PART III

Proceedings of Conferences
THE GOVERNORS’ CONFERENCE

The Twenty-ninth Annual Governors’ Conference was held at the Hotel Traymore, Atlantic City, New Jersey, September 14-16, 1937. Governors from seventeen states were present.

Addresses were presented upon the following subjects by the following governors:

"Unicameral Legislature," by Hon. Robert L. Cochran, Governor of Nebraska.

"Conflicting Tax Sources," by Hon. Herbert H. Lehman, Governor of New York.


"Obligation of the States in Relief and Unemployment," by Hon. Richard C. McMullen, Governor of Delaware.

"State Cooperation Through the Council of State Governments," by Hon. Leslie A. Miller, Governor of Wyoming.

"Delaware Basin and Related Subjects," by Hon. Harold G. Hoffman, Governor of New Jersey.

"Interstate Cooperation for Flood Control—With Special Reference to the Ohio Basin," by Hon. M. Clifford Townsend, Governor of Indiana.

"Flood Control Compacts," by Hon. George D. Aiken, Governor of Vermont.

"Interstate Cooperation in Crime Control," by Hon. James V. Allred, Governor of Texas.

RESOLUTION

The following resolution was passed unanimously:

It is the sense of this Conference that a general conference on conflicting taxation and kindred subjects be called during the coming year as early as possible, and the Executive Council of the Governors’ Conference is requested to call such conference and arrange details thereof.

Governor Bibb Graves of Alabama was elected to the Executive Committee to fill the place of Governor Peery, and the other members of the Executive Committee were unanimously reelected. Ex-Governor Wilson of Vermont was unanimously reelected Treasurer of the Conference, and former Governor Hardée was unanimously chosen to succeed himself as Secretary.

Governor Johnston of South Carolina invited the Conference to hold its meeting in his state in 1938. The invitation was referred to the Executive Committee. Hon. Al Nichols, President pro temp of the Oklahoma State Senate, appearing before the Conference as a personal representative of the Governor of Oklahoma, invited the Conference to hold its next meeting in Oklahoma.

The Conference then adjourned.

On September 16 the governors attending the Conference lunched with the President at the White House.
THE TWENTIETH CONFERENCE OF THE NATIONAL ASSOCIATION OF SECRETARIES OF STATE

THE Twentieth Conference of the National Association of Secretaries of State met at the Gunter Hotel in San Antonio, Texas, September 22-25, 1937. Hon. Theodore Dammann, President of the National Association and Secretary of State of Wisconsin, presided.

Secretaries of state from fourteen states were present, and four states were represented by deputy secretaries. The following subjects were discussed:


"Possibilities of Uniform Trade-Mark and Trade Name Legislation," by Hon. Doris I. Byrne, Executive Deputy Secretary of State of New York.


The following report of the Nominating Committee was presented by the Chairman, Hon. I. W. Keim, first Deputy Secretary of the Commonwealth of Pennsylvania:

President: Hon. Dwight H. Brown, of Missouri
Vice-President: Hon. C. John Satti, of Connecticut
Treasurer: Hon. John B. Wilson, of Georgia
Corresponding Secretary: Hon. Charles D. Arnett, of Kentucky
Recording Secretary: Hon. Goldie Wells, of South Dakota

The report of the Committee was accepted unanimously.

RESOLUTIONS ADOPTED

The recommendations of the Resolutions Committee, presented by the Chairman, Hon. Enoch D. Fuller, Secretary of State of New Hampshire, were adopted unanimously by the secretaries of state present.

PROVISION FOR CONFERENCE ATTENDANCE

WHEREAS, The cause of cooperation between the Secretaries of State in many important matters touching the practices of their several offices is best served by attendance at the annual conference of the National Association of Secretaries of State; and

WHEREAS, In many states there is insufficient appropriation to the Secretary of State's office to permit the attendance of its Secretary at the annual conference; now, therefore be it

Resolved, That every legislature of the United States is requested to include in its appropriation to the Secretaries of States' offices sufficient amounts to enable the Secretaries to attend the annual conference of this Association at the expense of the states.

ELECTION PROCEDURE

WHEREAS, The election laws of the several states may well approximate uniformity in certain details in the interest of improved public administration; and

WHEREAS, Election administration falls within the province of the Secretaries of State; now, therefore be it

Resolved, That the President of the National Association shall appoint a standing committee of three members to be known as the Standing Committee on Election Procedure. It shall be the duty of this committee to formulate suggested uniform legislation and to report its findings to the Twenty-first Conference of this Association.

TRADE-MARK REGISTRATION

WHEREAS, The registration of trademarks and trade names is a function performed by every Secretary of State; and

WHEREAS, The business interests as well as the interest of the state governments may be best served by substantial uniformity in this regard throughout the several states; now, therefore be it

Resolved, That the President of this Association appoint a standing commit-
PROCEEDINGS OF CONFERENCES


Attorney-Generals from twenty-nine states were present. The following subjects were discussed:


"County vs. State Agencies for the Administration of Unemployment Insurance," by Hon. Matthias N. Orfield, Deputy Attorney-General of Minnesota.


"Old Age Assistance and the Attorney-General’s Office," by Hon. P. O. Sathre, Attorney-General of South Dakota.


RESOLUTIONS, ADOPTED

The following resolutions were then presented by the Resolutions Committee, and unanimously adopted:

Resolved, That the Association go on record as highly commending the activities of the Federal Bureau of Investigation in the Department of Justice of the United States in the detection, apprehension, and successful prosecution of kidnappers and other violators of the federal criminal laws, and express to the Bureau our sincere thanks and appreciation for the valuable aid and assistance it has extended and is now extending to the law enforcement agencies of the various states; and that the Secretary be authorized, and directed to forward a copy of this resolution to the Hon. J. Edgar Hoover, Bureau of Investigation, Department of Justice, Washington, D. C.

The Nominating Committee then reported the following recommendations:

President: Hon. Herbert R. O’Connor, of Maryland
Vice-President: Hon. Cary D. Landis, of Florida
Secretary-Treasurer: Joseph E. Messerschmidt, of Wisconsin

Members of the Executive Committee: Hon. Frank Patton, of New Mexico
Hon. P. Warren Green, of Delaware
Hon. John N. Mitchell, of Iowa

The nominations were numerous seconded, and the Secretary was instructed to cast a unanimous ballot.

The motion was made and seconded that General Lutz, retiring president, and former Attorney-General of Indiana, be classified as Honorary President of the Association for a year, in recognition of his services.

The meeting adjourned at four-thirty o’clock, September 28, 1937.
THE INTERSTATE COMMISSION ON THE DELAWARE RIVER BASIN

The Interstate Commission on the Delaware River Basin held its Second Annual Regional Conference at the Bellevue-Stratford Hotel, Philadelphia, Pennsylvania, on December 10-11, 1937. One hundred seventy-five delegates were present, from nine states and the federal government. Representatives of federal, state, and local levels of government participated in the conference. Special consideration was given to the proposals to be brought before the coming session of Congress in regard to regional planning for the country.

The following reports of committees were presented to the conference:

- The Committee on Planning: Russell Van Nest Black, Director, State Planning Board, New Jersey.
- The Committee on Quality of Water: H. P. Croft, Chief Engineer, Department of Health, New Jersey.
- The Committee on Quantity of Water: Russell Suter, Executive Engineer, Division of Water Power and Control, New York.
- Dr. Abel Wolman, Chairman of the Water Resources Committee of the National Resources Committee, spoke on the subject, "Regional Planning."

A public forum was conducted on the Norris and Mansfield bills, which were to receive the consideration of the Seventy-fifth Congress. Divergent points of view were expressed by the following speakers:

- The Municipalities: Mr. Howard P. Jones, National Municipal League, New York City.
- The Consulting Engineer: Major Ezra B. Whitman, Baltimore, Maryland.
- The Lawyer: Mr. Duane Minard, Newark, New Jersey.

A public forum was held on the Barkley-Lonergan bill. It was discussed, from different viewpoints by the following:

- The State Health Departments: Mr. E. S. Tisdale, Director, Division of Sanitary Engineering, Department of Health, West Virginia.
- Mr. Henry W. Toll, Executive Director of the Council of State Governments, addressed the conference upon the subject, "The Alternatives—A Summarization."

RESOLUTIONS ADOPTED

The following resolutions were drafted and adopted by the members of the Commission assembled in executive session immediately after the close of the formal program:

DEVELOPMENT OF WATER RESOURCES

Be it resolved,

1. That the Interstate Commission on the Delaware River Basin is opposed to the establishment of a federal authority in the development of water resources including power, as proposed in the Norris, Mansfield, and Rankin bills;

2. That the Interstate Commission on the Delaware River Basin recommends the establishment of a federal planning agency with appropriate subordinate regional agencies in which the states shall have adequate representation, for the purpose of formulating and preparing coordinated programs for the development of their respective areas;

3. That the Interstate Commission on the Delaware River Basin opposes the establishment of a federal authority for the control of pollution in navigable waters and tributaries thereto;

4. That the Interstate Commission on the Delaware River Basin recommends the adoption of the Barkley-Vinson bill, without the Lonergan amendments;

5. That the Interstate Commission on the Delaware River Basin requests an opportunity to be heard on these matters before the appropriate congressional committees in Washington.
Whereas, The expenditure by the federal government of large sums of money each year for the dredging of culm from the navigable portions of the Schuylkill and Delaware Rivers clearly establishes a federal interest in this problem, it would seem that a federal expenditure of at least the capital sum represented by this yearly cost of culm removal would be justified, since with proper state and local cooperation not only would the necessity for this yearly charge be avoided, but also extremely important gains in stream pollution abatement, flood reduction, and recreational development would be possible. Therefore, be it

Resolved,

1. That the Interstate Commission on the Delaware River Basin urge the federal government to join with the state and the Schuylkill, Valley municipalities in correcting conditions in the manner recommended in the Report on the Schuylkill River, recently submitted by the United States Army Engineers' District Office, and to this end cooperate financially with the state and with the municipalities;

2. That the Interstate Commission on the Delaware River Basin request an opportunity to be heard on this matter by the Board for Rivers and Harbors of the United States War Department.

GREAT LAKES FISHERIES

The Great Lakes Fisheries Conference met in the Statler Hotel, Detroit, Michigan, on February 25-26, 1938. The states of Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin were represented by forty-four delegates, composed of legislators, representatives of conservation and other state departments, administrative officials, many of them members of the commissions on interstate cooperation of their respective states. The United States Government was represented by four men from the Bureau of Fisheries, and one observer from the State Department. The Province of Ontario was represented by a delegate, a biologist connected with the provincial government. Staff members of the Council of State Governments were also present.

Mr. Henry W. Toll, Executive Director of the Council of State Governments, spoke to the Conference of the possibilities open to the cooperation, commissions in the Great Lakes region with respect to the prevention of further depletion of fish in the Lakes.

Hon. Harold C. Ostertag, member of the New York Assembly, and Chairman of the New York Joint Legislative Committee on Interstate Cooperation, gave a résumé of the work of the Interstate Conservation Conference sponsored by his Committee, and of the growth of the present Great Lakes Fisheries Conference from that gathering.¹

WORK OF BUREAU OF FISHERIES

Dr. John Van Oosten, in charge of Great Lakes Fisheries Investigations, U. S. Bureau of Fisheries, addressed the Conference on "The Extent of the Depletion of the Great Lakes Fisheries." Depletion problems of the individual states were discussed as follows:

Indiana: Kenneth M. Kunkel, Director, Division of Fish and Game, Department of Conservation

Michigan: F. A. Westerman, Division of Fisheries, Department of Conservation

Minnesota: George Weaver, Superintendent of Fisheries, Department of Conservation

New York: Justin T. Mahoney, Superintendent of Inland Fisheries, Department of Conservation

Ohio: T. H. Langlois, Chief, Bureau of Fisheries, Division of Conservation

Pennsylvania: P. H. Hartman, Superintendent of Hatcheries, Board of Fish Commissioners

Wisconsin: B. O. Webster, Superintendent of Fisheries, Department of Conservation

¹A summary of the meetings of the New York Cooperation Committee appears on pp. 296-302.

Illinois: Dr. Van Oosten (in the absence of a delegate from Illinois)

Further addresses upon the general subject of depletion of the Great Lakes fisheries were given by the following:


A Planning Committee consisting of the following conferees:

Hon. George A. Schroeder, Chairman
Hon. Henry O. Schowalter
Hon. W. Allan Newell
Mr. Frank T. Bell
Senator Samuel L. Gilson
Mr. Henry W. Toll, Secretary
Mr. H. H. MacKay, Consultant
Mr. Joseph T. Keating, Consultant
Mr. Frederic L. Zimmerman, Consultant

presented a resolution for the consideration of the Conference. The resolution as adopted read:

WHEREAS, The continued decline of the Great Lakes fisheries seriously threatens vital economic interests in a wide area adjacent to the Lakes and occasions social and economic distress to a large number of our citizens who earn their livelihood in the fishing industry; and

WHEREAS, Past efforts by the several states to prevent exploitation by regulating the taking of food fish have been without avail: therefore be it

Resolved, That this Conference urges the appropriate agencies of the federal government of the United States to discuss with the appropriate Canadian authorities, without delay, the advisability of a treaty to establish an International Board of Inquiry, whose function it shall be to consider and to recommend measures for the conservation of the Great Lakes fisheries—and that this Conference recommends such a treaty; be it further

Resolved, That the chairman appoint a committee to represent this official Conference of the governments of the states which border upon the Great Lakes, which committees shall inform the President—and the Congress of this resolution; be it further

Resolved, That the said committee shall offer its services to the Department of State as an advisory body, and shall, from time to time, acting through the Council of State Governments, inform the several states concerning the progress of negotiations; be it further

Resolved, That in the meantime the states be urged to take vigorous action, individually and in cooperation with one another, to conserve the fisheries; and that the above mentioned committee, through the Council of State Governments, take appropriate steps to assist the states in this connection.

A motion to appoint an Advisory Committee of the Council of State Governments, to serve without pay, for the purpose of helping the state officials with the legal aspects of the problem of extinction of Lake fish was adopted by the Conference.

COMMITTEE APPOINTMENTS

Appointments for the Interstate Committee on Great Lakes Fisheries were made as follows:


Indiana: Kenneth M. Kunke, Division of Fish and Game, Conservation Department.

Ohio: Lawrence Wooddell, Conservation Commissioner, Department of Agriculture.

Pennsylvania: P. H. Hartman, Superintendent of Hatcheries, Pennsylvania Board of Fish Commissioners.

Minnesota: George Weaver, Superintendent of Fisheries.


As Secretary: the Executive Director of the Council of State Governments, or some other member of the staff to be designated by him.

As Advisory Members: Commissioner Frank T. Bell, or some other representative of the United States Bureau of Fisheries to be designated by him; H. H. MacKay, or some other representative to be designated by the provincial government of Ontario; Joseph T. Keating, or some other representative of the Department of State to be designated by the Secretary of State; a representative of the Dominion of Canada to be appointed by the appropriate authorities.

The following motion, offered by Mr. Schowalter, was approved by the Conference:

WHEREAS, An emergency exists in the rapid depletion of the food fish in the Great Lakes; therefore be it

Resolved, That this Committee urges on the various states bordering the Great Lakes the necessity of giving their Conservation Departments the power to promulgate rules and regulations regarding the taking of food fish in the Great Lakes.

The meeting adjourned at twelve o'clock noon Saturday, February 26.

THE BOOK OF THE STATES

THE NATIONAL ASSOCIATION OF SECRETARIES OF STATE

The Twenty-first Conference of the National Association of Secretaries of State met at the Hotel Kentucky, Louisville, Kentucky, on June 24-25, 1938.

Hon. Dwight H. Brown, President of the National Association and Secretary of State of Missouri, presided. Secretaries of state and deputies were present from twenty-four states.

The following addresses were presented:

"Federal Licensing of Corporations as Proposed in Pending Legislation," by Marlin E. Sandlin, Assistant Secretary of State of Texas.


"Report of Committee Regarding Appropriations and Expenses to Attend Conventions," by Hon. John B. Wilson, Secretary of State of Georgia.

"Machinery for Good Neighbors," by Henry W. Toll, Executive Director of the Council of State Governments.


"Report of Special Committee on Appropriations for Official Manuals," by Hon. Mike Holm, Secretary of State of Minnesota.

The motion was made, seconded, and carried that no action be taken in the matter of trade-mark licensing; that the Committee be continued; that the President be authorized to enlarge the Committee if necessary; that the Committee collect all available information and report to the next Conference; and that the National Association does not favor compulsory registration.

The following resolution was adopted by the Conference:

Resolved, That the President of the National Association of Secretaries of State is hereby authorized to represent the Association at all conferences with the federal government on all matters of mutual interest.
Hon. Enoch D. Fuller, Secretary of State of New Hampshire, presented the following recommendations of the Nominating Committee, of which he was Chairman:

President: Hon. C. John Satti, of Connecticut.
Vice-President: Hon. John B. Wilson, of Georgia.
Treasurer: Hon. Charles D. Arnett, of Kentucky.
Corresponding Secretary: Hon. E. E. Monson, of Utah.
Recording Secretary: Hon. Thad Eure, of North Carolina.

The recommendations of the Nominating Committee were unanimously accepted.

The motion was made, seconded, and passed that the time and place of the next convention be placed in the hands of the new administration.

