

Inaugural address
of

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Inaugural Address

TO THE GENERAL ASSEMBLY AND PEOPLE OF VERMONT:

Two years ago when I addressed this body, we were engaged in undeclared war in Korea. That situation still continues today. Our nation is experiencing heavy casualties and presently there appears to exist a stalemate. We have not yet come to grips with the real enemy. A war of attrition still goes on, destructive of our manpower and highly damaging to our economy in the long run. A war economy is a false economy. The only sound economy for us is in the utilization of our great productive capacity to its limit in the production of peace-time consumer goods to satisfy our own domestic consumption needs and by the development of foreign markets where we can dispose of production not needed for ourselves.

Armistice negotiations have been fruitless and have presently broken down. Up to now the only feasible plan to end the war quickly has been discarded and the gallant soldier who proposed it summarily relieved of his command. We hope the future will hold out more promise than that of a stalemate, but if bolder and more aggressive action is to be taken, it must be understood the risk of all-out war may become greater and what we can do on the home front substantially affected thereby.

In effect, conditions today roughly parallel those of two years ago. Uncertainty still prevails. A new national administration will soon go into power. It has talked about substantial cuts in the military budget to give the people tax relief. If such cuts are made, this might mean a decision for a less aggressive policy in Korea, with the war of attrition to continue. On the other hand, if more aggressive measures are to be taken, and the solvency of the government to be maintained at the same time, it means greater tax burdens at the national level on you and me, with probable curtailment of some state programs and policies.

One condition, however, has grown steadily worse since two years ago namely: inflation. The dollar will not go as far today as it would then. This means increased costs of government, and explains why all state budgets are up and will continue, unless the people want to throw overboard some of the traditional responsibilities of government, which I assume they are not ready to yet.

Since this message is in part an account of my stewardship for the last two years, let me first discuss with you briefly what has been done by your state government to prepare ourselves to meet those uncertainties, which the nature of the times has cast upon us.

**MEETING RESPONSIBILITIES IMPOSED BY
ABNORMAL WORLD CONDITIONS**

Civil Defense. It was recommended, and the 1951 Legislature adopted, Civil Defense legislation. Included within it were extraordinary powers given the governor in event of war emergency. Fortunately, we have not had to use any of those powers, and hope that we will not have to. An efficient Civil Defense program has been set up in the State, and it is my earnest belief it should be continued with an adequate appropriation, as at present. So long as a war of attrition goes on with the intentions of a powerful and potential aggressor as uncertain as they were before the Japanese struck at Pearl Harbor, we must remain organized on the home front, and programs and policies implemented so that the civilian population will know in some substantial degree how to take care of itself and others under war emergency or disaster conditions.

In checking on the Civil Defense acts of other states, I learn that Vermont is unique in certain respects: particularly with reference to not recognizing inter-state cooperation in the event of natural disaster. You may want to amend and enlarge the scope of Vermont's participation with her sister states in the matter of Civil Defense, so as to bring our State in line with the type of legislation adopted in other states.

Although there are those who believe that our efforts in any civil defense program are wholly unneeded because there is no imminent danger of attack, I do not subscribe to such a philosophy, neither do I believe you do. Civil Defense, so long as our most powerful enemy follows a policy of watchful waiting, would seem to

have become a part of our way of life, and our activity in that respect not to be diminished or looked upon lightly until the present threat to world peace shall cease to exist.

Military. The 1951 session, on my recommendation, authorized the setting up of a state guard and provided an appropriation of \$50,000 to put it into operation. The act should be continued as a protective measure. Although we did not set up the state guard as authorized, still it was very essential legislation for the 1951 session to adopt, because Vermont lost practically all of its National Guard when it was activated into Federal service as part of the 43rd Division. We did not put the state guard organization into effect for two reasons: (1) There was no equipment in the line of arms and ammunition available from any source, including the Federal government; neither could uniforms be procured from the Federal government, and if provided, would have to be provided at state expense, and (2) by vigorously picturing our plight to the Federal government, we were able to have assigned to the State additional national guard units to take the place of those which had been activated.

