

The Economic Club of New York

73rd Meeting
18th Year

Economy and Efficiency in Government

The Honorable Ogden L. Mills
Congressman from New York

And

The Honorable Alfred E. Smith
Governor of New York

May 18, 1925

New York City

Introduction

Howard Elliott, Presiding

Gentlemen, this is the annual meeting of your Club and in accordance with the Constitution you have to do a little business before the speaking begins. There are to be elected this evening for a term of one year, October 1st, 1925 to September 30, 1926, a president and two vice-presidents; and for a term of three years, from October 1st, 1925 to September 30, 1928, five members of the Executive Committee.

The following members of the Executive committee whose terms expire September 30, 1925, in accordance with Article C, Section 2 of the Constitution are not eligible for re-election until after the expiration of one year: Nicholas F. Brady, Paul D. Cravath, Jerome D. Greene, Dwight W. Morrow, George W. Wickersham.

Article 3 Section 1, of the Constitution provides that the treasurer and secretary shall be chosen by the other members of the Executive Committee.

In accordance with the custom of previous years the President of the Club appointed a nominating committee of five members to submit a suggested list of names of officers to be elected at this meeting. I appointed at that committee Mr. Travis H. Whitney, Chairman, Mr. Thomas M. Balliet, Mr. Samuel Dunseith, Mr. Lee Kohns and Mr. John Moody, and I will ask

that Mr. Travis H. Whitney make his report.

MR. WHITNEY: In view of the very successful administration of the Club during the current year we have the pleasure of nominating for re-election as officers of this Club, Mr. Howard Elliott, as president. (Applause) As vice presidents, Mr. Ogden L. Mills and Mr. Walker D. Hines. (Applause)

As to our other duty in respect to an Executive Committee we had a much more difficult time. Under the constitutional provision the present members whose terms are expiring are ineligible for re-election. After a careful consideration of the very excellent names on the membership of the Club your Committee joined in recommending for election to the Executive Committee, Mr. Franklin Q. Brown, Mr. Cass Gilbert, Mr. Hubert T. Parson, Mr. Michael I. Pupin and Mr. Percy S. Straus. (Applause)

Your committee therefore respectfully submits its report in the form as printed and handed to the members this evening with their program.

MR. OSBORNE: I move that the report of the nominating committee be accepted and that the secretary be instructed to cast one ballot for the ticket named.

(Seconded)

MR. ELLIOTT: All those in favor of the motion made and duly seconded by Mr. Osborne please say “Ay”. Contrary? We are all elected boys. (Laughter)

I am very much complimented by your wanting me to preside next year and I will just take a minute before we begin the real business of the evening. This is the 73rd meeting of your Club and completes its 18th year. Our membership is limited to twelve hundred. It is full and we have a waiting list. We have had a very good attendance at the dinners. This is one of the largest dinners in May, I believe, in the history of the Club due, of course, to our two distinguished speakers whom you will hear later. (Applause)

The Club has always been self-supporting but we are in a very good financial position this year, rather more in the treasury left over than is usual. As you know the Club is nearly 18 years old. It is not a novelty anymore and a great many sociological movements have grown up in the last ten years, and yet this Club maintains its vigor and its strength and popularity as shown by keeping its membership complete and by the very liberal attendance at all of the dinners.

This year our first dinner, as you remember, was devoted to the railroads, a very important part of our economic life. The second dinner was devoted to aviation, which is becoming more and more important in our economic life. The third dinner was about Russia, a world topic. No one yet knows what the outcome of the tremendous nation is going to be, and the secretary asks me to say to you that in response to a great many requests to have the speeches at the Russian dinner

printed and mailed to members, arrangements were made to have that done. But there has been delay in getting the printing done. The pamphlets are very nearly ready and will be mailed to you shortly.

Now this dinner, as you know, is to discuss economy and efficiency in Government, a topic equally, if not greater in importance than the three we already have had this year. We are spending in this country a great deal of money and we are wasting some money, and it is just as fundamental for the economic health and safety of this nation to have an elimination of waste in Governmental affairs as it is for us to eliminate the waste in our railroads and in our business and any other form of human endeavor. It is just as important to have a sound, economical and efficient Government as it is to have a sound and stable currency. So we felt that in closing the year no topic would be of more interest at the present time than the one selected, and before the speakers begin I have a letter. I am privileged to read it. It comes from one of the finest gentlemen in the United States, a simple high-minded citizen who is devoting his time and his talents and his genius to helping form the best and wisest system of taxation. I refer to the Honorable Andrew W. Mellon, Secretary of the Treasury. (Applause)

He wrote me on May 13th:

“My dear Mr. Elliott:

I hardly need to tell you how great my interest is in the subject for discussion before your Club on the 18th – “Economy and Efficiency in Government.” It seems to be the almost universal experience that governmental expenditures constantly increase with the increasing complexity of civilization. Our own Federal expenditures which were \$1.71 per capita in 1850 increased to

\$7.68 per capita in 1910. Then came the Great War with new and enlarged governmental activities, which left us with a tremendous public debt and many problems of reconstruction. Although heroic efforts have been made to curtail expenditures and much has been accomplished in that direction, the 1924 outlay was \$31.12 per capital compared with \$7.68 in 1910.

The mere fact that governmental expenditures show this constant tendency to increase is, of course, not necessarily an evil, but it does emphasize the growing importance of public finance in relation to our economic system. Tax payments, direct and indirect, have become one of the substantial charges against private income. In this country approximately one dollar out of every \$8 of private income is taken for governmental purposes, Federal, State, and local. The individual, therefore, has a growing interest in the management of these activities. In other words, he wants a return on these expenditures commensurate with the return on his other expenditures. He is interested in the application to public affairs of the same business principles which have proved successful in private affairs.

Perhaps one of the most difficult problems in our complex civilization is to determine just how far governmental activities should go. It is a mistaken impression, of course, that all governmental expenditures are non-productive. It needs no argument to show that within reasonable limits expenditures for public roads and bridges, education and public health promote the general welfare and add to the productive power of the people. The same is true of activities for the promotion of industry, commerce, and agriculture through the dissemination of information and by certain limited regulatory measures. It is obvious that all of these are undertakings which can be carried on more effectively and economically by collective action than by individual action.

On the other hand for a government to undertake to perform services which may be performed better and more cheaply by individuals is a wholly unwarranted encroachment on private income. On almost all occasions some class in the community is clamoring for increased expenditures – sometimes for worthy purposes, sometimes for purely class or group advantage, and frequently few voices are raised in protest until tax-payment time arrives. What activities are worthwhile must ultimately be decided by the people themselves or their representatives. The discussion and publicity given to these problems by your Club and similar organizations will doubtless do much in the way of developing a discriminating public opinion.

I cannot refrain from referring in this connection to the question of tax reform which bears directly on your subject. The question of efficiency and economy touches not only expenditures but tax collections. Given a fixed governmental expenditure, the country's welfare may still be vitally affected by the way in which the revenue is secured. A tax system with rates so high as to modify the free course of investment funds and exercise a restraining influence on business is not an index of economy and efficiency in government.

Very truly yours,

(Signed) A. W. Mellon,
Secretary of the Treasury.

Honorable Howard Elliott,
President, The Economic Club of N.Y.
123 West 43rd Street
New York City

(Applause)

Now, gentlemen, with this brief introduction the speaking will begin and it is my very great privilege not to introduce but to present to you a young man who has done yeoman service in the Congress of the United States and in his State Legislature, and is a student of this particular problem. I refer to the Honorable Ogden L. Mills, member of the Congress from New York.

(Applause)

The Honorable Ogden L. Mills
Congressman from New York

Mr. Elliott and Gentlemen of the Economic Club; I came here in the fond expectation and hope that the Governor would speak first and that I would not have such a redoubtable antagonist to follow and criticize what I have to say. And my appetite was completely taken away when the Governor informed me that he had already seen a copy of my speech and was prepared to totally demolish it. (Laughter)

Whatever conclusions may be drawn from the figures, and you are the ones to decide whether the conclusions are sound or not; the figures which I propose to give you cannot be challenged because I took pains to have them checked inside of a week by the Comptroller of the State.

Now no one can satisfy any audience in a discussion of the subject of the evening by giving a mere enumeration of economics affected either in Washington or in Albany. What you would like to hear, I believe, and what you are entitled to hear, is a broad consideration of the financial policies of our Federal and State Governments. I have no desire to be critical, nor do I speak as a partisan, since the Republican Legislature acquiesced in the very measure I question. My purpose in contrasting Federal and State financial policies is to emphasize certain tendencies, by no means peculiar to the State of New York, which I believe are deserving of serious attention.

The people have come to realize in the course of the last two or three years that the cost of government and financing the cost constitute major economic problems that have a direct bearing on the prosperity of the nation and on the standard of living of the individuals who compose it. How could it be otherwise when taxes absorb almost 12% of the national income and when governmental expenditures aggregated \$10,045,000,000, or over \$90 per capita, in 1923, as compared with \$2,919,000,000 or \$30 per capita, in 1923?

Is it any wonder that a well-nigh universal cry has gone up insisting that retrenchment and economy be set up as barriers against the ever-upward tendency? In this connection it may be

well to clarify our conception of what true economy in government is by stating some of the things it is not. Governor Smith, in 1923, laid down two sound axioms: “There is no economy in deferring appropriations. There is no economy in neglecting the known wants of the state.” I want to add a third: There is no economy in reducing taxes by borrowing to meet recurring expenditures. (Applause)

The Federal program may be divided conveniently under four heads: The establishment of uniform, orderly and business-like methods by means of the supervision and control of a budget director; reduced expenditures; lower taxes, but a balanced budget; and, finally, the systematic and reasonably rapid reduction of the public debt.

