

Inaugural address  
of

Edward C. Smith

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### Inaugural Address

*Gentlemen of the Senate and House of Representatives:*

It is with a growing sense of the responsibilities and impressed with the importance of this office that I have to-day walked up the aisle of this hall, subscribed to the Constitution, and taken the oath, thus following in the footsteps of those who have gone before me, whose voices have been heard from this platform in defense of high principles; whose exhortations have fired the love and patriotism that have made Vermont what it is, whose administrations have invariably been honest and untarnished, and who have in long venerable line passed out of office either to other of life's duties, or to higher responsibilities in broader fields, or have finished their work on this earth and gone into that peace which lies beyond the vision of mortality, which is the gladsome reward of honesty and faithful service and loyalty. One might well hesitate on the threshold to take responsibilities, the result of which shall be compared with record that is past, but as I look over the names of the newly elected State officers, and of the Senate and House of Representatives who shall bear with me the burden of this administration I am encouraged to believe the outcome will be creditable alike to the Legislature of 1898, and to the State.

I am somewhat uncertain under the provisions of the Constitution, and the practice of those who have preceded me, precisely what is my duty in the way of a message. The able and exhaustive discussion by the outgoing Governor of the various subjects of State Government has left little to be said on these topics. I am happy to concur in many of his recommendations so far as they relate to the State Institutions and to ask you to give such the most careful consideration. I am happy to speak too from a personal though necessarily hurried examination of the various State Institutions a few weeks since, and of some of those receiving State aid and to say the State has reason to be congratulated. There was in almost every institution, visited, evidence of careful, watchful supervision by State trustees and economical prudent management by officers and employees. I saw no evidence of extravagance or waste of money, either in the structures themselves or in their operation, so far, at least, as appeared from superficial examination. The various reports by the State officers, the trustees and superintendents of the other various institutions are before you and ought to receive careful examination amid consideration. Their recommendations are, in my judgment, in the main conservative and should have the benefit of your intelligent judgment and possibly your approval. I leave the topics therefore already treated by the outgoing Governor and by the State officers and trustees and superintendents and bring to your attention, certain new matters which seem to merit especial consideration at this session.

The first of two important subjects is a means of increasing the revenue of the State. There are two ways this might be accomplished, either to decrease the expenses, or to increase the income. In either way, the net revenue available will be increased. As already stated, I have not yet had time or opportunity to go into the detail of the operation of the various State Institutions nor the cost of the State Government, to feel competent to advise on this subject. Later I propose to do so and possibly may have something to say, but speaking generally, I do not believe the expenses of the State Institutions can be materially cut down. There is no State in the Union where every dollar thus expended is made to go further than in Vermont, in my judgments and it may be possible the expenses are already cut down a little too low for the best results to the State.

In respect to the revenue, however, there is opportunity for improvement. That available to the State from taxation is about half a million dollars a year; \$380,000 of this sum is raised by a tax on corporations and other similar persons each year, and the balance, (about \$126,000 a year) is raised by a tax on the people of the State. It would be, in my judgment, unfair and unnecessary to tax the people for State expenses more than this sum; rather the tax ought to be wiped out altogether; the people are already paying taxes enough. Nor, as at present advised, do I think the tax on the Corporations, Savings Banks etc., ought to be increased; it is a serious question whether these institutions also are not, as a matter of fairness and justice all around, contributing their full share to the support of the State Government; nor as between such institutions do I think there is a great inequality in the amount contributed. Each group of persons under the corporation tax law in comparison to the

others, seems to be bearing its fair share of the burden of taxation. So that it is necessary to look elsewhere for an increase of revenue.

I ask your serious consideration, therefore, to a proposal of amendment to the present tax law which shall offer some inducement to persons at present non-residents of the State, to become residents, so that a revenue can be derived from them which shall be added to our State income, and by which their wealth may be added to ours to the end that our taxes may be less, and the State's income greater.

In many of our sister States there has been radical and extreme legislation with a view to reach the estates of rich people; whereby inheritance tax, income tax and extravagant and unequal local taxes are imposed on this class of persons to their infinite distrust and annoyance. Legislation of this character is growing in severity and volume, with the result that, upon good reason or otherwise, a great many large fortunes and innumerable small ones are being driven from those States into other States where the laws of taxation are less drastic—or out of the United States altogether. Such fortunes will never locate permanently until they have some harbor where they can anchor in safety, and where they shall be insured against attacks from what they deem, justly or unjustly, extreme legislation.

