

First Annual Message

ALFRED E. DRISCOLL

GOVERNOR OF NEW JERSEY

To the Legislature

January 13, 1948

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FIRST ANNUAL MESSAGE
OF
ALFRED E. DRISCOLL

Governor of New Jersey

TO THE ONE HUNDRED AND SEVENTY-SECOND
LEGISLATURE OF NEW JERSEY

January 13, 1948



GOVERNOR'S MESSAGE

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*Mr. President, Mr. Speaker and Members of the Senate
and General Assembly:*

In the fullness of our time, our fellow citizens have conferred upon us a new authority and greater responsibilities than any heretofore delegated to the Chief Executive and the Legislature of this State. This is, therefore, an historic meeting, for it marks the convening of the first Legislature under the Constitution of 1947, and the beginning of our task of translating into constructive action the spirit of a new Charter adopted by the overwhelming vote of our citizens on November 4, 1947.

The incorporation of high ideals in a written document does not, however, in itself complete the task of Constitution-making initiated by your far-sighted predecessors of the 171st Legislature, and carried out so constructively by the illustrious men and women of the Constitutional Convention. While we gladly acknowledge our debt of gratitude for the amazing achievements of the draftsmen, it remains for us to give to the basic framework of government the constructive implementation it so urgently requires. The world resounds with pious declarations. In an age beset with doubts, fears, insecurity, and conflicts of interest, it has proved easier to draft charters than to make them work. This is the time for action in Trenton as well as in Washington. The verdict of history upon the major achievements of 1947 will largely depend upon our accomplishments this year. As you proceed, therefore, to the

first task of implementing the new Constitution, you are under a greater obligation than is normally the case, to lay aside personal prejudice or petty partisanship, and to consider only the common welfare.

Our union of States has grown so strong that it is difficult to discuss State affairs without a full consideration of the national and international scene. The welfare of our citizens is dependent upon our capacity to solve problems that are the consequences of a brutal war and the conflicting philosophies of government which are the inevitable aftermaths of world catastrophe. Our ammunition in the present contest for a way of life consists basically of education, food and an example of freedom at home—while we assist millions across the seas who want freedom to recapture the dignity of economic independence, without which a free people cannot survive.

A LIVING BILL OF RIGHTS

A basic understanding and acceptance of the morality which underlies our Bill of Rights, for example, will greatly assist us in this effort. Neither in our domestic life nor in our international relations can we permit the abuse of fundamental guarantees of individual liberty and of national sovereignty to be used as a means of either personal or national aggrandizement. Because of the importance of this fundamental subject, a committee appointed by me is presently engaged in studying the application of our historic civil rights in a world of mounting tensions.

In the meantime, we must vigorously apply, fairly and equally, the Civil Rights provisions of our new Constitution to the daily life of our community. We shall attack prejudice and discrimination because of race, creed, color or national origin and seek to eliminate the cause of these twin dangers. By so doing we will not only be promoting the common welfare, but we will also be neutralizing a major portion of the propaganda ammunition presently utilized by the antagonist in our cold battle to preserve and improve our American liberties.

STRENGTHENING THE LEGISLATURE AND THE COURTS

For similar compelling reasons, you will take prompt steps to strengthen the legislative process, for which provision has been made in the new Constitution. The initial step in this program was taken last year, when provision was made for a commission to study legislative methods, practices and procedures and to investigate the advisability of establishing a permanent agency of the Legislature, authorized to continuously study legislative proposals and to prepare legislative programs. This proposal is designed to strengthen the independence of the legislative branch of our government. I hope the study will disclose the feasibility of such a permanent agency.

I am confident also that you will provide the necessary legislative implementation to achieve another major object of the framers of our Constitution—a modern, unified judicial system. The capacity of a people to govern themselves and to demonstrate the merits of our form of government is brought home to the average citizen by the quality of justice administered in all of our courts, particularly the lower courts. The new Constitution give us all opportunity to restore Jersey justice to its once proud place and immeasurably improve our judicial structure. For the first time in the history of our State, we have an opportunity to achieve a unified judicial system. Pursuant to the administrative provisions of Article VI, the lower courts become an integral part of our State judicial structure. The capacity of these courts to administer justice and to prevent transgressions of the law must be strengthened. I am advised that our Supreme Court is presently engaged in the laborious task of drafting simple, understandable court rules. To the extent that these rules may require change in our laws, the speedy co-operation of the Legislative and Executive branches of our government should be freely given.

STATE ADMINISTRATIVE REORGANIZATION

The reorganization of the Executive Branch of our State Government has been the elusive goal of many Legislatures and Governors. This year we should achieve this objective. We have the advantage of a Constitutional mandate requiring that "All executive and administrative offices, departments, and instrumentalities of the State Government . . . and their respective functions, powers and duties, shall be allocated by law among and within not more than twenty principal departments . . . according to major purposes so far as practicable." No mere *pro forma* reshuffling or regrouping of State agencies will satisfy this constitutional command. After conferring with legislative representatives appointed by your leaders, I am convinced that the constitutional mandate can be carried out within not more than fifteen principal departments. The following are suggestive of the titles and major purposes: Agriculture, Banking and Insurance, Civil Service, Economic Development (including Conservation), Education, Institutions, Labor and Industry, Law and Public Safety, Military Affairs, Public Health, Public Utilities, Public Works, State (Department of), the Treasury, and Welfare Services.

I recognize that this is not an easy task. It will require statesmanship of a high order. Certain basic principles should, in my judgment, guide the reorganization program. It should be designed—

- (1) to secure a maximum of efficiency and economy in government;

- (2) to protect and develop career service for those with the capacity for the operation of the business of government;

- (3) to provide the Governor with a limited number of policy-making aides, appointed by him subject to confirmation by the Senate; and

- (4) to continue the fine tradition of citizen participation as exemplified by boards devoted to the considera-

tion of policies such as in the fields of Agriculture, Education, Economic Development, Health, and Institutions, and possibly others.

It is obvious that we shall have to establish clear-cut lines of authority and definite official responsibility to the people. This has been one of the major motivations of administrative reorganization as conceived in the Constitutional Convention. It should be our purpose to so organize our principal departments as to provide the maximum opportunity for advancement in a career service below positions of top policy. It is only in this way that the business of government can be made attractive to the most able public officials and employees.

We should also recognize that the function of organization is essentially to carry out the major departmental purposes provided by law. Organization plans should not fall into the error of seeking to cultivate association of particular processes, techniques, or professional disciplines at the expense of the teamwork necessary to accomplish the major purposes of State Government. This teamwork which should be one of our key objectives in the establishment of principal departments, is paralleled by the equally important need for teamwork among the several principal departments wherever and whenever their activities affect the same subject.

