

**Inaugural address
of**

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Inaugural Message

To the General Assembly and the People of Vermont:

I have taken the oath of office as the Governor of the State of Vermont with deep humility, yet with a conviction that there are great things to be done for all of the people of our State, and with a determination that you and I, the Legislature and the Chief Executive, will cast the mold of a greater Vermont.

A Condensed World

We live in a most extraordinary age. Events so various and so important that they might crowd and distinguish centuries are compressed in our times, within the compass of a single life. When has it happened that history has had so much to record in the same term of years as since August, 1914. Since that date we have gone through two great World Wars. We have seen gangster tyrants such as Mussolini and Hitler come to ignoble death. We have seen a world separated by time and oceans, a world of many nations and many races become one world. We have been thrust into an era of tremendous speed. By the fastest planes one could leave Montpelier today and be half way around the world in twenty-four hours, and we read of planes that will fly faster than sound itself. We live in an age where in a flash of a second we can turn on our radios and listen to any part of the world. Our television sets can see for hundreds of miles.

Era of Scientific Advancement

It is an era when airplanes are so crowded that faster planes bump into the slower ones; an era when man has learned to see through the dark or fog or clouds; an era that has seen the inventions of radio-guided, rocket-propelled missiles that can be hurled into the stratosphere and travel hundreds of miles; an era when civilization has invented a destructive force so great that man can now destroy himself. Experts tell us that eight atom bombs of the type dropped on Nagoya could obliterate the metropolis of New York and, carefully placed, one hundred could ruin the great industrial might of our nation. Yet our country and Russia and undoubtedly others are trying to harness the cosmic ray, which, physicists tell us, if harnessed, will unleash upon this world a force a thousand times greater than the atom bomb.

Age of Conflicting Ideologies

Yes, we are living in an extraordinary age—an age in which there is now rampant upon this world two ideologies diametrically opposed, one to the other; the ideology as proclaimed by the Soviet Union of Socialist Republics that the State is the supreme power; that the individual must have his life completely directed and guided by the State; that there is nothing that counts in this world but material things; that there is no life hereafter; that there is no Supreme Being whom we term God. Then there is our own philosophy of the supremacy of the individual, of his right to be free and happy under law, and of confidence in the belief that we were created in our Maker's image. In these critical times, therefore, it is all-important that we who put our faith in the God-given dignity of the individual do our utmost to exemplify our faith.

EDUCATION

Aristotle once said, "All who have meditated on the art of governing mankind have been convinced that the fate of empires depends on the education of youth." I am a devout follower of this philosophy, one who believes that the very existence of civilization as we know it depends upon our youth securing the very best education that it is in our power to give.

Teacher Training and Retention

There are many indications that we can do better with education in our State. Our normal schools have been running at less than one-half their capacity. Few of our more talented youngsters desire to enter the teaching profession, and yet without good teachers the education of our children will be most seriously handicapped. We are losing each year many of the better of our experienced teachers, losing them to states nearby, states that pay their teachers a living wage. The number of teachers teaching on temporary certificates is increasing rapidly

each year until we have better than a quarter of our teachers teaching by virtue of this expediency, ranging from students fresh out of high school to the lady volunteering to share the load at the age of ninety. Our minimum salary for teachers in Vermont is as low as any state in New England, and is one of the lowest of our northeastern states. Many of our teachers are not earning as much as waitresses and many are forced to work at long evening hours in other jobs in order to make a living wage and thus be in a position to continue this honorable and self-sacrificial profession. The attitude of the public in regard to teachers has seemed unwholesome toward a profession that should be as respected; yes, more respected than that of practically any other profession.

Feeling that the first step that must be taken to improve our educational system was to make sure that we meet our obligations in the field of teacher training, I appointed a committee shortly after the election last November, to examine into our teacher training facilities and I asked that committee to report to me in one month. This committee consisted of John Hooper of Brattleboro, Mrs. Sylvia Wright of Rupert, and H. Dean Pearl of Burlington. Dr. Payson Smith, an outstanding educator of the Department of Education of the University of Maine, at my request, agreed to serve as a consultant. This committee worked diligently and for long hours. Their report was submitted to me on December 21; parts of it have been printed in the various newspapers of this State, and I recommend it to you for your careful consideration.

Expanded State Board of Education

Our State Board of Education now consists of five members, one of whom is appointed each biennium for a term of ten years. I feel our present State Board of Education has worked hard, but without the support of the public so necessary to accomplish the many things that are needed to be done. It's my opinion that in this day and age a term of ten years is too long, because times are moving so rapidly. The trend in other states is to have shorter terms for their board members, and larger boards. I recommend that this Legislature increase the number of members on the Board of Education, and give careful consideration to changing the lengths of terms of its members.

Establishment of Teachers Colleges

I also recommend that the state-owned normal schools at Castleton and Johnson be changed in names from normal schools to teachers colleges, and that money be provided so that these institutions may be immediately brought into good physical condition. I further recommend that this Legislature make a careful study of the needs of these two institutions for educational purposes in their respective areas to turn them into efficient top-notch teachers colleges. Vermont needs as soon as possible to have all its certified teachers have four years of teacher training.

Teachers Minimum Salary

I further recommend that the minimum salary for all teachers in this State be raised at least to \$1500 per year; that a minimum of \$1600 be established for two-year trained teachers; \$1700 for three-year trained teachers; and \$1800 for four-year trained teachers. I recommend that a bonus of \$100 a year be paid by the State to all certified teachers who teach in standard or superior rural schools. I recommend that the State assume at least two-thirds of the increase of teachers' pay due to the raising of the minimum.