The new allocation to the State of the 124th Anti-aircraft Artillery Battalion and the progress made in the organization of that unit, together with units remaining in the State, have brought us up to a strength approximating 800. All these units are given thorough training in the basic fundamentals of fully protecting a civilian population in the event of war emergency or disaster. They are well scattered through out the state and are steadily being brought up to maximum strength.

I have inspected our National Guard units on several occasions during their training and field camps, and have seen the troops in review. Their morale is good; they are eager to learn and could give a good account of themselves if necessary.

Federal expenditures on the National Guard of Vermont, both for the Army and the Air, in the fiscal years 1951 and 1952 exceeded one million dollars, and included in that amount are the drill and field training pay for the Guard for these years. Federal support, naturally, was less than average because of the reduced strengths of our Guard.

I desire to commend highly our elements of the 43rd Division, which included the 172 Infantry and the 206th Field Artillery Battalion, as well as the 134th Fighter Interceptor Squadron, for their contribution to our national defense, and I also want to commend the National Guard which remained in our State and the units which were organized for their part in providing for our internal security while the bulk of our National Guard was in the Federal service. It is very necessary that we maintain our State forces for internal and national security during these times when world conditions are in such a troubled state.

Soldiers' Bonus. A Soldiers' Bonus law was also enacted providing for bonus payments to those in military service, the same as to veterans of World War I and World War II. Our State was the first in the Union to begin processing claims under this law. An appropriation of \$250,000 to implement the payments was made for the biennium. This has already been exhausted, and it will be necessary, because of the heavy rate of discharge of men, especially from the 43rd Division, to recommend to you a deficiency appropriation, so that the bonus payments may be made to all veterans entitled to them up to June 30, 1953. I firmly believe because of the precedent established in the case of World Wars I and II veterans, we should continue these bonus payments.

Election Laws for Soldiers. The election laws were also modified by the 1951 session so as to provide for voting by our soldier boys scattered as they may be to the far-flung corners of the earth. A grateful electorate can do no less than to facilitate in every way possible the exercise of the franchise by those in military service, because its free exercise is one of the very things that we must be continually vigilant to preserve.

This law worked out fairly well during the last national election. However, you may want to give some consideration to advancing the date of the primary in 1953 to provide more time for the distribution of ballots and for voting in the general election of that year.

ADMINISTRATIVE OPERATIONS

A second objective was to give the people of Vermont honest and efficient operation of their government and to endeavor to promote economies that would accomplish that purpose wherever possible. We have

maintained the high credit standing of the state and have stayed within the budget limits, with but very few exceptions. Operating a state government in these inflationary times by meeting needs and at the same time keeping expenditures within bounds is no easy task. Basically, it is part of the fundamentals of good government, that sound and economical administration plus the revenues the legislature provides should substantially result in revenues balancing out expenditures, but this is a difficult matter to gauge accurately at best. Let me elaborate on this entire theme in some specific detail.

Code for Classification of payments. I asked the 1951 session to authorize the coding of the classification of payments made by our various administrative departments and that session complied with my request. It has been my feeling that the adoption of such a code has resulted in a saving of several hundred thousand dollars of expenditures in the various departments because administrative heads have been most helpful and cooperative in more carefully budgeting their expenses in the various categories and in endeavoring to keep their expenditures within the limits fixed.

Out-of-State Travel. Likewise, I have endeavored to curtail expenditures in the public interest where I thought that they might be desirable but not absolutely necessary. In this connection, I might say that out-of-state travel by department heads and others had begun to assume substantial proportions. Out-of-state travel in 1951 amounted to over \$50,000. By adopting an informal rule limiting out-of-state travel to a specific amount, I have found that this has resulted in quite a substantial saving in department operations.

Expert Assistance. The 1951 session also gave me an appropriation of \$15,000 to hire expert assistance to look into the workings of our state government with a view to promoting economies where they could be made.

Griffenhagen & Associates were hired to make that study, and they have made up an extensive summary report embodying their suggestions and recommendations. I hope you will give careful thought, study, and attention to the summary and see to it that those suggestions and recommendations are implemented in the public interest to the extent you think they are applicable and necessary here in Vermont. Many of these suggestions not requiring legislation have been put into effect and are now being followed.

