

# *Message*

*of His Excellency*

JOHN G. WINANT

GOVERNOR OF NEW HAMPSHIRE  
TO THE TWO BRANCHES OF THE  
LEGISLATURE, JANUARY 5, 1927



JANUARY SESSION - NINETEEN HUNDRED AND TWENTY-SEVEN



# FAREWELL ADDRESS

OF

His Excellency, Governor John G. Winant

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## INTRODUCTION

TEN years ago, I stood where you now stand and took the oath of office. Since that day I have been obligated to bear true faith and allegiance to my state and country to faithfully and impartially discharge all duties incumbent upon me. I am about to retire from active service. I come here in the name of the state to welcome you and to make public acknowledgment of the debt of gratitude I owe to the men and women who have worked with me over the years that have passed. No one of us ever accomplishes much alone. Whatever good thing may have come out of these years of effort, I want to share with my friends and co-workers.

It is not my intention to take this occasion to catalogue the acts of the past administration. They are part of the public record. Rather do I consider this an opportunity to leave with the incoming administration any experience that might be helpful and to inform you on those matters which are still pending and are of vital concern to the state.

## FINANCIAL STATEMENT

In planning the budget at the outset of my administration, we decided after carefully going over income and outgo that in order to meet estimated expenditures it was necessary to set the State Tax at \$1,500,000 and to further provide by bond issues for the repayment of illegally collected legacy taxes to the amount of \$950,000 and for the construction of a new dormitory at the Keene Normal School to cost \$250,000. Instead of issuing the bonds authorized to meet these obligations we paid from current revenue during the

year ending June 30, 1926, \$1,085,936.12 on these two accounts. This procedure has already saved the state many thousands of dollars in interest charges.

An unforeseen expenditure was the cost of reconstructing a manual training building at Keene to replace one destroyed by fire. This raises the total of extraordinary expenditures for this single fiscal year to \$1,094,067.68.

One of the problems that required attention when I took office was the investigation of the accounting methods and practices of the state together with whatever revision might be necessary to enable us in the language of the statutes, to keep "fair detailed and correct records" of all state transactions.

Acting under H. J. R. 185, which authorized a special joint committee of investigation, we employed accountants to make such an examination. In support of the wisdom of these actions, I quote from the Draft Manual of Reporting Financial Data of the States just prepared by The Institute for Government Research in Co-operation with the Committee on Uniform State Accounting of The National Association of State Auditors, Comptrollers, and Treasurers.

"Among the technical problems of public administration, none is more important than that of devising and operating a system of accounting and reporting through which full and accurate information may be available regarding the financial condition and operations of governmental bodies. Without such information it is impossible for those directly in charge of governmental operations, or those responsible for the general conduct of public affairs, to exercise proper control; for the legislature intelligently to formulate fiscal policies and meet its responsibility of determining the grant of funds that shall be made to the several spending agencies; or for the general public effectively to discharge its function of holding both its legislative and executive representatives to rigid responsibility for the manner in which they discharge their duties."



Technical accounting is the method of arranging the bookkeeping records and making the entries therein in distinction from the reporting of financial data and the forecasting of revenue and expenditures for future years. We have adopted accurate technical accounting methods and the form of reporting financial transactions has been revised to make the financial picture clearer to the people. These divisions of our accounting now furnish the basis or foundation on which to construct an accurate budget. Our present so-called state budget is merely a listing of requests of the departments and institutions. Budgeting requires a searching analysis of the requirements of each department and institution for which the present executive machinery does not provide the necessary personnel. Permanent economy requires the preparation of accurate budgets.

Among the recommendations of the accountants employed by your special joint committee of investigation is the inclusion of appropriation liabilities in the state debt. The state is a going concern and the failure to include appropriation liabilities in statements of its financial position is analogous to an individual who claims to be worth the money he has without regard to the obligations he owes.

Including appropriation liabilities, the state debt was \$1,734,373.41 on June 30, 1925, and \$2,409,742.86 on June 30, 1926, an increase of \$678,371.30.

