

Inaugural address

of

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Inaugural Address

To the General Assembly and people of Vermont:

Speaking to you today I am in reality making two addresses. First, as retiring Governor I should give an account of the state administration of the last two years. As incoming Governor, it is my duty to make recommendations for your consideration. I shall spend little time in looking backward.

For two years I have attempted to conduct the work of the Executive Office in a manner consistent with Vermont tradition.

At the beginning of my administration in January, 1937 I announced that I would conduct the affairs of the state openly so that the people might be constantly informed of what is going on in their government. I believe the people of Vermont are as well informed concerning the affairs of their government as are the people of any state.

I also announced at that time that I would not interfere in the selection of employees of the different departments or attempt to dictate in detail the manner in which departmental work should be conducted. This placed responsibility for the work directly upon the head of each department. I mean to continue this policy.

I do not claim that the work of our state departments is perfect. In fact I know it is not, that weaknesses exist and that there will continue to be weaknesses. But they are being corrected as rapidly as we can do so. Cooperation of the departments with the Executive Office has been excellent at all times. This cooperation has also been extended by most of the people of our state.

I have from time to time appointed committees some official and some unofficial, to assist me in my work. Many of these people have been put to much expense in order to serve the state. I have appreciated their work more than I can adequately express.

I suppose we ought not to think of progress in terms of money. Yet these are the terms which everyone seems to understand. During the last two years the net obligations of the state have been reduced by approximately one and one-half million dollars. This is in spite of the fact that one-half million dollars authorized by the Legislature of 1937 has been expended in improving buildings; grounds and equipment of our state institutions.

Before making any definite recommendations to you, I wish to speak briefly of the work of several of the state departments.

The banking situation in Vermont has been unsatisfactory for many years, but I believe it has constantly improved under the able supervision of the present Commissioner of Banking and Insurance. A general revision of the banking laws is advisable. However, we cannot act intelligently in this direction until study has been made and adequate information is available on the subject. It may be that you will see fit to authorize a study of the situation by an interim committee which will report to the Legislature of 1941.

The Department of Education has endeavored to constantly improve the standard of Vermont schools and has given continuous attention to the improving of teacher training facilities. Progress has been made particularly in the fields of health, in safety education, and in vocational and educational guidance in the high schools in order that the students may have a better opportunity to choose their life work wisely.

I believe that curriculum offerings should be further broadened so that more courses definitely related to the students' probable life work will be offered. Rehabilitation service for the handicapped has proven of much value in establishing them as useful self-sustaining citizens.

The Highway Department, which has one of the biggest jobs of the state, has conducted its affairs with its usual efficiency. During the biennial period ending June 30, 1938, we have added approximately one hundred

and forty miles of hard surfaced road, all paid for. Because of the hurricane of September, 1938, this year's program has been necessarily curtailed.

Through cooperation of town, state and federal governments, the five million dollar storm loss to highways will be repaired. While we may have to curtail our program of permanent construction on all types of road by approximately one-half this year, yet I believe it will be unnecessary as well as unwise to incur further bonded indebtedness because of the September storm. New construction in those areas not affected by the flood should go forward as planned previous to the storm.

The Liquor Control Board has been concerned with law enforcement, a business-like administration and promotion of temperance through educational work. The work of this Board has been well done.

The Motor Vehicle Department also maintains a high degree of efficiency and has won the respect and commendation of people from other states as well as our own.

The Planning Board has devoted its intelligent efforts mainly to a travel survey and a survey of the water resources of the Connecticut River Basin.

The Department of Public Health was given new duties by the 1937 Legislature in being charged with the inspection and certification of all places in the state where food is served. This work has been well handled and has resulted in increased safety for the traveling public.

The State Library Commission has greatly expanded its beneficial work particularly in the smaller towns of the state as a result of an increased appropriation in 1937.

