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ADDRESS

OF

HIS EXCELLENCY

LEVERETT SALTONSTALL

TO

THE TWO BRANCHES

OF THE

LEGISLATURE OF MASSACHUSETTS

JANUARY 2, 1941



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A D D R E S S .

*Mr. President, Mr. Speaker, Members of the Honorable Senate
and House of Representatives.*

Two years ago, when I came before you, I told you we were in the midst of tragic times. Those words have proved only too true.

The din of war grimly rings in the New Year. The Axis of tragedy is attempting to drag the whole world into partnership. God forbid that this nation ever be forced into conflict of arms! But we cannot escape partnership in the sorrow and dread of people fighting for their lives and their freedom. Nor can we avoid the terrific task which confronts a peaceful nation standing on the tottering brink of a war-torn civilization.

Today we are extraordinarily united. That is evidenced by our ready agreement to the first compulsory military training in peace time. We have a stern job ahead. It must be done *now*.

I sincerely believe in a national government strong enough to protect us in this or any other emergency. But we must insist upon the independence of our local and of our state governments. Our country is too big and our interests too diversified to be run

from one central spot. While co-operating to the fullest extent with our national government, our State must retain its own initiative and self-reliance. It has a definite part to play in the great drama of world events. This part may not be dramatic; it may not get the headlines; but it is fundamental, none the less.

It becomes the solemn duty of our State to keep our people happy, contented, and adequately cared for in their everyday life. The services to which they are entitled and to which they have become accustomed must be carried out efficiently, economically, and in such a manner as to give every citizen confidence that he will be served by his government, no matter who he may be; no matter what his race, or creed, or color. That service is not dramatic action. But it is the vital rôle which our state and local governments must play in this great national emergency. Played well, it will enable our people to deal most effectively with national defence. We have seen the fate of governments that neglected these simple, everyday, undramatic duties. That must not happen here. Our State and its communities are close to our people. Sound government at home, community responsibility, and healthy family life form the basis for a strong national government and national unity.

Two years ago I told you that our average citizen wanted a job, and that it was our responsibility to

see that there are jobs in private industry for our people. Thriving industries affect all our citizens. Industries can thrive only under a prudent, co-operative, and progressive state government. That is what we have provided in the past two years.

From this rostrum two years ago I said it is the primary duty of the Chief Executive of the Commonwealth to insist upon honest service in every department of government; that there must be no graft, waste, and inefficiency; that the pardon and parole racket must stop. That pledge has been kept. All essential services have been maintained. Many improvements have been made.

We begin our new biennium with a surplus of free cash of over \$3,300,000 in the General Fund, instead of a deficit, and \$2,601,187.61 in our Highway Fund. Yet in these two years we have reduced our state debt by almost one half. We have turned back to the cities and towns almost \$10,000,000 each year from our current highway revenues to assist them on their local roads. With the initiative and hard work of the local authorities, and with the assistance of our State, two hundred and fifteen of our cities and towns reduced their tax rates in 1940, the biggest reduction in thirty years.

Meanwhile, our services to individual citizens, wholly or partly dependent upon our government, have been increased. While the number of people

on general welfare fortunately is growing less, the number of recipients of old age assistance has increased from 75,000 in 1938 to an anticipated 98,000 in 1942. Our Aid to Dependent Children is rising proportionately. More liberal payments have been made to all these folks than ever before in the history of the Commonwealth.

The comfort and welfare of thirty thousand patients in our state hospitals have been improved by more convenient admissions, better medical care, and research.

I am glad to say that with your support almost every recommendation made to you two years ago has been fulfilled. The few remaining are the subject of study and report to your present body. Let us work together in the same harmonious and helpful spirit for the benefit of all of our people during the coming two years.

THE TASK AHEAD.

Military Affairs.

Today the country faces the greatest emergency in its history. Massachusetts, as in the past, will play her part. With our co-operation the Federal government has established its Northeastern Air Base at Westover Field in Chicopee; Fort Devens is being enlarged; Camp Edwards has been leased

to the Federal government for the duration of the emergency. The State has turned over to the Federal government land owned by it in Boston Harbor for the purpose of improving and enlarging its naval drydock and other facilities. It has leased to the Federal government land in Quincy for the enlargement of the Fore River Shipyards.