President-elect Satti appointed the following persons to the Executive Committee:
Hon. Dwight H. Brown, of Missouri.
Hon. Edward J. Hughes, of Illinois.
Hon. Frederic W. Cook, of Massachusetts.
Hon. Mike Holm, of Minnesota.
Hon. E. Ray Jones, of Maryland.
Hon. Robert A. Gray, of Florida.

Dr. Satti announced that he would make the appointment to standing committees later. Secretary Hughes, of Illinois, and First Deputy Secretary Isaac Keim, of Pennsylvania were appointed to membership on the Standing Committee on Trade-Marks, in accordance with the resolution enlarging that Committee.

The meeting then adjourned at four-thirty-five o'clock, June 24, 1938.

CONFERENCE OF GOVERNORS' SECRETARIES

The Conference of Governors' Secretaries held its First Annual Meeting in the conference rooms of the Council of State Governments in Chicago, Illinois, on June 24-25, 1938. Governors' secretaries from eleven states were present.

The following subjects were discussed by the secretaries indicated:
"Legislative Conferences," by Downing Musgrove, of Georgia.
"Departmental Conferences," by George F. Mackie, of Rhode Island.
"Legislative Assistant to Governor," by Arthur P. O'Brien, of Illinois.
"The Unicameral Legislature," by Otho K. DeVilbiss, of Nebraska.
"Mr. Henry W. Toll, Executive Director of the Council of State Governments, outlined the possibilities for cooperation between that organization and the Secretaries to the Governors.

ELECTION OF OFFICERS

Officers were elected for the ensuing year as follows:

Arthur P. O'Brien (Illinois), Chairman.
Robert Irvin (Maryland), Vice-Chairman.
George F. Mackie (Rhode Island), Vice-Chairman.
Executive Committee (In addition to the officers):
Otho K. DeVilbiss (Nebraska)
Norman H. Hill (Michigan)
Morris Hursh (Minnesota)
Downing Musgrove (Georgia)
Al Quinn (West Virginia)
Robert L. Thompson (North Carolina)

A staff member of the Council of State Governments serves the Conference as Secretary-Treasurer.

The following resolution was passed:
The Conference endorses the work of the Council of State Governments and urges the Secretaries to work with the Council in support of its program.
The thirty-second Annual Meeting of the National Association of Attorney-Generals was held at the Hotel Cleveland in Cleveland, Ohio, July 25-26, 1938. Attorney-generals from seventeen states were present, and five other states were represented by assistant attorney-generals. Hon. Herbert R. O'Connor, Attorney-General of Maryland and President of the National Association, presided.

The following subjects were discussed by attorney-generals and guests:
- "Intergovernmental Taxation," by G. Mennen Williams, Assistant Attorney-General of Michigan.
- "The States Put Their Heads Together," by Raymond T. Nagle, former Attorney-General of Montana, past president of the National Association, now a member of the staff of the Department of Justice.

Committee Recommendations

General Charles J. McLaughlin, of Connecticut, Chairman of the Nominating Committee, reported the following recommendations of the Committee. They were unanimously accepted by the attorney-generals present.

President: Hon. Gaston L. Porterie, Louisiana
Vice-President: Hon. John P. Hartigan, Rhode Island
Secretary-Treasurer: Joseph E. Messerschmidt, Wisconsin
Executive Committee:
Hon. George Couper Gibbs, Florida
Hon. Greek L. Rice, Mississippi
Hon. Lawrence C. Jones, Vermont

Resolution Adopted

The following resolution, presented by General John P. Hartigan of Rhode Island, Chairman of the Resolutions Committee, was unanimously accepted:

Whereas, The Attorney-Generals of the states in conference assembled view with concern the increasing encroachments of federal government on the proper domain of state government; and

Whereas, The Attorney-Generals believe that it is their duty to their respective states to inform themselves and their constituent governments of said dangers to the integrity of the state governments; now, therefore be it

Resolved, That the President designate a committee whose duty it will be to prepare and report a study of the fields of governmental activity in which encroachments of federal authority on the sovereignty of the states are threatened; to submit the said report to the President for approval. When approved by the President the said report is to be circulated to the membership by the Secretary.

The meeting then adjourned.
THE GOVERNORS' CONFERENCE

The Thirtieth Annual Governors' Conference was held at the Oklahoma Billmore Hotel in Oklahoma City, and at the Mayo Hotel in Tulsa, Oklahoma, September 26-28, 1938. Governors from eleven states were present, and two governors were represented by special delegates.

Addresses were presented upon the following subjects by governors or guests at the Conference:


"The Governors' Conference and the Council of State Governments," by Frank Bane, Executive Director of the Council.

"What Parts Should the States Play in the Control of Interstate Commerce?" by Hon. James V. Allred, Governor of Texas.

"What Parts Should the Federal and State Governments Play in the Development of Interstate Regions?" by Hon. George D. Aiken, Governor of Vermont.

"What Parts Shall the States Play in the Administration of Public Works, WPA, and Relief Programs?" by Hon. Olin D. Johnson, Governor of South Carolina.

"What Governmental Activities Can Most Profitably Be Assisted by Federal-State Cooperation?" by Hon. Lloyd C. Stark, Governor of Missouri.

"What Part Shall the Federal Government Play in Enforcing Its Administrative Standards upon the State Governments?" by Hon. M. Clifford Townsend, Governor of Indiana.

The report of the Resolutions Committee, expressing the sympathy of the governors present for the governors and citizens of the New England states, which had recently been swept by one of the worst storms in the history of the region, and offering the gratitude and appreciation of the Conference for the hospitality extended them in Oklahoma, was unanimously accepted.

The Secretary was instructed to cast a unanimous ballot for the following members of the Executive Committee of the Conference:

Governor Lloyd C. Stark, of Missouri
Governor M. Clifford Townsend, of Indiana
Governor George D. Aiken, of Vermont
Governor Robert L. Cochran, of Nebraska
Governor Henry Horner, of Illinois

Upon motion by Governor Johnston, Mr. Bane was elected Secretary-Treasurer of the Conference; and, as moved by Governor Stark, Mr. Henry W. Toll, retiring Director of the Council of State Governments, was elected Honorary Secretary.

The meeting then adjourned.

THE INTERSTATE COMMISSION
ON THE OHIO BASIN.

The Interstate Commission on the Ohio River Basin met jointly with the Ohio River Valley Water Sanitation Compact Commission at the Netherland Plaza Hotel in Cincinnati, Ohio, on October 11, 1938. Representatives of eight states were present. After discussion, the conferences agreed upon the following compact for the control and abatement of pollution in the Ohio River and its tributaries. Enabling legislation was also drafted for submission to the legislatures in order to make the compact effective.

Pursuant to authority granted by an Act of the 74th Congress of the United States, Public Resolution 104, approved June 8, 1936, conferences of delegates ap-
pointed to draft the compact were held at Cincinnati, Ohio, on November 20, 1936; January 17, 1938; May 24, 1938; June 13, 1938; October 11, 1938.

WHEREAS, A substantial part of the territory of each of the signatory states is situated within the drainage basin of the Ohio River; and

WHEREAS, The rapid increase in the population of the various metropolitan areas situated within the Ohio drainage basin, and the growth in industrial activity within that area, have resulted in recent years in an increasingly serious pollution of the waters and streams within the said drainage basin, constituting a grave menace to the health, welfare, and recreational facilities of the people living in such basin, and occasioning great economic loss; and

WHEREAS, The control of future pollution and the abatement of existing pollution in the waters of said basin are of prime importance to the people thereof, and can best be accomplished through the cooperation of the states situated therein, by and through a joint or common agency;

Now, Therefore, The States of Illinois, Indiana, Kentucky, New York, Ohio, Pennsylvania, Tennessee and West Virginia do hereby covenant and agree as follows:

ARTICLE I
Each of the signatory states pledges to each of the other signatory states faithful cooperation in the control of future pollution in and abatement of existing pollution from the rivers, streams, and waters in the Ohio River basin which flow through, into, or border upon any of such signatory states, and in order to effect such object, agrees to enact any necessary legislation to enable each such state to place and maintain the waters of said basin in a satisfactory sanitary condition, available for safe and satisfactory use as public and industrial water supplies after reasonable treatment, suitable for recreational usage, capable of maintaining fish and other aquatic life, free from unsightly or malodorous nuisances due to floating solids or sludge deposits, and adaptable to such other uses as may be legitimate.

ARTICLE II
The signatory states hereby create a district to be known as the "Ohio River Valley Water-Sanitation District," hereinafter called the District, which shall embrace all territory within the signatory states, the water in which flows ultimately into the Ohio River, or its tributaries.

ARTICLE III
The signatory states hereby create the "Ohio River Valley Water Sanitation Commission," hereinafter called the Commission, which shall be a body corporate, with the powers and duties set forth herein, and such additional powers as may be conferred upon it by subsequent action of the respective legislatures of the signatory states or by act or acts of the Congress of the United States.

ARTICLE IV
The Commission shall consist of three commissioners from each state, each of whom shall be a citizen of the state from which he is appointed, and three commissioners representing the United States government. The commissioners from each state shall be chosen in the manner and for the terms provided by the laws of the states from which they shall be appointed, and any commissioner may be removed or suspended from office as provided by the law of the state from which he shall be appointed. The commissioners representing the United States shall be appointed by the President of the United States, or in such other manner as may be provided by Congress. The commissioners shall serve without compensation, but shall be paid their actual expenses incurred in and incident to the performance of their duties; but nothing herein shall prevent the appointment of an officer or employee of any state or of the United States government.

ARTICLE V
The Commission shall elect from its number a chairman and vice-chairman, and shall appoint, and at its pleasure remove or discharge, such officers and legal, clerical, expert and other assistants as may be required to carry the provisions of this compact into effect, and shall fix and determine their duties, qualifications
and compensation. It shall adopt a seal and suitable by-laws, and shall adopt and promulgate rules and regulations for its management and control. It may establish and maintain one or more offices within the District for the transaction of its business, and may meet at any time or place. One or more commissioners from a majority of the member states shall constitute a quorum for the transaction of business.

The Commission shall submit to the governor of each state, at such time as he may request, a budget of its estimated expenditures for such period as may be required by the laws of such state for presentation to the legislature thereof.

The Commission shall keep accurate books of account, showing in full its receipts and disbursements, and said books of account shall be open at any reasonable time to the inspection of such representatives of the respective signatory states as may be duly constituted for that purpose.

On or before the first day of December of each year, the Commission shall submit to the respective governors of the signatory states a full and complete report of its activities for the preceding year.

The Commission shall not incur any obligations of any kind prior to the making of appropriations adequate to meet the same; nor shall the Commission pledge the credit of any of the signatory states, except by and with the authority of the legislature thereof.

**ARTICLE VI**

It is recognized by the signatory states that no single standard for the treatment of sewage or industrial wastes is applicable in all parts of the District due to such variable factors as size, flow, location, character, self-purification, and usage of waters within the District. The guiding principle of this compact shall be that pollution by sewage or industrial wastes originating within a signatory state shall not injuriously affect the various uses of the interstate waters as hereinbefore defined.

All sewage from municipalities or other political subdivisions, public or private institutions, or corporations, discharged or permitted to flow into these portions of the Ohio River and its tributary waters which form boundaries between, or are contiguous to, two or more signatory states, or which flow from one signatory state into another signatory state, shall be so treated, within a time reasonable for the construction of the necessary works, as to provide for substantially complete removal of settleable solids, and the removal of not less than forty-five per cent (45%) of the total suspended solids; provided that, in order to protect the public health or to preserve the waters for other legitimate purposes, including those specified in Article I, in specific instances such higher degree of treatment shall be used as may be determined to be necessary by the Commission after investigation, due notice and hearing.

All industrial wastes discharged or permitted to flow into the aforesaid waters shall be modified or treated, within a time reasonable for the construction of the necessary works, in order to protect the public health or to preserve the waters for other legitimate purposes, including those specified in Article I, to such degree as may be determined to be necessary by the Commission after investigation, due notice and hearing.

All sewage or industrial wastes discharged or permitted to flow into tributaries of the aforesaid waters situated wholly within one state shall be treated to that extent, if any, which may be necessary to maintain such waters in a sanitary and satisfactory condition at least equal to the condition of the waters of the interstate stream immediately above the confluence.

The Commission is hereby authorized to adopt, prescribe and promulgate rules, regulations and standards for administering and enforcing the provisions of this article.

**ARTICLE VII**

Nothing in this compact shall be construed to limit the powers of any signatory state, or to repeal or prevent the enactment of any legislation or the enforcement of any requirement by any signatory state, imposing additional conditions and restrictions to further lessen
or prevent the pollution of waters within its jurisdiction.

ARTICLE VIII

The Commission shall conduct a survey of the territory included within the District, shall study the pollution problems of the District, and shall make a comprehensive report for the prevention or reduction of stream pollution therein. In preparing such report, the Commission shall confer with any national or regional planning body which may be established, and any department of the federal government authorized to deal with matters relating to the pollution problems of the District. The Commission shall confer with any department of the federal government authorized to deal with matters relating to the pollution problems of the District. The Commission shall draft and recommend to the governors of the various signatory states uniform legislation dealing with the pollution of rivers, streams and waters and other pollution problems within the District. The Commission shall consult with and advise the various states, communities, municipalities, corporations, persons, or other entities with regard to particular problems connected with the pollution of waters, particularly with regard to the construction of plants for the disposal of sewage, industrial and other waste. The Commission shall, more than one month prior to any regular meeting of the legislature of any state which is a party thereto, present to the governor of the state its recommendations relating to enactments to be made by any legislature in furthering the intents and purposes of this compact.

ARTICLE IX

The Commission may from time to time, after investigation and after a hearing, issue an order or orders upon any municipality, corporation, person, or other entity discharging sewage or industrial waste into the Ohio River or any other river, stream or water, any part of which constitutes any part of the boundary line between any two or more of the signatory states; or into any stream any part of which flows from any portion of one signatory state through any portion of another signatory state. Any such order or orders may prescribe the date on or before which such discharge shall be wholly or partially discontinued, modified or treated or otherwise disposed of. The Commission shall give reasonable notice of the time and place of the hearing to the municipality, corporation or other entity against which such order is proposed. No such order shall go into effect unless and until it receives the assent of at least a majority of the commissioners from each of not less than a majority of the signatory states; and no such order upon a municipality, corporation, person or entity in any state shall go into effect unless and until it receives the assent of not less than a majority of the commissioners from such state.

It shall be the duty of the municipality, corporation, person, or other entity to comply with any such order issued against it or him by the Commission, and any court of general jurisdiction or any United States district court in any of the signatory states shall have the jurisdiction, by mandamus, injunction, specific performance or other form of remedy, to enforce any such order against any municipality, corporation, or other entity domiciled or located within such state or whose discharge of the waste takes place within or adjoining such state, or against any employee, department or subdivision of such municipality, corporation, person, or other entity; provided, however, such court may review the order and affirm, reverse or modify the same upon any of the grounds customarily applicable in proceedings for court review of administrative decisions. The Commission or, at its request, the attorney-general or other law enforcing official, shall have power to institute in such court any action for the enforcement of such order.

ARTICLE X

The signatory states agree to appropriate for the salaries, office, and other administrative expenses, their proper proportion of the annual budget as determined by the Commission and approved by the governors of the signatory states, one-half of such amount to be prorated among the several states in proportion to their population within the District at the last preceding federal census, the other half to be prorated in pro-
portion to their land area within the District.

ARTICLE XI

This compact shall become effective upon ratification by the legislatures of a majority of the states located within the District and upon approval by the Congress of the United States; and shall become effective as to any additional states signing thereafter at the time of such signing.

ENABLING LEGISLATION

An Act, approving, ratifying and enacting into law the Ohio River Valley Water Sanitation Compact for the prevention, abatement, and control of pollution of the rivers, streams, and waters in the Ohio River drainage basin and making the State of ........ a party thereto; creating the Ohio River Valley Water Sanitation Commission; providing for the members of such Commission from the State of ...........; and providing for the carrying out of said Compact.

Be it enacted by the General Assembly of the State of ....................:

SECTION 1. The following Ohio River Valley Water Sanitation Compact, which has been negotiated by representatives of the States of Illinois, Indiana, Kentucky, New York, Ohio, Pennsylvania, Tennessee, and West Virginia, is hereby approved, ratified, adopted, enacted into law, and entered into by the State of ................ as a party thereto and signatory state, namely:

(Here is to be copied the full provisions of the Ohio River Valley Water Sanitation Compact.)

SECTION 2. In pursuance of Article IV of said Compact, there shall be three members (hereinafter called commissioners) of the Ohio River Valley Water Sanitation Commission (hereinafter called Commission) from the State of ............ The governor, by and with the advice and consent of the senate, shall appoint two persons as two of such commissioners, each of which shall be a resident and citizen of the State of ............ The terms of one of the said two commissioners first appointed shall be three years and of the other shall be six years; and their successors shall be appointed by the governor, by and with the advice and consent of the senate, for terms of six years each. Each commissioner shall hold office until his successor shall be appointed and qualified. Vacancies occurring in the office of any such commissioner from any reason or cause shall be filled by appointment by the governor, by and with the advice and consent of the senate, for the unexpired term. The third commissioner from the State of ........... shall be the (here give official title of the office) ex-officio, and the term of any such ex-officio commissioner shall terminate at the time he ceases to hold said office of (here insert appropriate title of office), and his successors as a commissioner shall be his successors as said (here insert appropriate title of office). With the exception of the issuance of any order under the provisions of Article IX of the Compact, said ex-officio commissioner may delegate, from time to time, to any deputy or other subordinate in his department or office the power to be present and participate, including voting, as his representative or substitute at any meeting of or hearing by or other proceeding of the Commission. The terms of each of the initial three members shall begin at the date of the appointment of the two appointive commissioners, provided the said Compact shall then have gone into effect in accordance with Article XI of the Compact; otherwise shall begin upon the date upon which said Compact shall become effective in accordance with said Article XI.