It is with a view to inducing such storm driven individuals who are seeking help and relief to come and give the State of Vermont the benefit of their wealth and receive in return that safe and certain protection which this State can give as well as or better than any State in the Union, that I suggest the advisability of adding to the present corporation tax law a provision that shall allow any non-resident, who may hereafter become a resident of the State, the privilege of entering into a contract with the State under its seal for a term of years, say 30 whereby such person's taxes shall be fixed at a specific sum annually. Such fixed sum to be measured by a percentage of his sworn income or to be an amount agreed upon between a Commission appointed by the Legislature and the party who avails himself of this law. Such sum to be in lieu of all other State or local taxes on his personal estate, and to be paid directly to the Treasurer of the State for its benefit annually. The fundamental idea being that a non-resident may come here, and before assuming the responsibilities of citizenship, may receive a contract that the State will tax such person an annual specific sum, to be agreed upon, and no more for the term of his contract. Once the contract is signed by the State the non-resident becomes a resident and pays his annual fixed sum and is bothered no more pending the life of his contract as to taxation, either by legislature or listers or appraisers or courts. As to any real estate such persons may desire to own in the State, it should be provided that such real estate shall be taxed as other real estate to the town wherein it is situated, but that enough to allow such person a homestead, say one hundred acres in the country or one acre in the city shall be exempt. That is to say, whatever is assessed against such homestead by the town or city shall be deducted each year from the amount such person pays to the State. The privilege of this law should be limited to such persons as are willing to pay at least five hundred dollars per annum to the State, and the contract should run for the benefit of the person and his legal representatives. There should also be required from such persons a deposit of securities, or a bond to secure the payment of the tax during the term of this contract. There should be a Commission appointed which shall have authority to enter into such contracts on behalf of the State and to affix the seal of the State thereto.

I can see no good reason why the State, under legislation that shall properly protect the rights of every present citizen, should not open its doors to this class of persons and receive a proper and legitimate increase to the revenue, which it can obtain in no other way.

If it is true, and it is, that the increasing wealth of citizens in other States is being hidden and smuggled from one place to another to avoid taxation, unjust or otherwise, what harm to the people of this State if we invite such persons to locate here under a contract which is fair to the State and fixed and positive and fair to the owner of the property?

Such a law would not infringe the Constitution, in my judgment, as the proposition simply adds to the present corporation tax law another group of persons who are taxed to the State, in addition to railroads, savings banks, trust companies, etc and treats alike all non-residents who avail themselves of the law. It is no hardship nor injustice, to present citizens of the State since the money derived would be for the benefit of all alike.

The proposition, I submit is an honest one all around—to the State on the one side, and to the non-resident who becomes a resident on the other side. It forms an equation in taxation where there is value received and satisfaction on each side.

There is in addition this indirect benefit that would come from the successful operation of such a law, that whoever availed himself of it would have to spend a portion of his time in the State, and this would involve the distribution of more or less money, which is not distributed now among the people of the State.

I know of no State in the Union better adapted to the success of a proposition of this character, or to which the wealth of the country would come quicker or with more confidence than Vermont. The world knows that an obligation of this State, entered into under its seal, is an obligation that will be fulfilled. Our political and social atmosphere is not tinctured with socialism, anarchism, or any of the spectres that rise up to menace wealth. The State is located near enough to the large centers of this country to afford quick and easy communication therewith, and possesses every natural physical beauty and attraction that could be desired.

Such a law may not result in an immediate and vast increase to the revenue of the State, but it is certain if we do not try it we shall not know; it is also certain it can do no harm, There is some reason to hope it will prove a success, if a commission is appointed under it that will push it vigorously. The underlying principle will be, I believe, attractive to any one who is seeking certainty as to taxation and who is not?

The second thought I desire to urge is the necessity at this Session of positive, radical, vigorous action in respect to good roads.

