

Inaugural address

of

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Inaugural Address

Mr. President and Gentlemen of the Joint Assembly:

The town is the unit of government in Vermont, and the meeting of the representatives of towns antedated by many years of the formation of the state government as it is now constituted. A meeting of the town representatives therefore has always been an important event to the people of Vermont. This meeting of the legislature of 1919 is particularly important on account of the problems which confront us, and upon which you will be required to pass your judgment.

We have been intrusted with the management of state affairs for the coming two years. I know that we approach the performance of our duties guided by a lofty purpose to do our best for the prosperity of the state. Yet, however high may be our ideals, however much we may hope to accomplish, we may fail of achievement unless we can at times lay aside our personal preferences and act with the majority. Team work is more necessary for specific performance in legislative action than anywhere else. If at times we find our individual opinion submerged, we may console ourselves with the thought that, by and large, the judgment of the legislature is better than the judgment of any one man in it.

When our predecessors last met in this historic chamber, less than two years ago, we were entering upon the greatest war the world has ever known. The history of the world is the story of its wars and we have not been slow in making history since that day. Even two months ago, when we were elected in office, the slogan of the country was "Everything to win the war." And now, so quickly do armies and navies shift the scenes in times of war, we face the problems of peace. Whatever the League of Nations or the League to Enforce Peace may do for the world in the future, of one thing we may rest assured: The horrible memories of the struggle through which the world has just passed will deter it from entering upon another great war so long as we live.

Thanks to the dauntless courage of our sailors and soldiers, the victory is ours. All honor to the noble men and women who have stood close behind our fighters with material aid and cheery word. We could not all be in the firing line, but we have been able to pass up the ammunition. All honor to those who have given their lives in defense of their country. In the moment of our victorious rejoicing the thought of them comes to us. Their memory will ever be fresh in our hearts. Their names are engraved upon the pages of our country's history. They are immortal; for their deeds will live after them.

The legislature of 1917 provided for the payment of a small bonus to each enlisted soldier and sailor during the first year of his enlistment. That was during the period when the federal government was not paying a proper wage. I see no good reason why men who were drafted should not have the same benefit. The service they performed was equal and the same. I therefore recommend that the provisions of Section 53, No. 168 of the Acts of 1917, be extended to all men drafted from Vermont into the naval or military service of the United States not above the rank of private.

PUBLIC EDUCATION.

The laws regarding public education should be modified with regard to transportation and the restoration of the rural school. Our farmers are entitled to have adequate school facilities provided for their children, and to have the schoolhouse, wherever possible, so located as to become the center of the varied interests of the community.

The report of the State Board of Education will show that during the past year \$200,209.27 was paid for transportation. Of this amount the state paid \$90,477.21. Under proper arrangement a large proportion of this sum would have been available for the repair and building of schoolhouses and for the employment of properly qualified teachers. The law should be so amended as to make transportation optional with the school directors, subject to proper methods of appeal. At the same time the State Board of Education should be given

responsibility and authority for cooperating with the towns in the planning, repairing and building of rural schoolhouses.

STATE EXPENSES.

The problem of state expenses is very serious and complex. During the war we were justified in spending a large amount of money in order that Vermont should do her full part toward winning that war. Now that the war is over we should give our attention with the same diligence to a reduction of expense and the conservation of our resources. In 1901, as shown by the auditor's comparative statement, state activities were less than thirty in number, and the grand total of state expense was less than \$800,000. Today state activities have reached a total of over fifty and the expense has risen to \$2,250,000 per year. So within the knowledge of every member of this assembly, we have near doubled our state activities and trebled our state expense. The state has not increased in population. There is no more taxable property now than in 1900, although the valuation for taxation purposes has been increased. In fact, the reduction in tilled areas of farm land would indicate that the farm property as a whole has deteriorated in value. How then have these additional sums been raised? The answer is by the taxation of banks, railroads, corporations and other indirect forms of taxation, the sources of which have now been thoroughly exploited.

