the recall petitions stated the claimed reason for the recall action.¹²³ The "Petition for Recall of Mayor Daniel W. Hoan" stated that:

1. Daniel W. Hoan as such Mayor, has continually opposed the reduction of the cost of the City government, and the efforts of the people of Milwaukee to lower their taxes.
2. Such opposition has on two occasions forced the people of Milwaukee to register their protests by a referendum vote for lower taxes.
3. His policy of reckless and uncontrolled expenditures has resulted in the City's failure to meet its obligations and payrolls and has greatly impaired the City's credit.¹²⁴

Ultimately, on Saturday, August 19, 1933, pursuant to the procedure required by the law, Grass and the Recall Council filed more than 2,500 pages of petitions, containing approximately

¹¹⁹ "Milwaukee, Former 'Municipal Eden,'" *The Capital Times* (Madison, WI), July 28, 1933.

¹²⁰ "Transcript In the Matter of the Petition for the Recall of the Mayor of Milwaukee." August 19, 1933, 3. Hoan Recall Collection, Box 1, Folder 1.

¹²¹ "Recall Action Legally Buried," *The Milwaukee Journal*, October 8, 1933; Sec. 10.44, Wis. Stats. (1931).

¹²² "Hold Recall Petitions Up 2 Days," *Wisconsin News*, July 14, 1933.

¹²³ Sec. 10.44, Wis. Stats. (1931).

¹²⁴ "Petition for Recall of Mayor Daniel W. Hoan." Hoan Recall Collection, Box 1, Folder 3.

46,100 signatures, with the Milwaukee County Court, Judge Michael S. Sheridan presiding.¹²⁵

Over the next six consecutive days, attorneys for Hoan and for the Recall Council argued over the validity of thousands of individual signatures. Hoan's attorneys raised issues about the legitimacy of the signatures, claiming that many were dated incorrectly, that some signatures were illegible, that in many cases it appeared that one person had signed more than one signature, that many addresses were false or non-existent, among other claims.¹²⁶ Hoan's attorneys challenged as many as 10,000 signatures before Judge Sheridan.¹²⁷

The court started taking testimony on August 27, 1933. At the hearing, Hoan's attorneys demonstrated that signatures were allegedly obtained from people who were shown to be deceased or lived at addresses that would place them in the Menomonee River, churches, and vacant lots.¹²⁸ Inmates at the Milwaukee County House of Correction testified that they had been paid to circulate petitions, and other circulators testified that they did not personally see persons sign or date the petitions and committed other violations of the law related to obtaining signatures.¹²⁹ In addition, in many cases, multiple signatures appeared to have been made by the same person.¹³⁰

Despite the importance to his political life, Mayor Hoan did not attend the hearing. Hoan had spent the month of August 1933 at his vacation home at Eagle River, Wisconsin.¹³¹

¹²⁵ "Transcript In the Matter of the Petition for the Recall of the Mayor of Milwaukee." Hoan Recall Collection, Box 1, Folder 1. Coincidentally, Judge Sheridan had presided in the matter of the estate of Mayor Hoan's brother on January 4, 1933. The Mayor's older brother, George F. Hoan, had committed suicide on September 21, 1931. "Death Tax on Estate of G.F. Hoan Fixed," *The Milwaukee Journal*, January 4, 1933.

¹²⁶ "Transcript In the Matter of the Petition for the Recall of the Mayor of Milwaukee." Hoan Recall Collection, Box 1, Folder 1.

¹²⁷ "Hold 10,000 Hoan Recall Names Invalid," *Unknown Newspaper*, August 22, 1933. Hoan Clipping Collection.

¹²⁸ "Man Dead 8 Years 'Signs' Recall: 'Addresses' are Prairies, Rivers," *Unknown Newspaper*, August 26, 1933. Hoan Clipping Collection.

¹²⁹ "Prisoners Tell of Soliciting for Recall," *The Milwaukee Journal*, August 28, 1933.

