

Inaugural address

of

Redfield Proctor

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Inaugural Message

Members of General Assembly:

Custom prescribes that at the opening of the session the Governor shall present to the Joint Assembly recommendations with respect to legislation. It is hardly possible that a governor at the beginning of his term would be able to make as valuable recommendations as later. I shall not attempt, therefore, at this time to cover all that might be suitable to bring to your attention, hoping that during the session there may be opportunity to present to you other matters which seem to require our mutual consideration.

In our scheme of government much depends upon the loyal support and conscious participation of every citizen. A government so essentially by and of the people cannot be any better than the people make it and the more keenly each individual citizen appreciates his responsibilities as well as prizes his liberties, the better our government will be. There has been a very strong tendency in recent years for the federal government to take over duties that naturally belong to the state, and in turn for the states to take over duties naturally resting with the towns and other local municipalities. I believe our return to a condition in which the towns feel the maximum responsibility for the general welfare and the maintenance of good government is very essential, always with sufficient ultimate control resting in the state to insure fairness between the towns and uniformity of benefit to all our citizens.

Contempt for one law tends to breed disregard for all laws, a spirit which in these times seems regrettably and dangerously prevalent. Laws are laws and no one has a right to strike at such an essential and vital part of the life of our country as to disregard and break them. Our government is directly controlled by those whom it is designed to govern and without the loyal support of the people cannot continue to exist. President Harding has emphatically pointed this out in his recent message to Congress. "There is a demand," said he, "for every living being in the United States to respect and abide by the laws of the republic. Let men who are rending the moral fibre of the republic through easy contempt of the prohibition law, because they think it restricts their personal liberty, remember that they set the example and breed a contempt for law which will ultimately destroy the republic."

It is fundamentally necessary that the laws be faithfully executed. I have taken a solemn oath to see that they are so executed and, so far as power lies in me, I propose to do this with absolute fairness and without any offensive discrimination.

EXECUTIVE BUDGET

I recommend the adoption of the executive budget system of appropriation instead of the budget system we now have. This method, which has been adopted by a large number of states and by the national government, has proved itself worthy of our most favorable consideration. By it all estimates and requests for appropriations for the activities of the state would be carefully prepared by the Governor, who is responsible for their administration, and presented to the Legislature at an early date in the session. The Legislature by this method would have before it a comprehensive statement of what, in the opinion of those charged with the carrying on of the state's business, will be required for the purpose. While still in absolute control of all appropriations, the Legislature would be in a position to judge more easily and more wisely for what work and in what amounts funds should be provided. The budget should be made up with direct reference to the expected income and should not be allowed to exceed that amount except in time of great emergency. We have been loading our wagon before we knew the team that was to draw it. A budget based on expected income offers the only practical method of setting a definite limit to the state's expenditure. I shall not feel justified in recommending or approving appropriations in excess of expected income.

CONSOLIDATION OF DEPARTMENTS

During recent years the state has taken on many new activities, thereby greatly increasing the total amount of work done by persons in the employ of the state and the total cost for which the taxpayers of the state are called upon to supply the necessary funds. Much of this has been added in separate and small units and to a considerable extent without particular regard to other work, at least as respecting the simplest, most economical and most efficient way of accomplishing the whole. There seems to be a very general feeling that the total cost of government is more than it should be, and that we pay a larger sum in taxes than necessary. It seems proper, and the platforms of the principal parties in the recent campaign urged that this Legislature should take seriously in hand the task of simplifying the machinery of our government. What Governor Lowden said of Illinois is quite as true of Vermont: "One of the imperative needs of the state is the consolidation of its multiplied agencies into a few principal departments. The Governor is held responsible for the conduct of the state government. His executive functions should be discharged through a limited number of agencies over which he may exercise actual control. Under the present system of confusing perplexity, the Governor cannot exercise the supervision and control which the people have a right to demand."