Reorganization of structure will be only the first phase of the major problem of establishing an administration which is responsible to the Legislature and which is fully accountable to the people. The new Constitution has taken a basic step in this respect by requiring the filing and publication of administrative orders and regulations in a manner to make them fully available for public information. The next step is to make the procedure of our administrative agencies conform to accepted standards of fair and uniform administration according to the rule of law. This will require that we establish by statute a code of admin-

istration and procedure which will apply to the various departments resulting from the reorganization. We have in the new Federal Administrative Procedure Act, and the long legislative history behind it, a very useful source from which to develop legislation best fitted to our needs.

FEDERAL-STATE RELATIONS

Our new Constitution is designed not only to serve the citizens of this State but also to permit the State to serve the nation, and to assure its most effective role in the Federal system. The interdependence of our States and their increasing vulnerability as the result of the shift from a Federal Government to a National Government that has occurred during the last twenty years is perhaps most evident from the viewpoint of fiscal relations.

This Administration has been in the forefront of the campaign to re-establish a working federalism in this country. We have opposed, and will continue to oppose, the indiscriminate creation of Federal grant-in-aid programs. They have been used and abused to transfer authority and responsibility from the States to Washington. If the National Government would relinquish those tax fields which rightfully belong to the States, we would be well able to finance and even expand all State services with our own resources.

These Federal programs, carried to their logical conclusion, could destroy our Republican form of government and our Federal system itself. President Andrew Jackson foresaw this result in 1833 when he stated that Congress should not be "the tax-gatherer and paymaster" of the State Governments. This does not mean that New Jersey is opposed to a limited amount of Federal assistance in a limited number of States, where need is clearly indicated. It does mean, however, that New Jersey will continue to oppose a hodgepodge program, which indiscriminately includes all States in providing the aid required by a few States. Federal grants-in-aid have grown from a little over

five million dollars in 1915 to a total of more than one billion dollars in 1947. They have been accompanied by duplication of administrative costs and inevitable competition for the tax dollar. Our State, moreover, is forced to contribute to these programs at a time when it is hard-pressed to meet its own obligations.

In calling for the curtailment of this extravagant system of government; for the reduction in the annual levy by the Federal Government against our citizens here of over \$1,400,000,000; for the return of many of the tax bases that formerly belonged exclusively to the States; and for the restoration of home rule; we are not unmindful that first things must come first. We are prepared to recognize the following order of priorities:

(1) Adequate aid for the people of Western Europe as outlined in the Marshall Plan as well as adequate aid for the people of Asia—halfway measures will not suffice. Necessity requires that this program include provision for sound and thrifty administration and the control of inflation at home.

(2) An adequate national defense program.

(3) The adjustment of taxes and services between the States and the Federal Government.

(4) Federal tax reduction and debt retirement.

The cost of the Marshall Plan and national defense may not be adequately appraised at this time. If you asked how much, my answer today, as during the days of the war, would be "Enough to win."

Accepting these priorities, we must nonetheless stress the harsh discrimination that has been practiced against New Jersey by an antiquated Federal fiscal program. As the result of the failure of the Federal Government to correct the inequities that exist between the community and non-community property States, New Jersey citizens are

obliged to pay \$38,000,000 more than they would be obliged to pay if they lived in a State that the Federal Government recognized as a community property State. Despite the legal and practical difficulties, I will ask this Legislature to take appropriate action in an effort to protect our citizens if the Federal Government does not correct this condition at this session of Congress.

The Federal Government has also failed to make appropriate adjustments in favor of those States that have refrained from competing with it for the income tax dollar. Such an adjustment would be one of the most effective ways to eliminate duplication and overlapping in the income tax field. It would tend to induce those States that now have income taxes to abandon them and to relieve the pressure for their adoption by those States which still enjoy freedom from this form of double taxation.

ECONOMIC AND SOCIAL WELFARE

CAPITAL IMPROVEMENTS

The purpose of government is service—service in the sense that every citizen be given the maximum opportunity for the expression of his own personality and the security that such opportunity requires. We have discussed a broad program for the improvement of our structure of government so that it may be the better servant of its master—our citizens. Three yardsticks are frequently applied by our critics at home and abroad to measure our capacity for self-government. These measures are:

Institutional care of the wards of the State—those unfortunate citizens for whom the opening sentence in the Bill of Rights has little meaning in the absence of adequate facilities for their care and protection.

Education—the training of our youth for constructive citizenship.

Social security—the reasonable protection of our citizens against the vicissitudes of an industrial age that has not yet reached maturity.

After careful study, I have reached the conclusion that we must in good conscience adopt at this session a capital improvement program for our institutions to provide modern fireproof facilities, and to eliminate dangerous overcrowding, particularly in our mental institutions. During the past year we have improved some institutions and sought to remedy a serious shortage of personnel. A broad scale, definitive approach to the basic problem, however, should no longer be deferred. In the accomplishment of this objective we will, where possible, use available modern institutional buildings. For example, consideration is being given to the acquisition for State purposes of the mental institutions now maintained by Camden County. This proposal would appear to be to the mutual advantage of both the county and the State.

New construction should commence as soon as possible on the emergency features of the program. Long-range construction can proceed after a prudent weighing of the emergency character of the need against present high costs. In planning this program, we will, of course, give due consideration to the proper pressure for new homes and the desirability of avoiding competition for scarce materials and labor. I hope the appropriate committees of the Legislature will give this subject their immediate consideration.

HOUSING AND RENT CONTROL

The continued shortage of adequate homes is one of the most critical problems confronting us today. Its effects upon the home life of many of our citizens have been drastic, in many instances involving serious disruption of normal family relationships. How serious an influence the scars wrought by this disruption will have upon our democratic institutions will depend upon the rapidity with which we remove the cause and remedy the condition.

Economic factors are not solely responsible for the existence of these critical shortages. Current methods and practices affecting our home-building industry should be

carefully reviewed, to the end that those which retard full housing production may be speedily eliminated. This can be accomplished only by the co-operative efforts of business, labor and government, Federal, State and local. Restrictive business and labor practices should be immediately abandoned; and archaic or unnecessary restraints in building codes should be repealed without delay.

Nor is the problem of adequate housing for all our citizens merely created by the present emergency. It will not be automatically solved when the present emergency is successfully met. In our slum areas the condition is chronic. Adequate housing, moreover, means housing acceptable in quality as well as sufficient in quantity. Clearance and redevelopment of blighted areas must be an integral part of our general housing program.

We may draw new vigor in our efforts to achieve this goal from the provision in our new State Constitution which specifically authorizes government encouragement of private enterprise to engage in this undertaking. Accordingly, I again urge that you review and if necessary strengthen our laws designed to provide such encouragement to private enterprise.