Temporary Teacher Training

Lyndon Institute, which has been helping this State train teachers by making certain of its facilities available, might well explore the possibility of expanding the offerings of that institution to meet the large demand of young men and women for education beyond the twelfth grade.

The University of Vermont might well explore the field of secondary education, elementary specialists and supervisors, and graduate education for principals and superintendents.

In the meantime, and while our teacher shortage continues, we are fortunate to have the cooperation of these two private institutions in training elementary teachers.

Teacher Retirement Plan

Another means of attacking this very serious problem of shortage of trained teachers is a proper retirement program. Such a retirement program is being prepared, and I am informed will be submitted to this Legislature by the Vermont State Teachers Retirement Association. A sound teacher retirement plan will prevent either the dismissal of aged teachers without resources, or the sacrifice of the best interest of the schools in order to continue the employment of teachers who are no longer capable. To be wholly effective in achieving these purposes, the teacher retirement plan should provide for automatic or compulsory membership on the part of all teachers in the State. It has become to be an accepted principle of Social Security that those to be benefited do not, in their youth, recognize the need for protection in the time of their old age or disability. The great majority of State Teacher Retirement plans provide for such compulsory membership, and I recommend most careful consideration of this program when it's presented.

Adequate Pupil Transportation

We have another very important situation in this State in regard to education. There are something like 6,000 youngsters in Vermont each year who never go beyond the eighth grade. That is—about one-third of the youth of Vermont never go beyond the eighth grade. Two substantial contributing reasons for this astonishing fact seem to be that there is no adequate transportation available to transport these youngsters to a town having a high school, and the tuition required by towns with a high school is higher than the State requires a town to pay if it sends its youngsters to a high school in another town. I sincerely hope this Legislature will examine into this most unwholesome situation and take corrective action so that every youngster in this State of Vermont who desires an education beyond that of the eighth grade may not be denied it.

Equalization of Educational Opportunity and Costs

Summarizing my attitude towards public education in Vermont, grounded as it is in the realization that we have a long way to go in a very short time, it is my belief that our greatest problem is equalizing educational opportunity and distributing the costs as equally as possible among the towns and school districts of the State. For that reason, I believe that we should start now eliminating all discount on our equated pupil formula so that the benefits of this formula may fall on all towns large and small alike. I further believe that the formula itself which is founded in part on the grand list of the various towns should be examined for the correction of inequities caused by this uneven factor.

State Relations with U.V.M.

I am not satisfied with the unsettled status of the relations between the institutions of higher education and the State. I recommend that these relations be not only settled, but simplified, and that a plan be worked out so that the State would have full authority in the administration of the College of Medicine and the College of Agriculture, and at the same time assume full responsibility for the expense of these colleges. However, a plan must be evolved so that the status of these colleges in the corporate structure of the University of Vermont will be definitely fixed and at the same time a simple and definite formula must be worked out for the participation of the Colleges of Medicine and Agriculture in the general University overhead. I am opposed to any plan by which the State takes over the University of Vermont as a one hundred per cent State institution. I believe that it is unnecessary and extravagant for the State to follow such a course. Any such course, on the one hand, would constitute some degree of unfair competition with other educational institutions of the State, and on the other hand, it would seriously jeopardize many of the endowment funds now held by the University.

PUBLIC HEALTH

Years ago one of the Latin proverbs I learned went as follows: "Mens sana in corpore sano."—a sound mind in a sound body. Having finished the discussion of producing a sound mind, let us examine our public health. The World War II record of the rejections for physical and mental reasons of Vermont men under the recent Selective Service Act was truly distressing. The record shows that nearly one out of every two boys of this State called to arms under the Selective Service Act were rejected. While there may be some facts which tend to explain or mitigate this terrible figure, still it is a very black picture. The time has come for this State to see to it health.

Thorough Physical Examinations

To correct the deficiencies which have shown up so glaringly as a result of World War II, I recommend that every school child in this State receive at least once a year a careful physical and dental examination. I do not mean any routine examination; I mean an examination which will X-ray their lungs, examine their vital organs, their blood, and must inevitably reveal any grave defects in their physical well-being.

Mobile Health Units

In the Army we had mobile health units, which were equipped with modern laboratory equipment. These traveled from Post to Post and in them men were given careful and thorough examinations. I feel sure that such units can be fitted to the needs of this State. They can be staffed by resident physicians recently graduated from our college of medicine and aided by our public health nurses. The expense should be borne by the State. With these, we can see to it that every youngster has this careful physical and dental check-up every year. We shall see to it that the parents or guardians of the youngsters and the family physician will receive reports of the results of the physical and dental examinations that are given. I recommend such legislation and appropriations as will be needed to authorize such health units.

DEVELOPMENT COMMISSION

If we provide an A-No. 1 education for our children, if we see to it that they are in good physical condition when they leave high school, there is just one more duty that this State should owe to these youngsters, and that is to provide for them the opportunity in this State to earn a good living for themselves; to provide opportunity which would entice the big majority to use their ingenuity and talents here in Vermont. The Legislature of 1945 took a forward-looking step when it created a Vermont Development Commission. However, unfortunately, this Commission was saddled with the handling of the so-called flood control problem, and as a result has been unable to do as much for the development of this State as it otherwise could have.