Two further requests have been made, however, which the Executive Department is unable to grant without your assistance. The Federal government now wishes to lease the Shawme State Forest for extension of Camp Edwards. The British government wishes to lease property adjacent to the reservoir at Quabbin for a proving ground. Specific legislative authority is necessary to fill these requests. I recommend that you grant the first at your earliest possible convenience, and the second if the War Department approves, and the Metropolitan Water District Commission sees no real objection.

But land and harbor sites and proving grounds are of no value without men to use them. Massachusetts has provided her share of men. We have brought our National Guard to an extremely high degree of efficiency. Our State will have one complete division in the Federal service in the course of the next few weeks, and, in addition, two coast artillery regiments, one tank company, one air squadron, and a colored infantry battalion. Camp

Edwards will make an ideal site to train the 26th Division where our boys will be near their homes.

While there will be many Federal troops training in Massachusetts, none will be available to the Commonwealth to preserve order and afford protection to persons and property in local emergencies. So we have organized a State Guard for the period that the National Guard is in Federal service. The War Department will turn over to us rifles and bayonets, but the Commonwealth must furnish the uniforms and other essential equipment. The Adjutant General informs me that 7,000 officers and men will be required to provide a well-distributed force throughout the State. Men and officers will serve without pay, except when called for emergency duty. We have already the necessary armories. I, therefore, recommend that a sum not exceeding \$350,000 be appropriated in advance of the budget for providing uniforms and equipment for a State Guard.

PUBLIC SAFETY.

In addition to an armed force, the co-operation of the civil authorities is necessary and must be coordinated. In the past year I have organized a Committee on Public Safety under the leadership of former Governor Channing H. Cox and a group of 150 representative citizens of the Commonwealth.

This Committee provides the necessary co-ordination of the local defence committees now established in every city and town. They are organized on the basis established in the first World War and are prepared to deal with the various problems affecting the welfare of our citizens that may arise in connection with national defence.

Last August I asked the Commission on Interstate Co-operation to investigate whether existing state laws, concerning sabotage, criminal conspiracy, control of explosives, control of firearms, registration of members of political organizations with foreign affiliations, deputizing of special guards, and protection of civil rights were adequate. The committee has made a thorough study of this important subject, and I recommend the careful consideration of its suggestions.

We have a definite obligation to ensure, beyond that assumed by the Federal government, the normal continuation, after service, of the lives of men who volunteer for or are called into the armed forces of the United States. I recommend that you study, in the light of present conditions, the various measures adopted by the Commonwealth in the period of 1916 to 1918. Adequate provisions of this nature are essential, not only for the welfare of soldiers, sailors and their families, but also for the morale of the entire defence personnel.

I recommend that employees in the public service be protected so far as possible, and that those on eligible lists be considered in this category. Our Unemployment Compensation Law should also be studied, as undoubtedly there will be men returning from the Army or the Navy who will be unable quickly to find jobs.

Private employers are taking many steps for the protection of their workers' jobs. The State should keep step in setting such a salutary example.

INDUSTRIAL DEFENCE.

At the same time that we are providing men for national service, we have the responsibility of making certain that our numerous industrial establishments play as large a part as possible in providing weapons and equipment for our country's defence. The Massachusetts Industrial Committee for National Defence, appointed by me in May of 1940, was one of the first such state agencies. It is doing an effective job in giving the fullest possible assistance to our industrial establishments in obtaining for Massachusetts orders that we are most capable of filling. It has worked in close co-operation with our Associated Industries, our New England Council, our Industrial and Development Commission and our Aeronautics Commission. This committee has acted through a central group and fourteen regional

co-ordinators, representing every industrial section of the State. I am glad to say that it has resulted in our State obtaining many contracts which have speeded the defence program and provided jobs for our citizens.