The budget system has unquestionably accomplished great results; but there seems to be much misconception in New York as to how it functions. Some public officials and some of our editors conceive it to be a weapon intended to force economy upon the legislative department. It is not such thing. It has enormously helped Congress, but in the four years of its life I have known of no instance here it was used to coerce Congress or in any way to limit Congressional control over appropriations. On the other hand, it does bring tremendous pressure to bear on the spending departments, the bureau exercising almost complete control over the estimates they submit to Congress. How strict the law is in this respect is illustrated by the provision that no department or bureau head may urge any increase over the estimates recommended by the Budget Director.

Let me give you an example of how this works. I was anxious this year to obtain an increased appropriation for naturalization work in New York City. I asked the Senate Committee to call the head of the Bureau of Naturalization, in order to have him describe the need for additional funds. But when he appeared, he was reluctant to give the facts for fear of seeming to violate the spirit of the law referred to above, and Senator Wadsworth and I had ourselves to describe the situation.

If you will view the budget as an administrative agency through which the President may gain a direct and impartial view of the business operations of the government as a whole, and through which he may exercise executive pressure and impose business policies on the departments, you will have a correct conception of its functions and value. By means of its coordinating boards with a representative from each department, by means of its liaison officers in each department, it has done away with much duplication of effort, established a uniformity of purpose and method, and instilled a common spirit of economy and service.

In its relation to Congress, it has brought the inestimable boon of bedrock and reliable estimates. In 1921, the last pre-budget year, Congress reduced departmental estimates by \$1,500,000,000. Since the budget has been issued estimates and appropriations were made by Congress that have not differed by more than \$7,000,000 or \$8,000,000 and during all that period I want you to remember that Congress has retained complete freedom in dealing with those appropriations.

They have been able to increase any item and add any item. So that the budget system has had no influence in so far as restraining Congress is concerned, but has had tremendous influence in compelling those that spend the money to reduce their estimates to bedrock. And to spend what is given them in an orderly, economical and businesslike way. (Applause)

In the face of these facts, how futile the controversy which has raged in New York appears to be! I affirm without qualification, that the Federal budget system, with all its attendant benefits, can be established in New York tomorrow if the Governor will but lay aside the theoretical conception of 1915 in favor of the actual accomplishments of 1921 to 1925. I know that the Governor will say, and he can say it with perfect truth, that I supported the Constitution of 1915. I did, and I am not here to apologize for my action. But there are two very distinct propositions. If the people of the State of New York want to curb the power of the legislature, well and good. But pending that, is there any reason on Earth why they should not put a good, strong brake now on the spending or executive departments of the Government?

Federal expenditures in 1921, the last pre-budget year, amounted to \$5,115,000,000. In 1922 they had been reduced to \$3,372, 000,000. The huge drop was due largely to the return of government to a peacetime basis. With 1922 the real drive to reduce Federal expenditures to \$3,000,000,000, exclusive of debt reduction began. By 1924 the goal was \$48,000,000 away. It would have been reached without question this year, had it not been for the soldiers' bonus, necessitating an outlay of \$120,000,000. But even so, we are so close to the mark that from now

on it can fairly be said that expenditures are on the \$3,000,000,000 basis.

You have only to read the speeches and reports of the Budget Director to realize how hard the task has been. It has been one of unrelaxed pressure, of painstaking, detailed work in the elimination of unnecessary items, of granite-like resistance to the pleadings of officials and private individuals who, while believing in economy in principle, are reluctant to apply it to their department or their particular program. But the job has been done, thanks to Harding and Dawes, Coolidge and Lord.

As a result, we have been able to reduce taxes, not simply to lower individual rates, but actually to collect less money in the aggregate from the taxpayers. In 1926, the first fiscal year in which the full effect of the last reductions will be felt, receipts will be anywhere from \$1,200,000,000 to \$1,500,000,000 less than they would have been under the rates in effect at the beginning of the Harding Administration, and the next Congress will unquestionably give further relief. In singling out the taxes to be repealed or reduced we have endeavored to select those that were the most burdensome and least scientific, but no one class of taxpayers has been favored. Certainly no class has been benefitted at the expense of another. And I may remark here that the reasons for reducing the Federal are wholly inapplicable to state income tax rates.

True to the historic American attitude toward the public debt, the program of tax reduction has not been allowed to interfere with its systematic and rapid redemption. From February 28, 1921

to March 31, 1925, the public debt has been reduced by \$3,119,473, 000 at an annual saving of \$215,000,000 in interest charges. How sound this policy is may be grasped at once by considering the cost of extension. If we extended to 1965 the period of redemption of our net share of the debt still outstanding, it would necessitate raising \$6,000,000,000 more in taxes to pay the additional interest costs.

Perhaps I can best summarize the financial policy of the Federal government by a brief quotation from a letter recently written to me by the Secretary of the Treasury:

“It is the Treasury’s policy to continue its rigid adherence to the policy of the economy laid down at the beginning of this Administration. It will continue to make retrenchments wherever this can be done without detriment to the government service, and will continue to oppose any new or additional outlays except where they are clearly essential to the efficient administration of government affairs. To the extent that these retrenchments in expenditures and the natural growth of revenues will warrant, the Treasury will continue to advocate tax reform and tax reduction.

Regarding the public debt, the Treasury is, of course, firmly committed to the principle of balancing the budget each year, including the fixed debt chargers, the principal of which are the sinking fund retirements, receipts from foreign governments under debt settlements, and purchases from foreign repayments. These fixed debt retirements chargeable against ordinary receipts aggregated \$458,000,000 during this fiscal year 1924 and in my last annual report were

estimated at about \$472,000,000 for the current fiscal year and about \$485,000,000 for the fiscal year 1926.”

It cannot fail to make us thoughtful when we contrast the wisdom of this policy with the recklessness of that pursued by the various state and local governments, that have increased their indebtedness from \$3,800,000,000 in 1912 to approximately \$11,000,000,000 in 1924, and continue to pour out their securities at the rate of \$1,000,000,000 a year.

Turning now to our own State of New York, what do we find? Expenditures have increased from \$135,000,000 in 1921 to \$169,486,799.65 in 1925. The net debts has grown from \$188,000,000 in 1921 to \$221,000,000 in 1925. The gross debt has increased from \$236,024,000 in 1921 to \$308,491,000 in 1925. To which must be added \$65,000,000 recently authorized, making an increase of over \$140,000,000 in five years.

Let us understand each other. I am not, directly or by inference, criticizing the increase in expenditures. I have no firsthand knowledge of the circumstances, and I am more than willing to take it for granted that the increases were unavoidable. The fact, however, must be noted, if we are to understand the situation.

The question at once arises, how it was possible to reduce the personal income tax in the face of a steadily mounting cost of government. There are two answers. In the first place, receipts from

other taxes have shown a marked increase. Thus, real property owners will contribute some \$28,000,000 this year to support of the state government, as compared with \$21,000,000 in 1923. In other words, the increased assessment upon this particular class of taxpayers just about takes care of the loss occasioned by the income tax reduction. This is a shifting, rather than a reduction of taxes. In the second place, the budget has not been balanced. We have been living off our accumulated surplus. The unobligated surplus on June 30, 1921, amounted to some \$44,000,000. On June 30, 1925, it will have been reduced to \$11,000,000, and on June 30, 1926, it will be well-nigh wiped out.

Let us consider next year's budget as an example; that is, the budget for the fiscal year beginning July 1 next. Receipts, including a \$2,500,000 additional increase in direct property taxes, are estimated at approximately \$164,000,000 and appropriations amount, roughly speaking \$169,000,000 (appropriations for Federal highway and reimbursements from Federal government are not included), leaving a deficit of \$5,000,000, which must be taken care of out of what is left of the surplus. In addition, there are two items aggregating \$3,000,000 that will have to be provided for by the deficiency bills next winter, making the real deficit \$8,000,000 for the year.

There is, of course, nothing sacred in a surplus, and I know of no reason why, up to a certain point, it should not be used for current expenditures and to reduce taxes, providing, of course, the people are fully informed as to what is going on. At the same time, it is perfectly obvious that the

process cannot be continued indefinitely, and that, sooner or later, when the surplus has been exhausted, there must be a material increase in taxes in order to take care of the increased cost of government. The fact is that there is only one way in which the burdens of government can be lightened, and that is by reducing the cost. All other expedients are temporary sedatives.

Thus, our next State legislature will be faced with the following figures for the year beginning July 1, 1926; appropriations, including the \$9,000,000 school increase, \$175,000,000; current revenue, including the direct property tax and full income tax receipts, \$174,000,000; deficit, \$11,000,000; available to meet deficit, free surplus of \$3,000,000, the lowest the state has had in many years.

Now, the gentlemen responsible for the financial policy which I have just described, have, of course, foreseen the inconveniences and difficulties, political and otherwise, incident to such a situation, and have already devised relief measures in the form of another sedative as a substitute for the vanished surplus. It takes the form of a constitutional amendment which will permit the legislature to borrow \$10,000,000 a year to pay for recurring capital expenditures, heretofore paid from current revenue. With \$10,000,000 a year to play with, limited only by the elastic interpretation which the legislature may put on the term “construction of buildings, structures and improvements,” the crises may be tided over without too sharp an increase in taxes. But at what cost?