Without in any way affecting the duties of officers or departments as provided by the Constitution, we can very much simplify our governmental organization by combining some departments and placing the duties and activities of some officers and boards upon others, and still accomplish fully as much for the benefit of our citizens more efficiently and at less expense. To accomplish this undoubtedly means that some things will have to be done in ways not quite as satisfactory to those interested in some particular activity, but you are here representing the people from all parts of the state and should take such action as you believe best for the people as a whole. Likewise it is my duty to make recommendations for the benefit of the whole state. Neither you nor I should give undue weight to that locality or that department with which we have come most closely in contact, or in which we personally are most interested. It is quite impossible to economize by simply talking about it. Economy is not talk but practice and in practice it is always difficult to cut down expenses once begun. We have become so accustomed to large expenditures during the war and since that economy is nearly a lost art, and yet real sane economy throughout the world would perhaps do more than anything else to restore it to a normal basis.

DIRECTOR OF FINANCE

I recommend the creation of the office of Director of Finance, the Director to be appointed by the Governor with the advice and consent of the Senate and that there be combined under the general charge of this officer a large amount of financial and semi-financial work now undertaken by various state officials. Under his hand within his office should be included the work of the Tax Commissioner, the Banking Commissioner, the Insurance Commissioner and perhaps others. He should further be charged with the preliminary preparation of the budget: that is, the assembling of the necessary data on which may be based the recommendations of the Governor to the Legislature with respect to all appropriations.

STATE INSTITUTIONS

With the five state institutions already in charge of the Director of State Institutions, should be included the Vermont Sanatorium, such duties as the state has in connection with the Washington County Hospital, and the work of the Board of Charities and Probation, and three boards be dispensed with.

The act creating the Board of Charities and Probation was justifiable and the Board has done a worthwhile work but much for which it was created has already been accomplished. A great part of its duties are so closely connected with our institutions and the work which they do that this consolidation can be made at a very substantial saving in effort and expense. Some of the charitable work of the Board can readily and more properly be done, and a large amount of similar work is now being done, by private organizations, more efficiently and economically and at a considerable saving to the state.

Joined to and included with this department should be the State Board of Supervisors of the Insane, but without changing their duties, authority or method of appointment.

Because of the increase and the nature of this added work it may seem best to provide a deputy to assist the Director. This department should be in effect our Department of Public Welfare, and it is so called in many states.

AGRICULTURE

The extension of the work of eradicating bovine tuberculosis has aroused considerable controversy throughout the state and the necessity of condemning cattle has sometimes worked a serious hardship to farmers. There are sharp differences of opinion—even among experts—as to the proper policy to pursue. Disregarding all theory, it is necessary on practical commercial grounds, in view of the importance of our dairy industry, to establish and guarantee a high standard for all the cattle of the state. A committee appointed by Governor Hartness has been investigating this question and its findings and recommendations should be carefully considered before forming any definite conclusions. Our future policy should have the ultimate aim of preventing the disease from developing, rather than merely condemning infected cattle after it has developed. The appropriation for this work has increased rapidly within recent years. It should not increase further and ought to be reduced. Restrictive legislation effective on a definite future date is needed to prevent the necessity for continuing large appropriations indefinitely.

To the present duties of the Commissioner of Agriculture I recommend adding those of the State Fair Commission and the Creamery Commissioners. With its appropriation should properly be included the appropriations for country fairs, for horticulture, dairymen's associations, maple sugar, etc.

EDUCATION

Extensive changes do not seem necessary in our present educational laws. I believe that the Board of Education can further reduce the number of supervisors and at the same time improve the quality of supervision. To the present duties of the Board of Education may well be added the duties and authority of the Board of Public Library Commissioners. This work is largely educational in character and can properly be done by the Board of Education.