Reclassification Plan. Ten years ago a state pay plan for employees in the administrative and executive branches of state government was adopted. It is not adequate today by reason of the changing times. The plan has become considerably distorted, and make-shift arrangements resorted to in order to make it all adaptable, resulting in many glaring inequalities in state pay to employees. The 1951 legislature recognized the fact when I granted the \$9 per week increase, a measure which accentuated the problem and did not solve it.

It seemed imperative therefore, in accordance with good administration that a new study be made with a view to a proper reclassification of jobs and pay. Griffenhagen & Associates were hired by me to make that study. They have spent months of exhaustive research on the subject studying state jobs, have compared our pay scales with other states and with the wages and salaries paid by private industry in Vermont. Recently, they have come out with a report which has been furnished you. It will require some adjustments which we feel can be made to properly relate it to our conditions. I feel these can be made. Its adoption, except as to statutory salaries, should be an administrative function. I approve it under the conditions mentioned above and request that you appropriate the necessary funds to implement it, after you have given due consideration to whether you want to go along with the statutory salary increases as recommended, in the report. As to the increase in salary for the governor, I request, if you approve it as recommended, it not be made operative during the term of the present incumbent.

While on this matter of pay for personnel in the state service, it might not be amiss to state that Vermont at the present time has adopted quite an elaborate civil service system for a state as small as ours. This system has seen many changes and enlargements in the course of the last few years. It might be said because of these factors that we have been experiencing growing pains in its development. Some inconsistencies are to be found in the law because of that rapid growth: for instance, Section 490 of the Vermont statutes provides in substance that the "state treasurer, secretary of state, auditor of accounts and attorney general may each employ and discharge at pleasure such assistants, clerical or otherwise as they deem necessary to maintain and execute their respective offices, and with the approval of the governor, fix the compensation to be paid therefor."

This section seems to be at variance with Section 513 of the Vermont Statutes authorizing the governor through the Personnel Board and the Personnel Director, to adopt and establish a plan of classification and compensation for employment in the state government.

Then there is the matter of recent legislatures setting up new departments of Government and providing for the hiring of directors and employees without reference to the state classification plan envisioned by Section 513. These conflicts and inconsistencies need clarification. My own feeling is that, especially in the case of elective officers, they must have some leeway in the selection of their key personnel, untrammelled by the rules and regulations of civil service, if the elective official is to be assured of loyalty in his department and sympathy with his programs and policies.

Surplus. You are aware the state ended the last fiscal year with the largest surplus in its history. A surplus against an emergency is a fortunate position in which to be. We will undoubtedly end the present fiscal year with another surplus, but of considerably reduced size. At least \$3,000,000 of non-recurring revenue available in the fiscal year ending June 30, 1952 will not be available this fiscal year. I will deal with the disposition of this surplus in detail in my budget message, but a few thoughts with reference to the same might not be amiss at this time. The surplus came about because of four principal reasons:

1. Imposition of the 15% surtax which automatically expired December 31, 1952. I see no reason for its re-enactment and in fact, no reason for any imposition of additional taxes on the people of this state.

2. The 1951 legislature, late in the session, changed the rules of the game as to the time and method of payment of income taxes, therefore creating considerable uncertainty as to how this change in the rules would affect the revenue picture.

Withholding was such a change. This resulted in a windfall, or fifth quarter payment of income taxes; also corporations were required to pay in full with the filing of their returns on last May 15, and we picked up thereby one full year's tax, plus balances owed for prior years.

3. Prudent conduct of the affairs of the state by this administration accounted for several hundred thousand dollars of that surplus, and

4. The impetus given to business as a result of the Korean conflict, and its attendant stimulating effect upon state income tax payments greatly augmented our revenues. The impact of this conflict was impossible to foresee.

As you know, I did not call a special session to repeal the 15% surtax law, and refund this tax to the people for the calendar year 1952. I felt there was nothing which a special session of the 1951 legislature could do in this respect which you also meeting in regular session now could not do, having in mind the over-all needs of the state for the coming biennium, without the attendant expense of a special session.