To effectuate speedily a definitive program to meet our needs for permanent housing along the lines which I have suggested, I recommend the establishment of a housing committee representative of labor and industry in the home construction field, finance, government, and the general public, with full use of the staff services of the State Housing Authority and the Division of Planning and Engineering of the Department of Economic Development.

Simultaneously with our efforts to vitalize the development of adequate permanent housing facilities, we must continue vigorously to press the work of our State emergency housing program. During the past year, a great deal of the effort of your administration has been devoted to this end. This program, involving a State commitment of \$41,000,000, is one of the largest attempted by any State.

At the close of 1947, ninety per cent of that amount had been committed for specific construction, and forty per cent of the dwelling units planned throughout the State had been completed and were being occupied by veterans and their families. Most of the remainder of these units are now actually under construction.

It is gratifying to note that municipalities representing over seventy-five per cent of our State's population are participating in the program. In order to permit completion of the emergency housing construction planned under this program, I recommend an extension of the State emergency housing Act from July 1, 1948, to July 1, 1949. In order to permit the continuation of municipal co-operation, I also recommend that the emergency municipal housing legislation be extended for the same period.

The urgent need for minimum uniform building and fire safety standards cannot be overemphasized. I again urge you to adopt adequate and effective legislation on this subject.

At your last session, I urged a continuation of our State Rent Control Law. At that time I stated, and I have since reiterated on many occasions, that the need for rent control was not to be measured in terms of weeks or months or even years, but rather in terms of supply and demand. Accordingly, I urge you to extend our rent control statute again, until June 30, 1949. I also recommend the enactment of legislation broadening the powers of municipalities specifically to enable them to adopt such supplemental controls as the particular need of their localities may require. In this manner any possible question as to their right to exercise such authority will be avoided.

EMPLOYMENT SECURITY

The art of making a living is still the personal and inalienable responsibility of the individual in our society. It is upon individual initiative, inventive genius and ambition to succeed that our whole philosophy of enterprise is

based. We enjoy the benefits of an economic system which requires costly machines and substantial working capital. It demands skilled management to co-ordinate the efforts of large numbers of individuals; and must be sustained by intelligent and well compensated working people.

Our entire program of social security, essential as it is in our industrialized society, is only a supplement to this individual initiative and responsibility which is and must remain the most valuable resource of our State and Nation. When we think of social security in this way—as a means toward a more effective system of productive private enterprise, rather than as an end in itself as some would have us believe—we are in a position to appraise both our successes and our failures. We cannot afford to downgrade our failures, nor is it necessary to discount an entire system merely because it may not have worked well in some instances.

The United States is alone among the great industrial powers in having no governmental sickness benefit program for their working people. In all major industrial countries, other than the United States, the replacement of wage loss caused by temporary disability has come before unemployment compensation and in some instances even before workmen's compensation. Thus, for years we have had in this country a system frequently characterized as "illogical." An unemployed American worker who is well may be entitled to unemployment compensation. A worker injured in the course of his employment is entitled to workmen's compensation. The worker who cannot work because he is sick or suffers an accident away from his work is not protected against loss of his livelihood unless he is fortunate enough to be protected by private insurance.

Great strides have been made to fill this gap by the initiative of progressive employers and labor organizations. But the majority of working people are still unprotected or inadequately protected, and experience teaches us that there is a substantial area that must remain for the responsibility

of government. With the critical effects of inflation making it almost impossible for the average working person to save, it is all the more important that the hazard of wage loss due to temporary disability be included within the protection of our social security system.

A State program of temporary disability benefits to replace in part wages lost due to non-occupational sickness or accident will remove the pressure to "distort" workmen's compensation and will complete a logical program of employment security. I urge this Legislature to undertake this task courageously. I reiterate my stand of a year ago. There are ample resources available to make a sickness benefit plan work. There is now frozen in the Federal Treasury over 200 million dollars of accumulated employee contributions to the Unemployment Compensation Fund, and all or any part of this sum may be used to start a satisfactory State program. I cannot logically stand by and watch the pressure mount for another Federal program which would subordinate the States and endanger the accumulated funds of our citizens without recommending the obvious way of meeting our responsibilities.

EDUCATION

The future of our republic is substantially dependent upon the scope and quality of educational preparation for constructive citizenship. It has been stated that New Jersey is one of the leading States in its ability to support good schools. New Jersey, in fact, spends more for education per pupil than is being spent in any other State. Neither of these statements disposes of the subject. Our teachers want and circumstances require reasonable salaries. Last year the Legislature wisely increased the minimum salary that may be paid teachers. The minimum is still too low, and it should be increased in accordance with my previous recommendations.

Our municipalities and school districts are searching for financial security and the State requires a definitive school

program. The necessity for good schools is generally recognized. The real issue involves a definition of good schools and the development of appropriate standards by which to measure their appropriate cost. We must not lose sight of the fact that the educational process consists of more than spending money. We are as much interested in what our public schools do as we are in what they spend.

Last year the Legislature appropriated over \$10,700,000 of additional State money to local school districts. There is being transmitted to you the report of the State School Aid Commission recommending additional State aid. I am confident that you will give this report your early and earnest consideration. May I suggest that your committees study it in the light of the following question: May the State accomplish the major purpose of promoting home rule and assisting the municipalities to meet their own problems by other methods—for example, increased highway aid, thus freeing local tax dollars for the cost of education?

The report of the State School Aid Commission should be studied in the light of the second report of our Commission on State Tax Policy. In view of the expansion of State aid we have already achieved, and of the further effort we are considering, it is important that we improve the sources of information on the nature and cost of our educational system. I would therefore recommend that you consider:

Requiring annual audits for local school districts as they are now required for municipalities;

Transferring financial supervision of local school districts from the Department of Education to the Department of Taxation and Finance to achieve a uniform standard of accountability as between school districts and all other local governments.

AGRICULTURE AND FOOD

The demands upon our farmers today are unprecedented. Abroad, the people of the war-devastated countries of Western Europe and Asia can look only to us for relief from imminent starvation; while at home, too, an unusually strong demand must be met. If we are to accomplish these tasks, the inflationary spiral with its threat to our economy must be checked—particularly and urgently in the field of food, which consumes one-third of the average family budget, and has greatly increased the cost of operating our State institutions.

In his struggle, the farmer needs and deserves all the encouragement that government and the public can provide. First and foremost, I again urge that we be vigilant at all times to protect the farmer against unnecessary and arbitrary government interference so that he may devote all of his energies to his important task. We must, however, recognize that the farmer alone cannot do the job. Food production must be supplemented by food conservation. In order to mobilize the consuming public for active co-operation and support, I have established a Governor's Conservation Committee and have asked each municipality to re-establish the Community War Services Division of the Civilian Defense Organization. Many communities are already actively participating in the Committee's program of providing needed nutritional and other informational services, as well as voluntary food conservation programs. We must strengthen our efforts to see to it that this program is continued and intensified.