The appropriation for education has become one of the largest items of state expense. The increase in recent years has been due in part to higher wages paid to teachers, and also to the demand of our citizens for more and better educational facilities for their children. Our schools have reached a standard that does credit to the state and this high standard must be maintained. We should try to economize by cutting down overhead wherever possible in the department, but not by making a reduction at the expense of the common schools. Avoiding experiments in educational novelties, we must stick to fundamentals and in these be thorough.

The centralization of school districts has generally proved effective but should not be carried so far as to weaken the rural communities. The country school must remain and be improved. It is not a mere classroom, but a community house, the center of local interest and improving influences, and a meeting place for neighborhood activities. It ought to constitute an important moral influence in the life of rural communities and this we should encourage and strengthen.

Within our state are three excellent institutions for higher education, all doing creditable work, and we have reason to be proud of them. Toward the support of these the state makes very substantial contributions. With each succeeding year the alumni of these institutions increase in number and in ability to help their Alma Mater; and these institutions ought to become increasingly able to support themselves. In educational work it is the first duty of the state to provide amply for elementary education—the common schools—and the state should not increase in any way its appropriations for the three colleges already authorized by general statutes and as provided for by the last legislature in the regular appropriation for the support of government.

PUBLIC SERVICE COMMISSION

The Public Service Commission in its report recommends that it be given certain authority in respect to the removal of obstructions near grade crossings when the view of the track is restricted, the expense to be apportioned as in the elimination of such crossings. In many instances a crossing can in this way be made comparatively safe and the adoption of this plan seems justifiable and wise.

The Public Service Commission and the Commissioner of Industries are the state officials coming in contact with our industrial and public service companies and their duties may properly be grouped into one major department, making in effect a department of Public Service and Industries.

HIGHWAYS

The last Legislature made a very radical change in the organization of the Highway Department. The Highway Board, of which the Governor is chairman, now determines road policies, while road expenditures are directed by a Commissioner of Highways, appointed by the Board and removable at its pleasure. Thus the determination of road policy is left to the combined judgment of three men and the immediate execution of highway work to one. This plan has been in operation less than two years. Certain conditions connected with its inception and workings have prevented a fair test of its utility—and it is too soon to attempt to appraise the value of the new plan by its results. However one may feel as to the real wisdom of that change, it is a mistake to keep changing. The commission plan should be given further trial before we attempt any more experiments.

The work of the State Engineer's office is so very largely for the Highway Department that this office should be included within and be a part of the Highway Department.

The policy of road construction best suited to our needs is not yet a fixed fact but is still in the realm of opinion. For us the question is not whether cement roads are better than others, but whether or not they are within our reach. With our extensive road mileage, limited income and dispersed population, the costly roads which some states have are out of the question. In certain places, even outside of villages, it is quite justifiable to construct stretches of concrete roads, but it is a wrong principal to sacrifice everything to surface. Our policy must be to hold fast to the essential principles of road building of grades and curves, deep foundation and proper drainage. New methods of treating road surfaces are being developed, and the whole science of road building is progressing faster than ever before. It would be a serious mistake to commit ourselves in advance to a hard and fast programme, or to engage in expensive experiments. Methods which have proved successful in other regions are not necessarily adapted to our own conditions. The deep frosts of our winters will destroy rapidly roads that stand up well in warmer and drier climates. Local conditions in different parts of the state must also be taken into account, and our aim should be not to apply a uniform system to all places, but to build roads to stand the traffic they have to bear.

The dust nuisance is a very serious one. I advise that necessary funds be provided to do away with this by calcium chloride, oil or otherwise. This work should be under the patrol division and the patrol work should be extended to include more of the roads of considered trunk lines. The life and service of gravel roads depends very greatly on this constant care.