The revenue for general purposes for the fiscal year ending June 30, 1926, including the state tax totaled \$3,593,663.85. The expenditures over the same period, excluding the extraordinary payments mentioned, total \$3,411,046.22. In other words the state's income for the fiscal year ending June 30, 1926, exceeded maintenance and normal construction disbursements by \$182,617.63.

At June 30, 1925, the cash and cash items in the treasury aggregated \$2,122,924.22 and at June 30, 1926 they amounted to \$1,079,144.12, a decrease of \$1,043,780.10, which must be considered in relation to the extraordinary expenditures of



\$1,094,067.68 heretofore mentioned. Bringing these figures approximately to date the cash position at November 30, 1926, was \$1,932,634.66 and at November 30, 1924 it was \$2,660,400 a decrease of \$727,805.34.

Included in the total expenditures from general revenue for the year ending June 30, 1926, there is a capital outlay for building and structural improvements of \$685,181.23.

The payment of \$763,500 of War Service Recognition Bonds, for which cash had been set aside in a sinking fund, together with the payment of \$10,000 of State Hospital Bonds and \$1,000 of Highway Bonds, reduced the bonded indebtedness to \$741,000. New Hampshire has one of the lowest state debts in the United States. This situation has been brought about by a long series of economical administrations.

I have said that the departments and institutions lived within their maintenance appropriations. At the outset of my administration, I called the attention of all responsible officials to Sections 35, 36, and 37 of chapter 15 of the Report of the Commissioners, which prohibited exceeding appropriations under penalty of personal liability and removal from office. Wherever the public good required an expenditure which a department or institution could not afford, it was referred to the Governor and Council. In a few instances, these needs were met from the executive emergency fund appropriation. These sums were not apportioned to departments or institutions to cover overdrafts.

The significance of stating that departments and institutions have lived within their income is only understood when I say that the practice of carrying unpaid bills over from one fiscal year to the other was forbidden. This should prevent the too frequent practice of coming to the legislature for deficiency appropriations. The traveling expenses of the Superior Court were under-estimated. \$363.90 was paid out of the executive emergency fund to meet this deficiency.

My statement had reference to those expenditures that properly fall within the special jurisdiction of executive authority. If there are exceptions, they are insignificant in amount.

After the budget bill had been made up, legislation was passed which permitted increases in clerk-hire and directed increases in salaries of certain heads of departments. A special appropriation was passed to meet this situation. In many instances, these advances were taken care of within the departments and an unexpended balance from this special appropriation was returned to the treasury which might properly have been credited to the departments.

During the present administration, the boundary dispute between New Hampshire and Massachusetts has been amicably adjusted and a line definitely established. The boundary suit pending between New Hampshire and Vermont since 1915 has been actively litigated during the last year, and all evidence in this case should be submitted to the United States Supreme Court before the close of 1927. The legislature should pass an act providing for setting out monuments marking the boundary line between New Hampshire and Maine from the gate house of the Salmon Falls River at Eastlake to Canada.

#### TAKING ACCOUNT OF STOCK

Deeds of all state property have been indexed and bound. The Attorney-General's office has checked these over and recorded those that had not been previously recorded.

On finding that very little of the real estate owned by New Hampshire had been mapped, I asked Mr. Everett, Commissioner of the Highway Department, to assist me in having an exact survey made of all state owned property, with the understanding that the cost of this was to be charged back to the institutions and departments that had charge of the property. This has been accomplished but when the snow clears, the bounds established should be marked with permanent granite posts.



We also found that the institutions were without adequate ground plans. These have been made with a physical description of all building structures owned by the state, in connection with an appraisal survey of all state property. A physical inventory has been made of furniture and fixtures in all institutions and departments and perpetual commissary inventories of supplies have been almost completed at all institutions.

This taking of stock has proved to be a tedious and time-taking task, but beginning July 1, 1927, it will be possible to include in the treasurer's statement a capital account showing plant and real estate investment and also inventories of supplies on hand. With this groundwork accomplished, a foundation is laid for a more intelligent planning of institutional expansion.