You might feel that because we have a large surplus, there should be some further tax relief. In this connection, however, I call your attention to the Meredith Report, which has been drawn up and submitted by a distinguished group of Vermonters. This report in my opinion is a monumental piece of work dealing with the finances of the state in every particular, and should be of great help and assistance to you in this session, and as a source book of material for the guidance of future legislators for many years to come.

Of its recommendations and conclusions on the matter of finances and taxation, I bespeak your careful consideration, and also its message with reference to tax relief.

With further reference to the refunding to the taxpayers surplus monies which may not be necessary for the ordinary expenses of government, a plan should be adopted whereby there could be refunds without the necessity of calling a special session, if it is the wise and politic thing to do.

At one time, I advocated leaving this matter in the hands of the Emergency Board. The State of New York has endeavored to handle the problem through fixing by statute flat percentage credits to be taken by the taxpayer on his income tax. Virginia provides in substance where the general fund revenues of the State exceed

a certain amount, the governor by proclamation, may take cognizance of that fact and order an automatic tax credit fixed percentage-wise by statute to go into effect and be rebated to the taxpayer. The percentage of refund grows as the revenue of the state may exceed certain fixed amounts. I feel you should give careful consideration to the adoption of legislation that will implement one of these plans in the interest of the taxpayers.

I might say also in conclusion on this subject of the surplus, I agree in principle that it should not be used in setting up new programs calling for recurring taxation. What are recurring programs may, however, be difficult to determine in practice.

Central Registration Bureau. One final thought while on the subject matter covered under the general heading is this. We have created many boards and agencies in the State to look after the professional needs and qualifications of their respective memberships. Cosmetology, accountancy, engineering, real estate and barbers constitute but a few. I recommend a committee be authorized and appointed by this legislature to study this situation with a view to determining if one central board of registration is better and more economical for our needs, and report its findings and recommendations to the next legislature.

TRADITIONAL RESPONSIBILITIES

I turn now to a discussion of some of those subjects which over a period of years have apparently become fixed in the peoples' minds as responsibilities with which to be dealt.

Education. I recommend that the minimum pay of teachers be raised in accordance with the formula as devised by the State Board of Education, and that the cost of raising such standards to the fixed recommended minimums, estimated at \$138,000 a year, be contributed to the municipalities by the State through the medium of increasing the state aid thereto. However, some flexibility must be provided. Providing fixed minimum salaries by legislative fiat should not be absolute and arbitrary, or interfere with the liberty of contract between teachers and school board at different rates, if the commissioner, in his discretion, felt it was in the best interests of the state to allow some deviation from a fixed schedule.

Careful consideration should be given to the matter of school house construction. Vermont must proceed wisely and cautiously in this respect. I say this because I have in mind several years ago, on recommendation of the State Board of Education, many rural schools were remodeled and improved to standard or superior schools at thousands of dollars of expense to the taxpayers in the various towns, and today these schools are closed up and abandoned by the lack of children to attend them in the vicinity in which they were located.

I further have in mind that a constitutional amendment is in the offing authorizing several towns to band together for the construction and maintenance of a consolidated elementary school which cannot be done today because of constitutional restrictions. Although it might be desirable to build a consolidated school in a particular town, from the long-range point of view, it might be more desirable to build a consolidated school in the area that would accommodate several towns. The recommendation of the special committee created by the Board of Education, to look into the matter of school house construction, placing emphasis on union high school construction, you may consider to be a practical one under the circumstances, and clearly stating where the emphasis should be placed at this time. You may further deem it advisable to provide that matching money be made available by the State on a limited basis of say, 25% state funds to 75% local funds, as an aid in stimulating this kind of construction. We must remember, however, that if it is determined the state's credit is to be pledged for school house construction in any way, we must plan wisely and cautiously for the future. Vermont has no money to throw away. Economic factors, transportation, trends in school population, the potential destiny of an area should all be weighed and considered carefully by a practical, disinterested and competent group before any approval for construction is given.

The union high school district law should also be clarified and amended so as to fulfill effectively the purpose for which it was intended.