Small Industry for Vt.

The time is now ripe for the State to secure for itself small industries that will fit our State—small industries that will move into the small towns and villages of our State. For a hundred years the population in our rural communities has been receding. Even in my memory as a youngster when I traveled the West River Valley with my father, I can remember that most of those towns had some small industry. As time went on, great industrial empires arose. These small industries found themselves unable to compete with the mass production of bigger units. One by one they folded their tents and silently stole away.

Decentralization of Industry

Today, however, this trend of centralization of industry is being reversed. The atom bomb of which I have spoken has caused this. While the machinery of peace in our world is being perfected, this nation must keep itself strong with an efficient Army, Navy, and Air Force, and to keep itself well-armed, it must have industrial might back of it. But, the big industrial centers are too vulnerable a target for any radio rocket-propelled missiles that might be armed with the atom bomb. The very security of our nation demands that our big industries decentralize. And there can be no place in this country that is better suited for small parts of these great industries than is our own State of Vermont. A number of industries have already moved to the peace and security of Vermont for other reasons as well—because of the comparable freight rates, good water supply, and electrical power; but most of all, because of the reliability of the Vermont people—the best source of labor supply in the United States. There is still another reason for industry decentralizing and looking to Vermont; namely, the present air service from our large centers of population to the metropolitan areas of Boston and New York, as well as the air service that is planned for the State. This brings the plants located within the State of Vermont infinitely closer to their executive offices in the metropolitan areas.

Establishment of Research Unit

I therefore recommend that there be established within the Development Commission a small research unit, a unit which can take an inventory of the assets of all of the small communities of our State, and of the big ones too; a unit which will be able by the accumulation of these facts to determine just what type of small industries any given community could best support; a unit which could provide these facts to the citizens of these communities so that they could themselves decide what, if any, small industries they would like to have come into their communities. This commission, having developed this information and using the facts produced by this research unit, should then, using the very best salesmen it can secure, persuade industries to locate up here in the peace, security, quietness, and beauty of the Green Mountains—remote from the possibility of atomic devastation and where they will be able to enjoy our natural resources and benefits which have already caused other industries, large and small, to come to our State.

Development of Recreational Facilities

This State is on the verge of a big recreation boom—particularly as far as winter sports are concerned. Our surrounding sister states are attacking this matter in a big way—yet we really have more to offer than they. More than one fourth the acreage of Vermont is classed as Class IV land-poor land-not fit for agriculture. Most of this runs along the mountainous backbone of our State—areas that are little used. Private capital should be encouraged to build winter sports centers on suitable spots, on the mountainous backbone of this State. To secure such enterprise, this State must co-operate by seeing to it that if private investors are willing to invest large sums of money in building ski lifts, ski trails, and lodges they can be assured of adequate road maintenance during its winter, of co-operation from our Forestry Service, yes, cooperation from all other departments of our State Government. I know personally one group that would like to invest several hundred thousand dollars to develop for winter sports purposes one of the most mountainous areas of our State, where houses are scarce and the population scant. This should be encouraged. We should develop winter sports by private enterprise rather than by having the State undertake to finance and construct such great developments. This program, too, should be under the Development Commission.

Development Commission Challenged

Whatever can be done to stimulate industry in Vermont—through research and the dissemination of information—should serve as a constant challenge to a Development Commission determined to develop Vermont. By industry, I mean not only those institutions that produce goods, but also those industrious Vermonters who open their good homes to tourists—and those enterprising people who open up the pleasures of our lakes, streams, and ski-slopes in ways that are destined to make Vermont a recreation paradise for all other Americans less fortunately blessed by geography.

Your Development Commission should be the nerve center for industry and industrious Vermonters. An artilleryman would call it the fire control center.

COMMUNITY RECREATION

In contrast to commercial recreation—in which a state uses its natural beauty and resources as a means of soliciting the patronage of outsiders—there is a form of recreation designed to make richer the lives of young and old in our own communities. The first is a business; the second is a public service for which the public taxes itself.

Establishment of Dept. of Community Recreation

During the war years community recreation grew instead of languishing in Vermont. It was found that such activity tends to attract and keep industry and its skilled workers; to raise property values; lessens crime and delinquency; and builds a community's reputation and morale. In fact, the war seemed to serve as a test showing how necessary this form of community recreation in Vermont was under the direction of the Council of Safety, itself a war product. I believe that the Council of Safety has served its purpose and that it should be abolished. But I believe also that one of its products, organized community recreation, should be based on a permanent basis.

I therefore recommend that a Department of Community Recreation be established.

Reforestation--Stream Purification

We in this State must immediately give careful attention to conservation of our natural resources. Continued waste of our timber resources must stop. Ways and means to encourage crop timbering and reforestation must be found. Many of our streams and lakes are foully polluted and the purifying of these must now be undertaken. I particularly commend for your favorable consideration a sewer service charge enabling act which the Vermont Chamber of Commerce advises me will be introduced this session. Development of our mineral resources must be encouraged. The Conservation Board in its report recommends doing away with the present Department of Natural Resources and the Conservation Board, and I so recommend. In its place I recommend creation of a Department of Conservation headed by a single commissioner. This department should be charged with handling forests and parks, water resources, stream pollution, flood control, and mineral resources.