#### QUARTERLY STATEMENTS AND REPORTS

Heads of departments and superintendents of institutions have rendered to me quarterly statements of expenditures, and the superintendents of institutions have kept the Governor and Council informed of the situation in their respective institution by monthly reports. I have also called meetings of heads of departments and superintendents of institutions, and I believe that periodical meetings of this character would be helpful to all concerned and would tend to eliminate duplication of effort. Statutory authority to call such meetings might be delegated to the Governor.

#### HEATING AND PURCHASING

Heating and electrical engineers employed by the Governor and Council to report on possible light and fuel economies recommended the use of a good grade of soft coal using run-of-mine 14,800 B. T. U. with as low a sulphur and ash content as possible. They further advised using a specification similar to the Massachusetts specification and urged getting bids and letting contracts to firms that had storage facilities

in New England and who were responsible enough to ensure to the state prompt delivery at all times. The engineers also reported that the rate charged to the state for lighting the state house is high. This matter has been called to the attention of the Public Service Commission. A closer co-operation between the Purchasing Department and the state laboratories and our experimental station at Durham would be helpful.

The State Purchasing Agent is clothed with the power of the Governor and Council. Since this is so it would seem to me to be a more business like arrangement to have the Purchasing Agent appointed at the pleasure of the Governor and Council rather than for a fixed term of three years. This office is underpaid.

#### BONDING STATE OFFICERS

The legislature by statute has required that certain state officers be bonded, naming the amount of the bond. In other cases, the Governor and Council has the authority to demand a bond and to set the amount of it. Others without definite authorization have exercised this authority. The amount of the bonds heretofore required apparently have no direct relation to the amount of funds handled. This subject should be reviewed by the proper legislative committee.

#### AUTOMOBILE MAINTENANCE

The State Auditor was directed by the Governor and Council to make a study of the cost to the state for automobile maintenance and hire. In some instances the state purchases automobiles for the use of its employees and in other cases the employees are paid a ten cents per mile rental for the use of their machines. It was impossible to make a report on this subject because there was not sufficient information available; therefore, blanks were printed and distributed to the heads of departments and superintendents of institutions, with instructions that exact costs



of all automobile expenditures should be thereon recorded. As soon as these records have been kept for a period of time a careful investigation should be made with a view to establishing a definite state policy on a minimum cost basis.

#### AUTOMOBILE LICENSES

It would expedite the issuance of automobile number plates and greatly convenience automobile owners if the Motor Vehicle Department would establish temporary agents for the issuance of these plates in different sections of the state. This might be done through local examiners. Another examiner in Manchester to pass upon the qualifications of applicants for drivers' licenses would prevent unnecessary delay of applicants in being examined for license.

#### PREPAREDNESS AND TAXATION

Throughout the last two years the military organizations of the state have had the unfailing support of this administration. Two new armories have been constructed. More adequate quarters have been provided in other places. The state has acquired a rifle range and cleared and built a flying field adjacent to the militia grounds in Concord. Under our present system of common defense, authorized by Congress, the United States Army today is made up of the regular army, the National Guard, and the Organized Reserve. The size of the regular army is inadequate to meet a war emergency, therefore the National Guard would be called on for the first line of defence. This means that the states in co-operation with the Federal Government must contribute substantially toward our national defence.

An extract from the report of the Secretary of the Treasury, Andrew W. Mellon, for the fiscal year ending 1925, states the situation clearly:

"In this connection it is of interest to point out the proportion of Government expenditures which are due to war. While it is not possible to segregate entirely all expenditures which might fall in this category, if we add to the disburse-

ments for public debt, War, Navy, Veterans' Bureau, and pensions, other extraordinary expenditures, such as adjusted compensation and the increased outlays by the Treasury, the expenditures which are directly or indirectly attributable to war and the national defense compose over 80 per cent of total Federal expenditures. The amounts spent by this Government in aid of agriculture and business, for science, education, better roads, and other constructive efforts are insignificant when compared with outlays due to war and national defense. This will be the inevitable situation as long as war is the method of settling international disputes. These facts should be faced squarely by those who clamor for reduced Government expenditures and at the same time oppose the world's efforts to devise rational methods for dealing with international questions."