We have reached our taxing limit in this direction and your predecessors, the legislature of 1917, found it necessary to impose a state tax of twenty cents on the dollar of the grand list in order to meet the expenses of the war and the increased cost of doing public business. The war is over, but the expenses of it are not paid, and you are not only faced by the same conditions, but the report of the budget committee—which you have before you—indicates that the continuation of this direct tax of twenty cents is not only necessary, but if this legislature passes any special appropriations of any kind, an increase in that state tax will be necessary.

Every administration for the past twenty years has been confronted by this problem of increased state expense, and various attempts have been made to consolidate state institutions, departments and activities. Your predecessors and mine have made some important progress in that direction, but the net result has always been that we have had every year more state activities and greater expense, with no proportionate gain in the public convenience, or the public benefit therefrom, or the public ability to pay therefor.

STATE INSTITUTIONS.

A partial list of the state's actual running institutions supported in the whole or in part by state funds is of interest in this connection:

The State House and the new building for the use of the Supreme Court and the State Library.

A number of state departments which have been housed outside these buildings and paying rent elsewhere.

- State Prison
- House of Correction
- Industrial School
- State Hospital
- Home for Feeble-Minded
- Vail School and Farms
- Randolph Agricultural School
- University of Vermont
- Norwich University
- Middlebury College
- Johnson Normal School
- Castleton Normal School
- Summer Schools
- Teacher Training Courses
- Supreme Court
- Probate Courts
- County Courts

Municipal Courts
Soldiers' Home
State Fair
Agricultural Fairs
Armories
Fish Hatcheries
Forest Reserves
Camp Ground at Fort Ethan Allen

The State of Vermont is not a business corporation and we cannot treat it as though it were. Nevertheless a glance at such a list must immediately suggest to you that the state is in business on a very large scale, with most of the revenue to be provided by taxation. Taxation, whether direct or indirect, hits everyone whether he owns property or not. I believe that one of the reasons why the number of state institutions and state activities has so continually increased is because the people do not feel indirect taxation; but they participate in it, just the same. Everyone bears a part of the expense of maintaining our public institutions and conducting our public activities whether he feels it or not. You and I, therefore, are directly interested whether we pay directly or indirectly.

You have before you the report of the budget committee, which estimates the expense of the state for the coming two years at \$4,857,890. After reckoning every indirect source of revenue, the available income to meet this sum is but \$3,711,300. Here is a difference between the expenses of the state and the income—so far as known at this time—of more than \$1,100,000. It is clear, therefore, that there must be a levy by means of a direct tax to make up this deficiency. Speaking as business men, what in your opinion should be done towards a remedy of existing conditions? What can we unite upon that will materially reduce our annual expense and still not reduce the necessary activities or impair the efficiency of the state institutions?

In addition to what might be called state institutions listed above, there are a very large number of more or less permanent activities and institutions which might be listed as follows:

State Highways
State Military
Agricultural Department
Board of Education
Board of Health
Public Service Commission
Armory Commission
Board of Pharmacy
Commission on Boundary Lines
Commissioner of Industries (Factory Inspector)
Budget Committee
Fish and Game Commission
Horticultural Society
Maple Sugar Makers' Association
Dairymen's Association
Poultry Association
Insurance Commission
State Library and Free Libraries
Purchasing Agent
Sergeant at Arms
State Geologist
Topographical Survey
Vermont Historical Society
Investigation Water Resources
Legislative Reference Bureau

State Engineer
Attorney General (Detective Service)
Board of Charities and Probation
Freeing Toll Bridges
Tuberculosis Commission

CONSOLIDATION.

If we were conducting such enterprises upon strictly business principles and at our own personal cost, would we have two state prisons, one at Rutland and one at Windsor, when one prison would amply care for all our offenders against the law?

Would we have two normal schools, one at Johnson and one at Castleton when one central school would suffice?