FISH AND GAME

Separate Department—Increased Fees

Fish and game activities bring a lot of money and a lot of people into our State. Many of our own citizens secure health, enjoyment, and happiness by fishing and hunting. I recommend that there be established a separate fish and game commission which shall have authority to appoint a director. I also recommend that Legislation be passed which shall empower this Fish and Game Commission to promulgate regulations which fix hunting and trapping seasons, the catch and size, the number and location of test waters, posting requirements, special permissions where warranted as to certain fish and game waters or areas, and controls applicable to wildlife management provisions. I believe this department should have authority to employ more game wardens and I recommend legislation providing for a guaranteed income for this department. I also recommend an increase in license fees.

DEPARTMENT OF PUBLIC SAFETY

Our Motor Vehicle Department at the present time has entirely too few personnel to cope with the traffic that now exists. The men work long hours with few days off. The rate of traffic fatalities in this State has risen alarmingly this past year. This present force needs to be nearly doubled. It also needs three-way radio communication.

Creation of Dept. of Public Safety

Since this improvement is desperately needed, it just seems common sense to go one more step--enlarge the powers of these officers. I therefore recommend the establishment of a Department of Public Safety headed by a Commissioner.

State Police

If such a department is created, there would be in it the state police, a small motor vehicle unit, detective force, fire marshal, and record section. The cost of installing such a system in Vermont has been figured, and it will be very little more than will have to be expended for an enlarged and improved Motor Vehicle Department. In the Budget, which I will present, I have provided for State Police. If such a plan is carried out, the sheriffs of course would continue to have enforcement duties as well as the authority to serve all civil process. State Police should have no authority to serve such civil process. This State Police Force, if garbed in a distinctive uniform and if traveling in a distinctive automobile will not only be helpful in preventing crime and in protecting property damage in rural areas, but can be a great advertising medium for our State.

AGRICULTURE

Agriculture is the very foundation of our State, and I believe more Vermonters are directly or indirectly dependent upon it for their well-being than on any other activity. Fortunately, I can see no great and major problems facing us as regards our agriculture and I congratulate those who have been leaders of our State Agriculture that this appears so. We shall undoubtedly have to increase appropriations for our excellent extension service so that wages for these workers may be increased. Likewise, additional appropriations should

be made for the research experimental station, as it appears most likely that Congress will appropriate considerable funds, funds which will be grant-in-aid funds to be expended through the State Experimental stations.

Buildings for Agricultural College

In addition, the State Agricultural College has an immediate and pressing need of an agricultural science building, a combination dairy manufacturing and sales plant, and a home economics building. I am sure the construction of these buildings would place our State Agricultural College on a much more efficient basis and result in much long-range good for the Agriculture of our State. I recommend that this Legislature give this question its most serious consideration and provide for the immediate construction of these buildings.

No fertile farm lands to be flooded

I have been greatly disturbed by the plans that have been put forth to use fertile farm lands of Vermont as flood reservoirs for the protection of our sister states of Connecticut and Massachusetts. The Federal Government has recommended that eleven so-called flood control dams be built in this State. Most of these dams will flood some of our fertile farm land. We do not have a great deal of fertile farm land in this State, and many thousands of acres of fertile farm land have already been destroyed by flood, mostly for hydro-electric purposes. Even today we are having trouble supplying the Boston Milk market with milk. The loss of that milk market to this State would be very damaging. Every time an acre of fertile farm land is destroyed, either for flood control or hydro-electric power purposes, so many pounds of Vermont produced milk is taken from the Boston milk market. I am against the flooding for any purpose whatsoever of another single acre of the fertile farm land of this State. We should create an alternate plan of flood control consisting of dams built higher up in the mountains which will provide a measure of protection for our sister states. If this is found to be more expensive, the Congress should insist that our sister states bear this additional expense. If it were not for them, we ourselves would have no desire to have these flood control dams built.

PUBLIC WELFARE

Old Age Assistance—To be merged with Social Services of Public Welfare Dept. in Department of Social Service

The Public Welfare Department has grown to be a tremendous agency. It appears to be more than one man can adequately administer. There are two main divisions in the Public Welfare Department; one can be designated as the Division of Social Service, the other as the Division of Institutions. In addition to the Welfare Department, we have the department of Old Age Assistance. In the Old Age Assistance Department there are many case workers who cover the same area as is covered by case workers of the Department of Public Welfare working on aid for crippled children, the blind, or child welfare. The case loads of the case workers of both departments are extremely heavy. Common sense would seem to call for a joining together of the Old Age Assistance Department and the Social Services now under the Department of Public Welfare. I, therefore, recommend the creation of a Department of Social Service headed by a single director. This department would be responsible for aid for dependent children, aid for the blind, old age assistance, and for dealing with child welfare services including the grave problem of committed children. It would include all social services now under the Public Welfare Department.

Department of Institutions

I also recommend the creation of a Department of Institutions also under a single director. This department would be charged with the proper administration, management, and physical upkeep of all of our state institutions. Of all of our state institutions, the one that is apparently the most desperately in need of additional facilities is the Brandon State School. I recommend that this Legislature, after careful investigation, provide everything that is necessary that there may be sufficient facilities for this institution to properly look after those it must.

More Stress on Family Life

This State has a higher percentage of committed children than almost any other state. The family constitutes the fundamental unit of this country, just as a squad is the basic unit of any army. We must do all that we can in this State to promote family life, and before committing any child to the custody of the State or separating children from the family the need for such action must be crystal clear. Happy family life will contribute more than any other single factor for good citizenship. I hope to see the number of children who are committed to the custody of this State cut down within the next two years, and the number of children in its custody reduced.