#### STATE INSTITUTIONS

The last two years have shown serious wants at some of the state institutions. It is not my purpose to make recommendations but only to mention the most urgent needs. The increasing number of girls confined in the Industrial School has made an additional cottage dormitory a necessity. I hope the cottage housing system already begun there will become so definitely established that the great brick barracks will be eventually abandoned as a dormitory with its fire hazard and penal institutional atmosphere. There is probably no institution for dependents that has a larger opportunity for salvage work than this school.

Space is needed in the Administration Building at Glencliff. The most economical way to provide for this is to build a superintendent's cottage and turn over the quarters now occupied by the doctor and his family in this building for administrative purposes.

The male employees of the State Hospital are housed in rooms that open into quarters occupied by patients. It is neither humane nor sensible to require men in this work to



be continuously on twenty-four hour duty. It is difficult under these conditions to obtain kindly and reliable attendants. A building constructed for male employees would solve this problem and also free rooms that are now needed for patients.

The Laconia State School is not able to care for all the patients who should be detained there.

#### STATE'S PRISON AND COUNTY JAILS

The net cost per prisoner at the state prison last year was \$5.14 per week. The present population of the prison is 129. It is equipped to take care of 248 inmates. An increase in the prison population to the capacity of the prison would materially increase the gross earning power of the prisoners, with only a slight increase in overhead cost. This would make our penal institution more nearly self-supporting. Our county jails are not equipped to give employment. Character is a by-product of work. Loafing in a jail breeds crime. If the state prison could also be designated by statute as a House of Correction, as in the State of Vermont, and the prisoners who were to serve substantial jail sentences were assigned to the state prison, it would in my judgment be a benefit to the prisoners and also reduce state and county taxes. I understand that this plan, if adopted, would decrease the income of county sheriffs, but the Legislature could make such adjustments as it deemed necessary.

#### LEGISLATIVE DRAFTING

At each session of the Legislature of which I was a member, I introduced a bill providing for the appointment of a legislative draftsman. The New Hampshire Bar Association made a similar recommendation in 1921. The establishment of such an office would prevent the kind of error that resulted in closing certain ponds to fishermen last year, assist members in drafting bills, and save considerable money wasted in printing incorrect bills. The Commissioners' Report makes this

a proper time to enact this legislation. The adoption of this Report also leads me to suggest the advisability of introducing all new bills in the form of amendments to existing statutes. This would be a great convenience to the legal profession and save the state much of the expense needed to compile a future Commissioners' Report. The Attorney-General has kept a list of errors that have been discovered in the Commissioners' Report during the experience of this administration. This he will present at the proper time to the Legislature.

#### AUTOMOBILE LIABILITY INSURANCE

The law passed at the last session to protect state employees while driving state cars from liability suits in case of accident could be improved by amendment.

#### DIGEST OF OPINIONS

I would like to say to the attorneys of the state that although I regret that during my administration I was not able to see delivered the volumes of the Digest of Opinions of the Supreme Court, I am happy to say that the printed manuscript is now in the hands of the binder, a monument to the industry of Crawford D. Hening and to the patience of our most distinguished jurist and the legal profession generally.

#### TOWN ACCOUNTING

Before obtaining an automobile license, it is necessary to turn into the Department of Motor Vehicles a receipt showing that the property tax on the automobile to be licensed has been paid. The license is obtained by paying the property tax to the town or city clerk. The receipts collected by the Department of Motor Vehicles were filed in alphabetical order. A complaint which required checking the money collected by a certain town clerk showed that no adequate audit had been made of automobile property accounts. Therefore, at my direction the Commissioner of Motor Vehicles assembled the receipts for several years according to towns, and



the town auditor working out of the Tax Commission's office checked the total of these receipts against the money turned in by the town clerks, and wherever there was a discrepancy an investigation was made. This resulted in eight indictments for misappropriation of town funds. In order that this practice may be discontinued these cases should be prosecuted. The need of appropriating sufficient funds to permit a general audit of all town accounts would seem advisable. In my opinion town clerks are poorly paid and unusually honest; but the fact remains that careless practices in handling taxpayers' money frequently result in shortages.