MAJOR DISASTER PLAN

The recent storms have deprived many of our citizens of heat, light, fuel and water during a critical period and threatened the continuity of services of our schools and hospitals. This emergency demonstrated the wisdom of re-establishing certain phases of civilian defense in developing

a stand-by civilian group prepared to act in times of major catastrophies. In addition, I am asking the Board of Public Utility Commissioners to prepare plans, designed to move speedily and efficiently in the event of disasters involving a major interruption of services of any of our public utilities. The period of emergency we have just been through, as well as some in the past, emphasizes the need for a plan providing for the co-ordination of all public and private facilities and the mobilization of all community resources—a plan to implement the emergency powers of the Chief Executive.

COMMERCE AND TRANSPORTATION

The fiscal security of the State, the economic welfare of the community, and our opportunity for full employment depend in large measure upon our capacity to promote commercial enterprise. Commerce is the very lifeblood of our free enterprise system. A healthy commerce requires a proper environment in which high educational standards and recreational opportunities, a sound tax system, satisfactory labor-management relationships and adequate health programs all contribute. In addition to all of these factors and many others that might be mentioned, I wish to stress the importance of modern systems of transportation.

A year ago, we inaugurated a new highway program. The 171st Legislature prudently revised the whole system of State highway grants for our counties and municipalities. As a result, over the next four years our municipalities will receive more than \$23,000,000 for local highway purposes. This is almost twice as much as our municipalities received in the four years before the war. A substantial portion of this increase in State grants will be allocated to our large cities, which, in the past, received no assistance. Last year there was also inaugurated a program designed to carry State highways through, as well as around, our large cities.

These highway improvements were intended to be part of our program to rehabilitate blighted urban areas.

We likewise sought and obtained the co-operation of our inter-State agencies, notably the Port of New York Authority, the Delaware River Joint Commission, and the Delaware River Joint Toll Bridge Commission in the planning and construction of extended approaches to inter-State crossings, thus permitting us to stretch our highway funds.

The development in the North Jersey metropolitan area of one of the world's greatest airports by the Port of New York Authority, pursuant to legislation passed a year ago, and the development of additional facilities for maritime transportation were part of our large transportation planning. At the same time, the Authority and the State have been negotiating with the Federal Government for the acquisition and improvement of dock facilities along the Hudson River.

The adoption of this program marks an important milestone in the history of our State. A year's study has convinced me that this advanced program is not sufficient to meet our requirements. In fact, New Jersey today is not even holding its own in the fight against traffic congestion. It is apparent that half-way measures will not suffice. Moreover, in our past planning we have not given sufficient attention to a balanced program involving all forms of transportation.

"The first phase of our larger program should be an acceleration of highway planning and construction. Once construction is begun, highways should be completed as rapidly as possible, ending the spectacle that has plagued this State in the past of partially completed highways with their dangerous bottlenecks. "Time is money." Today our citizens are suffering losses, while trucks and passenger vehicles wait for hours for the untangling of traffic jams. As I stated in my message a year ago, "careful consideration should be given to the proper method of financing the so-called luxury roads."

Our highway requirements are so acute that it is apparent that we cannot hope to finance the construction and

completion of major highways, which have been legislated, planned or discussed, out of current income. The completion of these urgently needed highways, it is conservatively estimated, would require \$150,000,000 in excess of available income for construction within a five-year period. We should plan our comprehensive highway program now. We should consider now the alternative methods of future financing of these capital improvements. Highway-user revenues, which under Federal restrictions must be used for highway purposes, should be used to meet any additional highway debt requirements.

The actual construction of the freeways, parkways, inter- and intra-city and township highways will, of course, depend upon the availability of labor and materials. The actual plans for such a program, to be implemented later, should be authorized and completed at the earliest possible date. There is no time for delay if New Jersey is to meet its obligations to its citizens and its political subdivisions. As I have heretofore stated, I am not unmindful of the fact that, generally speaking, capital improvements should be deferred pending a return to lower costs. With respect to highways, and the dependence of our society upon them, New Jersey cannot afford to lag behind in the race for commerce or in its efforts to rescue its municipalities from their present traffic plight.

A modern highway system, however, is but one important phase of our transportation program. It is apparent that our highways cannot be expected, in either North or South Jersey, for many years to come, if ever, to conveniently carry the hosts of commuters that every day travel back and forth across the Hudson and Delaware rivers. Direct rail transportation between New York, Philadelphia and the great home areas of this State is urgently required.

As part of a railroad improvement program, we have studied and are prepared to request the Port of New York Authority to construct a rail terminal as an integral part

of the Newark Airport, that may be used by the railroads reaching the North Jersey metropolitan area from the South. With the co-operation of the railroads, and using private lines, we would expect to obtain direct railroad connections between the airport, the city of Newark, Jersey City and the Borough of Manhattan. At the same time, I shall request the assistance of the Port of New York Authority in the preparation of plans for the development of a rail terminal in the Hackensack Meadows servicing the railroads reaching the North Jersey metropolitan areas from the north and northwest. As an intermediate step, bus transportation would be provided between this terminal and the bus terminal presently to be built in up-town New York by the Authority.

"This second phase of the program should be followed by the ultimate connection of the two terminals and the construction of a new railroad tunnel under the Hudson with facilities terminating in up-town New York, either under or adjacent to the proposed bus terminal. As an integral part of the program, it is anticipated that substantial and valuable real estate presently occupied by the railroads along the Hudson River and elsewhere may be released for more constructive use, and improved either by private enterprise or through the co-operation of the Port Authority. Preliminary study indicates the feasibility of this program. There is no reason why New Jersey, with its magnificent port opportunities, should not have its fair share of the bulk maritime business.

The traffic problem in South Jersey is no less acute than in North Jersey. What I have said with respect to a modern highway system applies with equal force to the South Jersey area and, in fact, every area of the State. The program involving the elimination of traffic congestion in the capital city is moving along rapidly, and highway construction should commence in the near future. The initial steps taken last year by the Legislature for the creation of an authority with jurisdiction in the lower Delaware Valley

comparable to the Port of New York Authority should be expanded. One of the immediate objectives of the authority would be to provide direct rail transportation between Philadelphia, Camden and the South Jersey suburban areas. Similarly, after constructive conferences with members of the Delaware River Joint Toll Bridge Commission, we are prepared to recommend the enlargement of the power of this authority to enable it to carry on its work with greater independence in the upper Delaware River Valley.