¹³⁰ "Petition for Recall of Mayor Daniel W. Hoan." Hoan Recall Collection, Box 1, Folder 3; "Solicitors Face Quiz on Recall," *The Milwaukee Journal*, August 25, 1933.

¹³¹ "Mayor Won't Attend Count," *The Milwaukee Journal*, August 27, 1933.

Finally, although the court was not yet ready to issue a final ruling, on August 29 the Recall Council withdrew the petition to recall Hoan. Grass admitted that there were significant “irregularities” in the signatures on the petitions.¹³²

Recall Failure

Although *The Milwaukee Journal* was no ardent supporter of Mayor Hoan, its editorial board found “no political injustice in the failure of [Hoan’s] recall movement.” Acknowledging the fact that the group pushing for the recall was a faction that did not represent the majority, and that it was “evident all along that there was no widespread demand for this recall,” the editorial board stated that “[n]o comparatively small group easily should be able to bring on a recall election.”¹³³

Ultimately, this recall effort failed due to overzealousness on the part of the Recall Council and, despite the apparent existence of an organization, an absence of meaningful guidance and leadership as to the process. The persons soliciting signatures on behalf of the Recall Council engaged in practices that ranged from morally questionable to unquestionably illegal. Circulators even resorted to lies. One elderly woman, who identified herself as a supporter of Mayor Hoan, said she signed the petition because the circulator told her that, if she signed, it would result in her taxes being lowered. Surprised upon learning it was a recall petition, she later said, “I’ll never sign anything that’s against Mayor Hoan.”¹³⁴

The Milwaukee Journal’s editorial board recognized the problems in the way the Recall Council acted and the errors in its processes. The editorial board stated that the “Milwaukee recall council failed to realize the intricacies of the law, failed to use sufficient care, failed to get

¹³² “Petition for Recall of Hoan Withdrawn,” *The Milwaukee Journal*, August 29, 1933.

¹³³ “Milwaukee – The Recall Fails,” *The Milwaukee Journal*, August 30, 1933.

¹³⁴ “Hold 10,000 Hoan Recall Names Invalid,” *Unknown Newspaper*, August 22, 1933. Hoan Clipping Collection.

voluntary, or else employ sufficiently responsible paid workers to meet the law's exacting requirements."¹³⁵ Ultimately, this is the crux of the failure of the recall movement.

CONCLUSION

Upon later reflection, Hoan considered Milwaukee's use of scrip to be a great success. He firmly believed that "Milwaukee's municipal currency experiment improved the city's financial standing all along the line."¹³⁶ Among the most important results, Hoan believed that, by finding the means to help itself through a serious crisis, Milwaukee rebuilt its reputation as a solid and reliable municipal operation in the very-important esteem of its citizens.¹³⁷ Nevertheless, there was a group of citizens who saw the effort to issue, and the actual issuance of, scrip as the last straw in a string of policies and actions that they opposed.

There is minimal literature on recall elections in Wisconsin. There is a prior absence of literature on the recall efforts against Mayor Daniel Hoan, despite the fact that they are among the only recall movements ever undertaken against the mayor of a major Wisconsin city. Important lessons can be taken from the 1933 recall attempt against Hoan for those who may initiate future recall attempts. Among the most important of these are to establish and sustain a solid organization, to pay scrupulous attention to detail, to ensure a thorough understanding of the law, and to maintain a dispassionate attachment to the process.

Except for Henry Maier, Daniel W. Hoan has been the longest-serving mayor in Milwaukee's history. Hoan's popularity waxed and waned, but he was politically astute and successful. Hoan certainly faced many challenges from those who opposed his basic political philosophy and those who disliked his policies. The attempted 1933 recall proved to be just

¹³⁵ "Milwaukee – The Recall Fails," *The Milwaukee Journal*, August 30, 1933.

¹³⁶ Hoan, *City Government*, 173.

¹³⁷ Hoan, *City Government*, 170-171.

another that he would survive.