

Farewell address

of

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## Farewell Message of Outgoing Governor

Mr. President. Mr. Speaker, Members of the General Assembly, and fellow Vermonters:

We meet today, as others have for nearly two hundred years, to consider how we may best serve the common good. Because we are just like the neighbors we represent, we must stand somewhat in awe of the responsibility and trust which has been given to us. But no one comes to these halls without a determination to do the best they can to extend the triumph of self-government in this magnificent state we so love.

On eight prior occasions, I have had the honor, as the Governor of Vermont, to set forth in considerable detail a view of the State of the State.

I appear before you today to give a final accounting and a farewell. The torch is passed, and the responsibility for specific recommendations for action is not mine. My task today is more reflective - to search for lessons and principles suggested by consideration of the tasks and challenges of recent Vermont history which may be of help to those who will be the stewards of our future. These lessons or principles are few, but each has lasting implications.

*1. The cost of government must be kept under control.*

First, hopefully we will remember, as our Constitutional forefathers of long ago warned us, that only constant vigilance and painful discipline prevents the costs of government from making it a burden instead of the blessing it is meant to be. Those entrusted with the design and implementation of the functions of government must retain always that important sense of duty which springs from a recognition that it is government which must be the servant, rather than the citizens who create and fund it.

The need for moderation in making those decisions which determine how great shall be the burden of taxation is one apparently which must be learned over and over again. We have earned it anew in the most recent decade. As recently as 1976, Vermont found itself burdened with one of the heaviest ratios of taxes to personal income in the United States. We had, in the fifteen prior years, used and over-used the right to tax, so that even when faced with the special needs of the Recession of 1975, even in the face of important immediate needs and essential provisions for the future, there was no capacity left for increasing support of government.

While there is no perfect proportion for private versus public activity, it must be understood that if the share extracted from the people's income is too great, citizens cannot meet their own needs, and if the share taken by government is insufficient, all society is diminished by the injustice which becomes manifest. Moderation and balance are the essential elements of the taxation contract.

*2. We must recognize and plan for cycles.*

A second lesson of recent history is that the quality of government benefits from an understanding, justified by experience, that cycles of good times and bad are to be expected and must be planned for.

With this sense of history, in good times people will be grateful and prepare to do what can be done to postpone or diminish the bad times of the future. In hard times, people will have faith in improved prospects on the horizon and the certainty that wise, prudent, and timely actions can shorten misery and move society more promptly to the next period of opportunity.

We have learned how important it is to have a sense of what can be done to protect us from cycles of external circumstance. We have benefited from a willingness to expect change and to be neither despondent in bad times, nor wasteful in good times.

In the Recession of 1974-1975, the revenues of the State of Vermont plummeted and we found the government we had earlier built was no longer supportable. In the preceding ten years the bureaucracy had swelled by 50 per cent. Each biennium, or even each year, had seemed to be a time apart, and we had fallen into the habit of spending in robust times all the revenues which existing taxes furnished, and of then raising

taxes to maintain spending levels when the inevitable next recession reduced revenues for both the people and the government. That habit was stopped, here in this hall, only in 1976. Nevertheless, between 1964 and 1974 taxes increased twice as fast as personal income.

It was as much a failure to understand the importance of full-cycle economic planning as it was a failure to understand the limits of taxation which brought Vermont to the difficult decisions faced in 1975 and 1976. That was the year legislators referred to as the "Year That Even Sacred Oxen Were Slain" -- as programs believed important to the future, some only barely begun, were slashed.

In the most recent decade, with that example behind them, most Vermonters recognized the benefits of practicing restraint in good times and of fixing our position with a sense of the economic cycle. For ten years we have been cutting taxes and the cost of government has been rising more slowly than incomes. Our level of taxation has now receded below the national average. In this fiscal year we are experiencing a very rapid growth in revenues and we know that the deficit which resulted from the most recent recession can be largely eliminated before the end of this fiscal year, and totally eliminated in less than two years.