Board of Public Welfare Eliminated

If we create these two new departments from the present Department of Welfare there will no longer be need for a Board of Public Welfare. The present Board of Public Welfare has worked hard and earnestly, and has accomplished much that is good. Yet, no board can become thoroughly familiar with all the details of the social services, of all the problems of institutions, unless it devotes nearly all of its time to public welfare. Obviously no board can do that unless it's paid a substantial salary.

VETERANS

Housing—State Rent Control Act

Between thirty and forty thousand young men and women of this State have now returned from Service in World War II. Many of these Veterans of World War II are having great difficulty in securing places in which to live—a place where there is a roof over their heads. Others are having difficulty in adjusting themselves to civilian life. It is my hope that there will come a realization by all of the people of the State that this Veterans' problem is a citizens' problem, the solution of which must have the full cooperation of all of our communities. I recommend that this Legislature make an immediate and careful survey of the housing problem of this State, particularly as it affects Veterans. The solution of this housing shortage is not easy of accomplishment. Yet I hope that this Legislature will come forward with a program that will demonstrate to those who left this State and went to war that the people of this State will do all they can to secure adequate housing facilities for those who, because they went into the Service, now find themselves homeless. I further recommend that this Legislature adopt a State Rent Control Act of which we can avail ourselves if and when the situation requires it.

Second Injury Fund Law--State Veterans Board

I recommend further: (1) a definite formula for applying Veterans' preference in State employment, a preference Legislative action has already granted; (2) enactment of a second injury fund law which would stimulate the interest of employers in hiring disabled Veterans; (3) amendment of the Vermont Unemployment Compensation Law to permit payment of benefit to Veterans before exhaustion of Veteran Readjustment allowance benefits; (4) the maintenance of a strong State Veterans' Board adequately staffed with sufficient funds to enable the director to provide for Veterans the maximum of service intended under the law.

NATIONAL GUARD

It is likewise imperative that the State provide every encouragement and help it can in the formation of the new National Guard combat team that has been allotted to our State. The National Guard is not only one of the chief bulwarks of our country, but is a handy organization to have in time of turmoil and catastrophe in our own State. Vermont has been charged with the duty of raising a combat team which will consist of a regiment of infantry, a fighter squadron, a battalion of field artillery, truck companies, medics, and engineers. I urge every community in this State to cooperate to its fullest extent in seeking to fill out the ranks of this new National Guard organization.

STATE GUARD

Distinctive Emblem

As one of those who served in the armed forces during World War II, I want to take this occasion to pay our respects to those men who gave all their time and effort to create a State Guard within the State while we were away. Just as we served our country, so they served you and us, and I hope this Legislature will authorize some

little emblem that will serve as a marker of distinction for those who so loyally and sacrificially served with this Guard.

DEPARTMENT OF INDUSTRIAL RELATIONS

Increased Benefits Needed—Funds for Apprenticeship Council

In this day of increased prices it appears that the workmen's compensation benefits are inadequate both as to amount and duration of payments. It appears that there should be an increase of the amounts paid and a lengthening of the duration of the periods of payment. I recommend that when a worker is totally disabled for a period of four weeks, he receive compensation beginning with the first day of disability; that an illegally employed child not only be covered by the workmen's compensation law but in the event of injury, receives double benefits; that the numerical exemption be lowered to three employees; that death benefits be increased and that the permanent partial disability payments be increased. And I further recommend that this Legislature make provision, if necessary, for funds for the Vermont apprenticeship council in order that the work of supplying our State industries with properly trained personnel may be continued. I recommend the addition of two factory inspectors for the Department of Industrial Relations and that a careful study be made of the need of covering occupational diseases by our Workmen's Compensation Law.

UNEMPLOYMENT COMPENSATION COMMISSION

Employment and Unemployment problems co-equal

There has been handed back to this State the administration of the Employment Service. This is part of the Unemployment Compensation Commission and it should be co-equal with that part dealing with unemployment. Employment and unemployment are equal partners in this Commission. Just as the Workmen's Compensation Law needs close attention by this Legislature, so does our Unemployment Insurance Law.

Broadening of Coverage

I recommend the broadening of Unemployment Compensation coverage to employers of four or more employees; an increase in the present weekly benefit amount or the adoption of dependency benefits supplementary to the benefits now in effect; a reduction in the required waiting period; modification of the provisions of the act relating to unemployment of Veterans to allow the payment of benefits based upon wages earned in covered employment subsequent to discharge from Service; and a change in the definition of availability for work to aid those unemployed workers who become ill or otherwise disabled following their filing of initial claims.

Employment Service Duty to Veterans

The Employment Service must, of course, see to it that Veterans presently unemployed, either handicapped or non-handicapped, are placed; counsel and aid in readjusting Veterans when placed, and help them acquire ever better positions, positions more suitable than ones they may now have.