Our most serious problem is to provide skilled workers. With the assistance of the educational authorities of the State, training programs have been begun in our vocational schools. Some of these are working twenty-four hours a day in order that an increased number of applicants may receive such training. With the co-operation of industry and labor, apprenticeship training and other training programs have been stimulated. During the past summer courses were begun for machinists, welders and sheet metal workers. With the War Department, the State Department of Education has worked out a plan for training members of the Army in the Ordnance Division. One such school has already been set up in Springfield. I urge your full support for such activities in order that Massachusetts may hold its position in the forefront of national defence and in order that our State may secure the business that will mean jobs for our citizens.

RAILROAD TRANSPORTATION.

Our railroad service is a vital defence factor. Two years ago I was seriously concerned with the future

of our New Haven Railroad system. I am still concerned with it. On July 10, 1939, at my request, you appointed a Special Commission to protect the public interest in this important transportation problem. It has materially assisted in maintaining essential services along the South Shore. Its report is now on file. I recommend your serious consideration of it and your continuation of the Commission so long as the problem of the Old Colony and the New Haven Railroad system exists. Fortunately, with the help of all of the New England Governors, state officials, and private interests, the Boston & Maine has been successfully refinanced.

AIR TRANSPORTATION.

Commerce by air is now an established fact, and the Commonwealth of Massachusetts must keep step in providing the necessary facilities for military, commercial, and private flying. This is specially important to the defence program. We cannot expect our municipalities alone to provide adequate air bases. The Commonwealth should have at least two first-class terminal air fields and a third for alternate emergency use, for training, and miscellaneous flying. I recommend, therefore, that the airport at Boston be taken over from the city and operated and improved by the State. This will provide a logical major central air terminal for

Massachusetts and New England, not only for land but sea planes; and may well become the focal point for trans-Atlantic air commerce. In addition to this airport, the Commonwealth should develop a second major airport in the Boston Metropolitan area, sufficiently far inland to provide an alternate terminal in periods of coastal fog and to permit the present non-scheduled and miscellaneous flying activity to be removed from the Boston Airport, where it now presents a serious traffic hazard. The national government offers to build such an airport at Bedford, Massachusetts, at once, providing the land to be improved is owned by the State or one of its subdivisions. I recommend that you appropriate in advance of the budget a sum not to exceed \$10,000 for the purchase of this land. The maintenance of the airport after it is built must also be considered.

The Commonwealth should assist in the further development, maintenance, and operation of an airport in the vicinity of Springfield to serve the air transportation needs of western Massachusetts.

As these undertakings call for a long-time improvement, I recommend that payments for them be provided over a period of years.

SEA TRANSPORTATION.

This year has been prosperous for the Port of Boston, in spite of conditions which have deprived

it of large European and Mediterranean business. It behooves us to be sure that naval operations do not interfere with commercial requirements. Boston is in a position to handle a huge and growing marine cargo business, but the time has come when, if we wish to anticipate such business, improvement of our pier facilities must be considered. We must also make every effort to retain shipping lines which changing economic conditions may threaten to divert elsewhere. I recommend your careful study of this subject, in accordance with plans of the State Department of Public Works and the Port Authority.

BOSTON'S FISCAL, TRAFFIC, AND WATER PROBLEMS.

Within the circumference of thirty miles of the State House, about three millions of our 4,300,000 population live. Boston is the breadbasket that supports the great majority of these homes. Boston's future becomes a problem of the State. I have called your attention to its railroad, water, and air transportation. It has, in addition, a serious traffic problem which the State cannot ignore. Free moving traffic of all kinds is a fundamental requirement for a good business center and the entire area of which it is the heart.

Real estate values in Boston have shrunk. The city is in difficult financial circumstances. This is indicated by the number of cases before the Board

of Tax Appeals, over 80 per cent of whose work comes from Boston. For instance, a major problem of the Old Colony Railroad centers around its relation to the cost of using the South Station terminal properties.

I also call your attention to the problem of its water supply. Recently the Metropolitan Water District Commission has opened the Quabbin Reservoir and has connected it with the Metropolitan Boston supply. From 1900 to 1910 Boston was consuming an average of 95,000,000 gallons of water a day. In 1930 the figure was about 94,000,000. It is now only using about 88,000,000 gallons. This Quabbin Reservoir is the biggest in the world. It would seem that its use could be more widely extended. Many localities now have their separate supplies, and from time to time these may have to be extended or improved. Would it not be much wiser to request municipalities to use this existing supply rather than spend money for new facilities?