Any commissioner may be removed from office by the governor upon charges and after a hearing, but opportunity to be heard shall be given.

SECTION 3. There is hereby granted to the Commission and the commissioners thereof all the powers provided for in the said Compact and all the powers necessary or incidental to the carrying out of said Compact in every particular: All officers of the State of ................ are hereby authorized and directed to do all things falling within their respective provinces and jurisdiction necessary to
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or incidental to the carrying out of said Compact in every particular; it being hereby declared to be the policy of the State of ... to perform and carry out the said Compact and to accomplish the purposes thereof. All officers, bureaus, departments and persons of and in the state government or administration of the State of ... are hereby authorized and directed at convenient times and upon request of the said Commission to furnish the said Commission with information and data possessed by them or any of them and to aid said Commission by loan of personnel or other means lying within their legal powers respectively.

The courts of general jurisdiction of the State of ... are hereby granted the jurisdiction specified in Article IX of said Compact, and the office of the attorney-general or any other law enforcing officer of the State of ... is hereby granted the power to institute any action for the enforcement of the orders of the Commission as specified in said Article IX of the Compact.

SECTION 4. Any powers herein granted to the Commission shall be regarded as in aid of and supplemental to and in no case a limitation upon any of the powers vested in said Commission by other laws of the State of ... or by the laws of the States of ... (here insert names of all states in the Compact other than the State of ... ) or by Congress or the terms of said Compact.

SECTION 5.

(Here each State can insert such provision regarding inspection of the financial records of the Commission as is customary in said State in case of special boards or commissions.)

SECTION 6.

(Here is to be inserted provision for an appropriation to the Commission—each state using such phraseology as is customary in making appropriations.)

SECTION 7.

(Section 7 should contain provision regarding the time of the taking effect of the Act.)

REGIONAL COMMITTEE ON CONFLICTING TAXATION

The Regional Committee on Conflicting Taxation of the Council of State Governments met in the conference room at 1513 East 60th Street, Chicago, Illinois, on October 14, 1938. Five states were represented.

Primarily the meeting considered the problems in connection with the taxation of merchants’ stock in commercial warehouses. It was agreed that a uniform assessment date would be of great value, since it would prevent the manipulation of goods from state to state to avoid payment of taxes. Tentatively, the Committee decided to consider January 1 as a date for uniform assessment, and to bring the matter up at the Regional Assembly, to be held November 21-22 in Chicago.

The Committee next turned its attention to the inclusion or exclusion of state and federal taxes. Should taxes paid on goods at the source (as federal taxes paid on liquor at the distillery) be considered in the assessed valuation for the purposes of state taxes? The Committee voted to recommend to the Regional Assembly the adoption of a uniform rule which would include taxes paid at the source in the assessed valuation of taxable goods.

The members of the Committee agreed to consider further at the next meeting whether or not “factory burden” should be included in the assessment basis of personal property. Should goods in process of manufacture be taxed? The point was raised that the establishment of high standards by a few states might bring about migration of industry, and that the problem, therefore, should be approached on a nationwide basis if an individual state were not to be penalized for the erection of high standards.
GASOLINE TAXES

The Committee next considered the divergence in gasoline tax rates, the consequent difficulties of border bootlegging of gasoline, and the necessity for establishing border patrols between two states whose tax rate differs greatly. The Committee agreed that uniformity in gasoline tax rates should be sought, and that the Committee would make proper recommendations to the Regional Assembly for legislative action in this matter after the Committee members had had opportunity to study the recommendations of the North American Gasoline Tax Conference.

Tax Commissioner Mitchell of Ohio was requested to report at the next meeting of the Committee concerning the number of ships, the amount and value of tonnage, and the amount of insurance carried and losses sustained in order that the Committee might be able to make final recommendations to the Regional Assembly.

The Committee decided not to consider further at this time the taxation of commercial airplanes engaged in interstate commerce.

The meeting then adjourned.

MIDWEST REGIONAL ASSEMBLY

The Midwest Regional Assembly met at the Shoreland Hotel in Chicago, Illinois, on November 21-22, 1938. Twelve states were represented by legislators and administrative officials.

Dr. Raymond, Leslie Buell, President and Research Director of the Foreign Policy Association, and Round Table Editor of Fortune, addressed the meeting upon the subject of interstate barriers. The Chairman then read a letter from Governor James V. Allred of Texas commanding the subject to the attention of the meeting, and stating his interest. Mr. Phillip Tocker, representative of Governor Allred, explained to the meeting the work done by the Texas Trade Barriers Commission.

Mr. Edward V. McFarland, Chairman of the Liquor Control Commission of Michigan, outlined to the conferers the difficulties faced by his state as a result of discriminatory legislation on the part of other states. A discussion of the Kansas Port of Entry law followed, after which Mr. William J. Treadway of Indiana introduced the following resolution, which was made a special order of business for the following day:

Resolved, That the Midwest Regional Assembly views trade barriers as a general policy as detrimental to the economic welfare of the country and recommends faithful adherence to our policy of free trade among the forty-eight states.

The meeting then recessed until ten o'clock the following morning.

HIGHWAY SAFETY

Hon. Harold C. Ostertag, Chairman of the New York Joint Legislative Committee on Interstate Cooperation and Vice-President of the Council of State Governments, presided at the morning session on November 22, and addressed the meeting upon the subject of the methods of attack employed by his Committee upon the interstate problems faced by New York. Mr. Sidney Williams, of the National Safety Council, then explained to the meeting the National Safety Code worked out by his organization during the past twelve years, after which the conferees discussed the Indiana Motor Vehicle Law, which embodies many of the points of the National Safety Code.

LIQUOR CONTROL

Chairman Ostertag read two resolutions passed by the recent conference on liquor control held by the New York Cooperation Committee, and Hon. Alfred Benesch, Director, of Commerce and Chairman of the Ohio Commission on Interstate Cooperation, offered the following motion, upon which the vote was withheld until representatives of all the states had had opportunity to summarize the liquor control practices of their states.
Resolved, That the Council of State Governments be requested to call a conference of liquor control administrators and taxing officials and representatives of commissions on interstate cooperation to consider the problem under discussion, the conference to be held December 5, 1938, at such place as may be convenient to the delegates.

The meeting then recessed until afternoon.

COMMITTEE REPORTS

During the afternoon session, at which Hon. Alfred Benesch presided, summaries of the findings of committee meetings held on the morning of November 21, were presented to the conference. Mr. L. B. Krueger, Chief Statistician of the Wisconsin Tax Commission, presented the report of the Regional Committee on Conflicting Taxation.

Mr. Krueger reported that the Committee had agreed to recommend the adoption of January 1 as a uniform assessment date for personal property in all states, and that the same date might well be agreed upon for the assessment of goods in storage in commercial warehouses. The Committee also agreed that taxes previously paid on goods should be included in the assessed value. In regard to the inclusion of "factory burden" in personal property assessment basis, a uniform gasoline tax law, and uniform taxation of commercial vessels on the Great Lakes, the Committee made no recommendation at the present time. The report of the Committee was accepted unanimously.

LAKE MICHIGAN FISHERIES

Hon. Frank N. Gräss, member of the Wisconsin Assembly, presented the following unanimous findings of the Special Committee on Lake Michigan Fisheries:

I. The Committee recommends that discretionary powers, governing commercial fishing on the Great Lakes, be granted to the Conservation Departments in the four states by statute. Drafts of enabling legislation have been prepared for the Committee by the bill drafting bureaus of each of the Lake Michigan states.

II. Closed Seasons—all dates inclusive

A. Lake trout—October 10—November 15
B. Chubs—October 10—November 15
C. Whitefish—November 1—December 10
D. Herring—November 25—November 30
E. Suckers—April 15—June 1, all dip-netting and spearing in Lake Michigan and Green Bay and its tributaries being forbidden during that time.
F. Perch—April 15—June 1

III. Size limits

A. Size limits of fish
   a. Lake trout—11/2 pounds round; 11/4 pounds dressed
   b. Whitefish—2 pounds round; 3/4 pounds dressed
   c. Perch—81/2 inches in the round (Wisconsin—8 inches until July 1, 1940); filleted—13/4 inches; heads and tails off—51/2 inches
   d. Herring—8 inches until July 1, 1940; 9 inches thereafter
   e. Suckers—1 pound in the round or 14 inches in length

B. Uniform method of measurement of fish

Uniform law defining the method of measuring fish on Lake Michigan and other Great Lakes:

"The measurement of the length of a fish within the meaning of this section (or act) shall be taken in a straight line from the tip of the snout to the end of the tail-fin, fully extended. For the purpose of this act a 'fish in the round' shall be deemed to be a fish that is entirely intact as it was taken out of the water with no part removed by dressing, a 'dressed fish' shall be deemed a fish with the head attached but with the gills and the entire gut or viscera (stomach, liver, intestines, gonads) removed, and a 'filleted fish' shall be deemed to be a fish with the entire head, gut or viscera, gills, bones, scales and all fins removed. The measurements of length and weight as prescribed in this section (or act) shall apply without any allowance made for the shrinkage of the fish."
C. Disposition of undersized whitefish and lake trout

The state may pay not to exceed three cents a pound, gross, for undersized lake trout or whitefish turned over by the fishermen, and the state shall dispose of the fish, as far as possible, to charitable and state institutions.

D. Smoked fish

Legislation providing that anyone caught in the act of smoking, or in the possession of smoked undersized lake trout or whitefish be punished by a fine of from 25 to 100 dollars or 10 to 30 days in jail.

IV. Net Regulations

A. Impounding nets

a. No impounding nets shall be set in water of a depth greater than 50 feet, except that pound nets held in place and entirely supported by stakes driven into the bottom of the lake, may be set in water not exceeding 75 feet in depth. No other method of holding or supporting pound nets shall be permitted, and when used for whitefish and lake trout the mesh shall be not less than 4 1/2 inches with the exception of one lifting side which may be a mesh of not more than 3 1/2 inches. It is further recommended that wherever it could be lowered, due to local conditions, the maximum depth for pound nets be reduced to less than 75 feet.

b. All drop, hoop and fyke nets shall be abolished on Lake Michigan and Green Bay effective July 1, 1940.

B. Gill nets

a. Use of gill nets of 2 1/4 inches under ice shall be prohibited effective July 1, 1940.

b. Lake trout, whitefish and sucker gill nets shall be not more than 20 meshes deep effective July 1, 1940.

c. Chub gill nets shall be not more than 30 meshes deep effective July 1, 1940.

d. Whitefish and lake trout gill nets shall have a mesh not less than 4 1/2 inches, flexible rule measurement, effective July 1, 1940.

e. Use of 4-inch mesh gill nets for taking suckers in the Green Bay waters of Wisconsin shall be allowed only under permit, and in addition to the regular license fee an additional permit fee may be charged for special supervision.

f. Smelt gill nets shall have a mesh not more than 1 3/4 inches, flexible rule, to be fished under permit and supervision of the State Conservation Department.

C. "Legal mesh, legal fish"

Under no circumstances shall the phrase "legal mesh, legal fish" be incorporated into the laws of any state.

V. Closed Seasons and Permits

The Directors of the Departments of Conservation of the four states, or their representatives, shall, at their earliest convenience, meet and outline a program and policy for the taking of fish during the closed season for artificial propagation.

VI. Enforcement

The Directors of the Departments of Conservation of the four states, or their representatives, shall, at their earliest convenience, meet to outline a program of cooperative, uniform enforcement.

VII. "Gypsy" Fishermen

The Directors of the Departments of Conservation of the four states, or their representatives, shall, at their earliest convenience, meet to outline a program and policy on setting up districts within which the licensed fisherman must operate during the term of his license.

VIII. Meat-Grinders and Mutilated Fish

The possession on any boat, or on any other conveyance used to reach the nets from shore, of any meat grinders or similar devices by the use of which the identification of the species or measurement of the individual fish is impossible, shall be prohibited. It shall be illegal for any fisherman to bring ashore any fish that has been caught which is so mutilated that identification and measurement is impossible.

The report of the Committee was unanimously accepted by the delegates present and recommended for legislative consideration by the interested states.
REPORT ON OHIO BASIN

The meeting next heard the report of the Interstate Commission on the Ohio Basin, presented by Senator James O. Monroe, Chairman of the Commission, and of the Illinois Commission on Interstate Cooperation. Senator Monroe explained the provisions of the Ohio River Valley Water Sanitation Compact, which was prepared by the Ohio River Valley Water Sanitation Compact Commission, acting as a subcommittee on Pollution of the Interstate Commission on the Ohio Basin. He read the following resolutions approved by the Commission:

Resolved, That the members of Indiana conferring at the Midwest Regional Assembly of the Council of State Governments recommend to the legislatures of the states of the Ohio Basin and its tributaries, and to the governors the passage of:

An Act approving, ratifying, and enacting into law the Ohio River Valley Water Sanitation Compact for the prevention, abatement and control of pollution of the rivers, streams and waters of the Ohio River drainage basin.

And, furthermore, recommend the submission of the compact incorporated in this act to the federal Congress for ratification following its acceptance by a majority of the states.

Resolved, That notice of the resolution urging the passage of the Act incorporating the Ohio River Valley Water Sanitation Compact be sent, with copies of the Compact and of the enabling act, to the President of the United States, all members of Indiana, and of the Ohio River Valley Compact Commission, and to the governors and legislators of the several states affected and to the members of the federal Congress representing the Ohio River Basin.

Resolved, That a Committee on Planning be appointed by the Chairman of Indiana to review the recommendations of the National Resources Committee, the Ohio Valley Regional Planning Commission, and the planning agencies of the several states relating to the Ohio River Valley Basin and its tributaries for the purpose of coordinating these recommendations into a unified program for the Basin.

The report of the Commission was unanimously approved.

TRADE BARRIERS RESOLUTION

The meeting then considered the resolution offered by Mr. Treadway on the previous day. As amended by Mr. Head of Texas, it was passed in the following form:

Resolved, That the Midwest Regional Assembly views trade barriers as a general policy as detrimental to the economic welfare of the country and recommends the full adherence to our traditional policy of free trade between the forty-eight states.

We further recommend that this Regional Assembly request the Fourth General Assembly to authorize the Council of State Governments, so far as its facilities permit, to study legislation complained of as constituting trade barriers between the states having the effect of restricting free flow of commerce between states and that the Council, pursuant to such study, recommend corrective legislation to the states concerned.

LIQUOR CONTROL RESOLUTION

The meeting then considered the resolution offered by Mr. Benesch, and, as amended by Mr. Ostertag, it was passed in the following form:

Resolved, That the Council of State Governments be requested to call a conference of liquor control administrators, taxing officials, representatives of commissions on interstate cooperation, and representatives of the Federal Alcohol Administration, to consider generally the matter of liquor control—such conference to be held December 5, 1938, at such place as may be convenient to the delegates.

Senator Monroe requested that copies of the minutes of the meeting be sent to all members of cooperation commissions in the region, and the meeting then adjourned.
PROCEEDINGS OF CONFERENCES

FOURTH GENERAL ASSEMBLY

The Fourth General Assembly of the Council of State Governments convened on Wednesday, January 18, 1939, at ten-forty o'clock at the Mayflower Hotel in Washington, D. C. The Hon. Robert L. Cochran, Governor of Nebraska and President of the Council of State Governments, presided.

After the roll was called by states, Governor Cochran addressed the conference, stressing particularly the work which the Council might profitably undertake for the future. He called the attention of the meeting to the economic losses caused by the erection of trade barriers by the states, and recommended their study to the Council. The conservation of water resources and the conservation of fish and game were also suggested to the Council as possible fields of endeavor. He cited the work of the Interstate Commission on the Delaware River Basin in the conservation of water resources, and of the commissions on interstate cooperation in connection with the fisheries of the Great Lakes and of the Hudson and Delaware Rivers, as well as of Atlantic Coastal waters. Governor Cochran further summarized the work of the Council and its affiliates in regard to conflicting taxation, highway safety, banking and securities, liquor control, and insurance, and urged that more work be done in these fields. He called the attention of the gathering to the research and clearing house activities of the Council, recommending that they be expanded, and that a more widespread use be made of these facilities by state officials. In particular, he urged that the individual cooperation commissions become more active, and that the conferences seek appropriations for the upkeep of the central organization of the Council and for the use of their commissions, in order that their work might be encouraged.

REPORT PRESENTED

Mr. Frank Bane, Executive Director of the Council, then presented a report of the activities of the Council since the Third General Assembly, in 1937. A summary of these accomplishments may be found in the Biennial Report of the Council of State Governments, in this volume, as well as in the condensations of the minutes of other conferences. Mr. Bane called the attention of the meeting to the fact that the accomplishments outlined in his report had come about under the direction of Mr. Henry W. Toll, who retired as Executive Director of the Council late in 1938.