NEEDED PUBLIC BUILDINGS

The following new buildings are needed by our State:

- College of Agriculture (3 new buildings—estimated cost, \$1,000,000)
- State Library Building Annex (\$600,000—rough estimate)
- State Office Building (Additional funds needed—\$500,000 rough estimate)
- State Institutions Building (\$500,000 estimate)

Total—\$2,600,000

All of these buildings are needed. If this Legislature decides to authorize the construction of them and appropriate money for them, I recommend that such expenditures be treated as a capital investment, and, just as any business would do, I recommend that we bond for this capital investment. This State has built firmly and soundly upon the established policy, "Pay as you go," and I yield to no one my belief in the soundness of this principle as a basic principle of conduct. Today the State of Vermont can borrow money for capital investment

for less than the hire of the money is worth. In other words, it seems good business to borrow it if we choose to make these capital investments. I recommend therefore that if it seems wise to you to construct these needed buildings, that broad authority be given to the bonding of this State up to \$2,600,000 or for such amount as you determine is the proper amount necessary for the construction of whatever buildings you authorize.

War Memorial

One further word. If you decide to appropriate money for a new State office building, and one is surely needed, it would seem that provision should be made in this new State Office Building for a suitable War Memorial—a memorial to all of the sons and daughters of Vermont who have served in the defense of our country. It may be that an impressive rotunda should be created in this new State Office Building as this memorial. I merely bring this subject forward since I feel this Legislature should give earnest consideration to what this State should have as a War Memorial.

TRANSPORTATION

Double Federal Funds Available for Highways if Matched

Good roads are of fundamental importance to our State. We should continue to hard-surface all of our secondary roads and to strive towards the goal of having at least a good gravel road reach every farmhouse. As you know, our roads are largely financed from three sources—motor vehicle registrations, gasoline tax, and federal money. The new Federal Aid Highway Act of 1944 has doubled the amount of federal money which previously was available to Vermont. The increase in revenue now available under the 1944 Federal Aid Highway Act will require the State to match \$4,000,000 of Federal funds in the next biennial instead of \$2,000,000 as in the past. Vermont cannot stand still—it must go ahead. The Highway Board has estimated that as of June 30, 1949, this State will be short by \$2,900,000 of its ability to match available Federal funds which must be matched by that time if under the existing law we are ever to match them. We cannot have this federal money unless we match it.

Increase of Registration Fees

I recommend that there be a small increase on registration fees for pleasure cars; that the maximum gross load limit on trucks be raised to 50,000 pounds; that the 10 per cent tolerance for all trucks be eliminated and that there be a revision upward of truck registration fees. This, however, would raise but an estimated \$900,000 and would leave us faced with the necessity of raising an additional \$2,000,000 if we are to take advantage of all possible Federal funds. I believe there are several ways of doing this. I recommend that it be done, leaving to your judgment the methods by which it should be done. Such an expenditure would materially aid our highway system and particularly our farm-to-market roads.

Aviation

Aviation also has much promise for Vermont in the future. Vermont is being made more accessible. However, airlines and private planes need more landing fields. We should encourage development of additional small airports by private capital. It behooves municipalities to study carefully their future position on the air map and not fail to foresee future needs for airports. Areas in the interior of Vermont that are suitable for airports should be located and earmarked. The time may come when the State will have to help municipalities on their air transportation problems even as it has had to help municipalities on highway problems.

RURAL ELECTRIFICATION

It appears to me that electric rates in the State of Vermont as a whole are too high. He who made this earth in making Vermont made a state which should have a bountiful supply of hydro-electric power. Such we do have; yet, our rates as compared to those of other states are in most instances, high. This is an age of electricity, an age where farming, industry and homemaking rely each day more and more on electricity. I recommend, therefore, statutory authority for our Public Service Commission to initiate investigations on its own account, and assurance that this commission shall have an adequate technical staff. I know that cheaper electrical rates will help us secure more small industries for our State.

SALARIES

Effective the first of January this year there went into effect a new salary scale for state employees. This salary scale was adopted after recommendations were made by professional consultants. Under this plan various state positions are classified. This has resulted, as it should, in the salaries of our State Employees being substantially increased. This will result in certain deputy chiefs of departments receiving more pay than the head of the department whose salary is fixed by statute. I therefore recommend a careful review and revision of the salaries paid to department heads, and to other state employees and officers whose salaries are fixed by statute.

TAXATION

Elimination of Old Age Assistance Head Tax

The Legislature of 1935 passed what is called an Old Age Assistance Tax. This tax is certainly misnamed. It is a head tax of \$2.50 per person and becomes part of the poll tax levied in each town. In my opinion this tax is not now justifiable and I recommend that it be abolished. And I further suggest that this Legislature carefully consider the wisdom of requiring payment of the poll tax as a requisite for a right to vote in town or village meetings. This tax deters many people from ever exercising their right to vote. Yet only as long as the right to vote is used by large numbers of people will this State and this country survive as a democracy.

New Graduated Income Tax

I have left one of my most important recommendations for the last. I know that you are wondering how we can pay for all of these things, for this tremendous sum that must be paid by the State to boost teachers' salaries, for these mobile health units, for the increased wages that all state employees are to receive, and for State Police. Yet an answer to all this is relatively simple. It has been apparent for many years that our income tax law was inefficient and inequitable. It seems improper to have one tax on earned income and another on unearned income. The Commission on State Government and Finance has recently made an outstandingly excellent report in which, among other things, it recommends a graduated income tax. With this recommendation I am in most hearty accord. Our tax structure should rest on a firm basis with these four cornerstones:

1. A revenue should be produced sufficient to meet the present and anticipated requisites of Government, and provide a safety cushion against less prosperous periods.
2. The burden of taxation should be distributed as equitably as is possible. As stated by the Commission, the trend should be toward taxing earnings rather than possessions.
3. New enterprise should be encouraged by incentive tax methods.
4. The tax laws and accompanying reports should be streamlined and simplified. We must make it very easy for our taxpayers to comply with our rules.