Likewise, a committee was authorized by the 1951 session to study the factors involved in the higher education of Vermont youth, and the report of this committee is now available to you. It is quite an exhaustive one and should be carefully studied. I shall endeavor to deal with certain of the subject matter of this report in

my budget message, feeling as I do that some additional support might very well be given to Vermont youth as a greater inducement to attend a Vermont college. This report seems to dovetail in some degree with the budgetary requests of the University of Vermont and State Agricultural College, which I will deal further with in the budget message.

Highways. The Highway Department has done an outstanding job during the last two years, with limited engineering personnel, in going ahead with a highway construction program in keeping our main lines in a proper state of repair, and in providing adequate winter maintenance. I want to see this good work continued. I am committed to the policy of matching all Federal funds. The gravel gaps in our state and state-aid highway system I want to see closed up just as rapidly as our financial circumstances will permit. The matter of an adequate highway program will be further dealt with in the budget message.

Agriculture. Legal restrictions against the sale of colored oleo in Vermont should now be removed. I do feel, however, that an intensive program of research and advertising aimed at stimulating the purchase of milk and milk products by the consuming public is very worthy of sympathetic consideration by this legislature. Dairying is the backbone of our agricultural economy, and we certainly want to see it kept healthy and strong. Increased consumption of milk and milk products is one way to accomplish this end. Furthermore, honest labeling, packaging and selling of synthetic dairy products should be provided, so that consumers will at all times know exactly the type of product they are buying. We in Vermont must always be vigilant and alert to anything which would adversely affect our dairy industry. Consideration should also be given to whether circumstances in Vermont do not now warrant a compulsory calfhood vaccination program for the eradication of Bang's disease. Funds have been provided in the budget for setting up a testing laboratory in the southern part of the State to service the needs of the farmers in that area.

Health. As you know, the 1951 session transferred the Brandon State School, Vermont Sanatorium, Washington County Sanatorium and the Vermont State Hospital to the jurisdiction of the Department of Institutions. They have been well administered there during the past two years, and I recommend that they remain under the control of the Department of Institutions.

I might say also that the State Health Laboratory difficulty was ironed out by the 1951 session. Construction is proceeding according to schedule, and it will be ready for occupancy in the summer of 1953. Such a building was necessary and it can be well and effectively used in carrying on the health programs of the State. You will be asked early in the session for an additional appropriation of \$20,000 to restore some features left out when the 1951 session did not authorize an extra \$75,000 appropriation. I feel this request should be granted.

I have provided in my budget for more public health nurses, because I feel that they are vitally necessary to the health of our people. Also a dental hygiene division should be set up in order that the teeth of the children of the state can be better looked after than they are at present. Provision is also made for this in my budget.

I also feel it would be desirable to use the facilities of the State Hospital at Waterbury for the furnishing of psychiatric training for girls who are taking nurses' training courses. Today many girls leave the state to get their nurses' training, because they cannot receive this phase of it in Vermont.

The Commission authorized by the 1951 session to make a study of the needs for more plant facilities at the State Hospital at Waterbury has made an outstanding contribution on the subject matter of the chronically ill. I commend its report in this respect to your favorable consideration, and also feel that its other recommendations are likewise in the public interest and should be adopted to the fullest extent possible.

Welfare. A so-called pauper commission was authorized by the 1951 session and its report is available to you. The Commission is to be commended for its effort. Its principal recommendation is that the cost of hospitalization of the indigent poor be borne by the state. Such a recommendation, if followed, would embark us upon a new and uncharted course, and would present many grave and unusual administrative problems.

The hospitals have carried some expenditures for indigent care that have not been met. It is generally recognized that the hospitals of the State have difficulty in meeting their financial obligations from current receipts.

The principal problem at the local level appears to be the impact of unexpected, uncontrollable heavy expense for hospitalization. This sometimes leads to financial obligations in excess of the ability of some of the communities of the State to finance from local taxes, thereby creating an inequitable burden at times. But, to remove the entire expense of these items from local scrutiny and responsibility, and place it in the hands of the State would inaugurate a continuing and increasingly heavy financial policy and obligation. Judging from the experience of the past, it is a program that would grow in scope and require greater amounts of money from the State treasury.

I believe the legislature should explore all possible alternative policies which would remove the factor of unpredictability leading to inequitable burdens, before the State is committed to a program of complete financial responsibility.