This is a long-range problem and I recommend that you establish a commission to study this entire subject. Furthermore, I believe that such a commission will find that such use will eliminate some of the problems of pollution in the Charles River Basin, caused by the slow movement of the river itself, due to the amount of water taken from it before it reaches the Basin.

In addition to the water problem, I respectfully recommend your study of Boston's relation to and its share of the expense of the Metropolitan District Commission.

We must make certain that Boston is financially able to provide the services required of government in order that it may continue to be the breadbasket and provide jobs for almost 70 per cent of our people. Many other requirements may be brought to your attention. I trust that in dealing with them you will consider the welfare of Boston as one of the most vital factors in the economic structure of Massachusetts.

Up to this point I have considered problems of general welfare. May I now discuss with you, briefly, problems of administration of our state government.

PUBLIC WELFARE.

The system of public welfare has been completely revised, and the Commonwealth now assists and supervises rather than duplicates the work of the municipalities. With the increase of jobs, public welfare, we hope, will diminish in the next two years. But the number of our citizens who will require old age assistance will undoubtedly increase, as will the need for Aid to Dependent Children. In both cases we must be as liberal as the finances of

the Commonwealth permit. At the same time, we must make no pledges of assistance to our elderly friends and neighbors for which we do not provide the revenue. Failure to so provide is hypocritical in the extreme and does more than anything else to destroy confidence in our government and our system of democracy. We must also be sure that any action we take complies with and does not exceed Federal allotments, for we depend on that assistance for many of our present payments. A special Legislative Commission is completing its study of old age assistance, and I shall expect to make my recommendations upon this subject, if any are necessary, when its report is made.

It has always been the proud claim of our Commonwealth that, instead of orphanages or other institutional care of dependent children, our State maintains the service of foster home placing. The White House Conference on Children in a Democracy asked each Governor to appoint a committee to make effective such recommendations as relate to his respective State. I named the Massachusetts Child Council to direct this undertaking, with the co-operation of our state departments. With more than 8,000 in the care of our Child Guardianship Division, I recommend that you make certain that we carry out our responsibility adequately and effectively. I also recommend that you consider

further protection of children over two years of age who are boarded out in foster homes and are not directly under the care of the Department of Public Welfare.

YOUTH AND EDUCATION.

Two years ago I stated to you that our most important problem was to see that our young people were provided jobs, and, upon my recommendation, you passed a resolve for the Commissioner of Education to study this problem. His report has now been made to you, and I believe it is the most comprehensive statement made by any State on this subject.

According to the report, the problem is essentially one for the local communities. It advocates that every high school employ one full-time placement director. It recommends that a permanent local youth planning board be organized in every community. The possibility of a state educational loan fund is suggested. This is an important, long-range program which I commend to you.

A special Legislative Commission is concluding its study of teachers' colleges. Its findings should be considered, not with the idea of simply eliminating some of our institutions, but, if possible, of improving the usefulness of those of our educational facilities which it is clearly in the best interests of the

Commonwealth to maintain. We must provide ample normal and vocational school opportunities for our young people, to the extent of available jobs for graduates. Fulfillment of the State's less specialized higher educational obligations involves consideration of extending the facilities of our State College. If Massachusetts is to maintain her present high position in the Union, she must find jobs for her youth so that they will want to make the Commonwealth their place of business and their home. She must both educate and employ her young people.

MENTAL AND PUBLIC HEALTH SERVICES.

We have improved the administration of our Department of Mental Health. Admissions have been faster, medical care made better, and research stimulated. Waiting lists for patients have been diminished, but they must be further reduced. The most important, immediate need, in my opinion, is a hospital for the criminally insane. I renew my recommendation for the establishment of such a hospital, to be placed on land now owned by the Commonwealth or adjacent thereto in the town of Norfolk. Its cost should be spread over a period of years.

A healthy citizen is an asset to the Commonwealth. A sick person becomes a liability. Our Department of Public Health is constantly attempting, through

clinics and investigations, to maintain the health of our people and to prevent or control epidemics in their early stages.

