

CHAPTER XIII

Report of District No. 2 Secretariat of the Council of State Governments

IT IS surprising to think that solution of interstate problems on a regional basis was not generally attempted by the states earlier in the history of the country. This is especially true when it is recalled that, seemingly, sections of the country always have been plagued with social and economic problems which no state alone could solve, and over which the federal government had no jurisdiction. Although for many years the federal government has maintained "more than one hundred types of federal regional areas dealing with field administration and departmental planning," the establishment of the Council's New York Office is the first time that a regional group of states has had a representative and an office devoted exclusively to the task of improving interstate relationships.

But that there has been an awakening is evidenced by recent occurrences. The National Resources Committee is aware of the potentialities of the Council's plan for District Secretariats as is indicated in its reports to the President. More recently the press, perhaps stimulated by these reports from Washington, has forecast the establishment of additional regional organizations and a great expansion of interstate government by cooperation.

The Plan

The District Secretariat serves the states, within a district corresponding to one of the eleven planning districts of the National Resources Committee, as a clearing house; handles details of meetings called on regional problems, and facilitates closer cooperation in all district matters.

The plan for the establishment of District Secretariats was outlined in the first volume of the Book of the States as a project for the American Legislators' Association.

At the First Interstate Assembly of Commissioners on Interstate Cooperation, held by the Council of State Governments in June, 1935, the delegates discussed fully the project of establishing secretariats as a means of harmonizing the policies of states within a certain area, and of acting as liaison man in the give-and-take of interstate action in regional problems. (For full record of this discussion see pages 419-495 of Volume I, The Book of the States). It was agreed that the establishment of a Secretariat should follow the establishment of Commissions on Interstate Cooperation.

The establishment of the first District Secretariat in New York City marked a definite step in the development of the Council of State Governments. Established as a demonstration project, its success as an adjunct of the Council points the way for the establishment of other District Secretariats as the state Commissions on Interstate Cooperation grow in influence, and as the demand for the solution of interstate problems on a regional basis increase.

Routine Work of the Office

Most of the work of the Secretariat has been carried on through personal contact: through visits to the offices of the different Commissions on Interstate Cooperation, through meetings and conferences, through attendance at sessions of the legislatures. In addition, he has assisted with the routine work of the Commissions, and has served as a liaison between the different state Commissions, between the Commissions and other state departments and, in some instances, between the Commissions and departments of the federal government. As one member of the Pennsylvania legislature put it, "He is the leg man; he does the interviewing and the correspondence."

To coördinate the work of Commissions on Interstate Coöperation with the interstate commissions established to handle special problems in the region, the District Representative was named the Secretary of the Delaware Basin Commission, as well as Assistant Secretary of the Interstate Commission on Crime, and a member of the Continuation Committee of the Interstate Conference on Transient and Settlement Laws.

The Secretariat has been useful in handling public relations for the Commissions on Interstate Coöperation. Press contacts have been made with members of the news and editorial staffs of a number of the metropolitan papers and with the editorial departments of *Time* and the *Literary Digest*.

Research and Information Service

Information has been secured for members of the Commissions who have appeared at legislative hearings and for reports submitted by the chairmen of the Commissions. Research has been done to obtain material necessary for planning special meetings and for the general work of the commissions. In this research, the District Secretariat has had the assistance of the Central Secretariat and its valuable contacts with attorney-generals, secretaries of state, tax commissioners, and other officials in this region.

The Technique of Interstate Government

One of the most important contributions made during the past year to the future development of Commissions on Interstate Coöperation and the District Secretariat, and to what may be described as "the technique of interstate government," is the joint participation of legislators, administrative officials, and expert research consultants in the work of the subcommittees. One of the principal tasks facing the District Secretariat and the Commissions on Interstate Coöperation in developing a definite legislative and administrative program for the solution of the problems of the region has been that of obtaining expert advice and accurate facts to apply to that solution. The appropriations which the states in this region have been making to the Central and District Secretariats of the Council of State Governments, have made funds available for the employ-

ment of qualified consultants for work in certain fields of particular interest to the Commissions. These experts were assigned the following subjects and have usually worked under the supervision of the heads of the respective state departments having jurisdiction in these fields: Dr. Robert H. Connery, conservation; Paul G. Reilly, banking; and James Kirk Eads, real estate reorganization and securities.

Mr. Connery, through his field work with state conservation departments and as an author and qualified expert, has been of great assistance as an advisor on conservation.

In the field of banking the Commission has had as their consultant, Mr. Paul G. Reilly, attorney-at-law, and former member of the legal staff of the joint committee on banking. In his work for the commissions he has conferred with state banking experts and with officials of the federal government.