Governor Cochran then requested Mr. Toll to rise, and the members of the conference applauded.

In the absence of Mr. Ellwood J. Turner, Chairman of the Interstate Commission on Council Development, his report to the Assembly was presented by Mr. David W. Robinson, Executive Secretary of the Interstate Commission on the Delaware River Basin. Mr. Turner’s report will be found in Chapter 7, pp. 25-27.

COMMITTEE APPOINTMENTS

President Cochran then announced the following committee appointments:

Resolutions:

Edgar A. Brown, South Carolina, Chairman
Frank Finney, Indiana, Vice-Chairman
Samuel W. Yorty, California
Henry W. Toll, Colorado
W. M. Wainwright, Florida
John E. Cassidy, Illinois
Dean W. Peisen, Iowa
William B. Belknap, Kentucky
Henry Parkman, Jr., Massachusetts
George MacKinnon, Minnesota
Raymond T. Nagle, Montana
Richard Harshborne, New Jersey
Barle S. Warner, New York
Fred Adams, Ohio
W. J. Halloway, Oklahoma
George Woodward, Pennsylvania
R. G. Kinkle, Tennessee
Robert W. Daniel, Virginia
John J. D. Preston, West Virginia

See pp. 1-40.
THE BOOK OF THE STATES

Reception:
Charles C. Marbury, Maryland, Chairman
Allen Chappell, Georgia, Vice-Chairman
Maupin Cummings, Arkansas
Frederick C. Walcott, Connecticut
Arthur I. Burgess, Massachusetts
Greek L. Rice, Mississippi
Gladys B. Stewart, Missouri
Gordon P. Eager, New Hampshire
L. L. Gravely, North Carolina
E. Kent Kane, Pennsylvania
J. Manley Head, Texas
Joseph E. McDermid, Wisconsin

Credentials:
Lawrence G. Jones, Vermont, Chairman
Frank N. Graass, Wisconsin, Vice-Chairman
Claude W. Duke, Louisiana
John W. Rust, Virginia
W. T. Brotherton, West Virginia

A telegram from Hon. Paul V. McNutt, former Governor of Indiana and former President of the Council, wishing success to the Fourth General Assembly, was read by Governor Cochran.

The meeting then recessed at eleven-fifty-five o’clock.

The Assembly reconvened at two-thirty o’clock, Governor Cochran presiding. He introduced as chairman of the afternoon session Hon. Harold C. Ostertag, Chairman of the New York Joint Legislative Committee on Interstate Cooperation, Vice-President of the Council of State Governments, and Chairman of the Board of Managers. In turn, Mr. Ostertag introduced Hon. Henry A. Wallace, Secretary of Agriculture, who addressed the meeting upon the subject, “The 1939 Farm Program and the States.”

Secretary Wallace explained the steps which may be taken by the state governments, in cooperation with the federal government, and with the governments of counties, to remedy the instability of agriculture and the lack of balance between agriculture and labor and industry—two problems which vitally threaten the general welfare of the country. He pointed out that the voluntary action of farm people, as well as cooperation between the federal and state authorizations, is essential to the establishment of a stable, permanent agriculture. The program requires adequate incomes for farm families, provision for a continuous and abundant supply of farm products for all the people, greater consumption of farm products by those who need them, maintenance of the soil and its fertility, security of tenure, elimination of rural poverty, and lower costs of production and distribution.

The Secretary of Agriculture stressed especially the point that the most serious difficulty is that farm prices and income are at a terrific disadvantage because farm people now have less opportunity than formerly to exchange their products for goods made in the cities. This change is due to the fact that the foreign market for farm goods has contracted. At the same time, owing to the depression, the domestic market for farm products has decreased. The rate of increase of our population is declining. Lack of employment forced many city dwellers onto the land to farm; and many young people who are not really needed on farms, because of increased productivity per farm worker brought about by the use of mechanical power, have been kept there by unemployment in the cities. There is no longer an open frontier of good, free land. The number of farms operated by tenants has increased rapidly.

SOIL EROSION

Erosion and depletion of the soil have been accelerated by low farm prices and the declining ownership of farms by farmers: a small equity is small incentive to conserve the soil. Further, farmers are often forced by the necessity of meeting rent or interest payments to plant erosion-promoting row crops rather than cover crops.

It has been difficult for the American public to accept the fact that we no longer have a great European market, or a growing American market, that the frontiers are gone, and even, in some instances, the soil itself. But the issue has been faced, and at the present time no
responsible person proposes to do nothing about the plight of agriculture. The government must do something, the question is, what.

FARM INCOMES

Substantial agreement has been reached that action should be taken to balance the incomes of farm people with the incomes of city people, and to insure at all times adequate but not wasteful supplies of farm products. The Agricultural Adjustment Act of 1933 took the first steps in this direction. The experience gained in the administration of this act went into the process of formulating a series of acts of Congress culminating in the Agricultural Adjustment Act of 1938. These acts provide for an ever-normal granary, adjustment and conservation programs, crop insurance on wheat, marketing agreements, and a variety of efforts to widen the markets of farm products here and abroad.

Whereas the AAA may be said to deal with the problem of influencing supply, the Surplus Commodities Corporation strives to make a connection between farm surpluses and the needs of hungry or ill-clad people. Surplus farm products purchased by the Corporation are distributed in relief channels through state relief agencies. Greater efforts should be made to increase consumption of protective and health-giving foods, such as fruits, vegetables, and dairy products.

Four regional farm research laboratories are now being established to make a direct attack on the problem of developing new and expanded industrial uses for farm products.

Competition in the world market for farm products is dependent upon price, i.e., if the domestic price of wheat or cotton rises above the world price, or is established above the world price, the natural flow of the commodity into world trade falls off. For that reason, if we are to provide the producers of export crops with compensation for low world prices, we must have a continuing source of adequate income to finance the farm program. We cannot hope both for national prices higher than world prices, and for a large export trade.

ACTION PROGRAMS

Besides the series of acts dealing with the supply-price-income problem, the total farm program includes the following individual action programs assigned by Congress to the Department of Agriculture:

1. The rural rehabilitation program.
2. The tenancy program, under Title I of the Bankhead-Jones Farm Tenant Act: provisions for credit to a few of the tenants who are ready to undertake farm ownership.
3. The land utilization program, under Title III of the Bankhead-Jones Act: public assistance in planning for land use, public purchase of lands submarginal for agriculture, and the development of these lands.
4. The erosion control program, under the Soil Conservation Act of 1935: demonstrations of erosion control methods, assistance to legally constituted associations of farmers in carrying through conservation practices; aid by CCC camps.
5. The flood control program: surveying watersheds, finding costs and benefits of treating land upstream to slow down run-off water, aid in applying needed treatments.
6. The farm forestry program, under the Norris-Doxey Act of 1937.
7. The water facilities program for the seventeen western states, under the Pope-Jones Act of 1937: loans to farmers and ranchmen to develop water supplies and land use.

Rural zoning laws passed by several states indicate the growing interest in solving the farm problem. One state has passed legislation looking to the betterment of the tenancy situation by improving the lease contract system and defining tenant rights. Other states are considering tenancy legislation. A number of states are conducting a general overhaul of their tax systems in an effort to make adjustments necessary for the welfare of the farmer. Some are basing assessments on the productive value of the land; others are using incentive taxation to induce landowners to put land permanently into trees or grass if that is the
use for which it is best fitted. In some western states the laws authorize ranchmen to form cooperative grazing associations. More than half the states have enacted soil conservation district legislation.

STATE COOPERATION

It is encouraging that farm people quickly adopt these facilities which are offered them. Although the people may make use of many different federal and state authorizations, they are cooperating under one farm program whose various phases are interdependent. This interdependence of the modern action programs for agriculture clearly calls for federal and state structures and procedures which will guarantee that all programs are essentially one program when they reach the farm. To bring this about, two things have been done. The Department of Agriculture has been reorganized to group all action-administration around a single core of program planning, and an agreement has been consummated with land grant colleges of the states to cooperate in a system of program planning that will enable farmers and state and federal experts and administrators to reach common judgments on the ends to be sought by all public efforts in the different agricultural regions.

By cooperative action of farm people and federal and state governments we can have a farm program which is efficient in attaining national objectives related to the general welfare, and at the same time accommodates itself to the great diversity of local conditions. Such a program, matched by similar programs for the other great parts of the economy, will go far to make the American sort of democracy work.

At the conclusion of his address Secretary Wallace stated that he would be pleased to answer general questions, so far as his time permitted.

The following persons then participated in the discussion:

Senator R. G. Kinkle of Tennessee
Senator Earl Leverich of Wisconsin
Hon. Dean W. Peisen, member of the Iowa House of Representatives

Senator Homer L. Causey of Georgia
Hon. George MacKinnon, member of the Minnesota House of Representatives
Senator Joseph E. McDermid of Wisconsin
Hon. Arthur I. Burgess, member of the Massachusetts House of Representatives
Hon. Rodes K. Myers, member of the Kentucky House of Representatives
Hon. William B. Belknap of Kentucky, member of the Board of Managers of the Council
Senator James T. Manning of Georgia
Hon. Thomas J. Reed, former member of the Mississippi House of Representatives
Hon. Thomas B. Stockham, member of the Pennsylvania House of Representatives

Senator D. B. Howe of Georgia
Hon. Herbert E. Baldwin, member of the Connecticut House of Representatives
Hon. Simeon E. Leland, Chairman, Illinois State Tax Commission
Hon. W. T. Brotherton, member of the West Virginia House of Delegates
Hon. George W. Henley, member of the Indiana House of Representatives
Senator Fred Adams of Ohio
Hon. Dean S. McGaughey, member of the Illinois House of Representatives

The motion was made by Senator Claude W. Duke of Louisiana that the meeting recess; it was seconded and passed. The meeting recessed at five-fifteen o'clock.

STATE REORGANIZATION

The Assembly was reconvened at ten-thirty o'clock by the Hon. Elwood J. Turner, Speaker of the Pennsylvania House of Representatives. Mr. Turner introduced Hon. T. V. Smith, Congressman-at-Large from Illinois, member of the Board of Managers of the Council of State Governments, and former State Senator. Mr. Smith presented the speaker of the morning, Dr. Luther Gulick, Director of the Institute of Public Administration, who addressed the Assembly upon the subject, "The Organization and Administration of State Government."

Dr. Gulick stated that the primary
point to be considered in a discussion of the organization and administration of state government is the major objective of that government. The modern state government has certain very definite broad fields of responsibility. For the purposes of the morning's discussion he suggested that the responsibilities of the state be considered under four major headings:

1. The development of controls and protections under which we may operate our complicated economic and social system and retain law and order;
2. The provision of certain community services, such as fire protection, or the construction and maintenance of roads;
3. The construction and operation of certain community business enterprises;
4. The encouragement of the development not only of natural resources, but through research, of new uses of materials and resources as the foundation of the economic life and prosperity of each of our states.

These four classifications of services are fundamental to American government, but there is in connection with them a supplementary consideration equally basic: that of political responsibility. The services of government may be efficiently conducted under a highly dictatorial form of government, yet in America we insist that it shall also be representative; it shall conform to the changing desires and determinations of the people themselves.

At this point we introduce another condition of good organization and good administration: the problem of devising the practical machinery of operation.

Through long experience, of our own and other countries, we have learned that no one man can long be trusted with full control over the life and destinies of other men. To avoid this deposition of full powers with any one individual, we have devised a plan of the separation of powers into the categories of executive, legislative, and judicial power. Within each of these fields—executive, legislative, and judicial—there are further arrangements which serve to make the operation of the mechanism of government more effective.

**EXECUTIVE POWERS**

First, with reference to the executive powers: Our prime considerations here are that the government be responsible, productive, consistent, coordinated, and efficient. Six specific arrangements facilitate the attainment of these objectives:

1. The concentration of authority within the executive branch.
2. The departmentalization of government along functional lines.
3. The development of proper arms of management for contact between the departments and the single responsible executive, primarily in personnel, finance control, and planning.
4. The maintenance of a cabinet procedure within the structure of the executive branch, with frequent consultation between the heads of larger departments and the executive.
5. The establishment of a merit system for personnel.
6. The maintenance of a budget system.

**LEGISLATIVE REQUIREMENTS**

Second, the legislative branch also has certain requirements and devices. Like the executive branch, it should be representative and responsive, productive, and effective. It should be set up and operated in such a way that the public opinion which it reflects may be distilled into specific legislative forms. The legislative body should do its part in enforcing the accountability of the executive branch. Here again there are specific mechanisms by means of which the legislative branch may fulfill its obligations:

1. A fair and representative distribution of legislators.
2. A fair system of nomination and election.
3. Party responsibility, for effective action within a large group.
4. Agencies of knowledge for legislative bodies: legislative councils, special commissions.
5. An orderly procedure for the enactment of laws, and for the codification and publication of laws.
6. A budget system, bridging the gap between the executive branch of government and the legislative branch.

7. An independent audit, with appropriate committee procedure.

An independent audit is a check on the executive by the legislative branch to make certain that the funds which it has appropriated are spent in accordance with the program which it has authorized. It is especially important that the auditor have nothing to do with the keeping of the records which he is reporting; no man can audit his own books. He should have nothing to do with making collections, authorizing expenditures, or taking part in any way in the process of administration.

An independent audit is equally advantageous to the executive, who, under the most favorable circumstances, can know little of the detail work of his departments. The device is a convenience, and a protection.

Dr. Gulick did not discuss the conditions requisite for the judicial branch, since the members of the Assembly were not primarily interested in that field. He did, however, review briefly the progress of state administrative reorganization in the country.

FIRST STATE REORGANIZATION

Charles Evans Hughes, then Governor of New York, was perhaps the first governor to consider the problem of the organization of the executive branch of government. He pointed out that a greater centralization of power in the chief executive makes him more responsible rather than less, and, to the extent that the centralization of power in the hands of one elected official makes him responsible to the electorate, and easily controlled by it, more democratic. The alternative is control of the government by independent boards and commissions which are operating on their own, in that they lack a single head who is responsible for their conduct, and which the people in the end cannot control.

As early as 1914 a program of reorganization was drawn up in New York by Elihu Root and his Constitutional Convention, but it was lost at the polls. Governor Lowden of Illinois next took up the subject, and he carried it through within the framework of the Illinois Constitution. Since that time twenty-six states have carried through major programs of reorganization.

Dr. Gulick warned of the danger of a complete reconstruction of the processes of state government in those states in which the change would not be backed by public opinion. He also reminded the delegates that a reorganization of the executive branch is largely fruitless unless there is at the same time an introduction of better methods in the legislative branch. Especially important in this connection are an effective budget system and an independent audit, which are tools of equal significance to both branches. The problem is not solely a question of carrying forward the local stream of public understanding of the requirements of effective organization and administration; an effort should be made to advance within both the executive branch and the legislative branch at the same time in order to achieve the full benefits of the modernization of the organization and administration of American government.

DISCUSSION

The following officials then participated in the discussion:

Hon. James W. Martin, Commissioner of Finance in Kentucky

Senator Milton J. Lightner of Minnesota

Hon. George MacKinnon, member of the Minnesota House of Representatives

Senator Jacob Weiss of Indiana

Hon. Dean W. Peisen, member of the Iowa House of Representatives

Hon. Arthur J. Burgess, member of the Massachusetts House of Representatives

Hon. Ellwood J. Turner, Speaker of the Pennsylvania House of Representatives

Mr. Edward D. Carville, special representative of the Governor of Nevada

Senator George Woodward of Pennsylvania

Mr. J. H. Thayer Martin, New Jersey State Tax Commissioner
Hon. James H. Price, Governor of Virginia
Hon. Tom B. Pearce, special representative of the Governor of South Carolina
The meeting then recessed at twelve-thirty o'clock.

INTERSTATE TRADE BARRIERS

The meeting was called to order at two-thirty-five o'clock by President Cochran, who introduced Governor Herbert R. O'Conor of Maryland, the presiding officer for the afternoon. Governor O'Conor then presented Mr. Bane, who read the address of Governor Lloyd C. Stark of Missouri, "State Trade Barriers: Their Effect upon Interstate Commerce," in as much as Governor Stark had been unable at the last minute to come to Washington.

"Historically the United States has been regarded as the largest free trade area in the entire world," said Governor Stark. "Theoretically state borders are presumed to exist for reasons of government only. Convincing demonstration of the fact that state lines may not be used harmlessly to regulate interstate commerce occurred during the period between the close of the Revolutionary War, in 1783, and the adoption of the federal Constitution in 1789. As a result, the Constitution provides that only the federal government may control and regulate commerce among the states. In spite of this provision, now, 150 years later, we find ourselves confronted with almost identical conditions, resulting in a problem just as important as it was then.

ORIGIN OF BARRIERS

"Existing regulations upon the free flow of goods over state lines have been termed trade barriers. Generally speaking, there are two major reasons why these laws originate. First, the protection of business enterprises within a state against competition from those in other states; and, secondly, the need of a state for new sources of revenue.

"While minority groups may profit from the erection of interstate barriers, their cost is paid by the consuming public; thus, they constitute in fact a subsidy for organized minorities."

Governor Stark then cited examples of the more common sorts of trade barriers: mandatory preferences for home-products, higher entrance fees and license taxes than those imposed on domestic corporations, use taxes, port-of-entry laws, ton-mile taxes on out-of-state trucks, agricultural inspection and quarantine regulations. He pointed out that, especially in the case of laws and regulations affecting out-of-state trucks, the erection of the trade barrier is incidental; in many cases law is a safety measure. Nevertheless, traffic is impeded by such laws, and they must therefore be termed barriers to interstate trade.