Because of restraint practiced over the last six years, and the prudent steps of the past Legislature, this General Assembly will not need to practice any greater restraint in setting appropriations for the next biennium than that which has been practiced by its predecessors. Appropriations may be increased by an amount even greater than the average increase of the last decade with a reasonable certainty that the deficit will still be liquidated.

*Still*, the lesson of the past requires recognition that these times of high employment and strong revenues will be followed by weaker times. The news that revenues are running 17% ahead of last year and projections that more or most of the deficit may be liquidated in the current year than as originally forecast already has produced in some the temptation to reduce taxes at this time. To do so would almost certainly result in a requirement for some future legislature to once more gore sacred oxen and mortgage Vermont's future.

*3. It is better strengthen the effectiveness of government than to rush to higher taxes.*

Perhaps we have been reminded again in more recent times of a third principle -- that it will always seem easier to some to increase taxes than to face the tough decisions and hard work which may together be summed up as "good management." Efficiency and effectiveness are not, as so many suppose, enemies of sensitivity and compassion. If citizens demand of their government that it spend their money effectively and with a sense of priority, both the individuals and the government will be beneficiaries.

The first investment required of any organization must be in its own capacity to function effectively. Every farmer, worker, investor and professional person in Vermont knows the value of clearly defining goals, of establishing standards for performance, of hiring carefully, of providing fair compensation, and of encouraging those who will do the work to take pride in the quality of their contribution. Regrettably, these are seldom the concerns of politicians. Our success in limiting the growth of government, in actually reducing in recent years the number of state employees and in holding the cost of operating Vermont state government to the smallest increase in any of the fifty states is, in large part, due to a willingness to bargain with our employees, to pay them more fairly, to provide programs which enhance their skills, and to select competent professionals for the leadership posts within the executive branch.

*4. Priorities must be established among proposed public expenditures.*

The costs of government can also be reduced, and the quality of its performance improved, by a willingness to establish priorities among programs and to perform first those functions which reduce what would otherwise be the requirements for future funding. The highest priority for social programs must be those which strengthen individuals and improve their capacity. None are more important than that broad range of programs which we describe as "Education", which increase the skills of people, and their understanding of how they may contribute to the production and services valued by our society.

A major and continuing effort clearly must be to reduce the handicaps and dependency experienced by some Vermonters, as a result of physical or mental disabilities. Those who are ill, or who suffer some such common

problems as alcoholism, do not wish to be a burden. They wish and deserve to be provided the tools by which they can become productive and in a position to help themselves and others.

Another type of public expense which becomes truly an investment are those which encourage and motivate individuals, which demonstrate and instill the immense personal satisfaction available to those who use their diverse potentials to the fullest.

5. *The future must be approached with constructive optimism.*

The fifth lesson that this last era ought to have taught us, once again, is that optimism and self-confidence are valid and constructive attitudes in bringing about change. Fatalism about the future is destructive because it leads people to reject efforts to shape the future to be the best that it can be.

History is not destiny. Through our efforts we determine the future. To recognize the uncertainty of the future is to alert us to the importance of the quality of preparation. It is not a reason to despair, but rather a reason to act.

In this last period we have seen that Vermont can equip itself for the future. For decades unemployment in Vermont always rose faster and higher in times of recession than in the nation as a whole. Often Vermont continued to have high unemployment when the rest of the nation approached full employment. Those circumstances have been changed. Vermont unemployment at the end of 1984 approached 4%, one of the lowest rates in the nation. In both recent recessions, Vermont unemployment remained far less than the national average. More Vermonters are working today than at any time in history and, indeed, there are 20 per cent more jobs filled in Vermont today than was the case a decade ago. Vermont is not recession-proof, but it is exhibiting a high degree of recession resistance.

We have demonstrated that a favorable business climate and a determination to provide the fundamental elements which motivate business decisions can build a stronger economic base. Action to assure stability, reasonable tax burdens, affordable energy, adequate promotion of agricultural products and travel, and to assure available skills, have brought the double reward of more people at work, who are earning higher incomes. Simultaneously, tax revenues increase, while tax rates and the cost of social programs decrease.