The present relation of the State to the highways, with all due respect to the framers of the law, is entirely wrong. Under the present law, over \$86,000 a year, 5 per cent, of the grand list of the State, is collected, and the same amount redistributed to the various towns, and 246 Highway Commissioners spend each town's proportion of this eighty-six thousand dollars in keeping in repair the highways of each particular town—or are supposed to do so. The state has no voice or direction as to how or when this large sum of money shall be spent, and no control or jurisdiction over it whatever. As a matter of fact, if I may rely upon the best information I have at hand, there is not one dollar of this money that goes into permanent work, or that furnishes lasting benefit to the State. There is no report made thereof to the State whatever. No man, in this Assembly would apply the principle that controls the distribution of this 5 per cent State tax for highways to his own business. No man with an income of \$86,000, or less or more, would allow 246 or any number of his servants—however good—to spend it without any voice or control or exercise of any accountability respecting it whatever. How, therefore, can you do your duty as legislators and allow this condition as to \$86,000 of the State's income to remain as it is?

This state of affairs is no fault of the Highway Commissioners of the several towns, and no criticism whatever on them. It is incident to the law itself which dissipates the benefits that would accrue to the State if this \$86,000 was directed from one standpoint, or by the State. The idea that underlies this law relating to the redistribution of the 5 per cent tax is, that it aids the poorer and smaller towns; but this is not true in my judgment. The idea is, for instance, that the town of Hancock, which on its grand list is assessed \$59.19, receives in the redistribution on its mileage \$130.48. But of this \$130.48 the town pays out of its own pocket \$58.19, so that in reality its gain on redistribution is but \$72.29. This is less than \$3.30 per mile on its 22 miles of road. Practically it is no help at all towards rebuilding and maintaining the roads of Hancock. This is but a fair statement of what each of the smaller towns of the State receives in the way of lasting substantial benefit. In reality it is of no permanent benefit whatever and amounts to nothing. The \$86,000 spent in this way each year is spread out so that the money is practically thrown away and is wasted.

The amount received by each town in excess of the 5 per cent is far below the loss that inures to every inhabitant of each of these towns who owns a horse or drives a team over its poor roads. I have taken pains to have statistics prepared to show the cost of transportation of the products of Vermont from various towns which lie away from the line of the railroads to the railroads, as compared with the cost of transporting the same articles from the railroad to market. From these statistics it appears that on butter, lumber, granite, lime, brick, cement and hay the rate is from \$2.50 to \$4.00 per ton to team from the point of production to the railroad, while the rate to haul the same articles from the railroad station to the point of consumption is from \$3.40 down

to \$1.66 per ton. In none of the instances does the haul by team exceed twelve miles; in none of the instances is the haul by railroad less than 140 miles. The rates by railroad will never, in my judgment, be higher, so that whatever can be saved by improved roads out of the cost of teaming these products ought to go into the pocket of the producer of the hay or the butter or the lumber or granite, or whatever is teamed. The standard authorities give the saving in cost of teaming over *good* roads as compared to ordinary dirt roads, to be from 50 to 75 per cent: so that there is from \$1.25 to \$3.00 for every ton of freight teamed, to go into the pocket of the producer in Vermont, if only good roads are made where bad ones now exist. Looking at it, therefore, from the standpoint of the smaller towns away from the railroads, the benefit that would result to the inhabitants thereof by the expenditure of this money in making the roads good would infinitely exceed the amount received each year in the redistribution of this 5 per cent from the State highway tax. So far as the larger towns are concerned it is obviously for their advantage to change this highway law and to have better roads. It seems to me these are strong reasons for changing the law and securing better roads and the solution is clear and easy. If this Legislature will direct that the expenditure of the \$86,000 collected each year from the State Highway tax be devoted under proper restrictions to building highways from these smaller towns to junctions with the railroads. Or into the larger towns, it will be but a few years before these smaller towns reap a benefit a hundred fold over the present arrangement. You cannot reap any benefit in this direction by having 246 heads control the distribution by having 246 heads control the distribution of the \$86,000, as under the present law. You must put it in the hands of a few, and these must be experienced in the business and must be responsible to and controlled by the State. The State of Massachusetts, and many of our sister States, have already seen and proved the wisdom of State care of highways; it is no experiment. I earnestly ask that the highway law of Massachusetts, modified to suit the exigencies of our State, be adopted here. I recommend the appointment of Highway Commissioners to whom shall be turned over the 5 per cent highway tax; who shall control the expenditure thereof under the provisions hereinafter named, and who shall have charge of what shall be called State Roads. The expenditure, for the present at least, in a general way ought to be for improving and making permanent the roads from the smaller towns to the lines of the railroad, and the work should be distributed fairly among the different counties of the State so that on one shall be favored over another. Where permanent work is decided to be done in any of the particular towns, the Selectmen of such town should be first offered the contract, so that the money for such work shall be spent in such town; in the event the Selectmen decline, the contract to be afterwards let by publication and the bids of Vermonters in all cases to be given the preference. Provision should be made that no road can become a State road except through the request of the Mayor and Aldermen of the city, or the Selectmen of the town where the road is located, so that where any town or city desires to have the State assume any particular highway, it must be by petition to the Highway Commissioners and in this way the cities and towns will keep control of the matter entirely. When, however, such a petition is made to the Highway Commissioners, and is granted, the road described should thereafter become the property of the State, and be subject to the jurisdiction of and repair by the State. This is in substance the present law of Massachusetts, and you will make no mistake in following it.