Our Unemployment Compensation Commission, with which the Employment Bureau is now coordinated, has been administered in a common sense manner and has won the praise of Federal officials. Benefit payments have been made as fast as certified. I am advised that some revision of the law would make the work of this commission less costly, its functions better understood and its operations still more efficient.

Rural electrification has gone forward rapidly in Vermont. Several hundred miles of new rural line have been built by private utilities in accordance with an agreement reached with the agricultural organizations of the state. In addition to this, a cooperative line is being constructed to serve several communities in northern Vermont.

Vermonters may well be proud of our military units. The Vermont National Guard has attained a very high rating and will rank with the best of similar units in any state.

The 1937 Legislature authorized the participation of our state in the New York Worlds Fair in 1939 and made an appropriation of twenty-five thousand dollars to cover the costs. A committee which was appointed in accordance with this legislative authority has decided to unite with four other New England states in making a joint exhibit. Plans are well advanced in this direction.

The Public Works Board has had the difficult task of representing the state's interest in flood control operations in the Winooski River Valley. As a result of its experiences, I strongly recommend that if any more so-called flood control dams are constructed in Vermont where power development is deemed likely or profitable, that the title to such dams should be held by the public for the benefit of all our people. No more entangling alliances with private utilities companies should be made.

Let us now consider a few specific problems that are ahead of us,

AGRICULTURE

More Vermonters are directly or indirectly dependent upon agriculture for their well being than on any other activity. While it is true that to a great degree we are dependent upon national and international prices of farm produce for our prosperity, yet we should spare no efforts to help ourselves and to improve agricultural conditions within the state to the best of our ability.

All dairy products shipped out of Vermont are required to be produced in dairies which meet certain standards of healthful and clean conditions. I believe that we should expect all products sold within the state to be equally clean and healthful and recommend the enactment of such legislation as will tend to bring this about.

The Dairy Investigating Committee authorized by the Legislature of 1937 performed valuable work and reported interesting and instructive facts concerning the dairy business in Vermont.

The members recommended the appointment of a subsequent committee to devise ways and means of profiting from the facts that had been found.

I appointed such a committee consisting of eight members who, like the first committee, worked earnestly without pay or without any expense to the state and which has submitted valuable recommendations to me which will be transmitted to you later.

You will likely be called upon to consider the problem of Bangs Disease among our cattle. The market for Vermont cattle has been seriously crippled by quarantines of other states against untested cattle from our state. As a result exports are far below normal. The situation is undoubtedly critical.

Should you decide to make an appropriation in order to further the control and eradication of Bangs Disease, I recommend that the amount be rather modest and that testing be voluntary and not on a compulsory basis. The state is in no position at this time to finance heavily an immediate program of eradication, and many farmers cannot readily prepare them for the losses which will be inevitable.

Relatively, the agricultural situation in Vermont is favorable in comparison to that of other states. This situation is due in a large measure to the extent to which cooperative activities have been undertaken by our farmers and other groups as well.

Cooperatives of all kinds in Vermont are doing business amounting to over forty million dollars annually, and over seventeen million dollars of this is done by marketing as associations. Under our statutes, however, it is possible to effect an organization which may be cooperative in name only.

I would recommend first that we standardize our legislation under which cooperatives are organized. Secondly, that an annual financial report be required from each cooperative, such report to be made to a state department authorized to receive the same. Third, that the state be authorized to make, when requested, an audit of any cooperative organization the expense to be paid by such organization.

It has been found that Vermont agriculture is too much dependent on a single product, fluid milk. Any encouragement which this Legislature can lend to a program of diversification will be beneficial.

INDUSTRIAL RELATIONS

Our Department of Industries as now constituted is a division of the Public Service Commission. We have no Department of Labor. Neither is our Department of Industries what its name implies. It is, in effect, a workmen's compensation court which also has charge of a sadly inadequate factory inspection service.

It is my opinion that the work of this department is of sufficient importance to warrant its being reorganized as a Department of Industrial Relations, having in its charge such legislation as effects Industrial Relations, including, of course the welfare of the laboring people of the state. I have the following specific suggestions.