JUVENILE DELINQUENTS.

Public attention has been sharply called to the detention of juveniles in the county jails by the publicity given to the situation in Suffolk County, where, in the course of a year, several hundred children are sent to the Charles Street Jail. This is an intolerable situation and steps to correct such a condition should be taken. The recommendation to you two years ago to consider state-wide extension of juvenile courts is the subject of a report of a special commission. This report furnishes a practical basis for action.

UNEMPLOYMENT COMPENSATION AND CIVIL SERVICE.

Two years ago I recommended and you effected extensive revision of our Unemployment Compensation and Civil Service Laws. Your action resulted in much improvement in the administration of these important services. Certain administrative problems have arisen, and I recommend your careful study of both of these subjects, not with the idea of any further drastic revision, but rather with the thought of improving and clarifying the fundamental

changes that you initiated in your last session. The Division of Unemployment Compensation is accumulating large reserve funds. I recommend your examination of the present law, to see if there are not ways and means for making it more useful to our workers. The suggestions of the Commissions will be before you. Both of these departments, I am glad to report to you, have been administered fairly and honestly, and have re-established public confidence in the operation of civil service and unemployment compensation in the Commonwealth.

LABOR.

In the vast program of national defence upon which our nation has embarked, measures to be taken are determined by the government. Employers accept the responsibility of production. But it is the millions of workers whose trained hands must actually produce the vital materials. The success of the program depends to a large extent upon the establishment and maintenance of peaceful and just relationship of all parties. It depends, also, on the fair execution of those measures which the State enacts in many fields to promote the welfare of the workers within its borders. Not only does the success of the defence program depend upon this, but also the desirability of our State as a good place in which to live and do business, regardless of defence.

I congratulate our Department of Labor and Industries upon its successful administration of our laws for the protection of those in industry. Our Board of Conciliation and Arbitration has prevented violent and costly interruptions in work. Our State Labor Relations Board is beginning to administer that new subject with skill. I shall do everything in my power to continue to improve the efficient, impartial, and intelligent administration of our state departments and agencies dealing with the question of labor.

In various parts of this message I have suggested action by your honorable bodies on matters affecting the welfare of our workers. A recess commission will soon report to you the results of its study on the feasibility of a state wages and hours law. The Workmen's Compensation Law, with respect to burials, may well be liberalized, and I so recommend.

CONSERVATION AND RECREATION.

Our conservation and recreational facilities must be adequately maintained. Today the recreational business in Massachusetts is substantial. We want it to grow. We must attract visitors to our shores and to our hills.

I renew my recommendation for improvements where possible, in our laws to stimulate the great

industry of marine fisheries. This is a business that must be encouraged.

With your approval, I established a commission to assist owners in disposal of hurricane lumber. That commission has actively helped many citizens. Its work has resulted in the reduction or elimination of many mortgages. That is encouraging. Its report will soon be made to you and will include the important subject of the future of our forests.

INDUSTRY AND AGRICULTURE.

Our Industrial and Development Commission, in addition to its defence activities, has done extremely valuable work during the past two years in brightening the whole productive picture of this Commonwealth. In 1939 more than 225 new industries came to Massachusetts. The total for 1940 will probably be greater. The hum of factory wheels swelling pay rolls on defence orders must not deafen us to warnings of slackening days ahead, when the urgent call for armaments ceases. This is one of the most serious situations which the country faces. Because it is a future problem we cannot afford to neglect preparations to meet it. We must exert all our efforts and then multiply them still further to bring to this State new plants which manufacture goods consumed by civilians as well as by soldiers,

and to encourage the expansion of plants already doing business here. We are not going to rise indefinitely on the defence boom. I urge you to give your hearty support to all measures which will lead to a peace-time goal of a busy industrial Massachusetts.

The business of our Massachusetts farms has increased. While we are essentially an industrial State, agriculture still maintains its position as second or third of our largest income producers. We must constantly be of assistance to our farmers and co-operate with them in stimulating new and bigger markets for their produce.