The New York Subcommittee on Real Estate Reorganization and Securities has had the aid of Mr. James Kirk Eads of Columbia University. In performing his work in this field, Mr. Eads has conferred with representatives of the Joint Legislative Committee on Bondholders; with stockholders' committees, and with experts of the Securities and Exchange Commission.

The Record

Intangible though it may be, one of the main accomplishments of the past two years has been the promotion of better relations between the legislatures and administrative departments of the states in this region through the interchange of mutual experience at regional conferences.

The work of the District Secretariat has had a part in the strengthening of Coöperation Commissions. With interstate compacts actually being negotiated, with uniform legislation in effect, and with reciprocal laws on the statute books as a result of their work, it is readily apparent that the Commissions and the District Secretariat have made a beginning and have established themselves as effective agencies of interstate government. While at present their efforts are still mainly exploratory, nevertheless, the foundation is being laid for more intensive work.

The significant work of the Commissions

on Interstate Cooperation and the District Secretariat is best shown in the manner in which the following specific interstate problems were handled.

Highway Safety House Trailer Study

A nine-state Regional Highway Safety Conference held March 12-13, 1937, was called by the New York Joint Legislative Committee on Interstate Cooperation and organized by the District Secretariat. This conference endorsed highway safety bills providing for reciprocal reporting of automobile accidents, compulsory instruction of highway safety in the schools, and periodic inspection of motor vehicles. Representatives from the states which did not have these provisions in their motor vehicle codes, took model bills incorporating these recommendations back to their states for introduction in their legislatures. In addition, the conference unanimously approved a resolution providing for the establishment of an advisory committee to cooperate with the Council of State Governments in conducting a survey relating to uniform legislation applying to house trailers.

The District Secretariat is now faced with the responsibility of organizing this survey as well as of selecting a panel of nominees from whom the chairman will appoint an advisory committee.

The District Secretariat in organizing both the Regional Highway Safety Conference in January, 1936, and the one held in March of this year, received the whole-hearted assistance of the Chief of the Safety Section, Bureau of Motor Carriers, Interstate Commerce Commission, as well as that of the staff of the American Association of Motor Vehicle Administrators. Research assistance and technical advice were freely given and copies of the publications of these two agencies were made available by the District Secretariat to those attending the conference.

It is encouraging to point out that two of the three legislative proposals recommended by the first regional conference have passed the New York Legislature. One of these proposals, which became a law last April, provides for the reciprocal reporting of automobile accidents by states; and the second proposal, providing for the compul-

sory instruction of highway safety in the schools, is before the governor for signature. Both of these statutes are in effect in New Jersey, and the Reciprocal Reporting of Accidents Act is included in the Pennsylvania Code.

Social Security and Transient Relief

As part of the program of the Continuing Committee of the Interstate Conference on Transient Relief and Settlement Laws, and the Interstate Commission on Social Security, the Regional Representative arranged for the introduction of the Uniform Transfer of Dependents Act, as approved by the above agencies in both the New York and Pennsylvania Legislatures.

The importance of this act in the evolution of the administration of the Social Security Act throughout the country cannot be exaggerated. It establishes the machinery for the negotiation of reciprocal agreements governing both the transfer of dependents and the settlement of workers. So important is this type of legislation that the Social Security Board requested drafts of it from the District Secretariat as well as drafts of the form of reciprocal agreement which has been suggested, as models for the states to follow. Administrative department heads and research experts of the Social Security Board have been very helpful in advising the district representative in the planning of the Interstate Conference on Transient Relief and Settlement Laws and in the drafting of resolutions which were later adopted by the Interstate Commission on social security at the Third General Assembly. Other federal agencies which were consulted in this field were the transient division of the FERA and the research division of the Department of Labor.

Parks

The District Secretariat during the fall of 1936 devoted many hours of effort in assisting the Commissions on Interstate Cooperation to negotiate a joint hearing of New York and New Jersey officials for the purpose of entering into a compact to create a single interstate commission to manage and operate both the New York and New Jersey sections of the Palisades Interstate Park.

The successful conclusion of these negotiations clearly demonstrates the value of

Commissions on Interstate Coöperation and should assure their continued existence. Because of the importance of this problem, it seems appropriate to quote a few paragraphs from the New York Report which give additional background:

"During the legislative session in 1936, an effort was made to have (this) legislation passed. Strong opposition developed on the measure and the bill failed in passage, although a similar act was approved by the legislature of New Jersey. At the conclusion of last year's session the legislature requested the Joint Committee on Interstate Coöperation to investigate and seek a solution of the Palisades Park situation.

"During the past thirty-five years that the present park commissions have been in existence, they have done a splendid job of administration in so far as the park lands under their supervision were concerned. Nevertheless, general feeling has existed that the present system of having two Palisade Interstate Park Commissions was an imperfect method of administration. At one time, due to political exigencies, the governors of New York and New Jersey did not agree on the same appointee as a member and for a period of a year one commission virtually functioned with eleven members.