The staff today is inadequate to enforce already existing laws, and an adequate number of factory and health inspectors is needed. Provision should also be made to enable this department to cooperate with the federal government in the enforcement of the Wage-Hour Laws. By doing this it should, be possible to share, the cost of the inspection services. Labor should be represented in the management of this department.

The laws relating to arbitration should be improved and strengthened.

We have for many years promoted and assisted agriculture by our Department of Agriculture. It is now time that we expand the scope of our Department of Industries and create a Department of Industrial Relations to promote and assist our Industries and the hitherto insufficiently recognized interests of those who work therein.

TRANSPORTATION

Transportation is a vital problem to the people of any state, and Vermont is no exception. Changing methods have created a critical situation in our economic life. Thirty percent of the railroads of the country are now in the hands of the courts. Here in Vermont the Rutland Railroad presents a most acute problem and we are informed that the fate of the line is hanging in the balance. It has been publicly stated that operations on this road can be continued only by greatly curtailing expenses.

The question of wages cannot immediately concern this legislature because federal laws provide the only means for handling the wage question. We can only hope that this matter may be settled with fairness to all.

A reduction in taxes has been requested. In view of the decreased earning power of the railroads of the state I approve the action of the Tax Commissioner in making what appears to be a reasonable reduction in their appraisal value.

Because of the importance of the Rutland road to the people of western and southern Vermont, it may well be that you will find special assistance to this road advisable. A study has been made of the situation by an expert consultant, and you will have the benefit of his findings.

I trust that your actions in this matter will not be taken hastily and without the knowledge of all facts concerning this situation.

In my judgment an independent audit of the railroad's finances should be made before final action is taken. If then, the situation is found to be as critical as represented, I recommend that the state in some way further reduce the tax burden on this road temporarily, as its contribution to the rehabilitation of the road.

The Rutland Railroad should not be saved solely at the expense of the taxpayers of Vermont or the employees of the road. The owners of the road should stand their part of the burden as well. In the light of past experiences, I am opposed to a direct loan to any railroad and believe we should avoid any program which promises a continued drain on the state treasury.

We should consider the transportation problem as a whole, realizing that agriculture and industry in Vermont compete with similar lines of activity in other states and should not be placed at any disadvantage in this respect. We should use careful judgment in encouraging progress in transportation methods and support present methods within our means and within reason.

AIR TRANSPORTATION

Aviation should not be neglected in a consideration of transportation methods. Northern Vermont in particular would profit by a more rapid means of travel to and from the great centers of population and the west. Vermont should lend encouragement to the promotion of air transportation for the time will come when thousands of new families will be living in northern Vermont to enjoy all the comforts now associated with city life and in addition those advantages which only living among the hills can give them. More adequate air service will hasten this day.

STATE OFFICE BUILDING

The business of the state has grown to such an extent that office space available is totally inadequate to meet our needs. Departments and divisions of departments are scattered all over Montpelier and even in other towns. Large sums are being expended for rent each year. The business of the state cannot be conducted with full efficiency when a map or guide book is needed to locate the different divisions of a department.

I recommend that this assembly give due consideration to the necessity of providing adequate space for our state departments. Construction of a new building would doubtless mean that for one year we would not reduce our net obligations. But I believe that an expenditure which might amount to several hundred thousand dollars is warranted and that permanent benefits would result.

MERIT SYSTEM FOR STATE EMPLOYEES

The efficiency of our state employees as a whole is high and they are not overpaid. At present the Governor is required to approve the personnel and the salaries paid employees of the various state departments.

I do not believe the Governor should be required to pass upon the qualifications of each new employee. This should be done by an independent board. During my administration I have insisted upon each department head's selecting his own employees and being responsible for the work they do.

I believe it possible to establish a standard of requirements and qualifications for the different jobs. I suggest that this legislature authorize the selection of a committee to study the present situation and to recommend, if they find it feasible to put such a system into effect, how this may be done.