#### IMPEACHMENT

The conduct of the Justice of the Municipal Court of Lebanon during my tenure of office was of such a character that it forced upon me the duty of calling for his resignation. This request was ignored. The authority to remove from office in such a case rests with you. It is my opinion that the Justice of the Municipal Court of Lebanon should be impeached.

#### FRANCONIA NOTCH

The legislature of 1925 permitted the purchase of the Franconia Notch property and authorized a bond issue of \$200,000 for this purpose. The owners of this property refused to sell for less than \$500,000. It is my opinion that this price is unreasonable. Its assessed value is approximately \$225,000. This property has not been purchased nor have the bonds been issued. The Governor and Council have the power to proceed to take this property by eminent domain.

#### NEW HAMPSHIRE CRIME COMMISSION

I commend to your careful attention the report of the New Hampshire Crime Commission which was appointed by me. The Bar Association of the state co-operated by appointing a committee to work with the state commission.

BANK TAX COMMISSION

Two years ago I pointed out to the legislature of 1925 that the method of taxing state and national banks was of doubtful constitutionality and that the revenue derived therefrom was inadequate. All bills that were introduced to correct the situation were either contrary to the federal banking laws and opposed to the state constitution or worked a hardship on one class of bank as against some other savings institution. The bankers were willing to pay a reasonable tax, but they did not want their particular institutions discriminated against, and the state was anxious to enact a law that would be upheld. This situation resulted in a compromise. The bankers agreed to take an increase in their tax without challenging the legality of the act, and I agreed to appoint a commission to study the situation. The Commission on Bank Taxation have worked diligently on this difficult problem and are reporting their findings to you.

THE EXECUTIVE BUDGET

In the last days of the legislative session of 1925, I pocket vetoed a bill increasing the Governor's salary. I had previously stopped a bill in committee which was an effort to increase my pay during my administration, and this second measure which would have raised the Governor's salary beginning 1927, I vetoed because I intended to run again for office and hoped to be re-elected. I have a guilty feeling that the joke is not altogether on me. I am, therefore, taking the liberty of making definite recommendations concerning the Executive Department. The Governorship should be within the reach of any man who possesses the confidence of his constituency. The monetary obligations incident to the office are too heavy to permit a man with a family, particularly if he is not a resident of Concord, to support himself on the present salary.

The office of Secretary to the Governor is as responsible



a position as that of any assistant secretary in any state department, if not equal in importance to that of the head of any state department. The salary allowed by the state is totally inadequate. The statute should definitely permit engaging a clerk or messenger throughout the year. All other departments can employ necessary stenographic assistance with the approval of the Governor and Council, but the Governor is limited by statute to one stenographer. Additional assistance must be paid out of his own pocket.

I would suggest that the Governor's salary be placed at \$8,000, that the Governor's Secretary be paid \$3,000, that his messenger be allowed \$1,500, and that the Governor with the consent of the Council be permitted to engage such stenographic assistance as he may occasionally need.

I would further recommend the establishment of a contingent fund of \$100,000 to take the place of the \$30,000 emergency fund, with the power of disbursement to continue in the hands of the Governor and Council. This follows the practice in other states and would permit a greater freedom in requiring the departments and institutions to make exact estimates without making necessary allowances for emergencies.

I would further urge that the power now given the Governor and Council to make temporary loans up to \$600,000 be increased to \$1,000,000. The Governor and Council might never exercise this power, but if the incoming administration is confronted with heavy expenditures it might permit them to carry over that part of the fiscal year when revenue is low and expenditures are high without taking advantage of legislative authority to incur bonded indebtedness. This authority is equivalent to that exercised by the towns when they borrow money in anticipation of taxes.

During my administration, on one occasion it was necessary to use this legislative authority. A temporary loan of \$300,000 was made and repaid at the end of sixty days.