"It seemed to the Committee both reasonable and logical that the activities of these two state agencies should be coördinated as one unified commission to avoid minor and perhaps major difficulties which might arise from time to time, and also to give permanency to the whole situation.

"A hearing was conducted by the subcommittee in New York City, November 21, 1936, at the State Office Building, which was attended not only by members of the New York and New Jersey State Legislatures, but also by members of the Palisades Interstate Park Commission, including Mr. J. Dupratt White, president of the commission; Mr. Frederick Osborn; Mr. George W. Perkins; and Hon. Alfred E. Smith, members of the commission; also Hon. Robert Moses, Chairman of the New York State Council of Parks; Mr. Henry F. Lutz, Director of State Parks; and other interested parties.

"A series of personal conferences were then instituted with various individuals closely interested in Palisades Park affairs

in an endeavor to obtain a common viewpoint. Finally, legislation was agreed to, which later passed the legislature and was signed by Governor Lehman. This legislation which provided for the creation, by interstate compact, of the Palisades Interstate Park Commission as a joint corporate instrumentality for the States of New York and New Jersey, brought to a successful conclusion the work of the subcommittee on parks."

Banking

An informal hearing on banking was organized by the District Secretariat and held in New York City, December 18, 1936. Commissioners on Interstate Coöperation from New York, New Jersey, and Pennsylvania were present, together with bank supervisors of several states. To complete the work of this conference, a special consultant was attached to the District Secretariat to assist the New York subcommittee on banking. The district representative and the special consultant conferred with officials of the Federal Deposit Insurance Corporation, the Federal Reserve Board, and state supervisors of banks, as well as with many other persons qualified to advise on banking problems. As a result of this work, the following recommendations were presented to the commissions:

First, that the states amend their banking laws to bring about conformity between the state and federal laws in respect to the payment of interest on demand deposits;

Second, adoption of a resolution requesting closer coöperation between the states and the federal authorities in the matter of chartering savings and loan institutions. A resolution memorializing Congress and the federal authorities was also prepared for the legislatures;

Third, immediate adoption of the Uniform Fiduciaries Act. If adopted, this act will bring about a greater degree of uniformity in the daily volume of banking business involving transactions between citizens of various states; and

Finally, the continuation of a study of the possibility of drafting a model, uniform bank-chartering act. The minimum capital required to start a bank under such an act would be \$25,000.

Because it is one of the most important

subcommittee reports submitted to the Legislature, the following paragraphs taken from the New York Report are quoted:

"The purpose of this committee has been to assist, wherever possible, in the strengthening of our banking structure. The field of banking is to be considered as a national problem and the dual banking system is a fertile field for the application of the principles of interstate cooperation. The subcommittee has confined itself solely to the problems and matters that are a subject for joint action between the states and federal governments.

"In presenting this report the committee submits only the matters requiring an immediate solution, chief of which is the problem of conformity between state and federal law in respect to the payment of interest on demand deposits.

"No interest has been allowed on demand deposits of the United States Government since the passage of the Banking Act of 1933. It does not seem desirable that one or two types of deposits should obtain a special treatment over the United States Government and all of the citizens of a state.

"Unless state laws are amended wherever necessary before August, 1937, an embarrassing conflict will undoubtedly arise. Banks will have to request public officials to withdraw their funds in institutions other than their own, as it is not believed that any bank at this time is willing or could afford to withdraw from membership in the Federal Deposit Insurance Corporation.

"In former years savings-and-loan institutions were primarily a matter of state concern. But with the passage of the Home Owners' Loan Act the power was granted to the federal government to issue federal charters for savings-and-loan institutions. This power was given solely upon the theory that there were many communities sorely in need of funds for home building and that the chartering of institutions in such localities would stimulate business and industry. Without gainsaying the beneficial effects that have been induced by many of these federal institutions, there have been certain evil consequences attendant upon the chartering of these institutions which tend to develop a spirit of antagonism between the state and federal authorities in this matter.

"This problem can best be solved by full

and complete cooperation by and between the state and federal authorities in the matter of chartering of new institutions in the same manner as has been indicated in the report in reference to branch banking.

"A resolution memorializing Congress and the federal authorities in the matter has been prepared and will be introduced in the legislature.

"Since so much of the daily volume of banking business involves transactions between citizens of various states it appears to this committee that it is highly desirable to have as great a degree of uniformity in these matters as is possible, and it is with these views in mind that this committee recommends to this legislature, and to all states that have not as yet acted on the questions, the immediate adoption of the Uniform Fiduciaries Act.

"From the standpoint of supervision and regulation there are many matters that will serve to strengthen and solidify our banking structure if some degree of uniformity is obtained. This committee hopes to consider in the near future such matters as uniform examinations, chartering, and other problems created by the issuance and sale of securities by foreign corporations chartered in other states and not subject to the jurisdiction of the Securities and Exchange Commission."