The proposed amendment is the entering wedge to the breakdown of the restrictions on incurring indebtedness imposed by the Constitution of 1846, thus reversing a policy entered upon eighty years ago, after the people had witnessed the financial chaos and impaired credit, which resulted from free and extravagant borrowing for public projects, many of which proved unsound.

Lincoln, in his Constitutional History, describing the present provision, says that “It is significant as an attempt to vest in the people control over all legislation creating state debts. It is known in history as the people’s resolution.” Others called it a new Bill of Rights. Governor Wright, in discussing the amendment at the time of its adoption, said:

“It would seem to be equally as wise that another sufficient barrier should be interposed between the taxpayers of the state and the unrestrained power of the Legislature to contract debts upon their credit and at their risk. That this power may be abused we now know. That it has been abused, the people now feel; and it cannot be a matter of surprise if they shall be found to demand protection against further abuses.”

It is this protection which we are now asked, after eighty years, to tear down. If time permitted, I should like to review the reasons which led our state, and eventually nearly all the others, to include in their constitutions extremely conservative restrictions on the power of the Legislatures to incur debts. Massachusetts, the latest to incorporate limitations on the debt incurring power, found it necessary to do so as recently as 1918. Is this the time for New York to turn back and to favor the cause of unrestrained borrowing?

Politicians are hardly likely to oppose the movement. Expedients that immediately reduce the levy on the taxpayer are so certain of popularity that the temptation is overwhelming.

Accordingly, they have ever been more ready to vote debts than provision for their payment, and usually they have been supported by their constituents. There are no representatives of future generations to protest against the burdens imposed on them as the ultimate consequences of postponement and to threaten vengeance at the polls.

But let not the present generation indulge itself in the belief that it can escape the burdens resulting from this, the most costly method of public financing. The immediate effect may be to permit a reduction in the appropriations, and thus possibly in taxes. The cumulative effect of borrowing for several years, however, will be to increase the burden materially beyond that which would be required by meeting the costs currently. For purposes of illustration, let us consider the cost of financing \$10,000,000 of public improvements annually by the issue of twenty-five year 4% straight serial bonds. During the first year \$10,000,000 will be received from the sale of the bonds. The interest amounts to \$400,000, the cost of redemption to \$400,000, or a total debt service cost of \$800,000, thus showing an apparent saving of \$9,300,000 over the cost of financing from current revenues. By the end of the tenth year the increasing cost of the debt service will have reduced this apparent saving to \$2,720,000 a year, and at the end of the fourteenth year it will have disappeared entirely.

Thus, in the fifteenth year debt service charges will amount to \$10,320,000 or \$320,000 in excess of the amount received from the sale of the bonds. In the twenty-fifth year the debt service will have grown to \$15,200,000 so that the state will actually be paying out \$5,200,000 more than the cost of financing from current revenue. At the end of the twenty-fifth year the state will have received \$250,000,000; it will have paid out in debt service \$218,400,000; showing an apparent saving of \$31,600,000, which is much more than offset by \$120,000,000 worth of bonds still outstanding, that will call for an additional expenditure of \$161,600,000 until finally retired. In other words, for the total period of time the state will have received \$250,000,000 and will have paid \$380,000,000, or \$130,000,000 more than it would have if it had the wisdom to pay as you go. (Applause)

To be sure we will have succeeded in shifting a part of the burden to the next generation; but even in so far as this generation is concerned, after the tenth year the saving becomes negligible, and after the fourteenth year the borrowing method actually will result in higher rather than lower taxes.

Only last year the voters approved a referendum for the issuance of \$15,000,000 for parks. The year before that it was \$50,000,000 for the state hospitals and institutions, to be spread over a period of five years. In addition to the \$100,000,000 bond issue, there is pending a proposal for the issue of \$300,000,000 of grade crossing removal bonds. Where are we going to stop? On the basis of fifty-year serial bonds, the proposed grade crossing and building bonds and the hospital

bonds, aggregating \$450,000,000, will cost \$909,000,000.

The truth is that, for a great and prosperous state like New York, borrowing should not be resorted to except when we are called upon to make the expenditure of an extraordinarily large sum within a limited period of time. We see the needs of the immediate future, but as we go along other needs will become apparent. At the same time, depreciation and obsolescence will require the scrapping of existing facilities and replacements by others more modern, more adequate and more costly. What we are proposing today, in effect, is to borrow for the recurring expenses of maintenance and operation, and the costliness and folly of such a procedure are made manifest by the figures which I have given you. There is no reason on Earth why, with economy, efficiency and forward planning, the State of New York, with its colossal resources, should not “pay as you go” for all but exceptional improvements, and stand by the Constitution of 1846 and allow the people and not the legislature to determine when they are to be paid.

(Applause)

Now I am not arguing the question as to how this money is to be used. Some people will tell you that it is necessary for park purposes. I understand that it is contemplated to spend a large amount on office buildings. If it is desirable for the State to build office buildings rather than rent space, and if this necessitates borrowing \$10,000,000 or \$20,000,000, there is no reason on Earth why, as in the case of charitable institutions, that should not be submitted to the people of New York in a referendum. “Do you desire to spend \$20,000,000 for public buildings?” And there is no

reason on Earth why you should give the legislature the right to play with this \$10,000,000 a year for the next ten years. I have served in the legislature. I know that the temptation is irresistible to make a good showing every year, to reduce taxes, and I know just as sure as we are sitting here that some of that money, probably a good part of that money, is going to be spent for current repairs. I don't know, but I suppose that a new laundry machine in one of the institutions could be characterized as a permanent improvement, or a new boiler in the State Capitol. Those kind of expenditures ought to come from current revenues, and if there are great, large projects that necessitate borrowing, the people of the State are quite capable of passing on that question, as they have for eighty years, without giving the legislature and Albany \$10,000,000 a year to play with. (Applause)

Just a word about the State income tax and then I am through. I have real personal interest in this tax, as it was enacted largely as the result of the report made by the legislative committee of which I was chairman. It may not be amiss to remind you that the state income tax was not imposed as an additional tax, but as a substitute for the general property tax on intangibles, which, because of its confiscatory rates, had proved a complete failure. It represents an effort to impose a very small contribution for the support of the state and local governments upon the colossal accumulation of intangible wealth centered in New York State.

Figures are wearisome, but the following figures paint a picture which I wish you would grasp. In 1923 taxable realty in New York was valued at approximately \$20,000,000. It contributed that

year about \$483,000,000 in state and local taxes. Intangible wealth, that is, money and securities, was estimated at about \$29,500,000,000. It contributed not more than \$70,000,000 to the support of our state and local institutions. Expressed in terms of income, in 1922 individuals in New York reported to the Federal government over \$4,000,000,000 of income, of which over \$100,000,000 consisted of dividend and investment income. These individuals were taxed only to the extent of \$38,000,000 for state and local purposes, as compared with almost \$500,000,000 levied on real property and paid, for the most part, by farmers and rent-payers.

In the last ten years the true tax rate on real estate has increased from \$14.54 to \$23.66 per \$1,000 of full value. Property taxes are now consuming 30 to 50% of net income from property in the prosperous agricultural sections of the state and from 10 to 40% of the net income from city property, while intangible wealth is contributing but 3% of income. Citing these figures, the Joint Legislative Committee on Taxation, that has been making an extensive study for five years, flatly recommends:

“The State of New York should withdraw as far as possible from the taxation of real estate. Real estate should be left to the localities as a tax source.”

As the Governor himself said, in a special message to the Legislature: “The unfortunate rent-payers, which the city represent 90% of the population, pay the freight, and yet the rent-payers will go to the polls and cheerfully vote large appropriations or funded debts, and constantly

demand great and costly public improvements with a notion in their minds that the comparatively small number of real estate owners will bear the burden, whereas the fact is that the burden is directly upon themselves.”

And in his recent memorandum vetoing Teachers Salary Increase Bill he complained that the Legislature ignored the recommendation of the Joint Legislative Committee on Taxation “with regard to the relief of real property from any additional burden of taxation.”

In the face of these facts, the Governor and the Legislature last year saw fit to reduce individual income taxes by \$8,500,000. Please note that they were able to do so only because at the same time they were collecting from real property owners \$7,500,000 more than the year before. They have just repeated the offense. The income tax levy has just been cut from \$38,000,000 to \$29,500,000, but real property this year will contribute, to the state, in addition to local taxes, \$28,031,835, and next year \$30,544,435, as compared with \$12,402,622 in 1923. To label this tax reduction is to insult ones intelligence. It is tax shifting. From the same point of good economics and even of ordinary every day commonsense justice, it is absolutely indefensible. There is not a man in this room, I suppose, when he filled out his State income tax return and then took off 25%, who did not thank first the Governor and then the Legislature for the 25% rebate. (Laughter and applause) But I wonder how many of you would have rejoiced as you did if you had known that seven and a half million dollars of that eight and a half million dollars rebate which was going into your pockets, was coming out of the pockets of those least able to

pay, the rent-payers of the great cities and small farmers in upstate New York?

Few who have studied the situation will deny what the Governor pointed out, that those most hardly pressed by the heavy burden of taxation today are the farmers and the rent-payers. Yet these two classes of taxpayers have had their taxes increased in order to relieve security-holders of part of the very inconsiderable share of the burden which they bear.

Only three possible excuses may be advanced, none of which seem to me to have any particular merit. It may be claimed that the income tax reduction benefits the wage-earners and salaried men. But if these were the ones that the tax shifters had in view they could have accomplished their purpose by limiting the reduction to earned income. Again it may be urged that the rate of the direct property tax has not been raised as compared with the last year. This is true, but how about assessed valuation? Here in New York City, with a lower tax rate, property owners this year will actually pay more taxes than last, because of the enormous increase in the assessed valuation.