In making the proposal for a State Road Commission, and for the expenditure of this money in making good roads, I do not wish to be understood as meaning to propose to make city roads out of country roads, but simply to insure permanent work on the traveled path only. The traffic in this State is not so heavy as to require roads of over ten feet in width, in my judgment and by confining the Commissioners to this width and to proper construction, the money will go much further, and to avoid that extravagance which is the most serious menace to the success of good roads.

It is a curious fact that civilization and good roads go hand in hand; the higher the civilization, the better the roads. This is true the world over.

The United States has made enormous strides in other methods of transportation, but until recently has been singularly remiss in the matter of good highways. Our sister States are now fast realizing the incalculable benefits of them, not only as profitable highways for traffic, but as civilizers and as advertisements to secure the patronage of summer tourists and vacation residents. They are spending millions of dollars in improving their high ways, they are reaping the benefits in increase of summer population and of wealth Vermont, with natural

attractions rivaling any of our neighbors, cannot afford to delay vigorous progress in the one direction that will produce the greatest immediate and lasting benefit to us all.

I earnestly hope you will adopt the principle in the above method of dealing with this subject, and then pass as large an appropriation in addition to the 5 per cent, highway tax to carry out the law as your consciences and sound judgment will permit.

It would be contrary to every instinct of justice if I failed, in closing my message, to notice officially the 1st Regiment of Vermont and its work in the war with Spain.

It is given to some men who walk the path of sever duty, to receive at once the shining reward of their faithfulness; to hear the trumpet of fame herald their greatness on the heels of their achievement; to listen to the plaudits of the multitude at deeds but just performed, and to catch in the flush of their triumph the welcome voice of their country in well done thou good and faithful. It is given to others in this strange world of ours to bear the weight of their burden, to walk the path of their duty away from the plaudits of their countrymen, far from blare of public approbation, with bleeding feet and torn garment, unnoticed and unsung; and to the men of our 1<sup>st</sup> Regiment, in *their* offer to do their duty, in their eager expectant readiness to respond to their country's call, in the broad patriotism that furnishes their enthusiasm to follow and energy to defend their country's flag, and, greatest of all, in their noble unhesitating readiness to sacrifice self in order that all we love and honor in these United States of ours may be preserved untarnished, rank side by side with the others. After all, and behind all, in the one case as in the other, whether it was Dewey and his squadron in supreme defiant disregard of their own lives, with waving banners, plowing their way over hidden torpedoes and sunken mines into Manila Bay and gaining glory for ever more, or our poor boys fighting unheralded and alone the invisible merciless specter of fever at Chickamauga, it was the same abiding love of country, the same dauntless spirit of self sacrifice that formed the fountain and source of the actions of each. In the hearts of a proud and grateful people, they are heroes in the one case and the other. The memory of those boys who died of fever at Chickamauga and here in Vermont should live, and will live, in imperishable glory linked with the memory of those who went down with the Maine or those who fell at Santiago; and those of our boys who lived to come back to the green hills of their home should receive, and will receive, the immortal record given those who fought their way through the jungles of Cuba back to the loving arms of their States. Neither the Nation nor Vermont will forget either the dead or the living.

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

CHAUNCEY W. BROWNELL,

*Secretary of State, Clerk.*