LIQUOR BARRIERS

Governor Stark called attention to the fact that the states have received the sanction of the Supreme Court in their efforts to control the interstate movement of liquor, although many liquor laws are, in effect, protective measures for local liquor producers rather than regulations upon the traffic itself. He warned that, unless checked, a situation regarding liquor may develop which will be as destructive of domestic tranquillity as was the Eighteenth Amendment; at the same time he pointed out that the primary difficulty in any discussion of discriminatory legislation is in determining exactly what tactics are discriminatory and what are justifiable regulations, and on this subject there exists an infinite variety of opinion.

In addition to the economic costs of trade barriers, a further loss must be reckoned: the increased sectionalism and bitterness which they inspire, not only among the states, but between the states and the federal government. A cooperative consideration by the states of their mutual problems offers the most logical solution.

DISCUSSION

Governor O'Connor then recognized the following participants:
Hon. William E. Treadway, Administrative Secretary of the Indiana Commission on Interstate Cooperation
Hon. Gaston L. Porterie, Attorney-General of Louisiana.
The meeting then recessed at five-fifteen o'clock.

WAGE AND HOUR LEGISLATION

The Assembly was called to order at ten-thirty o'clock by President Cochran, who introduced Hon. Ellwood J. Turner, Speaker of the House of Pennsylvania, and Chairman of the Interstate Commission on the Delaware River Basin and of the Interstate Commission on Council Development, the presiding officer for the morning. Mr. Turner, presented Mr. Elmer F. Andrews, Administrator of the Wage and Hour Division of the Department of Labor, who addressed the Assembly upon the subject, "The Administration of Wages and Hours: Its Effect in the States."

INTERSTATE REGULATION

Mr. Andrews spoke of the significant work done by the Council of State Governments, and by its predecessor, the American Legislators' Association, toward the preservation of our federal system, and, at the same time, toward the coordination of administrative effort necessary to handle effectively the constantly shifting problems of modern living. He commended the Council's participation in the trend toward national legislation so fashioned as to utilize the services of both state and federal governments. The Social Security Act was an example of this, and the passage of the Fair Labor Standards Act last year has given additional assurance that the country as a whole is aware of the desirability of using both state and federal authority to put into effect a nationwide program.

In the Fair Labor Standards Act special recognition was taken of the part of the states in our government: specific provision was made for mandatory compliance with laws or ordinances within the individual states which may establish a higher standard than the federal Act. It is anticipated that, as a result of the standards set by federal regulation, many states will enact state and local legislation to assure local laboring populations a reasonable share in industrial rewards. One of the barriers to improvement of labor conditions state by state has been the fear of endowing unregulated enterprise with commercial advantages.

Mr. Andrews stressed the point that the work of permanent reform of labor conditions will not be complete until intrastate enterprises are regulated, and these can be controlled only by the states themselves.

In the interim, however, before all the states have regulated the wages and hours of laborers in intrastate commerce, there is ample opportunity for further federal-state cooperation under the Fair Labor Standards Act, especially with reference to the provision which allows the Administrator to utilize the services of state and local agencies "and . . . reimburse (them) for services rendered for such purposes." Mr. Andrews suggested the possibility of a grants-in-aid program with the purpose of improving state labor departments and making them better able to participate in the increasingly complex and important task of administering labor legislation. Many federal projects depend for their effectiveness upon the functioning of existing state machinery. Thus, a nice balance is achieved between federal control and decentralized state administration, and, at the same time, innumerable economies are effected by reducing needless duplication of work and facilities. Even more important is the fact that a state civil
service of high caliber participating in the
administration of a federal law has
proved to be the best safeguard against
the encroachments of bureaucracy. Co-
operation of the federal administration
with the state departments has been
limited by lack of funds.

While the federal Act provides penal-
ties which have had a salutary effect upon
possible violators, the extent of volun-
tary compliance with its provisions has
been gratifying.

Mr. Andrews pointed out that the suc-
cess of the Act depends in the final analy-
sis upon whether or not its standards are
reasonable. In the present instance, Con-
gress has taken account of changing
economic conditions by creating special
machinery—industry committees—which
may recommend the increase of the
statutory minimum wage. This confer-
ence method of wage determination is
an integral part of the Act. A public hear-
ing on any recommended wage order is
required before the Administrator is
empowered to promulgate the wage
order. These public hearings on all rec-
ommendations offer the states a further
device toward the effective carrying out
of wage and hour programs.

FEDERAL-STATE COOPERATION.
The Fair Labor Standards Act, great-
though its social and economic implica-
tions may be, is chiefly noteworthy as an
example of federal-state cooperation and
interdependence. Today changes in our
national life call for extension of federal
authority. But it is vital that, whenever
possible, we preserve the delicate counter-
balance by a similar use of state author-
yty.

The following conferees then partici-
pated in the discussion:
Miss Katherine Lenroot, Chief of the
Children's Bureau of the Department of
Labor
Senator Edgar A. Brown of South Caro-
ilina
Hon. William J. Ellis, Commissioner
of Institutions and Agencies of New Jer-
sy
Hon. Mary Norton, member of the
United States House of Representatives
from New Jersey

Hon. Henry Parkman, Former Senator
of Massachusetts
Hon. A. E. Montgomery, member of
the Oklahoma House of Representatives
Hon. George W. Henley, member of
the Indiana House of Representatives
Hon. Frederic W. Cook, Secretary of
the Commonwealth of Massachusetts
Senator W. H. Abington of Arkansas
Senator James T. Manning of Georgia
Hon. Robert H. Wood, member of the
Texas House of Representatives
Hon. Samuel W. Yorty, member of the
California Assembly
Hon. Rodes K. Myers, member of the
Kentucky House of Representatives

The meeting then recessed at twelve-
thirty o’clock.

BUSINESS SESSION
The meeting was called to order at
two-thirty-five o’clock, Hon. Harold C.
Ostertag, Chairman of the New York
Joint Legislative Committee on Inter-
state Cooperation and Chairman of the
Board of Managers of the Council of
State Governments, presiding.

Mr. Ostertag outlined the accomplish-
ments of the cooperation commissions in
his region, stressing particularly their ac-
tivities in the fields of highway safety,
liquor control, banking and securities
regulation, and conservation of fisher-
ties. He then introduced Hon. Oswald D.
Heck, Speaker of the New York Assembly.

Mr. Heck commended the efforts of
the Council of State Governments, and
of the commissions on interstate coopera-
tion, especially respecting the preserva-
tion of state sovereignty. In this effort, he
called attention to the effectiveness of
regional action by the states.

Mr. Heck pointed out the growing
menace of intensified state self-sufficiency,
stating that it is in some respects even
more ominous than the current tendency
to centralize power in the federal gov-
ernment. While it is primarily a threat,
at the present time, to the economic inter-
ests of the nation, it may conceivably have
political repercussions.

MENACE OF TRADE BARRIERS
The widespread erection of trade bar-
riers by the states, can, in the long run,
have only detrimental effects upon the economic structure of the country as a whole. On the other hand, Mr. Heck made it clear that the states which have enacted restrictive legislation have acted almost universally in good faith; in an attempt to solve the dilemma of the depression—reduced government revenues and increased government cost—they have created a situation which may prove to be an even greater problem. Restrictive legislation is followed by retaliatory legislation; decreased trade and increased prices follow in their turn.

Mr. Heck strongly urged the Council and its affiliated agencies to give consideration to the subject of interstate trade barriers, expressing the conviction that in the mechanism of the Council and the cooperation commissions an effective means may be found to resolve these tariff walls between the states.

Mr. Ostertag then requested Mr. Henry W. Toll, founder and first Director of the Council of State Governments, to speak to the meeting.

Mr. Toll expressed his appreciation of the action of the Board of Managers in designating him Honorary President, and of the personal loyalty given him by his associates in the Council's work. He mentioned specifically Mr. William B. Belknap of Kentucky, Senator George Woodward of Pennsylvania, former Senator Seabury Mastick of New York, and Tax Commissioner Mark Graves of New York, who have been associated with the work of the American Legislators' Association and of the Council of State Governments since their inception.

COOPERATION COMMISSION ACTIVITIES

Mr. Ostertag then requested various of the members of cooperation commissions to outline the activities of their commissions:

Senator Robert C. Hendrickson, New Jersey
Hon. Frank Finney, Indiana
Senator Robert O. Blood, New Hampshire
Hon. Frank N. Graass, Wisconsin
Hon. Arthur I. Burgess, Massachusetts
Hon. Lawrence C. Jones, Vermont
Hon. E. Ray Jones, Maryland

Hon. James W. Martin, Kentucky
Hon. Dean S. McGaughy, Illinois

Mr. Ostertag then introduced Hon. Victor A. Myers, Lieutenant-Governor of Washington. Governor Myers expressed the hope that Washington will establish a commission on interstate cooperation during the 1939 session of its legislature, and outlined problems of his state which could be effectively solved by interstate or federal-state action.

Mr. Ostertag called for the report of the Committee on Credentials, of which Attorney-General Lawrence C. Jones of Vermont was Chairman.

CREDENTIALS COMMITTEE REPORT

Mr. Jones reported that his Committee recommended that the final registration list of the Assembly be the official list of delegates to the Fourth General Assembly of the Council of State Governments. He moved its adoption. The motion was seconded and adopted by the Assembly.

RESOLUTIONS COMMITTEE REPORT

Mr. Ostertag next asked for the report of the Committee on Resolutions, which was presented by Mr. William B. Belknap of Kentucky in the absence of the Chairman, Senator Edgar A. Brown of South Carolina.

Mr. Belknap read the following resolutions which were adopted by the Assembly:

Resolved, That the Fourth General Assembly of the Council of State Governments strongly urge the continued financial support of the Council of State Governments by state legislatures and commissions on interstate cooperation to the end that the services which the Council of State Governments renders to the commissions on interstate cooperation, the Governors' Conference, the National Association of Attorney-Generals, the National Association of Secretaries of State, the American Legislators' Association, and all public officers, may be better maintained.

WHEREAS, During the past biennium numerous legislative hearings, regional
conferences, and commission meetings have been held to consider recommendations for the purpose of reducing the confusion and conflict in the laws and administrative practices among the states and between the states and the federal government; and

WHEREAS, Definite recommendations have grown out of these hearings and conferences in the form of legislation and interstate compacts; and

WHEREAS, These legislative proposals have been enacted by the legislatures of a number of states as a part of the legislative program of their commissions on interstate cooperation; now therefore be it

Resolved, By the Fourth General Assembly of the Council of State Governments that these recommendations and legislative proposals as set forth in the publication entitled "Legislative Proposals of the Commissions on Interstate Cooperation" be included in the formal reports of the various cooperation commissions to their legislatures and officially considered item by item by the commissions on interstate cooperation, and where approved, introduced in the legislatures as a part of their program.

III.

WHEREAS, The conservation of our natural resources is one of the most important problems of the present time, and

WHEREAS, The imminent depletion of our fisheries is of concern to all of the states, now therefore be it

Resolved, That the Fourth General Assembly of the Council of State Governments endorse the work of the Great Lakes Fisheries Conference and the Eastern States Conservation Conference in seeking the conservation of these valuable fisheries, and that it recommends to other states the adoption of similar cooperative efforts for the conservation of their natural resources; be it further

Resolved, That the Assembly respectfully directs the attention of the commissions on interstate cooperation of the Pacific Coast states and of the Gulf states to the compact method as a means of solving their fisheries problems.

Reciprocal Enforcement

WHEREAS, The proper administration of the fisheries laws of states riparian on common waters necessitates further coordination of the enforcement activities of those states, therefore be it

Resolved, That the Fourth General Assembly of the Council of State Governments urge each state riparian on waters in common with other states to enact legislation giving to the officials of the other riparian states power to enforce fisheries laws against its citizens in the territorial waters of that state when the other states shall reciprocally grant like powers to the enforcement officers of that state, and

Congressional Consent

Resolved, That the Fourth General Assembly of the Council of State Governments memorialize Congress to pass legislation giving consent in advance to compacts between the states for the conservation of fisheries and wild life resources, and be it further

Resolved, That Congress, in order to further the conservation policies of the states, be urged to pass legislation prohibiting the shipment in interstate commerce from any state of fish caught in violation of the laws thereof and prohibiting the shipment into any state of fish in violation of the conservation laws thereof.

IV.

Resolved, That in accordance with the recommendation of the Midwest Regional Assembly of the Council of State Governments, this Fourth General Assembly of the Council recognizes that trade barriers, under any guise, are detrimental to the economic welfare of the country;

That this Assembly recommends complete adherence to the traditional American policy of free trade between the forty-eight states;

That this Assembly requests the secretariat of the Council of State Governments to study legislation and policies which tend to create such barriers and to restrict the free flow of commerce; and

That this Assembly call an interstate
conference on this subject, to be attended by legislative and administrative delegates designated by the cooperation commissions of the various states; and be it further.

Resolved, That the Council of State Governments requests the Congress of the United States to conduct a general investigation of all freight rates and to recommend an equitable freight rate for the entire United States.

(With the exception of the last section of the foregoing resolution, which was offered as an amendment from the floor, all of the resolutions were considered and recommended by the Resolutions Committee before introduction before the Assembly, in accordance with the rules set up by previous General Assemblies.)

V.

Whereas, the critical conditions of the past decade have accentuated many of the social and economic problems of the United States, and

Whereas, The federal government and the state governments have endeavored, through emergency legislation and policies, to solve these problems, and

Whereas, In turn many of these acts have created new problems involving powers of the states, therefore be it

Resolved, By the Fourth General Assembly of the Council of State Governments that we do hereby memorialize the federal government and its various agencies to join with the Council of State Governments in its work of cooperation, in order to solve these problems and to accomplish the desired objectives, and to maintain the clear-cut division between the sovereign powers of states and the delegated powers of the federal government, and to avoid any policies, except by constitutional amendment, which tend to result in the basic alteration of the American system of government.

VI.

Resolved, That the Fourth General Assembly of the Council of State Governments go on record as offering a vote of sincerest thanks to the retiring Director of the American Legislators' Association and the Council of State Governments for his years of faithful, generous, and almost unbelievably efficient service in building this body from a dream to an accomplished reality. Well and faithfully as others may and will serve it, this body will throughout its existence be a monument to the unfailing service and magnificent ability of Senator Henry W. Toll of Colorado. More words could be used but they would convey no deeper feeling.

VII.

Resolved, That the Fourth General Assembly of the Council of State Governments express its appreciation to the National Resources Committee, the United States Department of Agriculture, the Wage and Hour Division of the Department of Labor, the United States Bureau of Fisheries, the Governors' Conference, the American Legislators' Association, the Conference of Governors' Secretaries, the National Association of Attorney-Generals, and the National Association of Secretaries of State, for their wholehearted and sincere cooperation in making the Fourth General Assembly a meeting of inspiration and practical usefulness to each of the state governments of the United States.

The meeting then adjourned at six o'clock.
The National Conference on Interstate Trade Barriers met at the Stevens Hotel in Chicago, Illinois, on April 5, 6 and 7, 1939. Delegates from thirty-three states discussed the many ramifications of interstate trade barriers. The first day was devoted to committee meetings. The reports of these committees, as well as the resolutions finally adopted by the Conference, follow.

REPORT OF THE COMMITTEE ON AGRICULTURE

Chairman, Dean W. Peisen
Member, of Iowa House of Representatives

The Committee on Agriculture of the National Conference on Interstate Trade Barriers, having met and considered the several types of state laws which have hampered the free flow of agricultural products into the markets of the states and their subdivisions, hereby submits a report of its findings and recommendations.

I. AGRICULTURAL QUARANTINES

In view of Section 10, Article I, of the Constitution of the United States, reading in part as follows:

No State shall, without the consent of Congress, lay any Imposts or duties on Imports or Exports, except what may be absolutely necessary for executing its inspection laws; and the net Produce of all Duties and Imposts, laid by any State on Imports or Exports, shall be for the use of the Treasury of the United States; and all such Laws shall be subject to the Revision and Control of the Congress...

and further, in view of the fact that all burdens to interstate commerce in horticultural commodities must, of necessity, become finally the burdens of the consumer:

The Committee recommends that all trade barriers having to do with the state movement of horticultural commodities, including nursery stock, be removed, except those pertaining to public health and to the reasonable control of injurious insect pests and plant diseases.

The Committee further recommends that this body approve of the “Principles of Plant Quarantine” as promulgated by the National Plant Board, as a national declaration of policy on this subject, and urges that all states adhere to the policies therein enunciated.

The widely varying requirements in force at present in the forty-eight states governing the forms of intra- and interstate nursery tags suggest the need for serious consideration by the states to develop some practical plan leading to the standardization and uniformity in inspection and labeling requirements for all horticultural products.

In view of the fact that agriculture and horticulture, directly and indirectly, constitute the principal source of revenue to the citizens of the nation, it is the sense of the Committee that those agencies in state government assisting agricultural and horticultural interests in the production and marketing of the various agricultural and horticultural crops be adequately financed by their respective states.