Liquor Control

The problems of liquor control present some of the most complex difficulties of interstate relationships. Since the approval of the Twenty-First Amendment, each state has established its own distinct system of liquor control without regard to possible conflicts with the law of other states. In the solution of this problem in the Northeast area the New York Committee has made use of the District Secretariat. After a careful exploration of the field, the New York Committee called a regional conference for December 19, 1936, to consider the problems of liquor control. Representatives of the states of Massachusetts, Connecticut, Rhode Island, Pennsylvania, New Jersey, and New York were present at this conference. Three model bills relating to labeling, importation limits, and the sale of warehouse receipts, prepared by Nathan L. Jacobs, Counsel, New Jersey Department of

Alcoholic Beverages Control, at the suggestion of the District Representative, were considered. Out of the conference came the establishment of a continuing committee composed of a representative of each of the states present, which has developed a legislative program now before the legislatures in the region.

The conference felt that while each state might prefer its own system of liquor control, there were certain matters in which a degree of uniformity was desirable and could be attained. Discussion of taxation, however, it was felt would be futile. Representatives asserted that there was a tendency on the part of the federal government to increase its revenue at the expense of the states in the field of liquor taxation; but as this was but a phase of the larger problem of conflicting taxation, it was felt that it would best be left to the Tax Revision Council.

There was general agreement among the conferees that some uniform standard could be attained in the matter of personal importation limits and that the present variance among the eastern states as to the amount of alcoholic beverages an individual might bring into the state for personal consumption could be eliminated. All were satisfied that a reasonable measure might be one gallon. The conference felt that so far as such importation was concerned there was no need to differentiate between distilled spirits, wines, and malt beverages.

As to the problems involved in the regulation of warehouse receipts, the conferees favored the model act requiring a special license for the sale of warehouse receipts for the storage of alcoholic beverages.

They also felt that adequate labeling could best be secured by authorizing the state liquor authorities to promulgate rules and regulations governing the labeling of alcoholic beverages with the condition that they seek to achieve national uniformity in this field as far as possible.

Immediately after the conference the subcommittees on liquor control of the Commissions on Interstate Cooperation of New York, New Jersey, and Pennsylvania met to discuss methods of securing the enactment of the legislation recommended. The representatives of each state were instructed to study the measures with a view to securing adoption in their states and to report at a

meeting to be held during the Third General Assembly at Washington.

When that meeting convened the delegates agreed to seek the adoption of the following model bills in their states:

1. An act authorizing the importation of limited quantities of alcoholic beverages for personal consumption.

2. An act to authorize the state liquor authority to adopt labeling regulations.

3. An act prohibiting the sale of liquor warehouse receipts except pursuant to licenses issued by the state liquor authority.

Conservation

In the case of wild life conservation the management and policing of boundary areas, particularly of boundary waters, is the chief problem to be solved. The staff of the District Secretariat made an effort to secure uniform regulations for the taking of wild life, reciprocal licensing and joint stocking and policing of these areas within the region. It was felt that it was not necessary, except in unusual cases, to go to the trouble of negotiating compacts between the states involved. It was decided that, under the circumstances, the end might best be obtained through reciprocal legislation; and, as a result, legislation providing for the joint policing of the Delaware River, the Hudson River, and Lake Champlain was introduced in the legislatures, together with a reciprocal licensing statute covering boundary waters between Vermont and New York. These measures have passed the assembly of New York and, at present, are in line for final passage in the senate. They will probably also be adopted in New Jersey and Pennsylvania.

A special consultant has been attached to the staff of the District Secretariat to assist in carrying on studies and drafting legislation relating to conservation. As a result of consultation with state and federal conservation officials the staff has explored the possibilities of the state conservation departments' cooperating with federal conservation agencies, with the result that a resolution has been drafted requesting the development of a state-federal program. It would provide for the acquisition of lands to be set aside as wild-life refuges whereby, in return for federal aid, the states would agree to administer these areas to conform to the requirements of a national wild-life-restora-

tion plan. By a formal adoption of this resolution, the New York Commission went on record as favoring a state-federal program for the joint acquisition and administration of wild-life refuges, for the undertaking of joint experimental projects, and for the joint stocking of the boundary waters of the state.

This resolution has been brought to the attention of the chief of the United States Biological Survey and the Commissioner of the United States Bureau of Fisheries so that negotiations may be undertaken as soon as possible.

The Future

The work of the First District Secretariat has proved the need and the value of district offices.

It is the plan of the states which make up the Council that a District Secretariat be established in each of the eleven planning districts of the National Resources Committee. A second office, to be located in Denver, is contemplated for the near future, and with the growth of the Interstate Commission in the Ohio Basin a third may be established in Cincinnati.