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*Inaugural Address*

**ALFRED E. DRISCOLL**

*Governor of New Jersey*



*To the Legislature*  
*January 21, 1947*

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# Inaugural Address

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*Members of the Legislature, Governor and Mrs. Edge,  
My Friends and Fellow Citizens:*

I accept the office of the Governor of the State of New Jersey with a deep feeling of personal humility and an abiding desire, with your help, to serve my fellow citizens constructively during the next three years. From that day in September of 1777, when your predecessors met in Haddonfield and unanimously resolved that New Jersey was a "State" and no longer a "Colony," many illustrious men have contributed to the traditions that surround the office of Governor.

To Walter E. Edge, one of these illustrious men, a loyal citizen of New Jersey, this inauguration brings to a close his second wartime term as Governor. During these two terms, great accomplishments have been achieved and the structure of our State Government has been improved and strengthened. To him I extend, on behalf of all of our citizens, our best wishes for his happiness for many years to come.

To the members of the Legislature, I offer my sincere co-operation as we seek to accomplish our common task. It is our responsibility, together, to provide a government necessary to meet the needs of our time. The great problems of our day are not political. They are rather social and economic. We should seek their solution, therefore, not on a partisan basis but rather with a united determination to find the answers best suited to our day and our people.

We stand together—all of us—in a narrow corridor of history. Ahead, seen only dimly, is the one world we seek.

Behind us is the world we once knew, broken and torn by the ravages of war. Around us, pressing on our consciousness, is the fear of things as they are and may be if we fail to achieve our purposes. The passageway from the divided world of yesterday to the one world of tomorrow is too confining to permit of future battles; for the first blow may well be the last, sealing for eternity our view of a happy future and our hope of ultimate salvation and escape from destructive wars.

In this world atmosphere, New Jersey, one of the important members of our Union of forty-eight sovereign States, must, and with your help, will play her part. The broader implications of our present position are clear. They stem from a conception of our republican form of government as a composite of group interests. While we operate through the mechanics of majority rule, we must not indulge in majority excesses. Our philosophy of government recognizes that today's majorities may be nothing more than a coalition of yesterday's minorities. Over and above any provincial view of party responsibility, we must be moved by a nation-wide recognition that effective government requires the effective expression of all the group interests which make up our society. Political exploitation of any one group has been repudiated. But this does not mean, as some would have us believe, that group interests have been repudiated. We would be well advised to recognize that an effective private enterprise system is not keyed to the welfare of any one group in our society, and in fact demands for its survival a strong government which can and will prevent any group from dominating the others. It is our mandate to restore balance; to reconcile divergent group interests; to avoid group domination; and to implement a better way of life for *all* our people.

### **Constitutional Revision**

The process of carrying out these principles in terms of practical accomplishment in our State government requires that we re-examine and re-appraise our successes and

failures of the past, and that we face frankly our problems and obstacles ahead. Those of us who have served in the Legislature for any length of time have become particularly conscious of the fact that government is a dynamic thing, that problems do not stay solved, that legislative defeats will not remain quiescent under the pressure of constantly changing conditions in our society. Perhaps one of the best examples of this dynamic character of government is the movement for constitutional revision which has pursued an uncertain course ever since the annual message of Governor Joel Parker in 1873, in which he advocated a constitutional convention. It was not until seventy years later that the people of this State finally had an opportunity to express themselves for or against the general principle of constitutional revision and when they did so, it was by a favorable plurality of 154,000—a greater plurality, with two exceptions, than has ever been recorded, for any Governor in the history of the State. Despite this clear-cut mandate for revision, when the people were asked the following year, to vote for or against the text of a revised constitution, they refused the document by an equally predominant majority.

Practical politicians, and students of government as well, found much material for thought in this peculiar turn of events. In retrospect, all would agree, however, that the people in 1944 did not vote in favor of our present constitution of 1844 as much as they voted against the document submitted to them as a whole to replace it. It is easy to speculate upon some of the other factors, such as the partisan political atmosphere, and the cross currents of group disaffection, but such a commentary would serve no useful purpose at this time. Our responsibility today is measured by only one test: if our present constitution of 1844 was unsuited to the conditions of State government in 1943, is it any the less unsuited to the conditions of State government four years later? To my mind, there is only one answer: the present constitution is hopelessly out of

step with the requirements of our modern industrialized age. It handicaps rather than helps our efforts to achieve good government and sound fiscal policies. The popular mandate of November, 1946, was a mandate to all the States to assume their proper role in the Federal system, a role which requires an efficient frame of government as well as competent legislative and administrative officers. The deficiencies of our present constitution are so well known as to make it unnecessary for me to describe them at this time. Suffice it to say that each branch of our government needs strengthening. Other States have in recent years recognized a need not unlike our own and have adopted new constitutions. The mandate of 1946 re-enforces and reaffirms the mandate of 1943 and it remains only to implement those two mandates with appropriate legislation.