II. MILK AND DAIRY PRODUCTS

The Committee on Agriculture deplores and condemns the practice of states, counties, and municipalities of promulgating economic regulations and ordinances, making more stringent rules for the production and processing of milk and dairy products than are necessary for the protection of public health, and having the purpose of barring such products from such states, counties, and municipalities, and thereby erecting insurmountable trade barriers and protective walls around fluid milk markets, to the benefit of special local interests and to the detriment of the community and the consumers therein.

The Committee on Agriculture heart-
The Committee appreciates the necessity of sanitary regulations. The Committee is convinced that the providing of wholesale dairy products to the consumer is not in conflict with the free movement of milk and dairy products in interstate commerce.

In order to reconcile public health protection with the free interstate movement of milk and dairy products, it is recommended that states adopt uniform minimum standards with respect to acceptable sanitary requirements. It is further recommended that milk and dairy products from a state having such minimum standards be accepted in another state having like standards, upon certification by the state of origin.

Under such a plan, it is urgently suggested that the federal public health authorities or some other federal agency designate those states in which the inspection services meet the agreed standards.

The Committee wishes to call to the attention of the Conference that the Congress of the United States, through a committee of the House of Representatives, is at present investigating the need for new legislation for the District of Columbia on health regulations affecting milk and dairy products. It is to be hoped that any legislation which may result will be drafted with a view to setting up requirements as a model for the states, and to provide for a cooperative federal-state inspection service.

III. ITINERANT OR MERCHANT-TRUCKERS

The Committee on Agriculture concludes that regulation, licensing, and bonding of the occasional trucker or merchant-trucker is necessary and desirable. On the other hand, excessive license fees and restrictive regulations, as well as preferential treatment to local interest, appear to set up unnecessary and burdensome restrictions on local and interstate commerce. The public interest demands that truckers be given a place in the market.

This Committee therefore specifically recommends that states enact nondiscriminatory legislation to protect the public against irresponsible and dishonest merchant-truckers. This legislation should include:

1. Registration at nominal fees to provide identification—this to be over and above motor truck registration fees and taxes.

2. The requirement of a reasonable bond to assure farmers, dealers, and consumers against the danger of loss by fraud.

It further recommends the repeal of existing legislation which gives preferential treatment to local merchant-truckers and peddlers in competition with those from more distant points. Such laws are contrary to the best interests of producers and consumers, and therefore are unsound public policy.

IV. PORTS-OF-ENTRY AND MOTOR VEHICLE REGULATIONS AND TAXES

Ports-of-entry, such as are in use in the several states for the purpose of enforcing motor vehicle codes within the state and of regulating traffic entering the state, when used for the purpose of enforcing safety regulations in the interest of the public, or collecting taxes for road building purposes and the maintenance thereof, and when not discriminatory as against the out-of-state vehicle, are deemed to interfere with the free movement of goods between the states only so far as they cause inconvenience and consume time. Reasonable inspection for safety purposes can hardly be classified as an interference with trade relations between the states.

There is a close relationship between the use of ports-of-entry to enforce the collection of taxes from out-of-state trucks and the use of highway patrols for the same purpose, and it appears that both might be equally condemned if used to discriminate in favor of local operators. It is the opinion of the Committee that constructive work may be accomplished in the field through cooperation of states in regional groups and through the enactment of uniform laws or cooperative agreements as to rates, equipment, and public protection through proper liability insurance requirements. Under no circumstances should heavier taxes be
applied to non-resident truckers as compared to resident truckers, whether the same be imposed through ports-of-entry or other systems of taxing or licensing the operation of trucks or other motor vehicles. It is also the opinion of the Committee that uniform load limit requirements should be adopted by states within their regions as well as a uniform system of applying license fees or taxes.

V. MARGARINE TAXES

Margarine taxes and unreasonable license fees have been enacted to give market protection to two principal groups of producers, namely the dairy farmers and the local producers of domestic oils and 'fats. They have been the cause of much harm to the trade relations between the states. When such barriers exist they harm not only the groups against whom they are raised but also the consumers. Furthermore, the principle of trade barriers is harmful to producer groups other than the ones the barriers are raised against. They harm these groups because they tend to destroy the markets for other products. If the state residents are to sell goods outside their state, it is necessary that outsiders sell products inside their state. In view of these circumstances the Committee holds:

1. That taxing and licensing powers of the states should not be used for destroying equal competition between domestic and out-of-state products.
2. That benefits of such taxes and license fees are largely fictitious.
3. That since margarine taxes and license fees are in many cases such unwarranted use of the taxing and licensing power, wise public policy dictates their reconsideration.
4. That the use of such taxes and license fees on oils and fats by states against each other, by states against the territory of the United States, or by states against foreign countries, is contrary to the spirit of the Constitution.
5. That such restrictions under whatever guise tend to affect adversely the consumer who is least able to bear the burden of such additional taxation.

It is recognized, however, that many states are cognizant of the above, and there has been a noticeable halt in the further erection of such barriers.

VI. PACKING, MARKING AND LABELING LAWS

Confusion, misinformation, and discriminations against products of the several states are caused in large measure by the lack of uniform standards of grading, packing, marking and labeling of produce. The barriers to interstate trade so built have become in many instances a direct burden both upon the producers of wholesome products, and the consumers of such produce. This condition can be effectively remedied only by the action of the several states in the adoption of like standards of grading, packing, marking and labeling. The United States Department of Agriculture, representing the agricultural interests of the nation as a whole, is eminently qualified to cooperate with the states in this regard.

Therefore, the Committee on Agriculture recommends that the National Conference on Interstate Trade Barriers request the National Association of State Marketing Officials to confer with the United States Department of Agriculture in the drafting of model legislation to make uniform the law of the several states concerning the grading, packing, marking and labeling of farm products and foods according to standard grades, accepted as such by the United States Department of Agriculture.

The so-called Standard Container Act of the United States has been of the greatest benefit to the entire nation in the standardization of containers. The standards established by this Standard Container Act have worked to the benefit of both the consumers and the producers of the country for the several types of containers defined. However, there are many types of containers in use in interstate commerce which are unstandardized, and which need standardization if the best interests of the country's producers and consumers are to be protected.

Therefore, the Committee on Agriculture recommends that the National Conference on Interstate Trade Barriers memorialize the Congress of the United
States to extend the provisions of the so-called United States Standard Container Act to cover those types of containers used in interstate commerce which are not now required to meet certain standard specifications under the present act.

VII. DISTRIBUTION

It is the judgment of the Committee on Agriculture that any law, any regulation, or any ordinance, of any state, any county, or any municipality, that is punitive to any store or other legitimate distributing agency of any wholesome agricultural or horticultural product, is a harmful trade barrier to the extent that it hinders or hampers free and orderly marketing, and is detrimental to both the producer and the consumer.

CONCLUSION

In conclusion it must be noted that most of these barriers have been erected as an effort of depressed business to protect itself in a contracting market. The problem presented by this observation still serves as a sustaining force to agricultural barriers. Were we to see the dawn of real stabilization of our agricultural economy, it is believed that these barriers would vanish as the dew under the sun of a new day.

REPORT OF THE COMMITTEE ON COMMERCE AND INDUSTRY

Chairman, Charles H. Jones  
Director of the Ohio Department of Commerce

I. STATE PURCHASE PREFERENCE LAWS

The widespread adoption of state laws giving preference to the use of local products and labor in public works, state contracts, and for use in state institutions, has been to a great extent a product of the depression. Nevertheless, some of these statutes are the oldest examples of state laws constituting barriers to interstate trade. The mistaken reasoning upon which these statutes have been based—namely, that a permanent benefit can be conferred upon the residents of a particular state through that state’s preference of local products in its operations—has long since been discarded as unsound. Your Committee on Commerce and Industry has been requested to make recommendations to the Conference concerning the following types of state preference laws: (1) laws giving preference to state materials in all contracts for state public works; (2) laws giving preference to the purchase of state products for use in state institutions; (3) laws giving preference to state labor on all state contract work; and (4) laws giving preference to local printers on all state printing.

Your Committee strongly disapproves of this type of legislation, in general, and it recommends that appropriate action be taken by the Council of State Governments to procure the repeal of all of this type of legislation now upon the statute books of the several states, and to discourage the enactment of such legislation in the future, with the exceptions noted below. We are opposed to the giving of preferential treatment by legislative enactment to local materials, products, and printing, on the general premise that this type of preference would and has resulted in the building up of local monopolies, higher costs, and unfriendly feelings, and that its adoption in the past has definitely promoted retaliatory legislation. We favor competition as a means of obtaining the best returns for the outlays made by the states in their purchases—provided, of course, that quality and specifications are equal.

We object to the giving of local preferences in principle, believing that public sentiment will govern emergency situations which may arise from specific local economic conditions.

Your Committee recognizes, however, that in many states specific public works programs are undertaken, one of whose objects is particularly to relieve unemployment within the states by the preference of local labor. Your Committee therefore excepts state laws giving preferences to state labor on state contract work from its general disapproval of this type of statute, and recommends that this Conference take no action in this regard.
II. USE TAXES

Your Committee on Commerce and Industry was requested to make recommendations to the Conference in response to two questions asked of it, in regard to use taxes: (1) What shall this Committee recommend concerning use taxes generally, as barriers to interstate trade? and (2) Does the use of offset provisions in state tax laws effectively prevent these taxes from constituting barriers to interstate trade? What shall this Committee recommend concerning the use of offset provisions in state use tax statutes?

Discussion showed that serious doubt exists in the minds of members of the Committee that a use tax constitutes a barrier to interstate trade. The Committee considered the question of the results which might follow the adoption of use taxes independent of and not as supplementary to state sales tax laws. However, it was the consensus of the Committee that wherever sales tax laws were supplemented by use tax statutes, the adoption of offset provisions to compensate differences as between the states would correct any tendency toward the raising of barriers to interstate trade by use taxes. Your Committee on Commerce and Industry recommends that those states having sales taxes supplemented by use taxes adopt offset provisions to compensate differences that may exist as between states with sales tax statutes.

III. ITINERANT TRUCKERS

The following question was submitted to the Committee: What shall be the recommendation of this Committee concerning state laws levying high fees or other requirements upon occasional truck operators, not obligated to provide regular service between specified points as public operators? This applies to the so-called itinerant peddlers or truckers.

A subcommittee was appointed to confer with the Committee on Agriculture which had under consideration the same problem. The subcommittee submitted to the general Committee the following report and recommendation—which was adopted by the Committee, as amended, as its recommendation in this regard:

"It is the sense of this Committee that any regulation which a state deems necessary to regulate itinerant truckers should be so framed as not to constitute discrimination against interstate commerce."

IV. PORTS-OF-ENTRY

V. TRUCKS AND MOTOR VEHICLES

The Committee was requested to answer two questions concerning ports-of-entry: (1) Does the port-of-entry system act as an actual barrier to interstate trade in the transportation of products other than agricultural produce? and (2) What shall the recommendation of this Committee be concerning the present systems of ports-of-entry established by the states? Your Committee was also requested to answer the following questions concerning trucks and motor vehicles: What shall be the recommendations of this Committee regarding (1) reciprocal exemption of commercial vehicle fees and licenses? (2) reciprocal exemption of mileage or flat taxes on commercial vehicles? (3) uniformity of taxation and license fees?

Your Committee on Commerce and Industry recognizes the close relationship between the general regulation of commercial and private vehicles and the port-of-entry systems. We recognize that a great deal of valuable research has been done on the entire question, and that a great contribution in this field has been made by the studies and reports of public and private agencies. Your Committee recommends that the Council of State Governments undertake further study of the problem—in the field—and the formulation of specific recommendations to present to the commissions on interstate cooperation of all of the states.

REPORT OF THE COMMITTEE ON LIQUOR CONTROL

Chairman, Miles M. Callaghan
Member of the Michigan State Senate

The significance of state trade barriers to the interstate shipment of alcoholic beverages was discussed in all its ramifications by the Conference's Committee.
on Liquor Control. The members expressed agreement that such barriers are detrimental not only to harmonious domestic relationships among the several states but also to the general welfare of the consumers, manufacturers, and the distributors within these several states. It was felt, furthermore, that these alcoholic beverage barriers react in the long run to the disadvantage of the discriminating states.

Methods of removing these trade walls were considered in the light of the sanction that these discriminations have received by the wording of Section 2 of the Twenty-first Amendment and by the subsequent Supreme Court interpretations handed down by Justice Brandeis. The question before the Committee was: How can the states best act to impose self-restraint on themselves now that the jurisdiction of the federal government on this matter has been curtailed?

Four of the recommendations which were placed before the Committee by its members received favorable attention and, following thorough discussion, were referred to special subcommittees for further elaboration. These recommendations are herewith presented to the Conference for its consideration.

1. A definition of what constitutes state trade-barriers to the interstate shipment of alcoholic beverages.

2. An appeal to the several states to refrain from enacting any further such trade barrier legislation and to repeal that which now stands on the statute books.

3. A recommendation that the several states adopt a proposed liquor control compact.

4. A recommendation that the several states regulate the shipment of alcoholic beverages to other states.

It was felt by the Committee that a necessary preliminary to an examination of the problem lay in a definition of trade barriers or discriminatory measures. The definition, which is inclusive of all measures which tend to result in state trade barriers, covers any legislation, rule, or regulation which is designed to subsidize or protect from competition citizens of any state who are engaged in production or distribution of malt beverages, wines, and distilled spirits. More specifically, it refers to higher excise taxes imposed on products manufactured or packaged outside the state than are imposed on those manufactured or packaged within the state; higher license or other fees imposed on out-of-state manufacturers or wholesalers than are imposed for a like privilege on local manufacturers or wholesalers; and other shipping or merchandising restrictions directed to the same end.

Because the Committee considers these classifications of discriminatory measures to be harmful to the economy of both the individual states and the nation, it incorporates in its second recommendation an appeal to the several states where malt beverages, wines, and distilled spirits are legally sold to repeal those discriminatory alcoholic beverage laws which have been placed on the statute books and to refrain from enacting additional laws of this nature. The Committee, in addition takes the same stand toward the so-called anti-discriminatory laws passed by a number of states, and toward the administration of laws in a discriminatory manner when such laws in themselves do not provide for discrimination.

Positive steps intended to remedy the existing situation are suggested in the last two recommendations. The suggestion that the several states adopt a proposed uniform enabling act which authorizes the state to enter into an interstate liquor control compact follows action taken by the Second Regional Liquor Control Conference held in New York last November and attended by six eastern states. At that time a committee was appointed to prepare a compact. This compact was examined by a subcommittee of lawyers of this Conference's Liquor Control Committee and found to fulfill the requirements of the state and federal Constitutions. The subcommittee also studied a proposed Congregational Joint Resolution giving the states power to enter into such a compact. The enabling legislation authorized the governors to enter into a compact with other states which will bind the signatory states to refrain from giving preference to their own alcoholic bever-
The final recommendation relates to the out-of-state shipment of alcoholic beverages. All states in which the manufacture and sale of malt beverages, wines, and distilled spirits has been legalized, are urged to enact laws and regulations which will prohibit any licensee of the state from transporting or shipping any such products into any other state for delivery or use in violation of state laws, or from selling or delivering any alcoholic beverages at his place of business to any out-of-state customer, unless such customer is duly licensed in the state of his residence to engage in the sale of such alcoholic beverages. Congress, acting consistently with the provisions of the Twenty-first Amendment to the federal Constitution, is petitioned to lend support to all state liquor legislation, by enacting federal laws which will effectively penalize the transportation or importation of alcoholic beverages, by any person, into any state, for delivery or use therein in violation of state laws.

REPORT OF THE COMMITTEE ON TAXATION

Chairman, Simeon E. Leland
Chairman of the Illinois Tax Commission

The role of taxation in reference to the imposition of barriers to the trade and commerce among the states in this federal union is twofold. On the one hand, taxation is often employed as the implement by which discriminatory policies are made effective; and on the other, the use of taxation to finance governmental activities occasionally results in the establishment of differential burdens between intrastate and interstate trade. The one use of the taxing power is for non-fiscal ends; the other is for the purpose of financing government. One is an implement of economic or social policy; the other is essential to the functioning of the state. One is an intentional departure from fiscal principles, the other is only the indirect consequence of taxation measures. The two types of interference arising from the use of the taxing power should be distinguished, though the consequences which flow from particular taxes are determined by their economic, social, and political effects rather than by the motives for such legislation.

It would appear therefore that the use of the taxing power for fiscal purposes should be related, on the one hand, to the principles of financing governments and, on the other, to the principles of economic, social, and political conduct on the basis of which the general policies of government are determined. With respect to these two sets of principles there is, in the present instance, a happy coincidence. The maxims of finance—the principles of ethics which should govern the fiscal conduct of sovereign states—require uniformity of taxation in the treatment of persons, property, or business subject to the jurisdiction of taxing states. Equity permits no discriminations among those identically circumstanced. This fundamental tenet has prevented discrimination in the taxation of property owned by residents and non-residents. It requires that those engaged in the same line of conduct should be taxed alike. This is a principle to guide fiscal policy; it is not a description of present practices.

Just as fiscal policy requires equality of taxation, so economic analysis postulates as its ideal freedom of commerce to the end that the territorial specialization of industry, the advantages of the division of labor, the gains from the free mobility of capital and population may contribute to the economic welfare of those who compose the state. As trade is fettered, or as one group is preferred to another through the acts of government, losses are inflicted upon the population or on individuals or groups within the state. Wise economic and social policy requires freedom of trade among the states of the Union, otherwise, by political action, advantage in natural resources may be denied to some, and the talents of others may be wasted.