PUBLIC SERVICE CORPORATIONS AND REGULATION

Public service corporations are privileged. So far as this state is concerned, they are protected from competition, possess valuable rights in the public way and are permitted to exercise the right of eminent domain. It is because they enjoy these public rights that public security demands they be subject to public regulation.

The United States Supreme Court in a decision handed down this week declared that:

"The transmission of electric power across state borders is interstate commerce. Corporations handling it are not subject to regulation by state commissions.

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"The rate, therefore, is not subject to regulation by either of the two states in the guise of protection to their respective local interests, but if regulation is required it can only be obtained by the exercise of the power vested in Congress."

The power to regulate public utility corporations in New Hampshire engaged in the transmission and sale of electrical energy within the territorial limits of the state, has been delegated to the State Public Service Commission. Therefore, since the Federal government has never accepted the responsibility of regulating the interstate sale of electrical power and since the Public Service Commission of this state has no jurisdiction beyond its borders, there is a field in which electric power is transmitted by public utility corporations engaged in the sale of electrical energy without prejudice to their full privileges but over which there extends no official regulating jurisdiction.

Two years ago, I urged the legislature to give consideration to establishing a definite water power policy. No constructive action was taken. I asked specifically for \$5,000 to investigate the water power situation, but an active lobby opposed this legislation, and the request was not granted.



In the time that has intervened since then, there has been more active trading in water power than in any previous period in the history of the state, and a recently organized corporation has purchased the controlling stock interest in many of our largest public utility companies at a very high price.

A student of this subject in commenting on the situation in Massachusetts stated that "Recently, stocks have been bought for control at inordinate prices by holding companies which seek to capitalize the large earnings of the present period, and there is danger that the operating companies will be milked to support dividends on swollen holding company capitalization."

The justification for mergers of such properties lies in the fact that operating costs can be reduced for the benefit of the consuming public. Several items in the cost of producing gas and electricity are now lower than they have been in the past few years, including interest rates. These together with the economies of pooling power and consolidation give the public a right to expect lower prices for their gas and electricity.

The public as investors in the securities of public utility holding corporations need protection. The difference between the holding corporation and the operating company is very great and not clearly appreciated. The legislature should be alert to the danger of permitting the New Hampshire public to buy securities in public utility holding corporations which are outside the jurisdiction of the Public Service Commission and over which security issues the Public Service Commission has no jurisdiction, even though the interest on these securities may be derived from New Hampshire public utility operating companies. This might well result in promoters having taken their profit and gone from the state, leaving New Hampshire investors with watered stock in an outside holding company the interest on which was paid from local operating companies and maintained

only by charging unwarranted rates for light and power. We cannot tolerate any policy that will leave the New Hampshire investor pitted against the New Hampshire user of light and power with the third party in fact the guilty profiteer.

There is a political aspect to the new holding corporation which has come to control so large a part of the utilities in the state. It has legitimately a keen interest in the legislative policy toward its business. It will, in one way or another, seek to influence and shape that policy.

The people of the State want to know what methods the new company will adopt to exert its influence and to gain its ends.

It will be well to set a watch for the methods of the sponsor of this company in other communities because they give rise to a suspicion that they would not be approved by New Hampshire.

It is well known that this is an Insull Corporation. The Insull methods in influencing political action in Illinois are equally well known and a matter of national reproach. If this New Hampshire Company should identify itself with men in high political positions for no other apparent reason than the political favors which they might be able to secure for the company, it would serve notice that the political tactics apparently successful in Illinois were to be tried out here.

May I call to your attention the fact that New Hampshire is as interested in obtaining a fair and adequate share of the hydro electric power in the St. Lawrence project as New York or Ontario. It would seem that the best way to protect the interests of all concerned would be to have this project constructed, owned and operated by joint action of the government of the United States of America and the Dominion of Canada. This development may vitally affect the economic future of New Hampshire and the subject deserves your most careful attention and consideration.



## THE TAX COMMISSION

The compensation of the three members of the State Tax Commission amounts to only \$8,000 per annum. This commission is directly responsible for the assessment of tangible property valued at \$720,000,000 and intangible property valued at \$380,000,000, making a total of \$1,100,000,000 in all. It also has the supervision of the collection of over \$20,000,000 in taxes and the accounting for the expenditure of that amount.