AUTOMOBILE REGISTRATION AND GASOLINE TAX

There is rather general dissatisfaction with our present basis of automobile registration fees. The auto tax laws should be thoroughly revised and favorable consideration may well be given to the Connecticut law, which is based on piston displacement, and therefore seems to much more closely represent the power of the car in relation to its probable wear and tear on the roads. Weight is perhaps a fairer basis for taxation than our present method and a scheme based substantially on weight is worthy of your consideration. The lighter, lower powered cars can fairly be asked to pay as much as they do now and the heavier, higher powered and more expensive cars a fairly proportioned increased rate. Since the proceeds from this tax are intended for the maintenance of the highways, and a car more than a year old subjects the road to quite as much wear as a new car, the decrease

in the tax for the second, third and subsequent years should be either entirely done away with or very much lessened.

In this connection I would also suggest for your consideration a one-cent gasoline tax to be collected on the wholesale basis. This may seem to some to work a hardship on persons using gasoline for stationary engines, but if the tax were established on a retail basis, experience elsewhere indicates that it is very difficult and expensive to collect and that it creates a great deal of dissatisfaction. The amount used for stationary engines is, I am told, a very small fraction of the total. The theory of this tax on gasoline is that those who use the roads most should contribute most to their maintenance. It would help to equalize the burden of road up-keep and would provide sufficient revenue to assist in abating the dust nuisance. It is estimated that about \$200,000 could be raised in this way. An indirect tax upon automobiles, which seems to be required by the necessities of the highways, is not so much of tax as a highway toll.

BOARD OF CONTROL

I recommend the discontinuance of the Board of Control, believing that after a fair trial it has not proved itself a sufficiently valuable addition in our scheme of government to warrant its retention. In the minds of many it is calculated to limit the authority and responsibility of the Governor and to prevent his being wholly responsible for the work of the Executive Department as constitutionally provided. To a certain extent it has acted as an interim Legislature. Such a body was not contemplated by our Constitution and has tended substantially to decrease the effectiveness of certain of its provisions. Without giving greater authority to the Governor in any way than was contemplated and provided by the constitution, the duties now assigned by statute to the Board of Control can properly and more efficiently be provided for in other ways.

The machinery of our government can work efficiently only if allowed to operate in the way it was designed. The Legislature must remain primarily responsible for making laws and appropriations. The Executive, with the Governor at its head, must execute the laws and carry on the administration and general business of the state. The two must co-operate, but remain independent and each be held to its own task. There has been a tendency throughout the country to handle difficult problems by creating boards or commissions exercising independent authority. They are not directly responsible to the voters or under the control of either the Legislature or the Governor and tend to confuse and obstruct the frame of government originally established, which was simple, clear and sound. The nearer we keep to that, the better.

FINANCIAL ACCOUNTING

The State Treasurer in addition to being the custodian of the funds of the state and the officer charged with the duty of actually drawing checks, should keep the state's books, showing all revenues and expenditures. In many states this has been placed in the hands of the Director of Finance, but in our state this very important work may well be in the hands of a constitutional officer elected by the people.

The Auditor of Accounts should audit income of revenue as completely as he does outgo or expense and should be left free to do this work without other interfering duties. Our system of accounting for revenue and expense should be so arranged as to permit the state to keep a set of books which will really show revenue and expense and the keeping of these books by one official should be sufficient. There is now considerable duplication of this work.

PLEDGED REVENUE

The custom exists to some extent in our administration of pledging by statute the entire revenue of certain departments or activities of the particular work from which the revenue comes or to some other specified purpose. This is what in our accounting system is called "pledged revenue." The appropriation acts make no mention of large sums of money received and paid out in this way. While in such cases the department cannot expend in excess of what is collected, on the other hand it can expend all of the revenues so collected however large the amount may be. All revenue including fees should be paid into the treasury, there accounted for, and be paid out only upon specific legislative appropriation. While it may be desirable to limit an appropriation to

the amount of fees collected, it is equally desirable that the maximum expenditure permitted in any event be limited to a definite fixed sum. This does not necessitate any improper curtailment of the available funds for any department. The amount of revenue can be closely estimated and these specific appropriations changed as seems wise by each succeeding Legislature.