Individual Income Tax—Simplicity of Forms

The cartoonist's caricature of John Q. Taxpayer submerged beneath a flood of forms and calculations about March 15th of each year contains, unfortunately, a lot of very real truth. Let us extricate him from a large part of this ordeal. We can do that if we insure that his efforts to comply with the Federal tax law shall not be duplicated in his reporting to our State. If we do this, we have a splendid opportunity to make the Vermont Tax System a model of simplicity and efficiency.

For the most part our present tax law is the same as that of the Federal Government but streamlining and simplification requires many changes. First, I recommend that our entire income computing method except as to taxation of interest on U. S. obligations, be amended to conform completely with the Federal Statute.

At the same time that we use the Federal Law as a base, we should institute a system of employers' withholding of state income tax on salaries and wages. The slight additional record keeping by employers is overshadowed by the benefit to the majority of our taxpayers. There are great advantages in the collection at the source of this most important source of revenue.

Under this program the vast majority of our individual taxpayers will need to file only a copy of their State withholding receipt. That can be the basis on which the Tax Commissioner would compute the tax and issue an assessment or refund. Similar provision may be made for those individuals not subject to withholding. They should be able to elect to use this optional method.

Changes in our Present Law

Adoption of the pattern of the Federal Income Tax Law would change our present law in some material respects. Important changes would be:

1. The separate classification and taxation of Class A and Class B income, which is generally agreed to be inequitable, would be abolished. That is recommended by the Commission.
2. Capital gains and losses allowed in the manner permitted by the Federal law would be taxed.
3. The present allowance as a deduction from net income of Federal income tax paid would be abolished. Several other minor adjustments would be made. They are relatively unimportant. One of these—making interest from Vermont banks no longer exempt—requires a corresponding adjustment to the Bank Tax.
4. The credit for taxes paid by residents of Vermont to other states would be abolished. That provision generally did not aid the taxpayer. It merely reduced the proportion of the individual's total tax that went into Vermont's Treasury. The whole method of handling non-residents needs correction if we desire to play fair with our own residents. This should have our continued study.
5. The present personal exemption would be lowered from \$1,000 to \$500, while the credit for each dependent would be increased from \$250 to \$500. Thus a married person with two dependents would have an exemption of \$2,000 instead of \$2,500 at present.

One effect of using the lowered exemption would be to bring within the scope of the tax many individuals presently not participating; especially should this be so if the head tax is eliminated. It has long been felt that broadening the income tax law to include the maximum number of its citizens would contribute to the welfare of the State. Tax filing citizens are more prone to take an active interest, and participate, in public affairs. At the same time additional revenue will be secured. However, it is not desired nor desirable to unduly burden those with small incomes.

Proposed Rate Schedule

Consequently, I propose that the rates of the individual income tax begin at 1% on the first \$1,000 of income after all exemptions, and be graduated as follows:

1%	on the first	\$1,000	of taxable income			
2%	“ “	next	\$2,000	“	“	“
3%	“ “	“	\$2,000	“	“	“
4%	“	all above	\$5,000	“	“	“

While at first blush one would think that this increases the tax burden of the average man, such is not the fact. There will be a very few income tax payers with net earnings of up to \$5,000 per year whose tax will be increased. Many of this class will be decreased. I call your attention to a table showing the comparative tax paid under existing law and under this recommended law. This table is an appendix to this printed message. It is estimated that the adoption of this program would result in additional revenue of \$2,000,000 at least, biennially.

Corporate Franchise Tax

I consider the present rate of tax on corporations to be too low. It is far out of line with that of other states. I recommend that the rate of tax be increased to 4 per cent, and that there be a minimum tax of \$25. The date for filing of corporate returns should be extended an additional two months. I further recommend that the Corporate License tax be abolished. I also propose great simplification in the forms and paper work in the corporation tax.

I think we can cut the filing requirements from the present onerous task to a small fraction. I do not think legislation is essential to permit that. This would result in additional revenue of \$1,000,000 biennially.

Unincorporated Business Tax

I recommend to this Legislature serious consideration of the adoption of an Unincorporated Business Tax based on the earnings from business carried on in this state by associations of 2 or more persons, joint enterprises and partnerships which would be taxable if carried on by a corporation. A large part of the business activities carried on in Vermont is conducted by such unincorporated businesses both resident and non-resident, which receive the benefits and protection afforded by the State, but which do not in turn contribute to the General Fund. There is no valid reason for completely exempting such business earnings from their fair share of the total burden of taxation. There are many such unincorporated businesses which carry on activities in Vermont far in excess of that carried on by many corporations. The owners of one withdraw their share of earnings as salaries or profits, while stockholders withdraw earnings as dividends. In reality the distinction is artificial, and equity demands parity. If the general trend today is to make earnings the source of revenue, exemption of one and taxation of the other form of enterprise is anomalous.

Aid to Small Business

To protect the small enterprise, I recommend that there be a specific exemption of \$3,000, plus an allowance for services of \$3,000 for each partner, or proprietor, or 20 per cent of net income, whichever is smaller. I believe the rate of tax should be 3 per cent on business earnings after the exemption, and there should be provision for apportionment for business carried on beyond our borders. The unincorporated business should also have the advantages of the incentive tax program discussed below.