To that end, if you, after weighting all factors, decide you want to do something about it, I would suggest that when a town or city has expended taxwise more than a certain average portion of taxes raised based on the last ten years' experience in all towns and cities for hospitalization, that a portion of the burden, on a graduated rate basis, be transferred to the Department of Social Welfare, and an appropriation therefore be authorized. Some local responsibility must at all times be maintained.

Such a plan, if adopted, would at least be a better one than having the Federal government pre-empt the field as it has done to a large degree with other welfare programs.

Likewise, a commission was authorized to look into the matter of juvenile delinquency. Its report is available to you, and should have your careful consideration.

I recommend the adoption of the uniform Reciprocal Enforcement of Support Act, and greater authority being given the Department of Social Welfare to compel delinquent parents, when able to support their children, and delinquent adult children, when able, to support their aged parents.

Development Commission. Two years ago, I recommended a scale down of the Vermont Development Commission activity because I felt its record in promoting the recreational, industrial and agricultural economy of the State was unimpressive and ineffectual. Today under new and vigorous leadership, I feel that situation has changed, and that the Development Commission can now do a good job in substantially promoting and benefiting the economy of our State. There is need for such a program, where vision to see our possibilities exists and the resourcefulness to improve them is also present.

The Commission has formulated plans for the setting up with private funds of a Development Credit Corporation, similar to that which has worked effectively in the State of Maine. I recommend that the necessary enabling legislation be passed to give it proper legal status. Likewise it vigorously seeks to promote the sale of Vermont products, and to aid in selling Vermont recreationally as well. These plans are entitled to your sympathetic consideration.

Conservation. This subject covers a broad scope, and I shall attempt to deal with it only to a limited degree in this message.

In the field of forestry, the municipal enabling act adopted by the 1951 session on my recommendation has been very helpful. Many municipalities have acquired lands for forest purposes while others have set up committees to study such a plan. Listers, becoming more fully aware all the time of the necessity for a broad over-all land classification set up for tax purposes, are cooperating in such classification. This is as it should be. The nature and extent of forest land, or potential forest land, existent in the state, must first be known before an adequate plan of exempting forest lands from taxation as a stimulus to conservation of this great natural resource can be safely embarked upon.

As to pollution, we are slowly but surely going ahead with our classification of waters. The lakes and streams of Vermont constitute a great natural asset we must do our best to preserve unsullied, if we should make of Vermont the recreational paradise in the summertime we claim it to be.

Vermont legislatures in the past have been requested to adopt a regulatory powers act to take care of fish and game matters by commission fiat, rather than by legislation. New Hampshire has attempted such a program

to a limited degree in the case of fish. You should study the New Hampshire operation carefully to get the full benefit of that state's experience in deciding upon the feasibility of such legislation for Vermont.

Fire prevention is likewise a species of conservation. The property losses in Vermont from this cause amount to several hundred thousand dollars each year. The report of a special committee dealing with this subject should be given careful consideration by you, as well as greater stress being placed on the education of the young in this regard.

Labor and Unemployment. The relations between capital and labor have always been good in Vermont. We want to continue to see them that way. We further feel that Vermont legislatures have exercised forbearance in the enactment of legislation which would appear to be anti-labor. This is as it should be. The 1951 session adopted an occupational disease law. Although not perfect by any means, certain imperfections and weaknesses in it have come to the surface as a result of experience in its operation, and these undoubtedly can be corrected to the mutual satisfaction of both capital and labor.

My attention has recently been called to a 9% increase in the cost of Workmen's Compensation Insurance. Undoubtedly this is due in some substantial degree to an inflationary rise in the cost of medical and hospital care for the workmen injured in the line of duty. I have a lot of sympathy for the employer who has to face continually these constantly changing and unfavorable circumstances. But there should also, in the light of these inflationary conditions, be consideration given to the adequacy of present hospital and medical benefits for the injured workmen.

The Unemployment Compensation Law will have some minor changes to it proposed by the Commission, to which I trust you will give careful consideration in the interest of clarifying and improving it, the purpose being to assist in more efficient operation of it.