This commission should report back to this session of the legislature, as its findings might conceivably effect the appropriations for the various departments.

I think it possible to devise a plan which, by its insistence on qualified personnel, will guarantee the efficiency of our state government and remove the appointment of employees from politics as far as possible. Partisanship, political pay-off and favoritism have no place in sound government. Evidence of the disastrous effects of these methods may be found in any daily newspaper.

FINANCE COMMISSION

For many years Vermont has maintained a Department of Finance under which the Tax Commissioner, the Commissioner of Banking and the Purchasing Agent have operated. The Governor has had the option of acting as Commissioner of Finance himself. For the last two years, I have exercised this option.

I have come to the conclusion that the state might well abolish the Department of Finance, leaving the heads of the three divisions under it responsible directly to the Governor. The pre-auditing duties of the Deputy Commissioner of Finance might then be transferred to the Auditor's Office along with the appropriation necessary to permit the Auditor to perform his duties which would necessarily increase. I believe such a move would promote efficiency in the handling of the state's financial affairs.

TAXATION

I believe it is my duty to inform you that the present methods of taxation may not be adequate for the future. A constant shrinkage of revenue from certain erstwhile profitable sources may necessitate still further changes. It is not inconceivable that the revenue for the year ending next June 30th will be several hundred thousand dollars less than for the preceding year.

This loss of revenue from these sources may continue indefinitely and should be taken into consideration in making appropriations. I feel that this legislature will, as other legislatures have done, find a way to meet this situation.

Tax money collected and well spent is doing for us all cooperatively those things which we could not afford to do as individuals or groups. When tax money is wasted the people who pay it have a very proper complaint.

BUDGET

For over a century and a half, Vermont has lived within her means. We should not depart from that custom now. Demands for services of all kinds are constantly increasing. Taxpayers consistently protest. Before this legislature adjourns, I expect it will make provision for paying all current expenses for the next two years.

WORTHY DEBTOR LAW

In 1933, Vermont enacted a law giving small business men, farmers and other individuals the right to temporary receivership such as is enjoyed by banks, railroads and other corporations. This law has been continued by each succeeding legislature for a two year period. It has proved its worth, and I recommend that it become a part of our permanent statutes.

RECREATION

The recreational industry is of constantly growing importance to the people of our state. This industry should be given all proper encouragement. As far as legislation can effect it, our landscapes and scenic attractions should be preserved.

Our acquisitions of public lands should be within reason, with care being taken not to incur a permanent expense unwarranted by the benefits received by our citizens. Whenever additions are made to state property, we assume a permanent expense for upkeep, such as roads, maintenance of picnic grounds and taxes to towns.

Private industry pays the expenses of government, and should not be unduly burdened in this respect. However, there are certain areas such as in the Smugglers' Notch and Willoughby Lake regions which ought to be under state ownership as soon as means permit.

NATURAL RESOURCES

It has come to my attention that certain natural resources of the state are not now under the jurisdiction of any department of our state government unless it be the Executive Department. And I would recommend to you that the jurisdiction, management and control over all public natural resources and particularly those which may be affected by the development of electric energy be given to the Board of Conservation and Development or such other state agency as you may deem proper. There should be excepted, of course, all such as are specifically placed under the control of other state agencies.

I have also learned that there are cases of stream erosion substantially affecting the public interest and which no state agency has authority to remedy. I believe that the necessary authority should be given to the Board of Conservation and Development, together with a modest appropriation to carry out the work.

PUBLIC WELFARE SERVICES

The importance of public welfare services has grown far beyond the imagination of a few years past. Public consciousness demands public effort to provide opportunity, to promote security and to prevent suffering. The demand for these things has far outstretched the taxpayers' capacity to pay. Particular emphasis is placed on affording equal opportunity to youth and an equal measure of security for old age. Vermont is cooperating with all federal agencies in an effort to meet these demands.