These plans call for the co-operation of our railroads, our airlines, commercial truckers, the State and its various State and bi-State agencies. We must reappraise the relative obligations and opportunities of all of these carriers and agencies. As a matter of permanent State policy, I would enlist your co-operation in establishing the principle that all forms of public and commercial transportation should be considered from the viewpoint of their total effect in serving the needs of our people. Similarly, all carriers should, as a matter of principle, be accorded the same standard of governmental encouragement and co-operation.

In summary, the program of co-ordinated improvement of air, sea and land transportation facilities which I have outlined would, upon the completion of its several phases, provide our State with far-reaching benefits:

- (1) The Newark-Jersey City area would become the only point in the world where co-ordinated major facilities of a deep-water harbor and docks, of passenger and freight rail terminals, and of complete air line services are available.

- (2) The North Jersey transit problem, which has plagued the development of that important area of our State and has been the cause of constant concern and inconvenience to thousands of commuters, would be solved.

- (3) Our already over-burdened inter-State highway network would be relieved by the provision of new and expanded railroad transportation facilities.

(4) The over-all railroad services to commuters, shippers and the general traveling public would be greatly improved and the resulting healthy expansion of activity would strengthen the taxpaying capacity of the railroads in the public interest.

(5) The co-ordination of highway, railroad, seaport and air transportation facilities and the elimination of traffic bottlenecks will open vast new opportunities for the expansion of industrial locations and residential development in the areas concerned. This will provide a broader economic basis for the support of government which should reduce real estate tax rates.

(6) An improvement, development and expansion of transportation in the south Jersey metropolitan area which will gain for that area the same kind of lasting benefits of inter-State co-operation which has resulted in the northern part of our State through the creation of the Port of New York Authority.

(7) The central area of our State, including the capital city, will be freed of the traffic blight with which it has so long been plagued.

LOCAL GOVERNMENT

The same philosophy which moves us to re-examine and to reorganize our State government requires that we give a like attention to the entire structure of local government. We are sometimes inclined to forget that of the \$550 million that was spent last year on State and local government in New Jersey, close to \$450 million was budgeted by the counties, municipalities and school districts of this State. When we think of the services of government as well as their costs, therefore, it is appropriate to recognize the dominating importance of the 585 county and municipal governing bodies and 544 local boards of education in determining the purpose, nature, and cost of government in this State.

We have a long tradition in our State of what we are pleased to call municipal home rule. Experience has taught us that by and large this tradition, if properly and effectively supported by a sound legal framework of local government, can be one of the most effective instruments of service to the people. We must keep in mind, however, that there can be no true home rule without an adequate structure of local government responsible to local people, nor so long as our local governments are fiscally dependent upon outside aid from either State or nation.

When we look to our structure of local government today we find that little has been done to adapt it to modern needs and progressive thinking. On their face, our statute books offer local people a choice of a number of charters including the commission plan, the city manager plan, and the mayor-council plan. There has been considerable dissatisfaction experienced for many years with the operation of all three of these plans as presently constituted. In other words, we do not now have a truly effective system of optional forms of local government which either the Legislature, which is ultimately responsible, or the local people, who are immediately responsible for their selection, can accept with any confidence that they may serve as an adequate structure of local government.

It may well be that one of the reasons why so much dissatisfaction has been experienced by the operation of local government in our State is that we expect municipal governments to perform services which would better be performed by larger units, either the counties or the State itself. Much work has already been done on the need to readjust the service responsibilities and the areas of local government, and to relate them to local capacity to raise taxes. Adjustments such as these are closely related to achievement of an effective framework of local government. I would accordingly recommend that the entire subject be explored in all its implications by a specially constituted commission authorized and equipped to recommend the best way in which to bring up to date the structure and func-

tions of our local government, in the same spirit of high-minded public service that has marked the outstanding accomplishments of our Constitutional Convention.

These broad policies of implementing the new State Constitution; strengthening local government; meeting housing, educational and institutional requirements; combating inflation and improving income security; and providing comprehensive improvements of transportation facilities for the encouragement and promotion of commerce, are the major matters of State policy which face us today. Many of these matters are closely related to the welfare of those who served our nation in the Armed Forces. They are perhaps as important to our veterans as any of our State's specific veterans' programs which we must also continue and strengthen in every way possible.

The capital borrowing that I have suggested need not be authorized in one over-all provision, but should be considered as a long-term capital budget plan to be accelerated as economic conditions permit and as the needs become increasingly manifest. But long study has convinced me of the necessity, and candor demands that I speak the blunt truth as I see it. Underlying much that you will consider in the year ahead are large problems of finance. These financial problems, as well as all of the problems of taxation which must be resolved, will be the subject of my Budget Message—a message which I am sure will not disappoint those who look for difficulty.

New Jersey is a great research laboratory. It is continually engaged in basic investigations seeking new methods for improved public service in the best interest of its citizens and within their capacity to support. As we seek to solve our great social and economic problems, we shall use every facility with which our State is so abundantly endowed. We must not, on the one hand, over-extend our capacities, nor, on the other hand, engage in the false economy of denying obvious needs. Our task, with God's

help, is to work out our responsibilities—productively, economically and intelligently—with an awareness of the great urgency of the times in which we have been chosen to lead.

Respectfully submitted,

ALFRED E. DRISCOLL,
Governor.

[SEAL]

Attest:

J. LINDSAY DE VALLIERE,
The Secretary to the Governor.

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Second Annual Message

ALFRED E. DRISCOLL
GOVERNOR OF NEW JERSEY

To the Legislature
January 11, 1949



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SECOND ANNUAL MESSAGE

OF

ALFRED E. DRISCOLL

Governor of New Jersey

TO THE ONE HUNDRED AND SEVENTY-THIRD
LEGISLATURE OF NEW JERSEY

January 11, 1949



Governor's Message

January 11, 1949.

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

In my Inaugural Message to the Legislature on January 21, 1947, you will find the statement that the watchword for the next three years would be "work." I expressed the hope that our work together would be "intelligent and productive."

Since that time we have moved forward on so many fronts that it is proper that we pause at the beginning of a new legislative year to survey the ground we have covered and the pathway that lies ahead.

Our concern has been the business of government—the strengthening of our democratic institutions in an age when our Republic is under strong attack from within as well as from without its borders.

We have sought together to restore confidence in government as the guardian of our rights and the servant of our citizens. In our recognition that most of our modern problems are social and economic rather than political, all of the members of the Legislature and the Executive have, to a degree unequaled in the history of this State, put aside petty partisan considerations in favor of the general public welfare.