Would we have two agricultural schools, one at Randolph and one at Lyndon, when either one of these schools would care for all our pupils, to say nothing of the Agricultural College in connection with the University of Vermont, maintained in part by federal aid?

Would we have a school for pedagogy in Middlebury and one at the University of Vermont?

Would we support sixteen municipal courts, fourteen county courts, twenty probate courts and a supreme court?

Would we distribute and scatter our business interests over the entire state, making it necessary for our boards and officers of supervision to travel continually in order to keep in touch with them, or would we aim at concentration in some central plant?

Some progress toward concentration and centralization has already been made.

These are problems for you to consider, and I am aware that any attempt on your part to change existing conditions will be met by opposition on the part of those who have a special or local interest in such institutions as may be affected. My purpose at this time is merely to call these conditions to your attention, not to urge upon you any legislation except such as in your wisdom would appear to you in adequate and proper remedy.

ACCOUNTING.

In regard to accounting, all material for the use of the state should be purchased upon requisition from the department requiring the same. These requisitions should be made upon the Board of Control sufficiently in advance of requirements so that material can be purchased to the best advantage. After being approved by the Board of Control, the requisitions should be handed to the Purchasing Agent, the material purchased and the bills therefor presented to the Auditor. The Auditor should examine the bills and if found correct they should be vouchered for payment.

The Auditor's office should be an office of record with regard to appropriations made by the legislature and the amounts charged against them from time to time. It should also examine and certify as to the correctness of all bills against the state. When bills are found to be correct, they should be vouchered and sent to the State Treasurer for payment.

The Treasurer's office should keep full and complete books showing cash on hand and the full financial condition of the state every night.

One of the best ways to provide for the payment of bills and the receipts for the same is by means of a voucher-check. Such voucher-checks should be issued from the Treasurer's office and a full account thereof kept there. No money should be paid out from the Treasurer's office except upon vouchers, properly authenticated by the Auditor. It is not necessary that money should be advanced to the heads of departments, and this practice which has prevailed in the past, resulting in financial difficulties for the state, should be stopped. All receipts for money received for the state by departments and persons employed by the state should be covered directly into the state treasury.

It would be tiresome to go into the full details of such a system of accounting, but it can be worked out with the help of expert accountants.

I believe that instead of examinations by the Bank Commissioner, whose duties in connection with the examination of state banks should take all of his time, the state should have a certified accountant make examination of all state books and accounts relating to the receipts and disbursements of money at least twice every year. All material in state institutions and departments bought and on hand should be made a matter of careful inventory, so that the exact condition of such departments and institutions in relation to state property could at all times be determined by an examination. This has already been done in state institutions during the year 1918.

HIGHWAYS.

The problem of good roads is one that affects every citizen and resident in Vermont, and has a direct influence on every kind of business and every public and private activity. Our present system of highway construction is an outgrowth of the township form of government, which, while it represents the purest form of democracy so far as internal government is concerned, is very difficult to adjust to the necessities of highway construction, now that the automobile has brought all parts of the state close together, and the motor truck is fast taking the place of horse drawn vehicles for the transportation of produce and other merchandise over our highways. The value of farm or manufacturing property is measured somewhat by its distance from the market where its products are sold. A farm which is located ten miles from its market center on a road which is good and passable for a motor truck or other heavy vehicle at all seasons of the year is in fact nearer market and more accessible than a farm located three miles from its market center upon a road impassable for such vehicles six months in the year.

Under the town system we are likely to have 247 different kinds of roads, owing to the different ideas of 247 road commissioners, and although the provisions for state and county supervision represent a decided advance, we are nevertheless faced by the necessity of changing our plan of highway construction and maintenance so that we shall have, not only better town roads in our 247 towns, but continuous highways from town to town and from county to county, which may be traveled with safety and convenience at all seasons of the year.

To this end it seems desirable for you to consider whether it would not be well to place the construction of certain selected highways in the hands of a state board, to consist of the state highway commissioner, the state engineer and the governor *ex officio*.