The dairy industry in our State has increased. Milk prices have become more nearly stabilized. In spite of the fact that the Federal government has taken over the control, to a large extent, of this important problem, there is still need of a state administrative body, and I leave to your discretion whether to continue the Milk Control Board or create an administrative agency within the Department of Agriculture.

PUBLIC UTILITIES.

I recommend your immediate consideration of the law regulating motor truck carriers of property for hire over the public ways of this State. The law is now so complex in many of its requirements that it has never, in my opinion, been capable of efficient

application. Hence, effective administration is impeded. If a regulatory law is to be helpful to those engaged in the business, it must be clear and capable of administration. Otherwise, it does more harm than good.

BANKING AND INSURANCE.

Upon my recommendation you divorced from the Banking Department the affairs of closed banks. The new Division has made excellent progress towards liquidation of these institutions. It is for the best interest of the Commonwealth that the final liquidation be accomplished at the earliest possible moment. I recommend the continuation of this Division for another two years, or until these banks have been completely liquidated.

I believe that our present banking laws are ample and well administered. However, several recent decisions by our courts raise a question of further regulation of small loans, and interpret certain conditional sales contracts and insurance premium financing as a part of the responsibility of state administration under our present act. I recommend that this subject be studied with a view to determining just how these transactions may be best supervised and administered.

The insurance business in Massachusetts has been regulated for more than one hundred years. Great care has been exercised to avoid the enact-

ment of laws which will prevent the development of broad coverage demanded by our ever-changing economic conditions. But we can and must make certain that those who enter this important business are responsible individuals. Two years ago, through legislation, you minimized the opportunity for the looting of insurance companies by faithless officers. Recently, however, our courts have criticized the Insurance Department for permitting companies to be licensed that are primarily designed to further the personal fortunes of irresponsible individuals. I recommend that legislation be passed giving the Commissioner authority to pass upon the qualifications and reputations of the officers or directors of an insurance company.

ADMINISTRATION OF JUSTICE.

By rigid adherence to strict honesty and observance of the law, our State has, during the past two years, set an example for impartial administration of justice. I pledged myself to back to the limit the various enforcement officers and agencies in the performance of their duties. I propose to continue this policy. The notorious pardon and parole racket has been wiped out, and recently the Parole Board has been completely re-established. You have before you a voluminous report from the special

commission on past cases and several recommendations for future administration.

For many years our criminal code has been built up by little changes here and there. There has not been for a long time a complete study of our criminal law.

The growing complexities of modern life; the numerous inventions, like the automobile, the airplane; the need of more regulation of human behavior in a multiplicity of fields untouched in times past; the views of experienced psychiatrists, prison workers, criminologists and others who have reflected on various aspects of this problem, — all impel to the conclusion that such a task is an essential enterprise of good government.

I recommend the creation of a special commission to examine the existing criminal statutes in Massachusetts and to draft a penal code that is more consistent internally than is the body of existing statutes and may be more in harmony with modern conceptions of crime, punishment, and correction. This commission should be given plenty of time to accomplish its objective and an adequate appropriation.

Justice speedily rendered inspires confidence. Our courts are much more nearly up to date than they were several years ago. I renew my recommendation that such legislation be enacted as may be neces-

sary to keep the structure abreast of modern needs; and, in any event, to enable the courts to make their own rules of practice and procedure.

PUBLIC WORKS.

During the past two years we have turned over most of our highway funds to our local governments, yet during this period we have matched all available funds provided by the Federal government for highway purposes in Massachusetts. In fact, there was actually more money spent on the construction of state highways than in either of the previous administrations. In the coming biennium I believe that the State must continue its so-called chapter 81 work; that is, assistance to towns of small valuation. It must increase the amounts appropriated for chapter 90 work; that is, co-operation with municipalities and counties for secondary roads. And it is fundamental that we continue our state highway program in co-operation with the Federal government. I believe we can satisfactorily accomplish all of these objectives and still have funds available to turn over to the cities and towns for local highway purposes.

Good roads are a mixed blessing, however, if slaughter as deadly as war is permitted to continue unchecked in automobile accidents. We must use every resource to increase our efforts in enforcement

and in education. At the same time we must constantly improve our engineering through better lighting, better surface construction, and better principles in traffic flow.