Also we should discontinue the custom of providing by statute for continuing appropriations. Each Legislature should consider each and every demand upon the state and provide the funds to be used for every purpose at each regular biennial session. In this way also our system of accounting would be made simpler and more readily understood. At present, it is not easy for a new legislator to know the real condition of the finances of the state, owing to the system which holds large sums in the treasury pledged for specific purposes.

LIMITATION OF SALARIES AND EXPENSES

The appropriation acts for the various departments should fix the amount that can be expended for each of the larger sub-divisions of their work—as, for example, clerical assistance, office and similar supplies, transportation and other expenses allowed to officials and employees.

As a result of legislation enacted in 1917, nearly all of the principal state offices are now maintained at Montpelier. No full time state official having his office there should be allowed his unlimited living expenses there and travel expenses between his home and Montpelier. The sum allowed for these expenses should be specified and any allowance is justifiable only insofar as to make the remuneration fairly equal, regardless of where in the state the officer's home may be.

TAXATION

Whatever the state raises directly or indirectly comes eventually out of the people. The taxes paid by savings banks and trust companies on their deposits affect the rate of interest paid depositors. The taxes paid by railroads and public utilities effect either the rates people have to pay or their service or the quality of the service rendered. Taxes are taxes, whether raised directly or indirectly and whether paid to the town, state or national government. Their sum total, howsoever raised, makes the tax burden and that burden most people feel, and rightly, is already too large.

Generally direct taxes are better than indirect taxes in that the people are more immediately conscious of them and there is more motive to use the money thus provided wisely and frugally. But as our towns and cities are restricted to direct taxation and their average rate of direct taxes is already so high as to be disturbing, I hope the addition of a special direct state tax can be avoided.

There has been considerable complaint that the basis of appraisal for taxes is not equal in the different towns and that something in the nature of a state board of equalization is needed. The importance of that arises chiefly when the state imposes a special direct tax. If that is avoided and direct state taxes are limited to the state school tax of ten cents, and the state highway tax of five cents, the relative basis of appraisal in different towns becomes distinctly less important.

A small state income tax is utilized by some states. When the income tax amendment to the federal Constitution was adopted the states in effect largely surrendered any opportunity to utilize that system of taxation for themselves. The national government has thoroughly pre-occupied this field with rates so high that the Secretary of the Treasury in his late annual report to Congress says that they put constant pressure on taxpayers to reduce their taxable income, interfere with the transaction of business and the free flow of capital into productive enterprise, and are rapidly becoming unproductive. An income tax to apply generally and with reasonable uniformity is a fair method of taxation. I do not think, however, that it ought to be considered in addition to present methods of taxation but, if at all, in lieu of some of them.

Our whole tax system for state and towns originally established and developed under very different and less exacting conditions is far from satisfactory. How much it can be improved without some very fundamental changes is problematical. While the bulk of taxes ought not to be increased, it does not follow that reasonable

changes in our methods of taxation or their details calculated to simplify the same and to remove inequalities should not be considered, but at this time I have no particular recommendations to make with respect thereto.

The problem of economy is not how to get more income out of somebody, but how to use what we have in the wisest and most frugal way. In the larger concerns of government, as in personal affairs, we need to return to that frugality and husbanding of resources which used to be particularly characteristic of the people of our state. Our problem ought to be how to take the least from the people and to give them the most in return.

In conclusion let me remind you that you are assembled to enact laws for the best good of all our people, while upon me devolves primarily the duty of seeing to it that those laws be faithfully executed. Let us, therefore, together in harmony and for the best interests of our well-loved state proceed to our respective tasks, using care not to let anything divert us from the serious and important business of the legislative session. We will do well to heed the admonition of our Constitution. "That frequent recurrence to fundamental principles, and a firm adherence to justice, moderation, temperance, industry and frugality, are absolutely necessary to preserve the blessings of liberty, and keep our government free."

REDFIELD PROCTOR