Retirement. An orderly and fair plan for the retirement of our superannuated employees is just as important to the continued welfare of Vermont as is the recruitment and maintenance of an efficient body of employees. I am concerned that the retirement plan provided for our state police and motor vehicle inspectors has proven to be basically unsound.

I recommend that this matter be made the subject of study by the Emergency Board and that this Board be given the power to act if such study leads to what seems to be a proper solution. I am aware of the fact that the plan provided for other employees must be kept up to date if we are to continue to attract and keep our trained employees. Consequently, I recommend that the General Assembly seriously consider certain changes proposed for the Vermont Employee's Retirement System. The proposal for a "vested rights" amendment seems only fair. The interchange of credits for employees and members of the State Teachers' Retirement System seems to have merit. Other proposed changes in both employees and teachers' systems should be considered carefully with the thought that Vermont cannot hope to attract and keep capable employees and teachers unless it can offer the same security available elsewhere.

OTHER MATTERS

St. Lawrence Seaway. Indications are that authority to develop the power phase of the St. Lawrence Seaway project will be forthcoming before too long, probably to the State of New York under the aegis of its New York Power Authority. If, as, and when, this project is developed, whether by the Federal government or New York, Vermont wants to be sure to get a fair allocation of the power generated thereat. The New York Power Authority has previously stated that growing power needs of New York State alone could readily absorb the entire output. If Vermont is not in a position to receive this power when generated, New York could be very readily excused from setting aside any for our use. In view of this circumstance, No. 193 of the Acts of 1951 constituting the Public Service Commission the bargaining agency of the state in this respect, should be carefully re-examined, and its scope broadened if necessary, to provide assurance for the receipt of such power, if allocated to us, and its distribution as provided by the Act.

Public Service Commission. Recent rate hearing cases have left the public with a sense of frustration, in being unable to terminate them quickly in the public interest. They are intricate and involved proceedings, at best. There is involved in them the right of a utility to do business at a profit and realize a reasonable return on

its investment. Out of these rate hearings there have developed certain conclusions of the distinguished counsel for the people to which I feel you will give careful and considerate treatment.

Among them are these: Definite statutory authority should be conferred on the Public Service Commission to determine rates and fix the cost of depreciation. The statutes against discrimination in rate changing should be strengthened. The field should be explored, at least, on cooperating with our adjoining sister states in hiring the necessary experts on a full-time basis. More time should be given the Commission to determine difficult rate cases.

Rate making is an intricate and exacting business. Few attorneys in Vermont are qualified by training and experience in this field because of its highly specialized nature. So it is small wonder it is a slow and laborious process at best.

Any practical suggestions of a committee provided for at the Vermont Bar Association meeting should likewise be given careful consideration by you.

Vermont State Prison. Demag and Blair escaped from the Vermont State Prison at Windsor and while at large, brutally assaulted two innocent people, resulting in the death of one. They were captured and now await trial. I made a personal investigation and report on what happened, with recommendations. The Emergency Board went along with my recommendations on what needed to be done immediately to make the prison, about the oldest in the country, more safe against further escape. But the question of what to do about the prison as a matter of long range planning still remains. I recommend that a committee be appointed to study the situation relative to the need for a new prison plant and report back to the next session of the legislature.

CONCLUSION

In this message I have endeavored to review briefly my administration and to pose some of the highlights of prospective legislation for your consideration. There will be many bills and resolutions introduced which will call for painstaking care and scrutiny on your part in the best interests of the State. You will meet many problems that require investigation and fine judgment if they are to be solved in a permanent and satisfactory manner.

It is my hope during the coming months we shall hold steadily in mind that we are not here as individuals, responsible only to ourselves, but rather as public trustees with the duty to promote to the extent of our ability the best and highest welfare of all the people of this State. We must weigh carefully the benefits against the burdens as to new legislation calling for appropriations.

You and I have constitutional duties to perform, duties so closely related it is only with cooperation and unity of purpose and action we can hope to make our state government function effectively. I bespeak your cooperation in these trying times. You will have mine at all times. Working together we can make this session harmonious and fruitful in wisely solving the problems and needs of the State at this session.