Finally, they may claim that the Federal income tax is so high as to justify a decrease in the state tax. But the answer to this is, that Federal income taxes were materially reduced last year, will again be reduced next year, and that if you consider the Federal tax system as a whole, the burden today is fairly well apportioned as between direct and indirect taxes. Moreover, the state rate was already as low and the amount contributed so insignificant as compared with the

taxpaying ability of this great aggregation of wealth, that there is no possible justification for reducing it by one-fourth.

My criticisms may sound harsh, particularly coming from one who has not been on the ground and who views these transactions, therefore, much as an outsider would. But in my consideration of the whole situation I get the very distinct impression that in Washington they have grappled directly with the fundamentals of the problem, have faced the difficulties squarely and are solving them by practicing true economy and sound finance, while here in New York there has been too much temporizing, the acceptance of the shadow for the substance and the looming of a very marked tendency to resort to the at most expensive form of public financing – borrowing.

In concluding it is hardly necessary for me to add that while I differ from the Governor politically, while I have grave misgivings as to the financial policy which he is advocating, for him personally I have nothing but affection and great respect, and my sole purpose in being as frank as I have been this evening is to raise the issues squarely so that all may understand just what is involved. Thank you. (Applause)

MR. ELLIOTT: Gentlemen, the Economic Club, as you know, is a nonpolitical organization. It is made up probably of six hundred good Republicans and six hundred good Democrats.

(Laughter) But it is also made up of twelve hundred good citizens. (Applause) You have just listened to a very illuminating address from a member of the Club who is a good Republican, but

above that, he is a good citizen, serving his country well and faithfully. (Applause)

And now I am going to present to you a gentleman who is also a good citizen (applause) and who is serving his state and his nation well and faithfully. I don't have to introduce him to you.

His name is Smith. (Laughter and Applause)

The Honorable Alfred E. Smith

Governor of New York

Mr. President and Ladies, Members and Guests of the Economic Club; it seems to me from the address of the Congressman that there are two kinds of tax reduction, Republican tax reduction, which is apparently all right (laughter) and Democratic tax reduction, notwithstanding the fact that it reduces, is apparently all wrong. (Laughter)

Now I just want to correct one statement that the Congressman made about state finances. When it comes to Washington, I am frank to admit that I know absolutely nothing about it. I have the interest of the ordinary citizen in it, but I am unable to study it because I haven't the time. But I can understand that it is very easy to speak of tax reduction in the nation as against tax reduction in the State, because in the nation we pulled ourselves back to a peace time basis from the awful expenditures of war. But while the nation was doing that the state was trying to get abreast of its ordinary expenses that were interfered with very seriously because of the operations of the

Federal Government for the processes of war.

Everybody in this room knows that in 1917, 1918 and 1919 every bit of public work in this State was at a standstill. Why? Because we were obedient to the request of the Federal Government that neither men, money nor materials be used by the various States, and that they be left entirely for the Federal Government for the processes of war. It is very easy, therefore, for the Federal Government to drop down from these billions that we talk about, but very difficult for the State to keep down in the years following the war and the reconstruction period when the states and the municipalities throughout the country were called upon to get themselves up to where they would have been had they not been patriotic enough to pay some attention to the requests of the Federal Government. (Applause)

So much for that in general terms. Let us deal for a minute or two with this question of the direct property tax and reduction in the income tax. The unfortunate part of that situation is that the State does not collect the property tax and it collects the income tax, and it is unable to give any relief to the direct tax payer on property. It can reduce the rate and relieve the municipalities, but the municipalities never pass the relief on to the taxpayer. Read Governor Miller's message on that. (Laughter and applause) Let us see what Governor Miller said when he reduced the direct tax, and then wrote a State paper that is in the archives at Albany today that was a very scathing denunciation of the members of his own party in control of every County Government practically throughout the State outside of this city, where not a single dollar of the original saving that he

spoke about was reflected in the tax bills of a single farmer or a single rent-payer. With all due respect to the Congressman's idea of why we got this income tax, notwithstanding that he was a member of the committee, I signed the bill that levied the direct tax and I know why it was done. It was done to take the place of the millions that we used to get in excise taxes. That is what it was done for. (Applause) and let me say this to you, that at the time it was done the same committee that the Congressman speaks about, in a public document put out at Albany, promised to wipe it off the statute books of this state at the earliest possible moment.

Now with regard to that surplus, the Congressman is a little bit wrong in his figures. He is only four million dollars out of the way, four and a half million dollars; instead of the three million dollars, the estimated surplus, after reduction and after an appropriation for all the known wants of the State that should be made from current revenues, and that I will discuss later, the estimated surplus is seven and a half million dollars, and not three million dollars.

Now, I have a keen and full appreciation of the value of catch phrases. I can coin them myself. (Laughter) I am no mean hand at doing that. I know to any gathering it sounds pretty good to say, "Are we going to give the Legislature ten million dollars to play with." That sounds big. You are giving them today unlimited millions to play with out of the State's cash drawer, and the only question that arises from the whole situation is not one of the politics at all but one of business, and that is what I propose to discuss. I propose to discuss this whole thing from the standpoint of business, because by no stretch of the human imagination can there be any politics

in it, for this reason:

In the whole five years that I sat in the Executive Chamber in Albany, I never had the Legislature with me, not once. So therefore, what has happened during those five years, both sins of commission and omission, cannot be charged up to any political party, and we would not have before us today the proposal to amend the constitution for this ten million dollars a year unless it had received the approval of the Republican Legislature of 1925, and the Republican Assembly of 1924. So, therefore, technically speaking it is no program of mine. It is rather the program of the government of this State. Now I will let you in on something. Where did this thing come from? Where did the thought of the one hundred million dollars, ten million dollars a year for ten years, originate? Can you find any public paper in this State wherein I advocated it? Not on your life. (Laughter) I will tell you how it happened. The Republican speaker of the Assembly and the Republican Chairman of the Committee of Ways and Means came down to my office one day and we talked over the whole question of the finances of the State from a business standpoint, no politics, business. And in that conference, with one lone Democrat, myself, and two militant aggressive Republicans, this constitutional amendment had its birth. I wrote nothing to the Legislature about it. My end of the bargain was to deliver the Democratic senate to it. That I did. (Laughter and applause)

Now, I read very carefully the pamphlet prepared by the Bureau of Political Research. It is fine as a scholarly document. As the closing address for a graduation exercise it is wonderful.

(Laughter) but for meeting the business needs of the State it is only a theory.

We are wedded in this State, certainly, to the old-fashioned notion that you cannot do anything for your Constitution. I met a man from St. Lawrence County in the fall of 1915 and I said, “How about the new Constitution? What do you think about it?” He said, “I don’t think so much about it.” He said, “I met a local constituent of mine down on Main Street Sunday, on his way from church, and I said to him, “Hiram, going to vote for the new Constitution? He looked at me for a minute and said, “What is the matter with the old one?” (Laughter)

The day that the Constitutional Convention met in Albany, Senator Root was elected President and he made an opening address to the delegates. He spoke about the Constitution and he said there was altogether too much legislation in it. There was too much restriction in it, that it did not deal entirely with fundamentals. Why he said the Constitution of this State ought to be printed in a little book that a man could carry in his top vest pocket. Well, that made quite an impression on the delegates, and there was a man named Austin down in Green County who was elected from that district, and he was appointed on the committee of revision, and he paid a great deal of attention to Senator Root because he felt that he was directing his remarks almost personally to him, (laughter) to see that the Constitution was cut down. So he called a meeting of the committee and they sat around the table and they started to read the Constitution, and in the beginning of it they found page after page devoted to a prohibition against old-time feudal leasing of agricultural lands, something that was put into the Constitution back in 1810 to 1811

to stop the Rensselaer and White families in the Capitol district section of the State from giving long agricultural leases on their land, and our friend brightened up and a glow came over him right away and he said, “Here is something that comes out of the Constitution. We haven’t any more use for it. It belongs back in 1810 a hundred and five years ago, so we will take it out.”

Well, at twelve o’clock on Tuesday he offered a report of the committee on revision striking this out of the Constitution. There was a delegate from Brooklyn that used to be an attorney for the Title guarantee & Trust Company, and he started in to argue against taking that out of the Constitution. He started on Tuesday and he talked until half past three on Thursday afternoon (laughter) and the convention then voted to leave it in. (Laughter and applause) The outcome of the whole thing was that when the new Constitution was proposed and submitted to the electorate of the State, instead of assuming the proportion of an upper vest pocket book, it bore a strong resemblance to the telephone directory. (Laughter)

Every now and then somebody pulls out Lincoln’s history of the constitution, never thinking that this State outgrows many of its old constitutional provisions; never thinking for a moment that the business of the State today is such that it cannot be fitted into what was perfectly proper in 1842. Can you imagine what the wild reckless extravagance in government in 1842 that necessitated this provision that the legislature was to have the power only to bond the state to the extent of one million dollars? Why, in 1842 that was not economy, a million dollars. That was great leeway, because there wasn’t a single thing that the State did in 1842 that cost one million

dollars, not a thing. Try and see what you can do today with one million dollars. Put out the plans for any ordinary institution that the state has got to build, and let the engineers estimate accompany it. Why, we are building roads today in this State at \$55,000 a mile. A million dollars? It was an awful lot in 1842, and when the people of this State gave the Legislature a blank check to the tune of a million dollars in 1842, they were doing then a great deal more than we are tasking today when we are asking that only they be given the right in any one year to expand ten million dollars, because everything that the State does has increased a thousand percent since 1842.