I urge accordingly that the Legislature proceed to provide for the calling of a constitutional convention, the work of which shall be submitted to the people at the general election next November. In preparation for this proposal, I have given considerable thought to the supposed obstacles to such a convention, and particularly to the position of our less populous counties. It has been assumed that a constitutional convention would mean the loss of the present basis of representation in the Legislature for such counties, and it was not until a procedure had been devised to assure the less populous counties against such loss that constitutional revision reached the stage of a popular referendum. There is not the slightest doubt that this same assurance may be given to the less populous counties in the process of revision through constitutional convention. This assurance, moreover, is in accord with my beliefs. I am convinced that political boundaries play a relatively minor part in a State Legislature; that group interests and party loyalties are in fact the principal factors through which legislation is evolved, and that there are decided advantages in a system which continues the time-tested principle of checks and balances in a legislative body.

My purpose has been to assure the less populous counties that a constitutional convention would not disturb the present basis of legislative representation—by a method which is beyond all legal or practical doubt. I have considered an instructed convention, that is, a convention which would be instructed by the Legislature as to the scope of the subject matter upon which it might work. While there is some authority in other States which would support such a plan, there is also authority to the effect that a constitutional convention is a body of equal dignity with the Legislature and that its scope and procedure can be limited only by the provisions of the State constitution under which it is established, or by the people. I am inclined toward the latter view. While it may be an open question in this State as to whether or not the Legislature may effectually instruct a constitutional convention, the very existence of a doubt as to the possibility is of course persuasive against dependence upon it. But there can be no doubt that the people themselves may instruct a constitutional convention, and that under the law of our present State constitution any attempt to violate such instructions would be a nullity.

The method of providing a convention instructed by the people would require, if we are to avoid separate elections, that the election at which delegates to the convention would be chosen, be likewise used to submit a preliminary question, such as “Do you favor the calling of a constitutional convention to revise the State constitution provided that no change shall be made in the present basis of legislative representation?” All voters would, at the same time, be directed to vote for delegates. The method has the advantage of popular sanction for the calling of a convention in the first instance, a sanction which, by the way, was not deemed to be a prerequisite to the calling of the convention of 1844.

I propose to you, therefore:

- (1) A constitutional convention authorized by the people and restricted by them to protect our present system of representation;

(2) The convention to be composed of 60 members elected from our counties, with each county to have the same number of delegates as it has members in the House of Assembly;

(3) The convention to be directed to revise, alter and amend our present constitution, in whole or in part, and to submit its finished work, as a whole or in such parts as it might deem desirable, for approval or rejection by the people at the general election this November.

And let me add this thought: The convention will be successful in direct proportion to the widest possible participation of our citizens and the selection of the highest possible talent that our State so abundantly affords. May we, as we undertake this obligation, lay aside partisanship and select our best qualified citizens to represent us in the convention.

### **Labor Relations**

Turning from our fundamental law to problems of legislation, I am sure we agree that one of the most important public questions facing our State and country today is that of industrial relations. Upon its solution must depend the permanency of the society in which we are living, and the survival of the democratic process which we so deeply cherish. No one man or group of men can settle this problem. It must be resolved through frank and open negotiations between the many groups affected by the terms of settlement, and must be considered in an atmosphere of patience, understanding and integrity without which no amount of law, regulation, or coercion will avail.

To many people the problem of labor relations means only the wave of strikes under which the nation and, to a lesser degree, our State has suffered. The inclination to take drastic measures may be strong. But we will be well advised to approach the problem of industrial conflict at

home with the same caution and even diplomacy with which we approach the problem of averting wars on the international front. What we do for today is not for today alone; it may affect us for years to come and will stamp those who are responsible for the course we choose as either men of vision or as victims of their environment. For when we deal with labor relations, we deal with human emotions. We can neither prohibit labor unrest nor proscribe business failure by legislation.

The dramatic character of important strikes tends to center our attention on this aspect of labor disputes. But there are other and even more far-reaching problems of labor-management relations, such as management incompetence, absenteeism, excessive labor turnover, indiscriminate lay-offs, the lack of a secure yearly income, slow downs, "feather bedding" and generally low rates of productivity that are as costly to our economy as the ultimate weapon of organized labor—the strike. To solve the strike problem, if we could, while leaving these roots of industrial strife to remain, might only be to delude ourselves under the soothing over-confidence of a surface attack on a deeply rooted illness.

A fair perspective of the period through which we are passing, moreover, requires recognition that labor disputes are as much a part of the post-war period as retooling. The many drastic personal adjustments required by our transition to a peacetime economy, by the rising cost of living, by the dislocations of a Herculean war effort, must be expected to provoke labor unrest and disputes as well as a supreme test for management. We must at all costs avoid an hysterical approach to a most baffling social problem about which we really understand very little. A high quality of statesmanship is required.