Since the commission has assessed the Boston and Maine Railroad system on a valuation of \$39,000,000 as against a claim by the railroad that its property should be assessed not more than \$10,000,000, there has appeared to be active agitation to abolish the commission. The members of this commission are confronted with a tremendously difficult task, and in my judgment, faithfully and fearlessly perform their duty with inadequate pay and an insufficient staff.

## THE RAILROAD AND LOBBYING

In 1921 the Boston and Maine railroad was responsible for the introduction of a measure giving blanket powers to the Public Service Commission to abandon branch lines in New Hampshire. This bill passed the House without protest but due, in part, to my opposition as a member of the Judicial Committee of the Senate it was there killed. It was my contention that any such measure should name the branch lines that were to be discontinued.

The railroad followed this suggestion and the House of Representatives which had previously empowered the Public Service Commission to abandon all branch lines, slaughtered bills empowering the Commission to abandon, after investigation, individual lines. It was obvious to me they did not realize what they were doing when they acted in the first instance. It may be irrelevant to note that these measures were first considered in the Judiciary Committee of the House and that the Clerk of that Committee worked in the law firm which was attempting to lobby these measures through

the legislature. I do not say that he was improperly influenced, but I do believe he was prejudiced. Two years ago this same firm lobbied through a measure which I vetoed. This bill would have rescinded certain humane clauses in our Workmen's Compensation Act at the expense of the injured workmen. On the roll call, two hundred and eighty-nine men in the House voted to uphold my veto, three were opposed, one of these was a lawyer working for this same firm. This office is also represented in this session of the Legislature. I have noted that during the last five sessions they have, under the law, filed statements showing that they have been paid, in lobby fees alone, over \$40,000. This money, as you know, comes from those who realize the value of a dollar. My attitude toward the general practice of lobbying I stated in my Inaugural address two years ago.

"For your information, Chapter 4, Section 28, compels all paid lobbyists to register with the Secretary of State. The record is open for your inspection. It is proper that you give these gentlemen a courteous hearing; but may I remind you that the public retains no lobby. The people of New Hampshire depend on you to represent, defend and protect their interests in accordance with your oath of office."

It has been said that man could serve either God or mammon. May I suggest that we are all sufficiently human to warrant limiting our activities to either representing the people or advocating some special interest. I, personally, could find no satisfaction in seeing a Chairman of my own party during the session of 1923 registered as a legislative lobbyist and receiving for his services, a fee of \$5,000.

That is not my understanding of Lincoln Republicanism.

I recommend to the Legislature the immediate passage of an act which will not only disclose fees but also the retainers paid to any attorney or firm that is engaged in lobbying and will forbid the members of any firm from engaging in lobbying at all, provided a lawyer from their office is sitting in either branch of the Legislature.



While a member of the House in 1923, a railroad attorney asked me if I would permit the passage of the abandonment bill which I had objected to at the previous session without protest from the floor of the House. I told him, no, and this measure was not introduced during that session.

At the outset of my administration, the Boston and Maine railroad petitioned for authority from the Interstate Commerce Commission to abandon several branch line railroads in the State of New Hampshire.

The Boston and Maine railroad holds a charter from this State to operate 1079 miles out of a total trackage in New Hampshire of 1232 miles. The plan, as I understand it, contemplated the eventual abandonment of 400 miles of line or almost 40 per cent of the entire system as it affected New Hampshire. When you take into consideration the testimony of real estate experts that discontinuance of rail service in a community will depreciate real estate values between 30 and 40 per cent and in some instances even more than that, and also stop to realize its effect on local industries, you have some idea of the threatened loss to the people of our State.

To meet this emergency I recommended the passage of two acts.

1. (Chapter 234, Laws of 1925) An act appropriating a sum of money not to exceed \$20,000, to investigate, procure, and submit evidence before the Interstate Commerce Commission on the petitions of the Boston and Maine to discontinue rail lines in New Hampshire.