We are spending in the vicinity of a million dollars a year for highway purposes, and a survey of conditions in Vermont during the months of October and November in the year 1918 must convince any student of road building conditions that there is something radically wrong with our present plan of highway construction and maintenance. The results accomplished for the past ten years have not been commensurate with the heavy expenditures which have been incurred. You should consider some radical change to be made therein, and whether the state should adopt a policy regarding its highways as a profitable investment and not entirely as a perpetual expense.

I am not advocating a bond issue nor do I consider it necessary for the state to borrow any large amount of money at one time. But it is a fact that the money collected from automobile licenses, from the state tax, and from legislative appropriations, is sufficient to maintain all the permanent roads of the state, considerably improve the town roads, pay the interest on such loans as you may consider necessary to authorize for permanent highway construction, and provide a sinking fund for retiring the bonds at their maturity, should you consider it wise to authorize such an issue.

I do not conceive it my duty to formulate a set plan at this time.

It is sufficient to say that in my judgment a comprehensive highway plan can be satisfactorily and profitably financed, so as to secure the construction of such permanent highways as you may designate, incurring no excessive burden, and I shall be glad to cooperate with you in its accomplishment.

It is seemingly superfluous to say that in connection with such a plan the same rigid system of audit should prevail as in all other departments of state government, and expenditures should be authorized by a responsible state board other than the proposed highway board, or the existing Board of Control, and no money should be expended except to pay for work actually done, material actually purchased and only on properly approved vouchers to be paid by the state treasurer, the same as in other state expense.

The federal government will undoubtedly increase the amount of its appropriations available for road construction. And the State of Vermont should take advantage of all moneys apportioned to this state for such work.

Of course any plan which is adopted for permanent road construction will not obviate continued effort to improve the town roads, which work is quite as necessary and important as the building of permanent roads, so-called.

ECONOMY.

Elsewhere I have called your attention to the remarkable growth of state institutions, a list of which indicates that we have machinery for conducting a state as large as Massachusetts or New York, although we have a population less than the city of Buffalo. A list comparing Vermont with cities of about the same population in the country is as follows:

	Population	Assessed Valuation of Property
Vermont	364,322.....	\$233,479,647
Buffalo	472,169.....	590,213,183
Minneapolis.....	363,454.....	265,152,603
Washington, D.C.....	366,631	440,415,899
New Orleans.....	371,747	244,078,013

You see, although we have a population less than Buffalo by 100,000 people, Buffalo has two and a half times as much grand list as we have. The State of Vermont is about on a par in population with Washington, but Washington has a grand list nearly twice as large as that of Vermont,

I call these facts to your attention only by way of caution. There are very many activities which are good in themselves, and in the adoption of which we might all of us concur, provided we had the money to pay for them. But the same proposition meets us in handling business of the state that confronts us every day of our lives. We in our private affairs are forced to choose what things we will have and what we will deny ourselves; not because we do not want and would not enjoy all of the good things of life, but because we have not the money to pay for them.

It is plain that in planning all that can be done in the way of consolidating and condensing the state activities and the business of state institutions, we should also try to make them self supporting so far as possible.

I am informed that the State of Vermont owns 1,700 acres of land in connection with these institutions, and 15,000 acres of woodland. This acreage should produce a large part of the food, provender and at least a part of the fuel used in such institutions. A beginning has already been made in this direction and it should be the business of your officers and employees in such institutions to make this policy a fixed and important part of the solution of our financial problems.

BOARD OF CONTROL.

Your predecessors in the legislature of 1917 passed a law placing the control of the principal state activities and most of the financial transactions of the state under the supervision of a Board of Control, consisting of the Governor, the Auditor of Accounts, the Treasurer, the Director of State Institutions, and one other member. In my opinion, this Board has done some important work in the way of concentrating authority and responsibility, but the upward progress of state expenses has not been checked, due perhaps largely to the war. On the contrary, it shows a net increase in the biennium of \$1,571,390.65 and judging from the statement of the budget

committee, you will be faced by the necessity of providing revenue for a still further increase unless appropriations are sharply limited and some decided action taken towards retrenchment.