The Commissioner of Public Works and the State Planning Board have completed, for the first time in the history of the Commonwealth, a tentative long-range program of highway construction. The advisability of proceeding on a well-planned general scheme merits your serious consideration.

We have completed the program for replacing bridges destroyed or damaged by the hurricane of 1938. We have made it possible for the Federal government to proceed with flood control work, and the State has cleared more than six hundred miles of the smaller streams. There is still more work to be done, but I now propose its continuance within the budget rather than by a loan.

I renew my recommendation that the Metropolitan Planning Board and the State Planning Board be combined. A committee of both bodies has joined in making this suggestion to me.

REVENUE.

The needs of defence will not be provided and the normal services of our State will not be maintained unless we are able to pay our bills. This becomes more important than ever when we realize we face

a heavy increased Federal tax load. We commence this biennium with a vastly improved financial position and a renewed determination to prevent waste of the taxpayers' money.

I shall discuss in my budget message the revenues and expenditures of the Commonwealth. May I, however, now call your attention to two matters. At present practically one third of the General Fund budget is comprised of reimbursements to cities and towns for expenditures that they have already made for public welfare, education, and other services. The State has no opportunity for checking these payments, which amount to approximately sixteen millions of dollars annually. I recommend legislation that will give the Commonwealth the means of examining the expenditures before reimbursements for them are approved, and also consideration as to whether new economic conditions now make necessary some of these services.

During the past two years the accounting system of the Commonwealth has been revamped in order that the day-to-day financial picture of the Commonwealth may be determined. The new accrual system, so called, has proved to be an immense help in determining the financial status of the Commonwealth and the proper expenditure of its funds for the most efficient and economical administration of its affairs.

But the recent biennium has shown several adjust-

ments are needed. Through the co-operation of the various state departments approximately one million and a half dollars has reverted to the general treasury from their maintenance appropriations, yet substantial deficiency bills must be presented to you to cover unpredictable deficits, practically all of which have come from the reimbursements already referred to.

To meet these situations I recommend two related remedies:

1. The establishment of a so-called Allotment System, similar to that which exists in many other States today.

2. The power of transfer, under suitable restrictions, of the appropriations within a given department.

The fiscal year of the Commonwealth now ends on November 30. The fiscal year of the Federal government ends on June 30. The fiscal year under many of our laws requiring reimbursements ends on April 30. The Legislature convenes the first Wednesday in January. At the present time practically one half of the first fiscal year elapses without a budget. Obviously, with our constantly increasing financial transactions with the Federal government, it would be much more convenient and satisfactory to have our fiscal year coincide with Washington's. Likewise, the constitutional requirements are more nearly met when the Legislature has its full session for the

consideration of the new budget, rather than for the state government to be operating on the previous year's appropriations. This would likewise be of great aid to cities and towns by giving them advance knowledge of items affecting their own budgets. There is some doubt as to whether the amendment to the Constitution concerning biennial sessions prevents a change in the fiscal year without further amendment. I recommend that you change the fiscal year of the Commonwealth to begin on July 1, as of the year 1943. If you question the constitutionality, I recommend that you ask an opinion of the Supreme Court at your earliest convenience.

CONCLUSION.

Our national, state, and local governments are facing severe tests. We are determined to preserve our national unity and our national integrity. To do this, we must have adequate defence; and to have adequate defence means hard work, perseverance, personal sacrifice, all down the line. It calls for the exhibition of physical, mental, and moral courage by every man, woman, and child in our nation. We must all tighten our belts and get to work.

The part that state government plays in such a crisis may appear to be one of undramatic action. But upon its faithful performance depends the stirring drama of our liberty and our lives.

Today our state executives, and you members of the General Court, have the duty and the precious opportunity to build the confidence of our people by serving them well. With faith in our system of government, trust in our future, and courage to face our problems as they arise, we may be sure that we are doing our utmost to preserve our country and its ideals for our children and their children in the days to come. In this spirit and with faith that Almighty God will guard and guide us in His far-seeing wisdom, we now undertake to carry on the affairs of our beloved Commonwealth.