2. (Chapter 11, Laws of 1925) An act authorizing towns to appropriate money to be expended to prevent the loss of railroad facilities by abandonment.

Special counsel was appointed by the state and also by the towns and the abandonment cases were heard before the Interstate Commerce Commission. The Boston and Maine Railroad was only permitted to abandon twenty-one miles of trackage.

The Interstate Commerce Commission in dealing with these cases had considered the earning capacity of the branch lines. The next move on the part of the Boston and Maine Railroad was a curtailment of service and substitution of gasoline cars and busses for steam cars. In a number of instances the railroad petitioned the Public Service Commission to establish bus line services paralleling their own roads. This appeared to be an effort to reduce earnings in order to make further applications for abandonment. A railroad official testified before the Public Service Commission on this subject as follows: "Q. If it should appear to the Commission, Mr. Grant, you can run a gas train out of Concord in the morning to Lebanon and back in the afternoon cheaper than you run a bus over the highway, that would be the end of this petition, wouldn't it? A. No, sir.

"Q. That is, you want to tell this commission even though it costs more to run a bus on the highway than it does to run that gas car, you would still seek for permission to run the bus? A. Yes."

The following extract is taken from testimony in a hearing on request of the Boston and Maine railroad to run a bus line into New Boston shortly after the Interstate Commerce Commission had refused them permission to abandon this line. It gives a graphic picture of the difficulties that a small town is confronted with in fighting a great railroad corporation that refuses to accept the finding of either the New Hampshire Legislature or the Interstate Commerce Commission.

"Question (By Mr. Davis)" Attorney for Goffstown. "Mr. Bartlett, speaking of after effects. Are you familiar with the fact that the town of New Boston had a fight before the Legislature of 1921 to maintain the rail service that it is fighting for today? A. Yes.

"Question. Are you familiar with the fact that in 1924 before this commission your town of New Boston again had



a fight in order to maintain the rail service it is fighting for today? A. I am well aware of it.

"Question. Familiar with the fact in 1925 of the petition to abandon the line that was filed and the town again had a fight to maintain the rail service it now has today? A. Yes.

"Question. Are you familiar with the fact that last fall the Boston and Maine filed an informal petition or were about to file a petition to close your station completely? A. I had news of that. I don't know how far it went."

And then he asks him if he knew of still a fifth case.

"Question. If that is all true, this would be the fifth time within five years that the town of New Boston stood before this commission seeking to maintain the rail service it has? A. Yes."

It would seem to me that the cost and time of maintaining a continuous defense over a period of five years on an issue in which the properly constituted legal authority had rendered decision is unreasonable and unwarranted.

Under the railroad consolidation act the Boston and Maine Railroad agreed to maintain their shops in New Hampshire without materially reducing the personnel and to maintain a ratio as against locomotive and car miles that was set out in the statute. Soon after I came into office, it was brought to my attention that the railroad was surreptitiously and without notice to the state removing men from the Concord shops contrary to law. As the Public Service Commission had jurisdiction, I asked them to investigate the situation. The Commission reported violations of the law to the Attorney-General's Department, and a suit was begun which is now pending.

I want you to understand that this fight between the Boston and Maine Railroad on the one hand and the people of the State of New Hampshire on the other is not a closed incident but has just begun. Any effort to dislodge the majority membership of the Public Service Commission or to in any way disturb the Attorney-General's office will mean an

attack upon men who in line of duty have refused to permit an invasion of the rights of the people. The citizens of the State of New Hampshire view public service corporations not as mere instruments for private gain, but as instrumentalities for the promotion of the general well being. Railroads and power combinations alike must be subservient to the public interest. Both are necessary vehicles of human progress, and each should be protected and fostered within their proper sphere of activity.

I am but paraphrasing a sentence of a great statesman when I remind you that the artificer may be encumbered by his tools and that resources may be among impediments if wealth is not the obedient servant of virtuous need and public honor. "If we command our wealth we shall be rich and free. If our wealth commands us we are poor indeed."

#### CONCLUSION

In all that you may do to promote measures that will protect our homes and make life everywhere for everybody happier and more worthwhile, I wish you God speed.



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