This is something I did not intend to say anything about tonight, but the temptation is too strong and I cannot resist it. When we are talking this budget talk, the State of New York does not need any budget bureau. We have one. We have had it since the days of Governor Whitman. Washington recently acquired it. We always had it. We have had it as far back as I can remember. The proposition that I offer is not the preparation of a budget or the preparation of an appropriation bill. That we have. The Board of Estimate and control was created under the regime of Governor Miller, and it functioned last November and it submitted a budget and it submitted an appropriation bill to accompany the budget. What I am trying to do is to have a little bit of control over it after it is submitted. I do not desire to take any power at all away from the Legislature, not by any means. I am too much of a Democrat to suggest that. (Laughter) But what I would like to do is to have the people of the State put a little check on the way the Legislature does it. Not what they do, but the way they do it, and try and stop them from seeking,

year after year as they have been for the last ten years, a certain control over the administrative departments of the government through the appropriation bill. I want to introduce some business methods. When the Superintendent of Public Buildings denies an increase in salaries to a group of employees, I want that denial to stand, because the Superintendent of Public Buildings is responsible. I do not want a condition whereby a small committee of that group can go up the back stairs and see the speaker of the assembly and get the increase in salary over the head of the Superintendent. (Applause)

Now, let us get down to business. The congressman needn't worry about the washing machines and the boilers. You leave that to the Legislature and the Governor. You were yourself a member of the committee that helped to allot the fifty million dollars and you know we did not stand for washing machines, and you know that we would not get any new hospitals in any other way, and you know that it would be impossible to get a contract in one year for an eight million dollar hospital in any other way except by the issuance of bonds.

Now, I am going to rub out of the rest of my talk all consideration of what the Legislature did about anything or what the Governor did about it. What difference does it make? It is all past. Let us take the history and let us take the facts and figures and let us see how we have worked it in the past. In the first place the State has only three means of getting money. One is by direct tax. The other is indirect tax and the third by the sale of securities or bonds. The great difficulty in the past is that the State has no plan for public improvements. Everybody knows that there

isn't any plan. Every new Legislature comes in supreme, and every new Legislature thinks that the one which preceded it did not have the right idea about it, and they start all over again. As a result of that we have spent in the last fifteen years, fifty million dollars from the proceeds of bonds for the construction of highways, and a highway has a life of about fifteen years. While we were spending fifty million dollars from the proceeds of bonds for the construction of the highways, we built the educational building in Albany and we build the tunnel between here and New Jersey out of current revenues. The Educational Building has a life of at least one hundred years and the tunnel is sure to earn year after year a sufficient amount of money to amortize and pay the interest on the bonds, had it been constructed out of bonds. But instead of that since 1919, out of the current revenues of the State we have paid eighteen million dollars into the New York and New Jersey tunnel. Is that good business? Can anybody defend that? Can anybody defend that in any public place in this State on the ground that it is good business? Our partner to the enterprise had some brains, New Jersey. They sold the bonds and provided by law that revenues from the tunnel would amortize the bonds and pay the interest on them. Our eighteen million dollars is in there. It is there, and when it comes to collecting our part of the tolls, under our Constitution, they will go into the general fund of the State and be appropriated out for any purpose that the Legislature sees fit to appropriate them.

Nobody in the State of New York would advocate faster than I would the absolute pay as you go policy, if you could do it, if it could be done. But the trouble is that you cannot do it, and I will give you history to show that you cannot do it. Let us take the first thing. Let us see how we get

Wingdale Prison. These are facts, right from the history of the State. There is no theory here, of whether it is a good thing to do it this way or that way. This is what happens, the way you have been doing it. Wingdale Prison was authorized by the Legislature as far back as 1916. Between 1916 and 1920, in small appropriations every year for one little building at a time, the State appropriated \$1,650,000. In 1921, we moved into a wave of economy, and what happened in 1921 and 1922? Not one dollar, not a quarter, was appropriated for Wingdale Prison, and there it stood, with half of the buildings on it, the power plant kept running all winter with two firemen and two engineers to keep the buildings from going into decay. I went to Wingdale in 1923, brought the Superintendent of Public Works with me and the State Architect, and we salvaged the property and turned it into a State hospital, and if it was not for the fact that we had the money, proceeds of the sale of bonds, Wingdale would be standing there today as it stood for so many years without a dollar of the money being put into its construction.

I think Sing Sing is a more interesting story than even Wingdale. In 1916, the State decided to demolish Sing Sing prison and for a very good reason. Sing Sing prison is situated immediately on the waterfront in low marshy land. The cell blocks that the prisoners sleep in are one hundred and ten years old, and there is no plumbing any place at all, not a bit. There is not a time in the winter, fall, spring or summer, that you cannot scrape the water off the walls of the cell blocks in Sing Sing. It was noticed first by the large number of men that were transferred from Sing Sing to Dannemora suffering with tuberculosis. Everybody was agreed that while society desires to punish the men that the outrages its laws, that we did not want to break down his health, but that

is what we were doing. So we proceeded to get a new prison in 1916. We tailed along year after year. We build the warden's residence and we built the chapel and then we built the power house and then we built the laundry and then we built the refrigerating plant and then we built the sewerage disposal plant. If you notice all the small buildings, that cost very little money. But now we are right up against it. We have got a perfect prison up there but no place for prisoners to sleep. (Laughter) the two cell blocks cost three and a half million dollars. On what has happened in the past, I will venture the prediction tonight that unless you can build that prison that ought to last at least as long as the old one, one hundred and ten years, unless you can complete it with the sale of bonds, you won't see Sing Sing completed in the next ten years. (Applause)

Pay as you go? Fine. Grand theory. Try and make it operate. What was it that started us on the fifty million dollar bond issue for State Hospitals? Where did that thought come from? Why did we suddenly, like a thunderbolt out of a clear sky, make our mind up that we were going to bond the State for fifty million dollars for rehabilitation of the State hospitals? The history of how we attempted to do it in the past is the answer to that. Let us see what it is. More than ten years ago, according to the records in Albany, the State Hospital Commission, and everybody identified with the Government of this State, knew of the condition of overcrowding in the State hospitals. In Manhattan State Hospital on Ward's Island alone there has been at least a thousand people in excess of the capacity of that hospital for the last fifteen years. So we started to build some new ones, and we created by law what was known as the Hospital Development Commission. They brought in as elegant a set of plans as you ever saw in your life. Not only did they have every

hospital building fixed in its proper place, but they even had the little green trees painted on it so that you could know the pathway up. (Laughter) The landscape man was to work on the plans, and we brought the plans down to Albany and they looked great. We started to finance it out of current revenues. In 1916 the war was on, and 1917 and 1918, and as a result of that only two million dollars was appropriated in three years for the carrying out of a plan that everybody knew would cost upwards of thirty-five million dollars. That was, as I said earlier in my remarks, an obedience to the wishes of the Federal government that we not go on with any construction. So we started crowding them in. We started to put mattresses on floors and in the halls. We had to take the help out of the hospitals and give over the quarters intended for nurses, doctors and attendants, to new patients. We had to start to spend \$360,000 a year for board and lodging in the vicinity of the different hospitals for the help as a result of that holdup. In 1920 the war was over and Washington dictated a rather liberal policy towards the States and said that we could go on, go after material. So what did we do? I was in Albany then. I was Governor. There wasn't any politics in it. The Legislature was strongly Republican. I sat down with Senator Sage, Chairman of the Senate Finance Committee, and Speaker Sweet of the Assembly and Ed Machold, Chairman of the Ways and Means Committee, and we attempted to catch up, and we appropriated in round figures, \$7,341,000. Of course that helped to drive up the appropriations for that year and gave good material in the fall for the fellow that got out the little book about the Tammany Hall extravagance and heavy spending of the money of the State.

So the next year we moved again into the wave of economy and in 1921 all we did do was

\$1,950,000 and in 1922, \$2,057,000. I returned on the scene the first of January, 1923, and the very same men that were interested in it during my previous administration, but apparently made no impression upon the members of their own party, came to me again and said, “We have got to pick up this hospital program,” and up we go again to five and a half million dollars, and it was at that point that everybody agreed that it was senseless, foolish, a waste of time and a waste of energy and a waste of money to try to finance these enormous projects out of current revenues of the State. The only thing to do was, if they were to have a life considerably in excess of the bonds, was to build them as a result of the sale of bonds, and accordingly we submitted the proposal, backed up by a non-partisan group of citizens, throughout the whole State, which was overwhelmingly adopted by the people, and we are getting the State hospitals.

We have a new unit right in Rockland County, three thousand beds, designed to relieve the Manhattan State Hospital, and a new unit at Creedmoor, twenty-five hundred more beds, designed to relieve the Brooklyn State Hospital. That is overcrowded to the point of real misery, even among the employees, not to say anything about the unfortunate patients.

So much for the hospitals. Let us look a little bit, for a minute, at our schools. Nothing is as wasteful from the standpoint of good business as to be annually throwing money into these old dilapidated normal school buildings for repairs and upkeep. No business institution in this country would continue to do that any longer. There is an abundance of testimony before the Legislature year after year as to the condition of these buildings. But what is the Legislature

doing about it? The Chairman of the Senate Finance committee will frankly say to the Superintendent of Education, “We have got to cut down expenses this year”, and you try and get that normal school up at Genesee, and they say, “Keep it within the amount that we have estimated for the year.” It cannot be done, but we will do the best we can. What is the result? Here is an official communication from the Department of Education that I asked the Superintendent of Education to put his name to, telling the whole story of one Normal School and the amount of money that we have poured into it, and it ought to be torn down, if possible, before the first of next January. It is useless, but you will never be able to do it on any pay as you go plan, because while it stands, while it can stand up, even if it only has a single brick to balance it, the Legislature would say, “Let it go over this year. We cannot have too big an appropriation bill.”