We have worked shoulder-to-shoulder in our successful efforts to protect our civil liberties. We have sought to secure the inherent dignity of mankind by the elimination of discrimination because of race, creed, color or sex. The best evidence of the productivity of your planning is to be

found in Article I of the new Constitution, expressing the social, political and economic ideals of the present day in a broader way than ever before in American constitutional history.

Your action and the fine work of the Constitutional Convention have set in motion forces that have extended far beyond the borders of this State. We have acted while others have talked and in our action we have brought new hope to countless numbers of our fellow citizens who live in an atmosphere created by a fertile economy and yet are denied the opportunities of full citizenship and suffer the shame of cruel discrimination.

Together we have helped to make our judicial structure a shining example that other States are now eager to follow. By your action we have fortified the heart of our Republic, placing a sure, swift and friendly justice within the reach of all who need its protection. The legislative processes have been strengthened. The first phase of State administrative reorganization has been practically completed, and a solid structure has been established for the effective management of the Executive branch of our government.

Our social security program has been broadened and strengthened, and some 1,600,000 of our citizens are now insured against crippling loss of wages due to sickness or accident. Our workmen's compensation law has also been liberalized.

In contrast to those States that chose to ban the closed shop and thereby restricted collective bargaining in private enterprise, New Jersey sought labor-management understanding through the medium of the conference table and the creation of the Institute of Management and Labor Relations established in 1947 at the State University. The legislation creating this Institute and its subsequent work have been favorably cited by resolutions of national labor organizations, as well as by management, as a model to be followed by other States.

Our willingness to pioneer in legislation designed to protect the security of our citizens has been matched by an unwillingness to wait for a Federal hand-out before undertaking the State's obligation to support our school districts and municipalities in their efforts to provide an adequate education for our children and decent homes for our citizens.

We have recognized that, if we are to obtain and keep good teachers, we must be prepared to pay reasonable salaries. For two successive years the Legislature has progressively increased the minimum salary for our teachers. At the same time, the State has substantially increased State aid to the school districts for education. There is budgeted for this purpose for the current fiscal year, \$32,337,057.03, of which \$6,966,290.35 is allocated to the Teachers' Pension and Annuity Fund. This represents an increase of over 74% in State aid for schools budgeted during the past two years. We have also made a beginning on a capital improvement program for our State Teachers Colleges and University.

Few States surpass New Jersey in the percentage of citizens owning their own homes. What is more important, New Jersey presently leads the country in the production of rental housing units. Nonetheless, mindful of the need for truly low-cost rental housing for veterans, your State Government, in a friendly partnership with our municipalities, is now completing a \$50,000,000 veterans' housing program.* In proportion to the number of veterans, this program is the largest among all the States. It is interesting to note that the American Legion, in its convention at Miami, urged its Housing Committee to review the various State housing plans and endorsed in principle the New Jersey plan "which appears to have much merit" and would be adaptable on a national scale.

* The State has provided \$40,000,000 and the municipalities have contributed over \$10,000,000 in the form of sites, utilities and improvements.

Vast programs for the improvement of the commerce of the State; the development of an adequate State Highway system; better county and municipal highways supported by increased State aid; improved rail and air transportation facilities in North and South Jersey, as outlined in my Message a year ago, have been undertaken. Their initiation has been greatly aided by the co-operation of the Port of New York Authority, but their continued progress is dependent upon the strengthening of our newer interstate authorities, that is, those sponsored with the Commonwealth of Pennsylvania. These programs require and will receive our continued support.

Many of our activities have been directed toward improved public health and recreation. Citizen groups, as well as those professionally engaged in public health work, have commended the augmented services being rendered by the reorganized Department of Health. Our public recreational areas are being continuously enlarged and protected. New techniques of protecting our beaches against erosion have been developed during the past two years. Sportsmen, farmers and commercial fishermen have been provided new opportunities for the conservation, increase and control of fish and game for public recreation and food supply.

We have attacked the problem of law enforcement in many ways—the consolidation of all major State law enforcement agencies in a new Department of Law and Public Safety, the development of youth guidance programs, crime prevention activities, and traffic safety conferences. Our law enforcement agents, including local police, have been recognized and treated as members of an important profession.

During this brief period there have been many other State activities that have been closely related to the welfare of our citizens. State employees serving at our State institutions have, with few exceptions, been placed on an eight-hour basis—a reform long overdue. We have striven to

bring the compensation of our loyal Civil Service employees into line with the current economic situation. We will continue to do so.

In all of these endeavors we have sought to establish a relationship of trust and confidence between the government and its citizens. Our new Constitution, the most enduring and important of all of the achievements of the past two years, is itself the product of the relationship to which I refer. Notwithstanding these social and political achievements, much remains to be accomplished if we are to advance the hopes and aspirations of our society under the Republican form of government guaranteed by our Federal and State Constitutions. We have had some hard fights and may have made some enemies. All of this is to be expected, for every program designed to take government out of the easy ruts of complacency and neglect is bound to develop opposition.

During the current year we will devote ourselves to the consolidation of our gains, the perfection of our administrative organization, painstakingly testing the new activities of government that have been undertaken and the new procedures that we have adopted. We do not regard the reorganization of the Executive branch of our government as completed. In fact, the real work of this reorganization has just begun. Beyond this, however, there are certain pressing obligations that must be met.

Civil Liberties

The thought-provoking report, of April 22, 1948, of the Governor's Committee on Civil Liberties, under the chairmanship of Dr. Wilbour Eddy Saunders, stated: "The keystone of our American heritage is the importance of the individual person." I concur whole-heartedly in the conclusions reached by the Committee in its report and strongly recommend that within the framework of the Executive branch of our government, presently consisting of fourteen principal departments, provision be made by leg-

islation for the accomplishment of the objectives of the Civil Liberties Committee. I am aware of the fact that last year, while there was general agreement on objectives, there was limited agreement as to method. I am confident that where there is agreement with respect to objectives, differences with respect to method can be reconciled.

The Freeman bill (A-512 of 1948), or legislation with similar intent and with such amendments as may be required to meet the major objectives of the Committee's report, should be passed this year.

Housing

Adequate housing for our citizens within a reasonable price and rental range must be speedily provided. We should courageously and at once attack one of the most serious threats to the welfare of our State, namely, the slum areas which exist in every major community in New Jersey, as well as throughout the Nation. The recommendations made in my previous messages are even more pertinent today than they were when made. I again urge that you consider and adopt those recommendations. With the lapse of time since the conclusion of the war and with rising costs and accompanying disillusionment, conditions in those blight areas have grown worse—not better. Our citizens do not want explanations. They want adequate homes. We want to rehabilitate our blighted urban areas before it is too late. These areas place heavy moral and financial burdens upon our society which are unnecessary.