Child welfare services are now given largely to two special classes. First, to those children who are taken from their homes and committed by the courts to the custody of the state. One-half of the expense of caring for these children is borne by the state and one-half by the town from which they are committed. The federal government does not share in this expense.

Then there are the children whose mothers are assisted in caring for them in their own homes. One-third of this expense is borne by the federal government, one-sixth by the state and one-half by the towns.

For some reason Vermont has an exceptionally high percentage of committed children with approximately nine hundred entrusted to the state's care. Our percentage is far above the average for the United States, it appears to me that it would be not only more humane but also better business to increase the assistance to children in the homes of their parents or relatives and at the same time reduce the number of state wards.

I think that we should change our law so that the federal government, the state and the towns will share equally in the cost of aiding dependent children in their homes. There would then be less tendency to take these youngsters from their homes and commit them to the care of the state.

There are now so many children under public supervision that our staff of workers is unable to reinvestigate cases as often as should be done. I believe that if an adequate staff were provided that not the children themselves would receive better attention, but that the state would be relieved of the care of a sufficient number to make it worth while financially.

The Old Age Assistance Department has been operating as efficiently as possible with funds at its command. But you do not need to be told that these funds are inadequate to meet reasonable demands and need for old age assistance. We could not foresee two years ago the tremendous increase in this need. But it is also

true that this assistance can be carried on so far as to place an unbearable burden on the shoulders of those who must support it.

I recommend that this legislature give grave consideration to increasing the appropriation to this department to such an extent as is warranted by the needs of the beneficiaries and the ability of the state to support it.

It is my opinion that our welfare work could be handled more efficiently by consolidating the case work for the blind, the aged and the dependent children now being carried on by the Welfare Department and the Old Age Assistance Department. If this were done, it would reduce the area covered by each worker so that more frequent attention could be given each recipient of assistance.

PUBLIC HEALTH

A subject of nation-wide discussion today is that of health insurance and hospital insurance. Hospital insurance began in Vermont, and we the people of the state recognize full well that the health of our neighbors as well as of our own family is of vital importance to us.

We recognize that many people who should be getting medical care or hospitalization are not now receiving it. It is also an accepted fact that much improvement could be brought about through cooperative efforts by communities or possibly on a state wide basis.

There may be federal legislation concerning health insurance. Vermont wants no part in any plan which would permit political selection of doctors or the direction of their activities by the government. But we ought to be ready to cooperate either among ourselves, with the people of other states or with the federal government on any plan providing for cooperative and voluntary efforts to promote better health among our citizens.

Hospitals, doctors and laymen in Vermont are all working toward this end. It may be that some plan will be devised before this legislature adjourns that will appear practicable and will permit the broadening of our present sporadic efforts to a statewide basis. If such a plan is devised and legislation appears necessary to make it effective, I hope such legislation will be enacted.

RELATIONS WITH OUR NEIGHBORS

Friendly relations with one's neighbors go far toward promoting prosperity and welfare. During the last two years our relations with neighboring states and with the Province of Quebec have been of a most cordial nature. I believe this has resulted in mutual benefits received with an increase in business activity and the sustaining of public moral so necessary in these times of world wide adversity.

We have also cooperated freely with the federal government in most matters and have found federal officials generally courteous, earnest in their work, and desirous of cooperating with us. With the desire of certain federal officials to remodel the lives and direct the ways of our people, we have felt obliged to disagree.

Nor has our state administration felt that it could recognize the claim of the federal government to take for itself the resources belonging to the people of our state without our consent and without making a just recompense. I intend to maintain this stand during the next two years.

It is my earnest hope that we will continue to maintain and improve our friendly and neighborly relationship with the Dominion of Canada, our neighboring states and with the federal government.

But I believe Vermonters are still able to govern themselves and that we should be ready at all times to stand shoulder to shoulder with our neighboring states, or alone, if necessary, in resisting any attempts to take from us the right of self government or to put upon us any form of oppression whether that oppression comes from within or without our national borders.