Before proceeding to the discussion of remedies, it is essential *that we establish principles*, and I wish, at this time, to make myself clear in regard to fundamental considerations which I believe are essential to industrial peace,

to full production and to full employment. I not only favor collective bargaining, but am convinced that it is ordinarily the most desirable method of regulating industrial relations. I believe that trade unions are essential to the ordering of large concentrations of economic power; but I am likewise aware that trade unions are themselves aggregations of great economic power. Some of them, indeed, have proved themselves to be more powerful than any concentration of capital with which the economic structure has been familiar.

Stripped of the lesser gradations of power, the crux of labor union power is the capacity to stop work. To deny this power completely is to deny labor its most effective bargaining power. To permit the strike weapon to be used indiscriminately is to deny all the people that security for which government stands. Collective bargaining may be an absolute right. The right to strike must be a qualified right. There is no place in democratic thinking for uncontrolled power of any kind. There can, for example, be no legitimate strike to compel a violation of law. There can be no legitimate strike which imperils the public health, the public safety and the general welfare of the community.

There is obviously much that could be done within the framework of these principles. Their application to the almost infinite variety of labor-management relationships is a task of years. It will require a continuing review and appraisal by the most constructive leaders of labor and management. To provide facilities for this purpose, I propose to develop a systematic series of labor-management conference groups consisting of responsible and enlightened leaders of labor and management. These groups will be entrusted with a continuing study of the social and economic problems of industrial relations, and will be requested to report from time to time to the Governor and through him to the Legislature.

For immediate consideration, the action we take on labor relations may quite clearly be considered in two parts, that

relating to industrial relations generally, and that relating to industrial relations in public utility industries. To a considerable extent, the details of such remedies as we may adopt will of necessity have to remain subject to future adjustment in accordance with the findings and recommendations of the labor-management conference groups. That the choice of methods is broad is evident from the fact that over one hundred separate types of proposals have been introduced in the Congress on various labor issues. I am convinced, however, that there are some aspects of the problem which have received sufficient study, both within and outside our State, to permit a crystallization of our judgment as to a course of immediate action. Accordingly, I would urge you to consider the following:

(1) To adopt a State labor relations act which would provide for the establishment of a State labor relations agency, with a labor tribunal, incorporating the present facilities of our State Mediation Board, and which would define unfair labor practices on the part of either employees or employers, and provide for mediation and promote collective bargaining.

(2) To provide effective means for the interpretation and enforcement of collective bargaining contracts, and prohibit any use of economic force by employers or employees in connection with any dispute arising under such contracts. The provisions of this act would be administered by the labor tribunal.

(3) To protect the freedom of individual employees to join labor organizations of their own choosing by restricting back-door agreements as well as strikes and boycotts intended to coerce a change of union membership. In other words, we must seek and find a solution for so-called jurisdictional and wildcat strikes.

(4) To provide that where the closed shop is adopted by collective bargaining, unions must meet the requirement of an open door for membership.

These requirements of industrial peace should of course be implemented with suitable sanctions, applicable to both employers and employees. Under such a system, considered against the bitter lessons of recent strike experience, I am hopeful that no further interference by government in the general collective bargaining process will be required. In the case of public utilities, which would also be subject to the general labor program, we have already made a start on legislation designed to insure continuous operation of a limited number of utilities. This legislation should be strengthened along lines developed in the National Railway Labor Act, with such further safeguards and sanctions as experience has suggested.

As for the right to strike in public utility industries, we need qualify it in only two instances—it may not be lawfully exercised during the pendency of proceeding taken under the law, with a time limit of perhaps ninety days, nor may it be exercised at any time against the State. I would add that in the event of seizure by the State, a public utility must continue to operate under terms to be advised by the labor tribunal until the parties reach a voluntary collective bargaining agreement.

This program, which is clearly short of compulsory arbitration, would seem to do all that can be done to protect the public interest without invading freedom of contract or imposing involuntary servitude. We should seek to avoid compulsory arbitration of wage matters, since it would mean the end of collective bargaining, without which neither free enterprise nor free labor can long endure. From the viewpoint of a working federalism, moreover, I doubt whether any State can or should undertake to direct any substantial segment of its economy pursuant to a policy which has not been accepted by the Federal Government.

### **Social Security**

At their source, problems of industrial peace are very closely related to problems of labor insecurity. The Ameri-

can working man has gained a constantly improved standard of living over the past fifty years, and the extended use of machinery as well as his own skill has constantly increased his productivity. It is only as a result of such increased productivity that our economy has been able to provide constantly rising wages without always increasing prices.