The problem of minimizing or removing the barriers to trade among the states is the same today as it was in 1787 when the states under the Confederation were attempting "to form a more perfect union." One of the lessons learned in
colonial days was that states would attempt so to fetter each others' trade in order to gain advantages for themselves, that power to regulate and control interstate commerce should be denied them. The founders of the republic sought to make the advantages and the resources of the nation freely available to all. They sought to prevent interference with this policy by conferring upon the national government control over interstate trade and commerce, and by restricting the states in the taxation of goods passing between them. No one can doubt the wisdom of this policy. In the one hundred and fifty-odd years since this policy was adopted, ways to circumvent the provisions of the Constitution have been developed, tax laws have been perverted, sometimes with judicial sanction, to curb trade freedom within and among the states, and various devices have been utilized to destroy the advantages of free intercourse. Tax scholars and tax administrators resent the perversion of the fiscal power to these ends. It is time that the spirit of the federal Constitution, standing for trade freedom among the states, be reaffirmed.

It is the reasoned judgment of the Taxation Committee of the National Conference on Interstate Trade Barriers that the taxing power of states should not be utilized to effect discriminations or to erect barriers to interstate commerce. If states desire to handicap the trade of their neighbors it should be done directly and not by masquerading under the taxing power. If done directly it cannot be hidden, nor can states hide behind a need for revenues to do what they dare not do directly. It is the judgment of this Committee that no tax laws should be adopted by any state which impose higher effective rates of taxation upon interstate than upon intrastate trade; and that the natural advantages accruing to residents of a state from trade with residents of other states should not be destroyed through discriminatory tax laws. Attempts to destroy trade advantages, or to rob citizens of comparative benefits from trading abroad, in the end redound to the economic disadvantage of the states adopting such practices. In an attempt to handicap others the real victims of such policies are most generally the citizens of the taxing state. The punishment of enemies thus often injures one's friends. The Committee recommends the principle of trade freedom among the states and of the equality of state and interstate commerce in the taxing laws of the states.

While these principles may assist in the development of harmonious tax policies among the states, the Committee considered in addition the erection of interstate trade barriers with respect to alcoholic beverages, motor vehicle taxes, use taxes, and the taxation of plants, animals, and food products. The Committee early discovered in its discussions that one of the difficulties to be surmounted in properly approaching the subject was a satisfactory definition of the word "discriminatory" as used in respect to tax laws. The Committee thereupon adopted the following definition of the word "discriminatory" in its relation to tax laws:

> While it is evident that many laws purporting to be tax laws cannot be identified as discriminatory without careful consideration of the surrounding facts and circumstances, it is agreed that a discriminatory law is one which might reasonably and justifiably be expected to inspire a retaliatory law from the state or states affected thereby. Since the prospect of retaliatory legislation seemed to be of major importance in the discussions of the Committee, it at once become apparent that it would be necessary to make some constructive suggestions with reference to future control of unwise legislation of a retaliatory nature. Such suggestions necessarily went beyond the question of taxation alone. The Committee on Taxation submits the following recommendation:

Resolved, Because there exists the need for means whereby the states may arrange to confer, in order to avoid retaliatory statutes, and since the Council of State Governments is available and has demonstrated its effectiveness in the arrangement of conferences permitting settlement of differences between the states, it is recommended that a state adversely affected by such legislation first petition...
The Council of State Governments to arrange a conference with the enacting state before taking any other action.

The Committee further recommends the following, respecting alcoholic beverages:

1. Opposition to state laws which place heavier burdens—in the form of excise taxes, or license and other fees—on alcoholic beverages from other states than on similar products of the same state.

2. Opposition to state laws which provide for lower taxes and fees, subsidies, or tax rebates on alcoholic beverages made from state products.

3. In view of the recommendation for establishing the Council of State Governments as an agency for the conciliation of disputes arising out of discriminatory legislation, it appears to be sufficient to indicate the attitude of the Committee.

4. With respect to the situation encountered by some states as a result of the decisions of the United States Supreme Court holding that the Twenty-first Amendment to the Constitution makes inoperative the limitation of the "inter-state commerce clause" in the regulation of the importation and sale of liquor, the Committee recommends that no additional action be taken, for the reason that the recommendation for establishing the Council of State Governments as an agency for the conciliation of disputes arising between the states is sufficient.

The Committee further recommends, with respect to motor vehicle taxation:

1. That out-of-state users be taxed at no higher effective rate for the use of public highways of the taxing state than is imposed on domestic carriers of that state. A parity should be established between domestic and non-resident users of highways, no matter whether gasoline tax, license, ton-mile, or a combination of such taxes is utilized.

2. The resolution suggested for adoption concerning method and procedure for solving interstate difficulties is recommended as the best means of solving interstate commercial motor vehicle carrier problems.

The Committee on Taxation, at this time, makes no recommendations to the Conference on the subject of use taxes.

In relation to the taxation of plants, animals, and food products, the Committee on Taxation recommends the discouragement of the use of the taxing authority for the purpose of preventing competition with out-of-state agricultural products and their derivatives. The Committee is of the opinion that such measures as are not primarily intended to produce recurring revenue cannot justifiably be classed as taxation measures. Where such laws exist it is recommended that the Council of State Governments be used as a medium for conciliation between the states.

The Committee also holds that since most discriminatory laws are the result of legislative pressure instigated by special groups and interests, and since discrimination results in the ultimate self-injury of all enterprise within the discriminating state by inevitably inviting retaliation and by shrinking the total volume of interstate trade in the long run, a sound, constructive, and permanent solution requires continued study and research, together with a program of extensive and carefully planned education demonstrating the economic futility of discriminatory measures.

RESOLUTIONS ADOPTED

I.

WHEREAS, The preamble to the Constitution of the United States of America reads:

"We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this constitution for the United States of America."...and

WHEREAS, It is felt that we here, through the efforts of this Conference, must keep the faith inherent within that great keystone of our democracy, our Constitution, the purpose of which is so clearly and inspirationally set forth in the preamble thereto; now therefore be it

Resolved, That we do our utmost, indi-
individuals and collectively, to prevent any and all state actions that may run contrary to the governmental philosophy so adequately expressed in the above quoted preamble.

II.

WHEREAS, The interruption of the free flow of commerce among the several states of the United States is detrimental to the economic welfare of the country, and

WHEREAS, The increase of interstate trade barriers and the passage of discriminatory legislation by the states has resulted in the adoption of retaliatory legislation, in contravention of the spirit of the Union and the welfare of the people thereof, and

WHEREAS, These practices by the several states place additional burdens upon the consumer and as such must inevitably postpone the return of our national prosperity and result in lower standards of living in this country, now therefore be it

Resolved, That the National Conference on Interstate Trade Barriers declares itself to be unalterably opposed to the erection of these discriminatory trade barriers, and be it further

Resolved, That this Conference recommends that the states return to the traditional American policy of free trade among the states, in order that the consumers and producers of the nation may buy and sell without legal discrimination as to the place of origin of goods, the method of transportation, or the efficiency of the producer.

III.

WHEREAS, The National Conference on Interstate Trade Barriers has considered at length the barriers which obstruct the free flow of commerce throughout the nation in agriculture, industry, labor and other fields, and

WHEREAS, A carefully prepared long-term program must be formulated if this threat to our national economy is to be arrested, now therefore be it

Resolved, That this Conference requests the Council of State Governments, through its commissions on interstate cooperation, to continue the important work of this Conference by:

1. Discouraging the adoption of any retaliatory legislation by states which feel themselves aggrieved by the legislation of their neighbors.

2. Encouraging the repeal of trade barrier legislation which may have already been adopted by the several states.

3. Encouraging the enactment of uniform laws, and the adoption of reciprocal agreements, which have for their aim the reduction of trade barriers between the states.

4. Initiating regional hearings throughout the United States, such hearings to be officially called by the commissions on interstate cooperation in conjunction with the Council of State Governments, in order to follow through the recommendations made by this Conference.

5. Undertaking surveys and factual studies as proposed by this Conference or the commissions on interstate cooperation. Be it further

Resolved, That in order to provide facilities for the conciliation of specific differences between states resulting from trade barriers, this Conference recommends that the state which considers itself adversely affected by the legislation of another state petition the Council of State Governments to use its good offices to arrange a conference with the state which has enacted the offending legislation before taking any other action.

IV.

Resolved, That this Conference urges that in each state, in order to assist the governor, legislators, and administrative officials thereof to eliminate the laws of such state as constitute interstate barriers, the commission on interstate cooperation or some other appropriate agency of the state shall prepare and disseminate a survey of statutory provisions which might under some circumstances operate as barriers; and that in preparing this study, each commission shall consider the digest relating to laws of its respective state contained in the digest prepared by the WPA Marketing Laws Survey, and in the series of Trade Barrier Bulletins prepared by the Council of State Governments. Among the Council's Bulletins and the Reports of the Marketing Laws Survey
which this Conference thus recommends for consideration are those relating to the following specific subjects, which, in the opinion of this Conference, deserve especial attention at this time:

- Public Purchase Preference Laws
- Margarine Excise Taxes
- Ports-of-Entry
- State Use Taxes
- State Laws concerning Peddlers
- Motor Vehicle Laws
- Agricultural Quarantines
- State Laws concerning Dairy Products
- State Laws concerning Out-of-State Alcoholic Beverages and more especially concerning Wine, Beers, and Distilled Spirits.

V. 

Resolved, That the central secretariat of the Council of State Governments be requested to prepare and distribute to the commissions on interstate cooperation of the several states a study designed to determine whether it is feasible and desirable to use interstate compacts or agreements to facilitate and implement the states' action in the removal and prevention of interstate trade barriers, and whether federal consent to such compacts and agreements is necessary, and, if deemed advisable, to include in the report of this study drafts for such compacts and a draft for congressional consent thereto.

VI. 

Resolved, That this Conference on Interstate Trade Barriers of the Council of State Governments approves the action taken by the Congress of the United States in conducting a general investigation of all freight rates and urges its continued effort to arrive at an equitable freight rate basis for the entire United States.

VII. 

WHEREAS, A number of agencies of the governments of the several states and of the federal government have cooperated in the organization and preparation of the National Conference on Interstate Trade Barriers, and

WHEREAS, The success of this Conference is due in no small measure to the time and effort devoted by the personnel of these agencies in assisting the Council of State Governments, therefore be it

Resolved, That the National Conference on Interstate Trade Barriers does hereby express its sincere thanks to: The Federation of Tax Administrators, The National Association of State Agricultural Commissioners, Directors, and Secretaries, The Marketing Laws Survey of the Works Progress Administration, The Department of Agriculture, The Department of Commerce, and Mr. Frank Bané, Executive Director of the Council of State Governments.
CONFERENCES held under the sponsorship of Eastern Cooperation Commissions, with the assistance of the New York Office of the Council of State Governments.

CONSERVATION

Fishing officers, representatives of the cooperations commissions of seven eastern states and of the U.S. Bureau of Fisheries met at the Biltmore Hotel in New York City on September 10, 1937, for the purpose of discussing proposals for the conservation of fisheries. Assemblyman Harold C. Ostertag, Chairman of the New York Joint Legislative Committee on Interstate Cooperation, presided.

Two alternative methods in the use of compacts were considered. First, the possibility of setting up uniform conservation laws by compact and providing that no state party to the compact could repeal or modify its laws; second, the creation by compact of an interstate authority empowered to exercise regulatory jurisdiction over the marine fisheries.

It was agreed that the latter plan is the better, and that a single authority, composed of several panels representative of the various states interested in each species of marine fish, would be preferable to the establishment of a number of authorities with consequent duplication of effort. The points were brought out that the authority would have to be granted power to enforce, and that it should grant the states concurrent jurisdiction over the coastal waters for the purposes of enforcement of the compact. It was suggested that the Federal Bureau of Fisheries might profitably act as a cooperating enforcing agency, or that the federal government might be included as a party to the compact. The conferees agreed that the authority might best proceed by direct limitation of the catch rather than by restrictive regulation.

ADVISORY COMMITTEE ON UNIFORM TRAILER LEGISLATION

The Advisory Committee on Uniform Trailer Legislation met on September 11, 1937, at the Biltmore Hotel in New York City. Representatives were present from eight states, and Assemblyman Harold C. Ostertag, Chairman of the New York Joint Legislative Committee on Interstate Cooperation, presided. The following phases of the trailer problem were discussed:

1. Sanitation and the maintenance of public health.
2. Adjustment of state and local revenues to offset expenses incurred in protecting, regulating, and providing facilities for trailers.
3. Protection against crime; enforcing same provisions as apply to dwellings.
4. Amendments to Motor Vehicle Code in respect to the reporting of accidents, restrictions for trailers, registration, equipment, and interstate reciprocity.
5. Problems which need further research: speed limitations, safety equipment, health measures, schooling of children, and relief for destitute trailer transients.
6. Problems for individual determination by state or local communities.

Two general attitudes prevailed among the conferees: An agreement upon the necessity for uniform regulation of trailers by the states, and a unanimous opinion that any proposals which appear unnecessary or discriminatory, or to work a potential hardship on trailerists, manufacturers, or the general public, should be discouraged. No position was taken in respect to the form for the enactment of the committee's recommendation in each state. It was apparent that the proposals might, with equal effectiveness, take the form of laws or administrative orders, depending upon the tradition of the state, so long as their uniformity was not impaired.

HUDSON RIVER SHAD FISHERIES

The Subcommittee on Conservation of the New York Joint Legislative Committee on Interstate Cooperation, met jointly with the New Jersey Cooperation
Commission, the New York State Conservation Department, and the New Jersey State Board of Fish and Game Commissioners at the Biltmore Hotel in New York City on November 20, 1937, for an informal discussion of the status of Hudson River fisheries.

The conference agreed that the present open season from March 15 to June 15 is satisfactory, but that continuous fishing during that time should be prevented. The conference suggested a weekly closed season from sundown Friday until sunrise Monday, a proposal to which New York regulations already conformed. Representatives of New Jersey agreed to urge regulation of the placing of stake nets in the portion of the river controlled by that state in order to insure sufficient escapement for propagation. Attention was also given to the matter of collecting statistics in a form to make comparison possible.

The conference recognized the value of reciprocal legislation passed in New York during the preceding session, and urged that New Jersey early consider the passage of similar laws, in order that the laws of both states might go into effect.

**SECOND REGIONAL CONFERENCE ON UNIFORM BANKING PRACTICES**

The second regional conference on Uniform Banking Practices was held at the Biltmore Hotel in New York City on December 17, 1937. This conference was attended by state banking officials, representatives of the Federal Reserve Board, the American Bankers Association, state bankers' associations, the Federal Deposit Insurance Corporation, and legislators from five states.

The conference agreed that no compelling necessity exists for the extension of branch banking across state lines and that the entire problem of branch banking should be a matter regulated and controlled by the individual state within its own borders. The establishment of a reciprocal procedure between the national bank authorities and the state supervisors, wherein each system should have a voice in the determination of the advisability of the operation of new branches by banks belonging to either the state or federal system, was recommended.

The conference suggested that the problem of excessive competition between national and state banking systems be solved by cooperation between the state and federal authorities in the chartering of new institutions. The conference pointed out that a distinct mandate is inherent in the federal law requiring the chartering officials to refrain from entering into areas that are adequately served by local institutions.

The conference further recommended consideration of the suggestion that the Federal Deposit Insurance Corporation be authorized to take over the functions of insuring the shareholders in state institutions, and thus have the insurance agency separate and apart from the chartering agency.

The conference strongly recommended the establishment of minimum uniform standards throughout the country in regard to chartering requirements, adequate capitalization, and investment policy.

**REGIONAL HEARING ON UNIFORM MARRIAGE AND ADOPTION LAWS**

On December 17, 1937, a regional hearing on Uniform Marriage and Adoption Laws was held at the Biltmore Hotel, New York City, at the suggestion of the New York Joint Legislative Committee on Interstate Cooperation. Representatives were present from six states, from national organizations in the field of public health and social service, and from the federal government. Assemblyman Harold C. Osterfield presided.

The conference discussed the desirability of uniform marriage laws throughout the country, and the provisions which such laws should contain. It was agreed that the laws should provide for a premarital blood test for venereal disease for both husband and wife. The conference considered the value of a three-day waiting period between application for a license and marriage.

The conference also discussed marriage evasion laws, and agreed that evasion of the law may best be prevented by a requirement that out-of-state couples present a license from the home state of
the bride, together with adequate residence provisions in order to prevent out-of-state couples from claiming to be residents.

MEETING ON TRANSIENCY

The Subcommittee on Transient Relief and Social Security, of the New York Joint Legislative Committee on Interstate Cooperation held an informal meeting on transiency relief at the Biltmore Hotel, New York City, on December 18, 1937. Present were state officials, cooperation commissioners, and members of private agencies concerned with work in this field. Assemblyman Harold C. Ostertag of New York and Assemblyman Wheeler Milmoe of New York presided.

The conference particularly considered the changes which had taken place in the transiency problem since the meeting on that subject which was held at the Third General Assembly in Washington, D.C., in January, 1937. The situation was found to have become particularly acute in regard to the medical problem involved in the entry of diseased persons into communities unequipped to give them proper treatment. It was agreed that the transient, crossing and recrossing state boundaries as he does, creates a problem which can adequately be solved only with the cooperation of the federal government. Pending federal action, however, a program of state action was outlined by the conference. The point was brought out, however, that joint action must be taken by several states simultaneously, for the enactment, for instance, of settlement laws by one state alone would work a great hardship upon that state.