We have made little progress in our efforts to secure the adoption by municipalities of modern building, plumbing and safety codes. The lack of these codes and the present conflict between codes of neighboring communities has retarded the construction of homes and increased costs. The Temporary Committee on Housing will provide a full review of the factors affecting progress in both public and private housing as a basis for new legislation.

I recommend: (1) the adoption of modern building and safety codes which will incorporate the recommendations of the Housing Committee; (2) the aggressive enforcement of all laws and ordinances presently applicable to sub-standard housing; and (3) the broadening of the State Housing Authority and the use by this Authority, subject to appropriate restrictions, of the State's credit for a substantially self-liquidating, low rental housing and slum clearance program of up to \$100,000,000. Our task is to stimulate the construction of low-cost rental homes by private enterprise where possible, and to the extent necessary in blighted areas to provide State and municipal encouragement and, as need be in these areas, to exercise the full authority of the State and local governments to accomplish our objectives.

My position with respect to rent control, as outlined in two previous messages to the Legislature, remains unchanged. I believe, however, that before effective State action can be taken, national policies should be decided. If the Federal Government decides to withdraw from this activity, New Jersey will be prepared to protect its citizens.

Employment Security

When the economic outlook is rosy, when business is booming and profits and wages and employment are at record highs, we are not inclined to be very much concerned with economic security. The conditions of the day create an atmosphere of risk taking, of assurance of continued prosperity. It is in times like these, however, that we are free to take inventory of our provisions for economic security, to meet our current needs and to plan for the future.

The adoption of the sickness benefit program, a brand new protection that began January 1st, was accompanied by a reduction in the payroll tax for unemployment compensation. This tax reduction made available approximately \$26,000,000 annually to be channeled into private

enterprise and the development of new job opportunities. Two additional areas of insecurity remain to be covered in our State programs. One is the full coverage of occupational diseases under our workmen's compensation act. An increasingly complicated industrial process furnishes us with persuasive reasons why workmen's compensation coverage should be extended to include all occupational diseases occurring in industry. I recommend adoption of the bill introduced last year providing for full coverage of occupational diseases. The other involves discrimination between employees of firms employing four or more and those employing less than four. This discrimination should be terminated. Workmen's compensation applies to these smaller firms as should the entire security program.

Current economic conditions of high wages and high prices require an increase in the present maximum benefit rate of \$22.00 for unemployment compensation. If we are to provide employment security benefits, let us have them at a level which accomplishes their objectives.

Labor-Management

The work of the Institute of Management and Labor Relations has been sufficiently noteworthy to warrant expanded State support. The two principal objectives of the Institute are to promote harmony and co-operation between management and labor and to promote a greater understanding of industrial labor relations on the part of the general public. The attainment of these objectives will promote unity and the general welfare of our people.

The right to organize and bargain collectively, guaranteed in our new Constitution, should be augmented by State labor relations law applicable to intrastate employees. Our present minimum wage law should be made more comprehensive.

Health and Institutions

Our concern expressed in my Inaugural Message for the humane treatment of the wards of our State, and repeated in my Annual Message last year, continues unabated. Our

mental hospitals are hopelessly inadequate. We fall far short of humane standards. The dangers that arise from overcrowding and fire hazards continue. New construction to meet emergency requirements should be undertaken just as quickly as possible. Authorization of twenty-five million dollars for this purpose is required now. Appropriate provision should be made for a referendum to determine whether or not the citizens of our State wish us to engage in this capital improvement program.

At the same time that we are undertaking care of our emergency institutional requirements, we should adopt a long-range program to be put into operation as finances permit and when warranted by a prudent appraisal of the labor and materials market.

We shall continue to support programs designed to provide adequate treatment for those who suffer with mental illness and to restore these persons as quickly as possible to a productive place in society. The need for research into the causes and prevention of long-term and chronic illness, and the treatment as well as the development of new techniques for the care of the increasing number of our citizens so afflicted, is apparent. These problems will require our continuing attention. We may confidently expect that the private and public agencies of our State, which have been in the forefront of the struggle to develop new techniques made necessary by an ever-increasingly complex society, will provide constructive guidance in this field.

The development of regional health services and the strengthening of intermunicipal co-operation will continue to receive our support.

Education

There is no more important obligation of government than to provide adequate training for the youth of our State. We all recognize the importance of securing and re-

taining in the New Jersey public school system the best available teachers. These teachers cannot adequately perform their duties if they are harassed by economic burdens, nor can we expect our teachers to be wholly enthusiastic exponents of our economic way of life in the absence of reasonable salary schedules, permitting them to participate in the benefits of the private enterprise system.

Accordingly, I recommend again that minimum teachers' salaries be further increased.

Mindful of its own financial limitations and the untapped resources of our municipalities and of economies yet to be achieved, the State will continue its State aid program.

I recommend that the members of the State Board of Education should be chosen from the State at large, with no limitations in regard to the number to be chosen from any one county; and that the terms of two members of the board expire each year, the board to be non-partisan in character. The legislation should provide that the Commissioner of Education shall at all times be a career educator of proven administrative ability. The selection should be made on the basis of merit, and not politics.

The inadequacy of New Jersey's facilities in higher education are well known. In the past, about sixty per cent of our youth have had to look outside our State for their college training. Today, these youths find it difficult to find collegiate education in our sister States. We should support our State Teachers Colleges and our State University, providing them with adequate facilities for quality education, at the same time that we are encouraging our privately-endowed colleges and universities.

Local Government

One of the most significant matters before you this year will be the forthcoming report of the Commission on Municipal Government. The Commission, established with bi-partisan sponsorship, has followed the highly commendable course of first seeking out the opinions of the

entire State by publishing a preliminary statement before submitting a final report on its admittedly difficult assignment. This report should be carefully studied.

Whatever may be the Commission's final recommendations, it is already clear that it has accepted a philosophy of strengthening local self-government, a guiding principle of the present administration. The entire effectiveness of our State Government depends upon the vitality of our local governments. It is at the local level that we find the plainest picture of democracy at work. It is my hope that this year we shall be able to take the first comprehensive step in thirty years, since the enactment of the so-called home rule act of 1917, to provide our citizens a sound and adequate choice of optional local charters in the best traditions of our learning and experience.

County Courts

In one important respect we have not completed our work of judicial integration. Many of our county judges serve on a part-time basis and are paid accordingly. This arrangement is unfair to the county judges as well as to litigants. I favor a full-time judiciary with equal and adequate salaries for all who serve on that basis. These full-time judges should be available for service outside the county of origin, where calendars permit. Within the framework of the Constitution, distinctions between Superior Court judges and county judges serving full-time should be terminated. All of our county judges, irrespective of the population of the respective counties, are being called upon to perform substantially more burdensome duties than heretofore. Salary adjustments are therefore in order. For all of those judges given a full-time status, provision should be made for assignment outside of the county, as calendars permit, following the procedure applicable to Superior Court judges. Existing legislation providing per diem payment for services outside the county in the case of these judges should be repealed.