About 1915, the citizens of Albany complained very bitterly about the State Laboratory. We have a number of sick horses and sick cows in the State Laboratory in Albany. We keep them in a state of disease all the time for the purpose of getting serum to use as antitoxin, and the city of Albany was growing out around this old wooden stable where these cows and horses were kept, and there was an insistent demand for better headquarters for the State Laboratory, and the Legislature sat u and paid some attention to the demand and they began by appropriating \$200,000 this year and a \$150,000 the next year, and then when it is politically expedient to be economical, they let it all go over until the next year, and the result is that we have got half the laboratory in ten years, but we have still got the old stable. (Laughter)

Now the Congressman made a very good point about the office buildings and about the submission of these referendums to the people one at a time. That would be perfectly all right if the needs of the State in so many directions were not as pressing as they are, because under this provision of the Constitution it must be borne in mind that you can only submit a single proposal in one year for a single purpose. Now that means that you get the office building this year. You will get the prison next year. You will get the Poughkeepsie Bridge the year after. You will get one normal school or two the year after that. That is what that means, and it means the necessity for carrying it up year after year in the Legislature. Who is going to take all the time and trouble to do that? It is not everybody that I know that is willing to work their heads off or to try and solve some of these problems, not that I believe I am doing any more about it than I ought to do, but I think the other fellow has done less than he ought to do. (Applause)

Let us take the building situation. In 1925 we are paying in rent in three cities, \$664,763. Rent, every year. Not to say single word about the inconvenience to the State in the attempt that she makes to conduct her business, not a single word about that at all; not a single word about the valuable papers of the State that are spread around in non-fire proof property all over the city of Albany. We are just trusting to the mercy of God himself not to let any fire get in them.

Let us see the history of getting office buildings under the pay as you go. That is illuminating. The condition became acute about 1915. We had hired everything that there was in Albany that

could be used for office purposes. We altered private dwellings into office buildings. We altered a Turkish bath that stood on State Street into an office building and used the pool for a vault, (laughter) to hide away the papers. Everybody said, “Well, we have got to do something about an office building”. So with a great blare of trumpets they purchased a whole square block in Albany, put up \$700,000 for it, paid \$25,000 for a set of plans, tore down all the property on it and put a fence around it. In 1918, they allowed the Federal Government to advertise war savings stamps on the fence. That is all the use that anybody in this country got of that property, and a little bit later, following an insistent demand, they turned it into a park. (Laughter)

I am going to deal with the things not as I would like to see them. I am not going to deal with them from the standpoint of grand economic theories, but I am going to deal with them from the practical experience of the past. If there is any man or woman in this room tonight that believes that we are ever going to get an office building in this State except by the issuance of bonds, forget it. (Laughter) The same thing is true of the situation at Cornell University. In 1920 we agreed with the Trustees of Cornell on a building program up there of \$3,000,000, and we put up a million dollars of it, and then when we got into the economy wave, we put up \$183,000 to provide equipment for a dairy building, and we let it go at that, and that is where it stands today. We still owe \$2,000,000 to Cornell on our definite promise to provide these buildings.

Now, the Bureau of Political Research makes a few statements here that do not square with the facts. This is not the reversal of the policy for the creation of debt, or the beginning of the

reversal of the policy? The Soldiers' Bonus of 445,000,000 was authorized by Constitutional Amendment and not by the submission of a proposition and by what stretch of the imagination does anybody come to the conclusion that the Legislature and the Governor is going to be less careful in the appropriation of public money when it comes from bonds and from current revenue? The directly opposite of that is the fact. The directly opposite. The issuance of bonds incurs an obligation upon the Legislature and upon the Governor, no matter who he may be or no matter what his political complexion, to carry out the purpose and intent of these bonds, and for which they were authorized. To go before the people of this State and ask for \$100,000,000 in ten years without a program would be an absurdity. I do not propose to do that, not by any means. I propose to form a citizens' committee and tell the people of the State of New York where that money is going, and if there is any Legislature or any Governor hereafter that is willing to turn his back on that and start to buy laundry machines out of it, the thing to do is to get rid of him. (Applause)

Let us see what some of these needs of the State are today. If the State of New York was a great big business corporation, the Board of Directors would meet and they would send for the department heads and ask them to sit down and form a planning agency, to be reduced to writing of some of the needs of the State. Let us see what they are: Sing Sing Prison, three and a half million dollars; no escape from that. (Laughter) In less than ten years the cell blocks will have to be removed from Dannemora Prison. It will have to be done. It is not pressing in 1925. It might go to 1930, but beyond that it will not be fit for prison use. That is four million dollars. We spend

a great deal of money inspecting the prisons. We have a constitutional body known as the State Prison Commission. Here is an article from an Albany paper that says, “Auburn prison assailed by commission, declared to be inadequate and unsanitary, new buildings required.” It will cost a lot of money to do that, and it has cost a lot of money to get that report from that commission. What is going to happen to it? Nothing. We are going to spend \$250,000 every year putting new boilers into Auburn prison, but we are never going to build a new prison there if we have got to do it out of current revenue. It cannot be done. What should happen to Auburn is that it should be torn down and a new prison built out in the country. It is in the heart of the city of Auburn and it is one hundred and twenty years old. It is unfit for human habitation, and it is a waste of money. The State never does drive a good business bargain. It never dreams of driving such a bargain. I came down here to Seventh Avenue and I sold the old Arsenal for \$350,000. We bought it in 1867 for \$27,000. Unless you get after the Legislature and pound and bang and biff into them night and day they would let that old building stand there for the next twenty years, notwithstanding that they can duplicate it at the army base in South Brooklyn with a modern structure out of the money that they get for the sale of the property. Here it is in the heart of the needle work district where ground has become immensely valuable, and here we are storing a handful of uniforms that we got from the Federal Government and bringing them up from the army base in South Brooklyn, up to 36th Street and storing them.

We have got a unique condition at Comstock Prison. That is supposed to be the honor prison. Men with good records in the other prisons go to Comstock because there is little or no restraint

on them. What I mean by that is they have the satisfaction of knowing there is no walls around the prison, but they cannot get away. (Laughter) We have got to erect industrial buildings at Comstock. There is no use of keeping a man in prison in absolute idleness. Yet, that is what is taking place in Comstock Prison today, idleness, for lack of industrial buildings.

Our educational institutions; it is certified to me by the commissioner of Education, in the next ten years replacements of old normal schools and new normal school that is very much needed in Westchester County, will cost \$5,970,000. Our charitable institutions, aside from the state hospitals, the Batavia School for the blind should be torn down. It is a disgrace to the State of New York. No civilized community in this country would take the responsibility for the conditions that obtain at the Batavia School for the Blind. The Rochester School for the Def should be destroyed. We started a number of secondary schools of agriculture. I never was satisfied with the way we started them, as monuments to influential Democrats and Republicans in certain counties, so that some man with long legislative service, might retire to his county seat at the end of his service and see a brass tablet on the side of an agricultural school showing that he is the man that put the school there. We should never have done that, but we have got them. That is, we have half got them. We will have them for another \$1,750,000.

About as bad a condition as there is outside of the city of New York, is the armories. Prior to the war the constitution of this state provided that we had to keep at least ten thousand men under arms all the time. We never had much more than ten thousand, and we built up our military

establishments for the purpose of accommodating ten thousand men. In 1920, when the Federal Defense Act was passed, the State of New York was federalized and under the Federal regulation we are compelled to keep twenty-two thousand men, and we are trying to train and care for twenty-two thousand men in the accommodations, dilapidated, broken down, old-fashioned, accommodations that were used before the Federal Act for ten thousand men. Some of the armories of this State cost more to repair than they are worth. You will never replace them, you will never see one of them torn down, if you have to do it on the pay as you go policy. It cannot be done. It is the last thing anybody wants to do, to build an armory.

Right away we need a new tuberculosis colony in the western part of the State. Raybrook is overcrowded, and as a result of the overcrowding men and women who apply to the State for treatment for tuberculosis while they have the disease in its incipient stages, are too far advanced to be helped by the State Department by the time it gets around to them and their name is reached. We had better not have any. We had better say that we cannot care for them and leave the treatment of tuberculosis entirely to private endeavor or on the counties, to do the job that we are unable to do, instead of fooling a lot of people who are waiting to get into an overcrowded institution, and everybody knows it is.

Well, if you want to get a fair idea of how we are treating our great big public works by the pay as you go policy, study the history of the development of Saratoga Spring. Back in 1908, Senator Brackett took advantage of that million dollars in the Constitution that the Legislature can bond

the State for, and bear in mind that the Legislature cannot bond for the second million until these bonds are retired, and Senator Brackett took the million and went up to Saratoga and bought Saratoga Springs out there, the greatest natural springs in the world, nothing in the old world or any part of this country which is their equal. Only last summer, at the request of a special commission, we wrote to the Bavarian Government and asked them to send Dr. Hegell over here to make a re-examination, after ten years, of the waters at Saratoga to see if they were losing any of their wonderful properties, and he has certified that they were not, that they were just as good as when he first examined them, and better than any in the world. Here we have the greatest natural health resort in the world, and what is our treatment of that under the pay as you go plan? We put in fifteen additional bathtubs every year. (Laughter and applause)

It is estimated by the conservation officials in Albany that in the next ten years we must expend at least five million dollars, or else give it up altogether and let it fall into private hands with the hope that they may develop it and let the people of the State get some benefit from the health giving properties of the waters, which they are not getting today.