6. *Vermont's own principle is that our environment is our most valuable and vital asset.*

All of these lessons might apply to the people of any state. But Vermont is not any state. We are a people with a special love and respect for our environment. We all love these hills and mountains and valleys and streams which Calvin Coolidge loved. We view the stewardship of our environment as a sacred trust. We know that it should not be sacrificed in pursuit of any other goal.

Indeed, we know that part of our economic strength has come from the recognition by others throughout the United States that the quality of life in Vermont will continue to be attractive and enjoyable for the foreseeable future.

The record clearly shows that the economy of the State of Vermont and the economic circumstances of our people have been strengthened by our determination to develop our resources thoughtfully, while maintaining vigilance in the protection of our environment.

7. *For Vermonters, participation in government is as much a principle as it is a tradition, and essential to our hopes for the future.*

Vermonters are special, too, in their understanding that the quality of government is determined to a considerable degree by the willingness of every citizen to accept a share of the burden of government.

Vermont is, and always has been, a unique place among the many states which make up this land of liberty. We share a common heritage with our neighbors, from sea to shining sea.

But we are special in our traditions of citizen participation in government, and that tradition is indeed a principle which must be recognized and respected. Vermont has always preferred to ask many of its citizens each to contribute a little to the process, rather than to ask a few to contribute a lot. There is a role and a task

for everyone, not just for those who serve in elected or appointed posts. The obligation, and the opportunity, begins with the Freeman's Oath. It continues for a true Vermonter as long as life in Vermont.

The complexity of our times puts a strain on this traditional way of doing things. In Vermont both legislators and governors have been expected to spend most of their lives as private citizens, living with the rules and circumstances they have helped to determine. We have always had a citizen legislature. There is risk that, in an effort to become more professional, the character of our government will change.

I would hope we are never tempted, in the name of equality between the branches, to strengthen the Legislature by actions which will unknowingly surrender the historic sense of citizen participation.

8. *Our pride in Vermont and its history is one of our strengths.*

*Finally*, we must remember to preserve the strength (which has so often protected Vermont in times of great stress) that flows from the sense of pride Vermonters have in this place, in themselves, and in their traditions. George Washington knew Vermonters were different. George Aiken, in our own times, epitomized that difference. And I dare say every president of the United States to this very moment understands the Vermont spirit of independence and the high expectations we have for our state. It is an exceptional quality which encourages Vermonters to seek to do more than might otherwise seem possible. As we examine the government of others, and consider what we should borrow, we must take great care to preserve our essential difference from other states.

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And now, please permit me a few personal moments of farewell.

It was 26 years ago on nearly this day that I first came to this Hall to take the Oath of Office as a member of the General Assembly of the State of Vermont.

That moment, almost half of my life-time in the past, remains in my mind as one of my proudest moments.

I do love this place, not for its simple, serene beauty alone, but because of what it symbolizes.

Here men and women have come for centuries to peaceably reconcile greatly differing points of view about public policy. This is a shrine to freedom and to the dignity which human-kind earns by its resolve that government shall proceed only with the consent of the governed.

These years in the service of my neighbors have been the source of deep personal satisfaction to me. The tasks and the challenges have been stimulating.

But it is the personal contacts, the friendships, the spirit of common undertakings with thousands, maybe even tens of thousands of Vermonters, which have produced the memories which I take with me to cherish for the rest of my life.

I will not forget the warmth offered by friends, nor the excitement and education furnished by adversaries. Already, often when I remember some quest, some tough problem of the rapidly-receding past, my memory strangely makes it appear that all who were involved were friends.

It is time for me to leave public life, at least for a while. Long ago I knew that I wanted to come, to serve and to return. I look forward now to the quiet privacy which is the birthright of all freemen of Vermont.

For all you have done for me -- for your trust, confidence, very considerable patience and forbearance of my many shortcomings, please accept my deepest gratitude.

To those of you who continue in public service, my thanks, appreciation, and best wishes.

God bless you all.