In this tax, too, I propose great simplification of forms used for filing. I think we can reduce the task to a few minutes' work after a business has completed its Federal returns.

It is estimated that this tax would produce a revenue of over \$400,000 biennially.

Will Balance Budget

If these amendments to the present income tax law are adopted, our budget will be amply balanced.

Tax Incentive Plan

I, like all who read it, was deeply disturbed by the warning implicit in the Finance Commission's report that "Since 1840 Vermont has been losing a large number of ambitious, resourceful, and energetic young people to other sections of the U.S.," and that our young people in their formative years are imbued with the slogan "Vermont is a poor State."

Need to Keep Youth in Vermont

This problem, in all its ramifications, should be thoroughly studied by this Legislature. Decisive action should be taken to check this flow of our life-blood, and indeed to make Vermont a fountain head of opportunity.

Long Range Program of Encouragement

I have been thinking in terms of a long-range program of encouragement of the growth of industry and enterprise indigenous to our State. We ought to attract the proper type of companies and businesses to domicile here. New business cannot be fostered by compulsion but may be engendered through providing a fertile soil for reaping a rich harvest of earnings. One of the ways to accomplish the objective is to offer an incentive through tax reduction or exemption over a period of years to newly established businesses. The amount of the reduction could depend on a combination of factors such as the volume of business, the size of the payroll, the number of man hours, and similar criteria.

The loss of revenue, if any, by such a plan is secondary to the benefits inherent in optimum production and employment. With profound foresight the drafters of our constitution admonished that "prior to any law being

made to raise a tax, the purpose for which it is to be raised ought to appear evident to the Legislature to be of more service to the community than the money would be if not collected.”

Inheritance Tax

The basic Vermont tax on the transmission of property at death is measured by the share of the estate going to each particular beneficiary. It varies according to the relationship of the beneficiary to the decedent. Such a tax produces a more just result than the estate tax employed by the Federal Government and several states levied on the net estate without regard to the relationship of the beneficiary or the share received. While the latter type of tax is more readily determined and collected, in this instance simplicity should yield to equity. The basic structure of our inheritance tax should be retained. But the law should be examined to assure that no revenue rightfully accruing to Vermont escapes the tax. The law, I think is good. But I am disturbed by our administrative and reporting methods. I think they produce great waste of effort and funds.

My only recommendation at this time is that the administration as well as the collection of the tax be centralized in the Tax Department.

CONCLUSION

In a world that has changed more in the last five years than in the previous twenty-five, more in the last generation than in the last five generations, it now behooves us to show that we can cope with this change and not be beaten by it.

No one of us can plot the future, but you and I do have a choice of the manner in which we approach the future. We can approach it with fear, timidity, and pessimism, or we can tackle it with confidence, hope, and courage, and I prefer the latter course.

I see in the future a Vermont pouring forth from our schools boys and girls, alert, keen, and alive to the problem of this State, of this nation, and of this world; youngsters whose minds have been stimulated and trained in the ways of thinking.

I see a Vermont where those youngsters that pour forth from these schools will be physically and mentally sound, ready to become the heads of happy families.

I see a Vermont which has a small industry in every small community, an industry that will contribute towards keeping these youngsters in this State, that will contribute to the general welfare of all the people of our State.

I see a Vermont whose rivers and valleys and lakes are crystal clear and pure, whose beautiful green mountains are a lure to happy people, there for them to relax in summer or winter.

I see a Vermont of larger and more efficient farms whose owners shall earn from these farms their fair share of our total income.

I see a Vermont where our labor is free; where there is peace in the ranks of labor and of employer; where the dignity and security of the working man and woman shall always be respected and protected.

I see a Vermont whose institutions for the mentally sick, the feeble minded, and the law-breakers shall ever be entertaining lower population.

**APPENDIX—COMPARATIVE TABLE SHOWING PRESENT TAX ON EARNED INCOME AND
PROPOSED GRADUATED TAX ON ALL PERSONAL INCOME**

	Single Person	Married Couple	Married Couple and 1 Child	Married Couple and 2 Children
\$1000				
Present Law	\$0.	\$0.	\$0.	\$0.
Recommend Law	5. *more by \$2.50	0.	0.	0.
\$2000				
Present Law	20	0.	0.	0.
Recommend Law	20. *less by \$2.50	10. *more by \$5.00	5.* even	0
\$3000				
Present Law	40.	20.	15.	10.
Recommend Law	40.*less by \$2.50	30.*more by \$5.00	20.*even	10. *less by \$5
\$4000				
Present Law	60.	40.	35.	30.
Recommend Law	65. *more by \$2.50	50.*more by \$5.00	40. *even	30. *less by \$5
\$5000				
Present Law	80.	60.	55.	50.
Recommend Law	95.*more by \$12.50	80.*more by \$15.00	65.*more by \$5.00	50. *less by \$5

*Old Age Assistance: Single Person \$2.50, Married Couple \$5.00. Head Tax eliminated. No separate tax on unearned or Class B income. Estimated additional revenue from proposed graduated tax \$2,000,000 for biennium.

Best of all, I see a Vermont of large and happy families.

By serving Vermont with the best of our ability, with open minds, with open hearts, with courageous action, we can best serve a nation which must find its place in the new family of nations. Under God and sustained by the faith of Him who pledged His life for the betterment of His fellow men, we, the chosen representatives of our people, will strive to fulfill our duties. This is our challenge, and guided by Him who created us, we shall meet it confidently.