What about the tunnel? I spent two years in the trucking business, and I spent two years as a member of the Port Authority, and I see the former chairman sitting here tonight. Everybody that knows anything about that tunnel knows that it will not be opened three months when it will be saturated with traffic. You won't be able to get through it. What is going to happen? Up is going to go the cry right away for another tunnel. This tunnel is at Canal Street. They will say, "Give us

one at 14th Street.” The Merchants Association, the Board of Trade and Transportation, the Chamber of Commerce, everybody will lay right down on the Legislature and the Governor and say, “We have got to have another tunnel.” Are we going to build another one out of cash receipts? If we do, we have got very poor ideas of good business.

We started a bridge between Poughkeepsie and the town on the other side; I forget the name of the place. We have acquired all the property and need \$6,000,000 to complete it. It is going to be a toll bridge. Is there any business reason why that \$6,000,000 should be paid out in the next two years? If there is a project in all the State that should be financed from the proceeds of the sale of bonds it is that project, and it is any project that is a revenue payer, that brings in the money to meet interest charges and the amortization charges for the retirement of the bonds. (Applause)

Let me say this to you. There is a prediction looking to the next ten years. One bridge over the Hudson River isn't any good. You have got to build at least two more of them between here and Albany. Either that, or you will put the east bank of the Hudson River out of business for four months of the year; saturate it with automobiles, cities and towns and villages along the east bank of the Hudson River; laid out years ago when there wasn't the slightest thought of this awful automobile traffic that is pounding through it from the first of June to the first of September. There is no use to ask the automobilist to take the ferry boats. You know they won't take them. There are three or four ferry boats across to the west bank of the Hudson River, and not a single automobilist would go over one of them. Everybody keeps on the east bank.

The office buildings should be built in New York, Buffalo and in Albany. You would amortize eleven and a half million dollars worth of bonds with the rent that you are now paying. But you will never get them on the pay as you go. I appreciate that the figures given by the Congressman as to the cost, of the ultimate cost, as between bonds and the pay as you go, are perfectly all right. There isn't any doubt about it. But what are you going to do, in the face of that history that nobody can dispute, that clearly indicates that you cannot do this great public work in any other way? Nobody deplores more than I do the vast indebtedness of this city. I know what it is. I know how much it is and I know how much of a burden it is. But at the same time it is only fair to ask, would you have this great system of subways? Would you have this great system of docks if you had to build them all out of current revenues? You know you would not have them; you could not have them.

After all, what is this? It is the submission of a proposition to the people of this State. I have no trademark or patent on it. It came, as I told you before, from the leaders of the Legislature after conference with myself. Now, if the people of this State are ready to take up this \$100,000,000 program out of current revenues, all they have to do is to defeat the proposal, and then let us go at it and let us treat it in a business way, and take first the half completed property that there is all over the State and put it all into one bid, because nothing is as wasteful as letting of a part of a contract. Every businessman knows that it would be a sin to let the contract for one cell block at Sing Sing when you know that you have got to have two. Let us see what effect it has had with

people dealing with the State. I sent the Major General of the Guard around to talk to some of the big contractors in the State here and ask them to bid on the new arsenal in South Brooklyn.

Nothing doing.

No big contractor wants to do any business with the State of New York and they are very frank in giving their reasons. Part of the contract is let this year. The contractor brings his plant and equipment on the spot and then he has got to wait and find out how somebody else feels about it next year, and the plant and equipment lies there year in and year out with half completed projects. The man that took the contract at Wingdale built a house to house his laborers in because it was three or four hundred miles away from the city and he had the house on his hands empty for two years while nothing was being done. And so it has gone on until contractors say, “Nothing doing. We don’t want to have anything to do with the State. We won’t bid on anything for the State”, and we get a class of contractors that make mistakes in their bids and then they go into the courts and get injunctions and mandamuses and try to get back the money that they paid out, because they did not know their business. They are the wrong kind of people to be doing business with the State.

There is another little amendment being submitted this year, and before I go to it I want to correct an impression that you may have gotten from the Congressman talking about the \$300,000,000 bond issue for grade crossings. Remember that only 25% of that ever becomes a charge against the State of New York. The other 75% is amortized and the interest paid on it by

the localities and the railroads, and when you come to grade crossing elimination under the pay as you go plan, it is the greatest joke that Albany or you ever heard of. The man that makes an argument against grade crossings, and I had quite some little argument during the session about it, but I was able to convince them, — the man that found fault with my plan had the very arguments and evidence that comes from the Legislature itself this winter and here it is. It is a page of the appropriation bill re-appropriating one million dollars appropriated in 1923; re-appropriating a half million dollars, re-appropriated in 1893 and every year since 1916. Why? The Forsythe grade crossing accident where the last grade accident happened tells the whole story. Until the second section of the twentieth century crashed into the first section, and until 31 people were killed, how many in the State knew anything about the situation of that grade crossing elimination? It was ordered in 1921, and by the time the lawyers got finished, — the lawyer comes in first before the Public Service Commission and his wife is sick and he wants a delay, and he gets it. The next time he comes in he is sick, and he gets a delay, and then when they come on again his wife has died, and finally before it was argued he died himself.

(Laughter)

Let us see what the real facts are. Since 1898, 27 years ago, the State of New York appropriated in all 27 years as its share as the cost of eliminating dangerous grade crossings, \$4,066,661. That is the State's contribution in 27 years. The figures just happened to fit. They eliminated four hundred grade crossings in 27 years and there are four thousand dangerous ones. That means that if we progress in the future under the pay as you go plan with the same rapidity that we have

been in the past, we will have them all eliminated in 207 years. (Laughter) that again, of course, I say is a problem for the people themselves to study out during the fall and make their mind up as to whether they are ever going to get elimination by the pay as you go plan, and study the history of what they got in the past by that plan. Now, submitted with these proposals to my mind is the most far reaching proposal that has ever been put before the people in the last 50 years and that is the proposal to amend the framework and change the framework of the government itself. It is all right to talk about good business. It is all right to talk about business methods, and right before election everybody talks efficiency and economy. I never knew a fellow yet that was against economy when he was running for the office, not one. But here is the chance. The chances comes in the adoption of the constitutional proposals to change the form of the government, because a good deal of what has happened in the past is due to the machinery that we have tried to operate the government with, as well as the Constitution itself, because it is old and out of date, and antiquated. Here we call on everybody every two years to solemnly examine their conscience and figure out for themselves whether we ought to have a Democratic State engineer or a Republican one. As a matter of fact we never have a state engineer that has not been in the office of the State engineer because nobody will run for it. Why should we be electing Secretary of State and a State Treasurer? I see him here tonight, I thought I saw him. All right. The treasurer never minds any money, he don't get it. (Laughter) But we elect him every two years just the same, and how many men or women in the State have any idea about the operation of this Government? Very few. Go out tonight, outside of the hotel here and stop the first thousand people you meet and ask them what the Land Board is. Never heard of it before. Ask what the

functions of the Land Board are. They don't know anything about it. All they know is that they vote for senator and assemblymen and for Governor and Lieutenant Governor and probably they will keep track of the comptroller and maybe the attorney general. Beyond that they don't know anything about the government of the State. It takes nearly a lifetime to acquire it, and hard and earnest study. I can sit in my office in Albany and take up the Albany Evening Journal and see a big headline, "Land Board met this morning and bought \$365,000 worth of land in the Adirondack preserve; that is all I know about it." Nobody knows who the Land Board is. Why should we continue a cumbersome machine of 160 or 170 different independent spending agencies in this State? Boards and commissions, all with overlapping duties? (Applause) Why do we have to have four different commissions dealing with prisoners? The Superintendent of prisons rides down to Sing Sing. He visits the warden and inspects the personnel and he has his lunch and he goes home. When he is walking out of the door he meets the Commission on Prisons coming in, the seven of them, and they wait for dinner and they are hardly out of there when the Parole Commission comes down to have breakfast with the warden and they O.K. anybody that has not got a red star back of him. They all walk out. The red star fellow stays in until the warden says he is all right. With inspectors and commissions and boards we are the greatest single customers that the New York Central Railroad has. (Laughter) Why? Where do we get all this from? Is it the fault of the Republican party? No. Is it the fault of the Democratic Party? No. It is just a growth. It is a growth of barnacles. (Applause) It don't make any difference what new activity we indulge in, all existing agencies of the Government are brushed to one side as we undertake the new activity with a new commission.

We amended the Public Health Law under the State Board Control for the sale and possession of narcotic drugs. We have got a perfectly organized health department. They have got the State divided into sanitary districts, with an inspector, a sanitary commissioner in each district, a deputy commissioner of health, and so on, and when we amended the health law to take care of narcotic drugs, we created the Narcotic Drug Commission consisting of three members, with a Secretary for each one, and a deputy for each one and a confidential stenographer.

When the State as a matter of policy decided to exercise a certain censorship over moving pictures, wouldn't you imagine that the function would be put into the Department of Education, the best organized department in the State government? Not at all. We got a new moving picture censorship commission. We could not even allow the comptroller that had the money, and the adjutant general that had the records to give out the \$45,000,000 for the soldiers' bonus. We had to get a bonus commission to do it.