But this efficient organization of manpower and machines has left a large area of insecurity for the individual worker in our industrialized economy. Over the years, State and Federal governments have sought to relieve this insecurity—both as an aid to free enterprise as well as because of a recognition of increased social responsibility. We have already achieved a substantial measure of security against the hazards of dependent old age, occupational injury, unemployment and need. But the major hazard of disabling illness or non-occupational accident is still without general social recognition. When illness or accident strikes, moreover, it can become a family catastrophe where family income is insufficient to provide against the cost of illness as well as the continuing daily needs of dependents.

In New Jersey, we have made substantial progress toward providing against the hazard of wage loss caused by illness or non-occupational accidents. Two plans have been before the State—a so-called public fund plan and a privately operated, publicly supervised plan. There seems to be general agreement throughout the State that a plan of "cash sickness benefits" should be adopted. I am certainly in accord. The only difficulty has been in the selection as between the two proposed alternatives.

Following the recommendation of a private plan by our Commission on Post-War Economic Welfare, two events of importance occurred. The first was Federal legislation enabling the cash sickness benefit program to be integrated with our present unemployment compensation system, and the second was the development of a strongly supported opposition of organized labor to the privately operated

plan. More recently, I have been advised that there is considerable question as to whether private insurance companies can make available to the thousands of smaller employers the kind of group insurance that would make the private plan workable. In the absence of insurance, the high hazard industries, which need the benefit of a spread risk more than others, would be left without protection.

The issue of the private plan versus the public plan has thus become much more complicated than when it was considered last year. In an effort to find some common ground upon which a fully satisfactory plan may be built, I have asked the Commission on Post-War Economic Welfare to consider the possible adaptation of the principle of the non-exclusive State fund plan which was enacted by California last year. We are all interested in developing the best possible plan for New Jersey, and it would be well for us to withhold our judgment until we have had an opportunity to examine the Commission's forthcoming report.

### **Education**

These problems of economic and social security are basically related to the scope and quality of our educational preparation for citizenship. There is in a Republic no governmental function more important or more necessary than that of education. We are justly proud of our system of free public schools. We are, however, perhaps a little too ready to base our pride upon the fact that only two other States spend more for education per pupil than we do. Likewise we are perhaps a little too ready to establish as our goal in improved education the attainment of first place among the States in terms of educational expenditures. While we recognize that good schools cost money, we must remember that the true quality of education cannot be measured by school dollars alone. I believe, therefore, that an important element of any new State aid program for schools should be the further development of quality and standards of educational achievement.

It is nevertheless true, in my judgment, that our school program must be more adequately financed and that many of our public school teachers are underpaid. The development of a more comprehensive program of State aid for our local schools and municipalities should not be delayed. Our municipalities, however, are likewise obligated to seek and achieve economies so that more money when necessary may be made available for education at the local "home rule" level.

The need for greater equalization of educational opportunity for all the children of our State, wherever they live, must be constantly before us in our considerations of State aid for local schools. A corollary to this need is the additional need for greater equalization of financial burden for the support of schools. This year New Jersey will put into effect a new school aid formula which will result in some measure of greater equalization of both opportunity and burden. This will require close to \$6,300,000 of additional State money to finance this program during the fiscal year which begins July 1st. It will require many economies before your State government will find it possible to include this amount in the next budget. The new school aid formula, I might add, while a step in the right direction is unhappily based upon the "rubber" yardsticks of amount spent for education and of assessed valuations of property taxable in each local district. So long as local educational costs and assessment practices vary as widely as they do now, no real equalization can be achieved by the use of these yardsticks. For this reason, I recommend that we look upon application of the new formula for the next fiscal year as a test of its worth and continue to study the matter of distributing equalized State aid for schools.

Our educational problems in New Jersey are not limited to free public schools. The unprecedented demands on our facilities for higher education represent an immediate but, perhaps, partly temporary need. We must provide adequate higher educational facilities for every New Jersey

citizen who wishes and is qualified to continue his or her educational development. In 1945, Rutgers University was designated as the State University and a program for integrating the State University and the State Teachers Colleges is, at my request, now being considered. This program contemplates the maintenance of schools in various parts of the State with off-campus and extension centers where needed. The adoption of this program will increase the higher educational opportunities for qualified New Jersey youth and, at the same time, promote the fullest and most economical use of all existing educational facilities. It will, likewise, permit us to strengthen our teacher training program.

### **Public Health**

Experience in our public schools has demonstrated time and again that our youth cannot enjoy educational opportunities without good health. A large part of our State residents, veterans included, learned during the war of the deficiencies of our present public health services. The urgency of our wartime needs and the presence of local emergency programs, did more to bring home to the people of New Jersey both the good points and the weak points in our public health facilities than did years of educational activities. We have come, moreover, to look upon the position of government in the area of public health as covering a much greater responsibility than the traditional functions of sanitation, vital statistics, the safety of sewer and water systems, and the control of communicable diseases. And, in fact, our governmental health organizations in New Jersey do go far beyond these older functions, particularly in the field of public health nursing, nutrition and industrial hygiene. Our difficulties today are in part structure and in part function.