Commerce and Transportation

We are presently engaged in the largest highway building program in the history of the State. Continued support for this program is required for the reasons stated in my Inaugural Address, and repeated last year in my Annual Message. Representatives of each section of our State have impressed me on numerous occasions with the need for improvement and modernization of our highways in their respective areas. As evidence of the emergency character of the need to rebuild our highway system, I need only cite the accident record on Route 28, particularly in the Jugtown Mountain area, on Route 44 and, to a slightly lesser degree, on Route 43. Immediate plans have been made for the completion of the first two of these highways and the redevelopment of the latter. It is to be noted that these particular highways have been selected only for the purpose of illustration and not to the exclusion of other pressing highway construction plans. Basically, our task is to provide safe East-West and North-South highway transportation facilities with appropriate inter- and intra-city connections.

Conservation and Agriculture

We have provided new impetus for the development and use of our natural resources; for the prevention and control of cattle diseases; and for the improvement and development of our water supply facilities. Our Departments of Agriculture and Health have been provided with new and broadened opportunities for the maintenance of adequate food standards and services to our farmers. We must continue to support and strengthen these, as well as our other agricultural and conservation programs.

A commission appointed last year has been engaged in a constructive study of beach erosion. It has been working upon the development of a program designed to minimize the dangers of erosion, and to protect one of our most prized assets that annually attracts millions of citizens to

our seashore communities from all parts of the country. The report of this commission should receive your careful study and should become a basis for action.

Law Enforcement and Public Safety

Domestic tranquillity has been the objective of government in this country from the days of the founding fathers. Now that we have integrated law enforcement agencies, with minor exceptions, within the new Department of Law and Public Safety, it is my hope that we may expand the activities of our State Police school to provide adequate training for all men engaged in law enforcement activities in this State. While providing in-service training for men and women presently engaged in law enforcement activities, we will seek to establish a program that will provide training for all men and women who in the future may enter law enforcement work. State personnel will attend the State school; county and local officers will be encouraged to attend the school or its equivalent where such schools are maintained by the cities. It is proposed to mobilize the resources of the Law School of our State University and to secure the co-operation of other educational institutions in support of this program.

The Veterans' Bonus

Pursuant to a joint resolution adopted by the 170th Legislature in 1946, a Joint Legislative Bi-Partisan Commission to Consider a Veterans' Bonus was created; and in March, 1947, recommended a State bonus for New Jersey veterans of World War II. The veterans' bonus was intended by the Commission to be a token of the State's appreciation for the services of our veterans. A number of bills have been introduced in the Legislature purporting to carry out the objectives of the Commission and to provide a method of financing payment of a bond issue for the bonus. On these bills there has been a wide area of disagreement. Nonetheless, it is apparent that the only way

the bonus issue may finally be determined is by a referendum. The issue, therefore, should be submitted to the people.

As I have repeatedly pointed out, legislation providing for a bonus referendum must provide the method by which the bonus is to be paid. The fourth report of the Commission on State Tax Policy, submitted in August of 1948, demonstrates that current revenues are not and will not be available for this purpose. In your consideration of this issue, you will undoubtedly want to weigh the relative importance of the various obligations of government to its citizens.

One thing should be made clear: I am unalterably opposed to any scheme of financing that depends upon a State lottery.

Finance

A detailed discussion of fiscal problems will be contained in my Budget Message. We find ourselves in a national environment, marked by a threatened four-billion-dollar, or more, tax increase on the part of the Federal Government. A substantial portion of this increase will be collected from New Jersey citizens, as will reported increases in taxes in neighboring States—such as the income tax in New York which will be paid by citizens of this State to the extent of approximately six million dollars. It is apparent that the New Jersey financial structure and State services are, to a considerable degree, subject to variable forces far beyond our power of control.

In addition to the requested increase in Federal taxes, it should be noted that there is a strong likelihood that Federal programs may place new pressures upon the States to spend additional sums of money on a matched-fund basis. Until these contemplated programs are fully developed, it is very difficult for the State to plan for its own future financial requirements for education, housing, highways, social security, and public health. This is to mention but a few fields where the Federal Government, backed by

unlimited power to tax and to determine the value of the dollar, is seeking to expand its activities.

Our fiscal problems may be difficult, but they are not unusual. As a State, I dare say we have done well through prudent management and a careful husbanding of our tax resources. For example, according to reports of the United States Bureau of the Census, the average increase in total State tax collections for all States between 1945 and 1948 was 56%. The comparable increase in New Jersey was 20%.*

The story of our State finances, as compared with other States, is to be found in the following distribution of per capita expenditures (1947):

<i>Item</i>	<i>New Jersey</i>	<i>All States Average</i>
State Operating Expenses	\$15.51	\$23.86
Capital Expenditures	5.72	6.82
State Aid and Shared Taxes	18.45	18.75
Contributions to Pension Funds and Unemployment Compensation	20.07	7.72
Debt retirement	1.27	1.05
Interest payments61	.45

Comparative figures, however, offer little solace when it comes to meeting State obligations on a pay-as-you-go basis. Despite contrary influences elsewhere, we shall seek to keep our fiscal program within a reasonable limit. Admittedly, we are going through a transitional period. It is especially appropriate at this time that we re-study our entire tax structure and assessment procedures. Our new Constitution affords a solid foundation upon which this study may now be made. I have accordingly asked the Commission on State Tax Policy to undertake a comprehensive survey of our entire tax system. Pending the re-

* The percentage increases for all States and for New Jersey exclude unemployment compensation contributions, and for New Jersey exclude collections of delinquent railroad tax principal and interest. If delinquent railroad tax collections are included, the 1948 State tax collections in New Jersey (excluding unemployment compensation), as reported by the Bureau of the Census, were actually \$10,000,000 or 6% less than in 1948.

ceipt of its report, we shall confine our attention to the immediate needs of the next fiscal year.

* * * * *

The task ahead of us, while difficult, is clear. As we apply to it sound judgment, courage and willingness to place the public interest ahead of partisan consideration, we will continue together to build a better government and a fuller way of life. Being close to the major achievements of yesterday, we should feel compelled to match those achievements tomorrow.

Under Divine Guidance, we should strive to continue an intelligent and productive work.

Respectfully submitted,

ALFRED E. DRISCOLL,
Governor.

[SEAL]

Attest:

RANSFORD J. ABBOTT,
The Secretary to the Governor.