Why am I so excited about this? I have talked about eleven or twelve pounds off myself in the last five years on this subject alone. I could be riding around with soldiers all the time and have a pretty good time instead of talking about this thing. I have talked it in every nook and corner of the State, in every city, at every opportunity that has been offered to me. Why? I do not believe that any man ever lived in this State, certainly not in our time, that had any greater reason or any greater cause to be grateful to the people of this State than I have. (Applause) I know all about

this and I am not going to let future history be so read as to indicate to anybody that I did not do everything I could to make it just a little bit better. (Applause)

Why is it the object of political attack? It ought not be. It came from the constitutional convention, agreed to by everybody, except a very small handful of the representatives of the practical politicians that find the government easier to manipulate when nobody understands it, and that is exactly what Senator Root said in the constitutional convention. Only once during all that period did he come down from the rostrum to address his brother delegates on the floor of the house, and that is the subject that he spoke about. He went all the way back to the days of Fenton and Platt. He made no political speech and he put Hill in there, and all the party leaders in the past, and he said he knew of no greater service that that convention could do for the people of the State of New York than to pass this.

Let us see just what he really did say, and how there can be politics in it passes understanding with me. In this very room this whole thing was launched in 1920, and here we are only submitting it to the people in the fall of 1925. Let us see what he said:

“Mr. Chairman, there is a plain old house in the hills of Oneida overlooking the valley of the Mohawk where truth and honor dwelt in my youth. When I go back, as I am about to go, to spend my declining years, I meant to go with the feeling that I can say that I have not failed to speak and to act in accordance with the lessons that I learned there from the God of my fathers.

God grant that this opportunity for service to our country and our State may not be neglected by any of the men for whom I feel so deep a friendship in this convention.”

I was sitting in the middle aisle of the Assembly on the day that speech was made, and I can imagine that I see the Senator tonight making a appeal to his own friends in the constitutional convention, using the language that it was his fervent hope to God that it rested inside of their hearts to do something for their country and for the State. And what was he talking about? What did he ask them to do? What was it that excited him to so strong a personal appeal to his friends? It was the passage of the reorganization plan for the State Government by constitution, substantially as it is going to be submitted to the people of the State this fall. (Applause)

MR. ELLIOTT: Gentlemen, with the consent of the Governor the Congressman wants to talk for five minutes. You will please be in order. (Applause)

THE HONORABLE OGDEN L. MILLS: My purpose in asking you to stay for a few minutes longer is, simply, if possible, to clarify these issues. There is no greater power in the world than the power of the ridicule so ably used by the Governor. And yet the ridicule must not be allowed to cloud certain essential facts.

Now the Governor says, for instance, that he could not favor the reduction of the direct property tax as compared with the income tax because the local governments would not permit the

reduction to reach the taxpayer, in other words if the State reduces the tax the local government would appropriate the reduction for their own purposes. The Governor has fought for years for local control of government, and we have heard for years about mandatory legislation. I know of no greater indictment of home rule than to say that the public officials of this city, if the State reduces the direct tax, would pocket the appropriation rather than return it to the taxpayer, and the remedy for such a situation, if it does exist, is not to deny the overburdened taxpayer relief, but to remove those local officials. (Applause) The Governor says the State has outgrown its constitutional clauses and provisions. But there is one thing that the State does not outgrow, and that is sound finance. Unrestricted borrowing is just as unsound in 1925 as it was in 1846, just as certain European nations have found, that what was true of the French revolutionary currency was just as irresistibly true when there was ordered a paper currency one hundred years later.

The Governor says that one million dollars was a large amount of money in 1846, and there was no great public enterprise that would cost that sum of money. Let me remind him that the greatest public enterprise, the Erie Canal, had been constructed at a cost of a great deal over one million dollars.

The Governor says the State has a budget system. Of course it has but they have not made it function. That is what we complain of. They have got the tools, but they haven't known how to use them, and what reason is there to believe that they will use new tools any better than the ones they have? The Governor says that we have got the Washington system in Albany. Have we? If

we had one of the things that occurred last winter could never have occurred. The Governor's own man, the Superintendent of Highways sent in an estimate to the Legislature and the Legislature actually granted what he asked for, and the Governor said, "What are you fellows celebrating about? Don't you know those estimates were meant to be reduced?" In Washington we know those estimates cannot be reduced, and the Legislature has found it impossible to do so.

How about this question of unrestricted borrowing? Let us not be led astray in making our decision on this proposition as to the desirability of any particular improvement. If we are going to be asked to vote an amendment because we desire new hospitals or new schools or public office buildings, we are begging the whole question. The question is not as to whether the office buildings and projects are desirable. The question is as to the method of financing them. That is the question, and the question as I see it, whether the people will vote \$100,000,000 to be disbursed by the Legislature without any program, or compel the Legislature under the present constitutional provision to give them a program before they vote.

When, owing to war conditions, we found this terrible situation in our state hospitals, under our present constitution we voted \$50,000,000 two years ago to remedy that condition. What they suggest now is that the people shall not decide whether they will spend \$50,000,000 on hospitals or \$20,000,000 for buildings, but they shall write a blank check for the Legislature. The Governor has pointed out, after all, how the Legislature and the State Government functions. In his list of these projects and the manner in which they have been handled, he has made as great

an indictment of the Government as any could make, and the conclusion which he drew as that that was the kind of government to whom you were going to hand a blank check for \$100,000,000. Do you suppose that the Legislature which, in order to make a show of economy, as he has told you, year after year has failed to carry out a well thought out program, will resist the temptation when it has got \$10,000,000 to play with? There isn't any question about the Bridge at Poughkeepsie. There is no question about the tunnels. There is not a man who is opposed to this project who would claim for a single minute that they should not be financed by bonding. But let the people decide. Do not let the Legislature decide. There is no guaranty that I can see that the \$10,000,000 once given to the Legislature, will be spent more wisely for permanent improvements in the future, just because they are derived from bonds than the million dollars of taxpayers' money that they have misspent year after year under the old system.

I am not arguing against the grade crossing proposition. It falls into an entirely different class, and the proper method is being followed in submitting the question to the people. That is all I contend for. The Governor concludes with great eloquence pleading for the proposition which we are all agreed on. I don't know that there is any politics in the reorganization of the State government. As he told you the greatest Republican developed in the State of New York in two generations, I think, Senator Elihu Root, pleased for this particular amendment in order to abolish invisible government and every Republican since that time that I know of, of any standing has fought and is fighting today for that and will as earnestly appeal to the people of the State of New York to adopt that constitutional amendment in order to give an orderly and

efficient government to the people of the State that all may understand.

There is no disagreement there. We are all for that. But when it comes to the borrowing proposition, some of us say to the businessmen of this State and to all the people of this State, “Study the facts. Study the records. Study the history as it exists. Study what occurred in Massachusetts as late as 1918, and then as businessmen and taxpayers decide for yourselves whether you want to loosen the restriction on the power of the Legislature, or whether you mean to stand by the present provision and the conservative policy of letting the people control their credit, rather than their Legislative representatives.”

I thank you. (Applause)

MR. ELLIOTT: Gentlemen, this is the last half of the ninth inning. (Laughter)

GOVERNOR SMITH: Now, I do not take a single bit of exception to anything that the Congressman says about the bond issue. I expect that this will be voted on all over the State, and I am satisfied to rest upon the decision of the people themselves. I would not begin to indict the Legislature nearly as strongly as the Congressman does. We have a particularly poor one, I will admit. (Laughter) But that is not going to continue forever. Of course we have got the Erie Canal but we did not get it with that million dollars. We got it with one hundred and fifty million dollars. Of what? Pay as you go money? Not on your natural. Bonds.

Now, there is only one thing that I want to have correct, because I will never get this opportunity again, and I propose to take full advantage of it. I know Congressman Mills probably as well as any man – well, I won't say as well as any man, but I know him very well, and I have at no time during our long political friendship ever questioned the sincerity of anything that he said. But I don't understand where he gets that language about "We are all agreed on this reorganization." What do you mean we are all agreed on it? What happened to it in 1921? You must remember that this Constitutional proposition passed both houses in 1920, and what happened to it in 1921? It passed the Republican Senate, but it went into the wastebasket in the Republican Assembly, and I am reliably informed that that suggestion came from a very prominent Republican.

What has happened to statutory consolidation? Something that we could do this year, something that we do not have to wait until next year to do? Could you put through in Albany? Yes, as far as it affected departments presided over by Democrats. Sure. Consolidate the whole thing. But not when there is a Republican at the head of it, not on your life.

We could have put the board of Parole into the office of the Superintendent of Prisons this winter, but not while a Republican up-State County leader gets \$3500 a year for working four days a month.

Don't let us fool ourselves about this agreed business. The Congressman is all right. He stands

up here before this gathering, but that is not what the leaders of his party are saying up-State, where there are a great many more Republican voters than there are down here.

Read some of the press copies that come out from the Republican State Headquarters Press Bureau in Albany and listen a little to what is being passed around: “Nothing doing on this, too much Smith.”

Now, I hope we are agreed on it and I would like to go through the State with the Congressman, and I will go with him and I will have as many Republicans as he wants to bring with him, and let us all get up on the platform in all parts of the State and say what we said here tonight. But don't let the big interior heavy Republican counties kill this thing for organization purposes, because that is what they intend to do if they can get away with it, and you can take that from me. (Applause)

MR. ELLIOTT: This ends the proceedings this evening, and I am sure your minds are all made up exactly how to vote this autumn. (Applause)

END OF MEETING