The reorganization of the State Health Department, both in its structure and in its powers and duties, so as to enable it to give a new and improved direction to our public health activities in New Jersey, is still of primary importance.

Similarly, at the local level, the excessive number of overlapping health facilities in some areas as well as inadequately staffed health districts in other areas should be brought to a level of optimum efficiency, so that a full-time, fully qualified district health officer will be responsible for the public health work in every district in this State.

An effective organization of public health agencies at the State and local levels will be, however, only a beginning toward our health needs. From that point we will be in a position to develop new and needed public health functions, we will be able to bring about a closer integration of the work of the public health officer with publicly aided hospitals, health centers, State rehabilitation clinics and professional medical and nursing interests, as well as with the local school health facilities. A judgment as to the extent of our deficiencies in general and special hospital facilities will have to await the result of studies now in progress. We may well find overall that we are suffering not so much from a lack of adequate health facilities in total, but rather from a badly distributed and uncoordinated public health program.

### **Institutional Care**

At the point where public health leaves off, our problems of institutional care begin. New Jersey has a well-developed system of institutional care for wards of the State, but the needs of this service, as others, have tended to grow beyond the State's understanding. As we have continually expanded our consciousness of social responsibility for the unfortunates among us, misery and suffering, that have gone unnoticed in the past, have come to command the attention of a further enlightened people. This is especially true of our concern for the chronic sick and the mentally ill. We now find ourselves greatly in need of more beds for the care of the more serious cases among the chronic sick as well as for broadened community provisions for the prevention of chronic sickness. Our situation with regard to the mentally ill is particularly acute.

The three State mental hospitals have proved inadequate to the load they have been called upon to bear. As an emergency policy necessitated by wartime conditions, every effort has been made to limit admissions only to those who were in clear need of institutional care, and who could not be cared for through other publicly supported facilities, such as veterans' hospitals and county institutions. Efforts have been redoubled at curing and preventing mental diseases, but the dangers of overcrowding, fire hazards and shortages of personnel are still matters of concern. I would hope that through a more efficient utilization of all publicly supported mental institutions, we might avoid the large expenditure that would be necessary for a fourth State mental hospital. This is a matter upon which I am having studies made and will communicate their findings to you at another time.

### **Crime and Delinquency**

Some recent notorious cases of serious crimes committed by persons of immature years, some of whom are adolescents, have brought again to our consciousness the importance of a proper solution of the whole problem of juvenile delinquency. You authorized the appointment of a legislative committee to study the causes of juvenile delinquency in New Jersey. I commend to your attention the report and recommendations of this committee, headed by Senator Van Alstyne. Realizing, however, that the problem of juvenile delinquency cannot be fully solved by the Legislature or by the enactment of law, I have authorized the calling of a State-wide representative meeting in the interest of the youth of New Jersey, at which time plans can be completed for a broadened program of delinquency prevention.

### **Housing and Rent Control**

The connection between crime and delinquency and inadequate housing is well established. For this reason, as well as to meet the urgent needs of veterans and non-

veterans alike, the current shortage of decent homes continues to be one of our foremost problems. Our State veterans emergency program—and I stress the word emergency—is one of the most ambitious programs undertaken by any State. It involves a State commitment of \$41,000,000, more than twice the amount allocated for New Jersey veterans by the Federal Government. The State program is barely four months old—much progress has been made—it will be pushed forward to completion with all the energy in the command of the administration. This will require, as in the case of so many other programs, co-operation and teamwork between the State Government and its municipal subdivisions.

Apart from the emergency program for veterans, we must be mindful of our government's interest in the development of homes, and the preservation of the home tradition and atmosphere. The home is a basic pillar in the structure of our Republic. We will, therefore, in concert with the Federal Government, seek to create by minimum regulations, by wise tax laws, adequate public improvements and other means, the kind of environment in which private enterprise can and will build homes. Until such time as private enterprise and our emergency programs have provided a reasonable balance between housing supply and demand, sensible and fair rent controls appear to be in the public interest and accordingly should be continued. These controls should obviously strive to recognize the requirements of the landlord as well as the tenant.