I believe that the Board of Control is well constituted and doing good work, but it would seem as though the farmers of Vermont, representing its most important industry—an industry which is absolutely essential to the very existence of the commonwealth and its people, should be represented on this board, and to this end I recommend such changes thereon as will permit the Commissioner of Agriculture a seat upon this board and a voice in its transactions.

The hand of the federal government rests heavily upon all the business of the United States. On account of the war the people have suffered this without complaint and with the hope that relief would come with the coming of peace. So far this is a hope only, and there is apparently no definite plan for returning to rightful ownership property which has been seized by the federal government under the plea of war emergency. This presents a matter to you which merits your serious consideration. The railroads and telephone and telegraph companies contributed a revenue to the state of \$1,182,899.44 during the past biennium. This is one of our largest sources of revenue. There is a definite program before Congress for the federal ownership of public utilities, principally the wires and the railroads. If this plan should be consummated, the state must face the loss of this revenue which would mean undoubtedly a still higher state tax. It would seem to me proper for this legislature to go on record against further sequestration of the sources of state revenue by the federal government.

FEDERAL AMENDMENT.

The State of Vermont has already sacrificed a large revenue by its adoption of the amendment to the federal constitution which takes over to the federal government the princely revenue from income taxes, and the end is not yet.

You will be asked at this session to pass upon another amendment to the federal constitution which not only deprives the State of Vermont of a certain revenue, but which also abrogates certain powers of self government, which the state has always retained, and deprives our citizens of time-honored rights. While this matter rests entirely with you, and not with me, I do not deem it improper at this time to remind you of the danger which lies in a too complaisant surrender of the rights and powers inherent in our sovereign state, and in our people.

At the proper time I may make further suggestions on this subject, but at this time I will only express the hope that your work upon this most serious question may be well and carefully performed.

There will also be some falling off in the amount of the state tax on deposits in savings banks and trust companies which in the past biennium represented \$1,507,849. This falling off will be due to investments in Liberty Bonds and War Savings Stamps, etc., and under normal business conditions will undoubtedly be returned in due time.

You have also before you the recommendations of the Commissioner of Taxes in which he asks for certain additional powers in the way of supervising the collection of taxes in the various towns. At the time this recommendation and estimate was made there was \$230,000 in uncollected taxes on the books of the various towns in Vermont. This proposal to permit a closer supervision of tax collecting methods with the final right to issue an extent upon property of delinquent collectors merits your careful consideration. The state must watch its problems of revenue with the most jealous care, for the reason that a further falling off must undoubtedly result in increased direct taxation.

WORKMEN'S COMPENSATION.

In 1915 the State of Vermont undertook to deal with questions of Employers' Liability and Workmen's Compensation, to which was added in 1917 the inspection of factories, all now coming under the jurisdiction of the Commissioner of Industries. This department bears a most important relation to our industrial life, and the desire of employees coming under its jurisdiction for a higher schedule of compensation, in the case of death resulting from injury there-under, should be considered in connection with the costs of compensation, which already fall heavily upon the employers of the state. If the schedules of compensation are to be increased, then

the legislature might properly consider whether provision should not be made for carrying the risks under this law by means of voluntary associations, organized under such plans as would permit this to be done at cost, and such amendments to the insurance laws should be made as to provide therefor without imperilling the industry and business interests concerned therein.

You will give these suggestions and recommendations such consideration as they merit. I on my part will undertake to cooperate with you towards the best improvement of the laws under which we are to live, and pledge myself to a careful and fearless execution of them. This I conceive to be my duty under the constitution which binds us all and in the light of which our official deeds must be judged.

The Governor having concluded the reading of his message, withdrew and the Joint Assembly dissolved.

FREDERICK G. FLEETWOOD,
Secretary of State, Clerk.