Nor can we fail to acknowledge the challenge to hearts and minds presented by the existence in this State as in others of substantial slum areas. It is not sufficient to erect new buildings in new areas while our slums continue to grow and fester. Here again I hope you will seek to develop that happy combination of private enterprise and governmental encouragement necessary to eliminate this menace to our society and, I might add, financial hazard for our municipalities. Legislation passed last year designed

to encourage private enterprise to engage in slum clearance should be strengthened. Unnecessary and monopolistic building code provision should be repealed. Minimum uniform building and fire safety standards are badly needed. The State must be on the alert to insure a free and open competitive market for building materials. Antiquated craft union distinctions should be referred to the Labor-Management conference for study and should be eliminated as quickly as possible. Provision should be made immediately for the training of an adequate number of men for the building trades. In general, we should look primarily to private enterprise to solve our housing problem, aided by the elimination of restrictive and monopolistic conditions which contribute to excessive construction costs. To the extent that slum clearance should prove to be beyond the field of private enterprise, our State and municipal governments, in co-operation with the Federal Government, must prepare themselves to shoulder this burden.

### Highways

In our industrial age it is hardly necessary to emphasize the importance of a properly planned highway system for the entire State. Today our large cities in their fight for survival are just as dependent on a State-wide highway system as are our ever-important rural communities. Without an even and speedy flow of commerce, New Jersey, the great industrial workshop with its important agricultural and recreational areas, would wither and die. Our arteries of commerce and pleasure must be protected and improved.

For some time, it has become increasingly apparent that the laws providing for the financing of municipal and county highways have born too heavily upon these important subdivisions of our State. Real estate is already bearing a heavy burden. It is obvious that unless there is some substantial change in our system, our counties and municipalities are faced with the unhappy dilemma of further increasing property taxes for highway purposes or refraining from the sorely needed modernization of many

important intra- and inter-city highways. The latter choice will result in a further depreciation of land values, higher tax rates and a continuation of the vicious circle that New Jersey has experienced all too frequently. Out of a total of 27,900 miles of municipal, county and State highways and roads, approximately 1,600 miles are part of the State highway system. Last year our municipalities appropriated \$16,000,000 for street repairs, maintenance and lighting. Our counties appropriated \$7,000,000 in addition to State grants for highway purposes. These figures roughly indicate the magnitude of the real property burden for streets and highways.

Our cities, whether or not they are conscious of the fact, are engaged in a fight for their municipal lives. That some of these cities have handicapped themselves by shortsighted policies and a failure to use their assets to best advantage is beside the point. The State mindful of its obligations to its citizens should assist our large cities with their peculiar traffic problems. This statement applies with particular force to the capital city and many other municipalities that I could mention.

Accordingly, I recommend the following program :

1. A continuation of our State program for the construction of freeways and parkways as rapidly as is practically consistent with other equally important highway needs. In view of our manifold requirements, careful consideration should be given to the proper method of financing so-called luxury roads.

2. The State Highway Department should continue to develop and to put speedily into operation a program designed to carry State highways through or around our large cities. This program should include necessary access roads so that the cities will not find themselves in the position of being by-passed in the favor of interstate commerce.

3. Provision should be made for a new emphasis on the development of a secondary road program at the

county level. This will probably require increased State aid to our counties. A modest start, finances permitting, should be made at once.

4. Our present program of State aid for highway purposes to our municipalities should be abandoned; and in lieu thereof there should be substituted a definitive program providing at the outset for the distribution by the State of between five and six million dollars to all of our municipalities, upon the basis of mileage and population; providing, however, that the aggregate contribution to the municipalities in any given county shall not be less than \$200,000. The adoption of this proposal will correct the grave injustice that has heretofore been done to our large cities without in any manner penalizing our smaller communities. We will place this grant-in-aid on a business basis permitting our municipalities to budget anticipated revenue and to make proper appropriations.

5. Due recognition should be given to a need for roadside improvement and beautification. A carefully designed program to make our highways safer and more attractive should be adopted as quickly as possible.

### **Agriculture**

In any highway program, the need for improved farm-to-market roads must receive important recognition. During the next three years, I will from time to time discuss with you broad programs designed to benefit our agriculturists, including agricultural research, soil surveys, and co-operative marketing—not to be confused with tax-free co-operatives engaged in competition with private enterprise. In general, however, I recognize that the farmers' problem is in no small measure a financial or tax problem. The farmer will benefit in direct proportion to our ability to offer business methods to the business of government. In general, I believe the farmer wants protection from unnecessary governmental interference. This protection we should be prepared to give freely.

## Federalism and Interstate Co-operation

To this point, I have sought to set before you the major problems of State government as they appear at this time, and to outline the philosophy of approach to those problems which in my judgment will provide a sound and constructive basis of solution in the interests of all the people in New Jersey. Two fundamental considerations remain to be emphasized. The first is our position as a State in the American system of federalism, and the second is our capacity to finance the various service needs which are pressing upon us.

The constantly expanding scope of Federal influence in State government is apparent when we consider how many of the major service requirements we have reviewed today, such as education, unemployment insurance, housing, public health, hospitals, highways, and airports, are directly affected by Federal policies of finance and administration. We may well expect, moreover, that the States as well as the Federal Government may find their entire administrative policy and philosophy in the next few years dominated by efforts to make good on the promise of full employment.

From the viewpoint of our State, we must certainly be prepared to assume our fair share of responsibility for programs vested with a national interest. But it is equally true that so long as the present Federal policy of treating the States as competitive centers of political power is continued, the States will be unable to give full support to national policies.

We are urgently in need of a new integration between the various State congressional delegations and their respective State administrations. I am hopeful that by formalizing such an integration we may find the means for an intermediate level for policy co-ordination by the Federal and State governments—a co-ordination which is now sorely lacking in our Federal system. As you know, I have taken the first steps toward achieving this result in New Jersey, and I hope to enlist the co-operation of other States through

the facilities of the Governors Conference and other ways. The results of such an integration of national and State interests should go far toward eliminating duplication and conflict in the services of Federal and State governments and toward providing the means by which some of our State fiscal problems may be relieved.

The States can and will continue to offset the harmful tendency towards centralization through various devices of inter-state co-operation. New Jersey and New York were first among the States to create an inter-state port authority for the development and service of their common interests. The Port of New York Authority has more than demonstrated its worth over the twenty-five years since it was established, and it is now in a position to render a new service in preventing ruinous competition between the two States in the provision of airport facilities. I sincerely hope that we may continue to deal with regional problems as typified by airport facilities, on a regional basis. The people of the City of Newark deserve the gratitude of the State for going forward with a great air terminal at a time when other municipalities perhaps did not fully appreciate the importance of air transportation to the general welfare. But the time has come when the people of that city can no longer be expected to underwrite huge capital outlays of this kind, and we ought to give every encouragement to an agreement between the Port of New York Authority and the City of Newark to the end that unified regional control and operation of air transportation may become an accomplished fact.

The same purposes that motivated the inter-state development of the New York port area are equally applicable to the development of the Philadelphia-Camden port area. The States of New Jersey and Pennsylvania have long had a common interest in this area, particularly in the co-operative development of the Delaware River as a source of potable water and for recreational use by the great metropolitan areas of the two States, as well as in

abating the pollution of the waters of the river which has hampered industrial and commercial development and presented great problems of public health. Much has been accomplished to these ends through the facilities of the interstate commission on the Delaware River basin and through other joint efforts of the two States.

The greater economic and other common interests of the two States in the Camden-Philadelphia metropolitan area now require the creation of an inter-state authority similar to the Port of New York Authority, with initial bi-state financial support. Such an authority, patterned along lines of the Delaware River Joint Commission, would permit the broad-scale development of the entire area to be served. I urge your interest and support in this project for the development and enrichment of the southern part of our State.

### Finance

Perhaps no other administration in the history of our State has been called upon to meet financial problems as urgent as those that will confront us during the next three years. We are at present faced with extreme demands for both new and additional public expenditures; almost all of which are legitimate, many of them necessary, and some of them essential. They arise largely from deferred requirements of the war years; from new responsibilities that the post-war period has placed upon us; and from inflationary tendencies that have reduced the purchasing power of the dollar by almost one-half. On every side, these conditions are giving rise to requests for increased public money—more money for salaries, more money for current operating expenses, more money for repairs and maintenance and large sums for capital improvements. Under such circumstances, it is of the first importance that we establish a State government service policy; that we determine the ways and means by which such policy can be expressed; and that we thereupon take such steps as are necessary to make such policy effective.

A large factor that must enter into our service plans is the increasing tax pressures of our municipalities as they are reflected in the general property tax levies on real estate, improvements and tangible personal property. These problems, inherent in our New Jersey tax structure, have acquired the virtues of antiquity. Thirty-six years ago, one of my predecessors in this office, Woodrow Wilson, in his inaugural address, stated:

“There is an uneasy feeling throughout the State, in which, I dare say, we all share, that there are glaring inequalities in our system—or, at any rate, in our practice—of taxation. The most general complaint is, that there is great inequality as between individuals and corporations. I do not see how anyone can determine whether there are or not, for we have absolutely no uniform system of assessment. It would seem that in every locality there is some local variety of practice, in the rate, the ratio of assessment value to market value, and that every assessor is a law unto himself. Our whole system of taxation, which is no system at all, needs overhauling from top to bottom.”

This statement is as true today as it was in 1911 and emphasizes one of the problems that must receive our earnest consideration. Our lack of uniformity in assessments is itself partially responsible for the present plight of our municipalities. In 1946, for the first time, the average general property tax rate was in excess of \$5.00 for each \$100 valuation taxable. There is every indication that it will be still further increased in 1947. This is a heavy burden. Where there are full value assessments—principally in our larger municipalities—it amounts to a capital tax of more than five per cent, and the actual rate in some municipalities is six per cent and over.

It is common knowledge throughout the State that taxes such as these cannot go much higher, and still the need for additional funds for local services is acute. I have

repeatedly said that the State should assist its municipalities in meeting this condition, and I intend to do everything within my power as Governor to do so; but in fulfilling this pledge—as well as in meeting the service requirements which I have outlined to you—there are fiscal restrictions to which we are committed.

I have heretofore made it plain to the voters of the State that I would support no proposals looking toward a State income tax, or a State consumers sales tax. I also made it plain that such additional revenues as were needed to meet the pressing service needs of the State and its municipalities should come from intelligent and effective economies; tax adjustments that would assure full coverage and equality of treatment; and replacement revenues that would be substitutes for outmoded tax bases that are no longer effective. I also emphasized that we would take advantage of any leeway that might come to us through a reduction in Federal taxes, and that we would likewise recognize and adjust any competitive tax practices that placed us at a disadvantage with comparable industrial States.

A comprehensive survey of the financial position of the State demonstrates the continuing need for prudent management, and the most painstaking economies. We will be called upon to substitute quality for quantity. It is only by the adoption of this approach to the business of government that we will be able to pay reasonable salaries while keeping total payrolls within realistic limits. If we concede, as I do, that real estate taxes are too high we must be equally prepared to admit that the cost of municipal, county and State government has in many instances passed reasonable limits. We will not find the complete answer to this situation in the proposal that the State impose new taxes for local distribution. Much more than this is required! We must re-examine our entire program of municipal and county grants-in-aid. I will ask the Commission on State Tax Policy to study this subject. Beyond this obser-

vation, it should be noted that in too many instances local government as well as county and State Government has been guilty of waste. Too few communities have availed themselves of the opportunity to save through the medium of voluntary intermunicipal co-operation and merger of services. We cannot in all fairness complain about the duplication of service at the Federal-State level in the absence of a willingness to put our domestic household in order.

With these purposes as well as these commitments in mind, I am preparing a program for the consideration of the Legislature based upon the following proposals:

(1) To support our highway program with every appropriate resource—this will require the use of all present highway revenues for highway purposes; the maximum use of Federal highway aid; and a re-examination of motor vehicle license fees on trucks.

(2) To meet the most urgent State needs of a capital nature, particularly for hospitals, sanatoriums, and specialized institutions—this may require a bond issue, which, in my judgment, is a perfectly proper way of financing certain long-term capital improvements.

(3) To take advantage of any leeway that may come to us through reduction in Federal taxes—particularly reductions in the Federal alcoholic beverage tax and removal of the Federal gasoline tax.

(4) To commence at once a continuous provision for a management analysis of every State departmental operation, and to encourage the conduct of such audits in every county, municipality and school district of the State.

(5) To bring financial aid to local services without further burdening the property tax base—this means adjustments in our present tax structure. I have asked the Commission on State Tax Policy to study the following proposals and to report its findings to the

Governor and to the Legislature early in the 1947 session:

(a) A redistribution of the first-class railroad property tax, so that each municipality containing this type of property will receive all of the proceeds allocable to it on the basis of the value of the property within each municipality.

(b) The repeal of the present property tax on tangible personalty and the substitution thereof of a suitable replacement tax, the proceeds to be used to increase State aid for schools.

(c) An overlay of an additional low rate on the replacement base to be allowed each municipality upon the vote of its governing body, the proceeds to be returned to the municipality in which the collections are made.

### Conclusion

This review of the service and fiscal policies to which I would enlist your co-operative support in no way overlooks the problems and needs of our veterans. We are at a stage in our development, however, in which we can render the broadest and most lasting service to those who have served in the Armed Forces by attending first to the problems of government and finance which they share with all the other citizens of our State. We will, of course, continue to develop and expand our special programs of veterans benefits to aid in the speedy and satisfactory civilian readjustment of all returned service men and women. The program I have outlined is admittedly large and will test our every resource and ingenuity for its successful accomplishment.

If I were to be asked our watch-word for the next three years, it will be found in a single word—*work*. If asked to amplify, I would add the words “intelligent” and “productive.” Intelligent productive work, for all of us—those on the farm, in the shops, in our industries and offices, and particularly for those of us in government, there is imposed

the duty to ourselves and our posterity to work intelligently and productively.

A social system, a philosophy of life or of a government, that fails to produce in the interest of all the people, will not long endure in an age where wholesale destruction may explode out of the skies while mankind is too slowly testing old values and seeking new guides.

With the help of the Divine Providence may we work together intelligently and productively; may our work be for the betterment of our citizens, our State, our nation and our world. What we do here in our New Jersey laboratory, like the ripple from the stone dropped carelessly or with good intent into the pool of public life, may reach far beyond the narrow horizons of our State.

Respectfully submitted,

ALFRED E. DRISCOLL,

*Governor.*

[SEAL]

Attest:

J. LINDSAY DE VALLIERE,

*The Secretary to the Governor.*