THIRD ANNUAL REGIONAL CONFERENCE ON HIGHWAY SAFETY

The third annual meeting of the Regional Highway Safety and Motor Vehicle Conference was held at the Biltmore Hotel in New York City on March 4, 1938. Representatives from eight states included legislators, motor vehicle and highway officials, and commissioners on interstate cooperation. From the national capital came spokesmen for the Interstate Commerce Commission, the Bureau of Public Roads, and the American Association of Motor Vehicle Administrators. Hon. Harold C. Ostertag presided. The day was devoted to a discussion of the following topics on the agenda:


10. "Safety Education," led by John J. Hall, Chairman, American Legion Department of New York Safety Program.

In regard to speeding, the conference agreed that a realistic enforcement policy demands limits high enough to be enforceable, with fifty miles per hour mentioned as reasonable. The speed limit for night driving on unlighted or improperly lighted highways should be substantially lower. An appropriate agency in each state should zone and plainly mark highways for speed, in accordance with the width and type of surface, traffic density, and "special" hazards. The conference urged that each state establish a state
traffic commission, similar to the New York Traffic Commission, with authority to see that road markers, warning signs, central stripes, etc., are of uniform design, size and color. More severe penalties, notably revocation of licenses, and uniformity of the upper speed limit in all the states represented were expressed as desirable corollaries. It was pointed out that several states now have unreasonably low limits, particularly for trucks, which hamper law enforcement by creating a wide zone of illegal tolerance.

It was recommended that the revocation of licenses be utilized as the most effective penalty for motor vehicle law violations. The conferees agreed that too severe penalties even for serious offenses defeat their own ends by making conviction difficult. Pennsylvania delegates reported that their state is placing chief reliance for accident reduction on a program of training drivers. During the last five years a majority of drivers have been instructed under this plan. Coupled with this practice is a program under which safety research is done by the state in each local area, the findings being applied directly to law enforcement by the police and judiciary in that area.

The delegates strongly urged a stricter regulation of the sale of used cars, from the standpoint of highway safety and criminal law enforcement.

The chairman was authorized to appoint continuing committees to present the legislative program to the states and to report back to the next Conference.

SECOND ANNUAL REGIONAL CONFERENCE ON LIQUOR CONTROL

The second annual Conference on Liquor Control was held at the Park Central Hotel in New York City on November 18, 1938. Representatives were present from seven states, including legislators, liquor administrators, officials of the Federal Alcohol Administration, and members of the industry.

The conference recommended that an interstate compact, couched in simple but broad language, might be used to discourage discriminatory legislation. A special committee was formed to draft such a compact for discussion at a later meeting. The conference again approved a uniform measure prohibiting the sale of warehouse receipts except under licenses issued by the state liquor administrator. In addition, the conference gave approval to the Federal Alcohol Administration’s advertising regulations with the suggestion that they be adopted in the states as minimum standards for intrastate advertising.

The adoption of a uniform extension of credit law in those states not now operating on a cash basis was urged, and the states were asked to prohibit their licensees from transporting or importing any intoxicating liquor or from delivering any such liquor for transportation or importation into any state for use therein in violation of the laws thereof. Various unfair trade practices were outlined and the states were urged to make them illegal.

The conference adopted the following resolutions:

Resolved, That this conference recommends a study of the interstate compact as a means of securing greater uniformity in methods and levels of taxation and as a way of preventing the raising of interstate barriers in the liquor field, and recommends such a study to the commissions on interstate cooperation in this region; be it further

Resolved, That a suggested draft of a compact on this subject be prepared for submission by mail to the state conferences and the committees and commissions on interstate cooperation for their consideration and suggestions.

Resolved, That in order to aid states in the enforcement of their laws, the statutes or the regulations issued under the statutes of each state should require licensees to respect the laws of adjoining states in order to prevent bootlegging into dry, monopoly, or license states. To this end, state laws and regulations controlling out-of-state shipments should prohibit any licensee from transporting or importing any intoxicating liquor or from delivering said liquor for the transportation or importation into any state for use therein in violation of the laws thereof.
Resolved, That it is the opinion of this conference that the state liquor authorities in each state, under their respective statutory authority, should promulgate reciprocal regulations with other states with regard to liquor control whenever possible; be it further

Resolved, That this conference deplores the present unfortunate tendency of states to raise discriminatory barriers against the products of other states, and that this conference deplores the enactment by states of laws discriminating against the products of other states in any way, shape, or form and urges that the legislators of all states give thorough study and consideration to any so-called "anti-discrimination" bills introduced into their legislatures.

EASTERN STATES CONSERVATION CONFERENCE

The Eastern States Conservation Conference met at the Park Central Hotel in New York City on November 19, 1938. Delegates from eleven states were present, as well as representatives of the federal government and the Council of State Governments. Hon. Harold C. Ostertag, Chairman of the New York Cooperation Committee, and Mr. H. J. Burlington, Executive Secretary of the New Jersey Board of Fish and Game Commissioners, presided. The conference gave especial consideration to the subject of marine fisheries, and the most vital points of the problem of their conservation were pointed out by representatives of the United States Bureau of Fisheries. Each state delegate expressed the point of view of his state regarding the problem.

During the afternoon session Mr. Elmer F. Higgins, Chief of the Division of Scientific Inquiry of the U. S. Bureau of Fisheries, addressed the meeting on the subject, "The Available Methods for Conservation of the Marine Fisheries." Mr. Higgins urged that the states work toward cooperation with the federal government, since federal regulation would in any event be necessary for control beyond the three-mile limit. He expressed the belief that a strong demand on the part of the states for parallel regulation of offshore fisheries would bring about federal legislation to supplement and reenforce the system of management designed by the states. He suggested that the conference devote its attention to devising a compact to meet the immediate needs, and to seeking its adoption on a large scale.

The following resolutions were adopted by the conference:

Resolved, That this conference urge the immediate passage by Congress of legislation giving consent in advance for a compact amongst the states on the Atlantic Seaboard for the preservation of the marine fisheries and that the conferences each in their several states urge the members of their state's delegation to Congress to support such legislation.

Resolved, That this conference endorse in principle the methods of procedure envisaged in the Plan of Action as presented to this conference; be it further

Resolved, That the drafts of the proposed compact and the supplementary federal legislation be further studied by a committee of three--appointed by the chairman with a view to perfecting the compact for enactment by the states and by Congress, and that the resultant drafts be submitted to each of the conferences and the commissions and committees on interstate cooperation by mail for consideration and suggestion, and if necessary be presented for final consideration at another meeting of this conference.

Resolved, That this conference urge the Atlantic Seaboard States to adopt for the regulation of their shad fisheries the regulations of New York State in the Hudson River, including: (1) protection of the spawning areas; (2) an escapement period of two full days a week; be it further

Resolved, That we request that the conferences seek the enactment of such regulations in their own states.

Resolved, That this conference urge upon Congress the enactment of legislation prohibiting the shipment in interstate commerce from any state of fish caught in violation of the laws thereof.

The chairman appointed Dr. William C. Adams, Director of Fish and Game of the New York Conservation Department,
Mr. Robert F. Duer, Chairman of the Maryland Conservation Commission, and Judge Richard Harshbarger of New Jersey to serve on the committee mentioned in the second resolution adopted by the conference.

THIRD REGIONAL CONFERENCE ON UNIFORM BANKING PRACTICES

The third regional Conference on Uniform Banking and Securities Practices was held at the Roosevelt Hotel in New York City on December 10, 1938. Representatives of five states, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, the Federal Reserve Bank of New York, the American Bankers Association, and state bankers associations, were present.

The states were urged to adopt a uniform call report in order to simplify bank reports, to limit the requirement for insurance of bank deposits and trust funds to the extent that such funds are insured under the Federal Deposit Insurance Corporation, to provide legislation for certain minimum capital requirements for bank chartering, and to enact the bills on stock transfer, fiduciaries, and trust receipts proposed by the Conference of Commissioners on Uniform State Laws. A bill to require insurance on the fidelity of employees of banks and other financial institutions was presented and referred to a special committee for revision.

In the field of securities regulation, the principal action by the conference was the suggestion that a special committee be appointed to study the two principal types of securities laws, the fraud and registration types, with a view to combining the best provisions of each into a single law that might be acceptable to the states, since each type of law has its weaknesses which would be remedied by adding certain benefits inherent in the other.

It was also recommended as desirable that the states bring their security registration forms as far as possible into conformity with the federal forms. Concern was expressed over the general lack of regulation of thrift fund plans, long-time investment trusts, or other security purchase plans, and the conferees were urged to give the matter their attention.

FOURTH ANNUAL CONFERENCE ON HIGHWAY SAFETY

The fourth annual Conference on Highway Safety was held at the Roosevelt Hotel in New York City, February 24 and 25, 1939. Eight northeastern states were represented by legislators, state police, motor vehicle commissioners, and state highway department engineers. Representatives of the Interstate Commerce Commission, the U. S. Bureau of Public Roads, and school and civic agencies also attended.

The conference agreed that attitudes and habits of the driver form important elements in the safe operation of a motor vehicle. In spite of the difficulties of enforcing pedestrian laws, it was the consensus of the conference that reasonable enforcement was necessary to save the pedestrian from his own folly.

The conference took the following action:

1. Recommended the reexamination of motor vehicle drivers wherever accident frequency or severity indicates the necessity.

2. Recommended that an objective test of knowledge and operating ability should be the basis for licensing drivers.

3. Urged that medical authorities should determine a standard medical examination for persons charged with intoxication or driving while intoxicated in order that such a test might be available to motor vehicle officials.

4. Urged the enactment and enforcement of state hours-of-service laws for commercial drivers, and the use of a standard driver's log to aid enforcement.

5. Recommended that speed limits should be absolute; lower limits should be set for night driving and scientific speed zoning by a competent state agency should be encouraged.

6. Recommended that a program of pedestrian accident prevention should be developed.

7. Advised that bicycles should observe the same rules of the road as motor vehicles.

8. Urged that all vending should be
prohibited within the right-of-way of state highways.

9. Recommended that highway lighting should be installed wherever it is justified by night accident records, and that study should be given to the development of roadside reflectors.

10. Urged that a system of compulsory periodic motor vehicle inspection is essential to progressive motor vehicle administration.

11. Approved the American Association of Motor Vehicle Administrators' cooperative efforts with the Automobile Manufacturers' Association to secure more uniform equipment standards.

12. Suggested that rear bumpers of a uniform height should be placed on all motor vehicles, as a safety measure.

13. Agreed that uniformity is desirable in the use of marker lights on buses and trucks.

14. Requested that the Interstate Commission on Crime extend the uniform act on fresh pursuit to include misdemeanors or jail offenses.

15. Urged states to practice reciprocal reporting of serious motor vehicle violations.

16. Suggested that motor vehicle departments maintain twenty-four-hour information service for their law enforcement agencies.

17. Recommended that highway safety education should be compulsory in elementary schools.

NEW ENGLAND REGIONAL MEETINGS

FIRST CONFERENCE

At the instance of Governor Leverett Saltonstall of Massachusetts, invitations were sent to tax administrators, commissions on interstate cooperation and other officials of the New England states to attend a conference on tax problems at the Hotel Statler, Boston, on Friday, February 3, 1939. On the date of the meeting, nearly forty persons, representing all the six states, the Council of State Governments, and the New England Council, assembled for the proposed conference. Governor Saltonstall came to the luncheon at noon and made a brief address to the delegates:

By general consent, Hon. Henry F. Long, Commissioner of the Massachusetts Department of Corporations and Taxation, presided throughout the meeting. He explained that the object of initiating this discussion of taxation problems was to develop possibilities of more uniformity in taxation among the six New England states, and to determine whether present taxation policies or practices of any of the states are disadvantageous to the others. He distributed a tabulation compiled from reports by the tax administrators of the six states to show the sources of revenue in each state and the sums derived from each source. Several topics suggested by this tabulation were discussed in detail.

The conference was generally agreed that economy in public expenditures, both state and local, is urgently needed, but efforts toward curtailment are always opposed by influential pressure groups. The heavy burden of debt service and of welfare requirements must be sustained in some manner, and these have been the principal causes of increases in public expenditures since 1930. Returns from certain classes of taxes have diminished in recent years. The only way of meeting requirements for public expenditures is by taxation. The consensus was that the tax burden on real estate is excessive throughout New England, except possibly in Vermont, and that some method of lightening this burden must be found and applied. A discussion of legal limitation on tax rates led to a majority conclusion that such limitations are not a remedy, and that they produce some undesirable results. Homestead exemption was considered not to be an active issue in New England.

In regard to the taxation of tangible personal property,\(^1\) it was agreed that a

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\(^1\) For discussion of this problem in the midwestern states, see pp. 268-69.
uniform taxing or assessment day would eliminate the most serious existing difficulties. The assessments dates in the several states are now as follows: Maine, New Hampshire, Vermont—April 1; Massachusetts—January 1; Rhode Island—June 15; Connecticut—October 1. After discussion, the conference voted to favor a uniform taxing date, and that the states should work toward January 1 as the most desirable date. Regarding taxation of seasonal stocks of goods (summer stores, etc.) the conclusion was that these could be reached under itinerant vendor laws, or under existing tax statutes. On the question whether year-round businesses should be assessed as of a single date, when stocks can readily be much reduced, or on an annual average value, the conference favored assessment on an average basis, but limited in application to actual manufacturers, merchants and traders, and to merchandise, stock in trade, materials in process and finished products on hand.

Concerning the taxation of intangibles, it appeared that the laws of the several states differed considerably, that only Vermont and Massachusetts now have an income tax, and that no approach to uniformity would be practicable at this time. This matter was therefore left to the several states to determine.

In the afternoon, the tax programs of the six states were explained as far as they were known to the delegates present. Some cities and towns were reported to be in financial distress in all the six states, with the prospect that certain of these would fall under state control this year. Some new tax legislation, particularly to impose a tax on cigarettes, and possibly on cigars and package tobacco, seemed likely in Maine, New Hampshire, Massachusetts, and Rhode Island. Vermont might not impose new taxes, but might reduce-exemptions in existing tax statutes. In Rhode Island, the rates of certain existing taxes might be increased, especially those imposed on corporations and on public utilities. In Massachusetts, new forms of taxation were reported necessary to relieve the excessive burden on real estate, and to check the taking of capital through seizures of real estate for nonpayment of taxes. Several new forms of taxation had been recommended by the governor in his budget. In Maine the administration is pledged against new taxes, but some may be required if the budget is to be balanced.

It was agreed that all the states could increase their tax rates on gasoline and possibly on liquor. It was the sense of the meeting that the rate of taxation on gasoline and the prices of liquors should be uniform throughout New England. It was also agreed that the rate of taxation on gasoline should be not less than 4 cents per gallon, and that a cigarette tax is advisable for all the states. Information was given about methods of applying state control to bankrupt cities and towns.

A discussion of sales taxes did not reach any conclusion. Regarding proposals for federal taxation of state and municipal bonds and other obligations, it was unanimously agreed that the conference was opposed to such taxation, and provision was made for communicating the sentiment of the meeting to the Secretary of the Council for State Defense at Washington. Before adjournment, it was agreed that a second conference should be held for the particular purpose of discussing sales taxes.

SECOND CONFERENCE

In accordance with the agreement at the close of the first conference, a second conference was called to meet at the Hotel Statler on Friday, March 10, 1939. About twenty-five delegates were present, representing all the New England states except Vermont. It was agreed that while the sales tax is not popular, the opposition to it comes largely from retailers. Most of those present considered that the states might be driven to impose sales taxes, on account of the inadequacy of receipts from other forms of taxation, but it was the general opinion that proceeds of the sales tax should be devoted to specific purposes to reduce the present burden of other taxes, particularly those bearing on real property. The conference brought out much information about the tax and revenue situations in the six
states, and resulted in the adoption of the following resolutions:

WHEREAS, It appears that each of the New England states is confronted with the problem of obtaining revenue; and

WHEREAS, There is pressing need that taxes now imposed on certain property should be reduced in amount; and

WHEREAS, As a means of relieving the burden now imposed by certain forms of revenue production, a retail sales tax appears worthy of consideration; and

WHEREAS, Owing to the limited area of the several states, avoidance of such a tax and difficulties of administration may be averted through common action by all the six states, be it

Resolved, That it is the sense of this conference,

a. That the governor of each of the New England states consider recommending to the legislative body of his state the adoption of a sales tax uniform in character, to be used in such manner or for such purposes as will cause a reduction in taxes on real property;

b. That failing the adoption of such a tax in all of said states, provision be made, as far as possible, through legislative enactment and executive action in states not enacting such a tax law, to cooperate with states adopting a sales tax, with a view to preventing evasive practices and promoting successful administration.

Since the conference, steps have been taken to communicate these resolutions to the governors of all the six states.
THE NEW ENGLAND COUNCIL

The New England Council was organized thirteen years ago, through the medium of a joint committee of businessmen appointed by the six New England governors. The primary purpose of the Governors' Committee was to give New England an organization through which interstate cooperation with respect to economic problems common to the whole area could be encouraged and effected. The organization thus created has no official status; it is wholly financed by business interests, but it operates in close association with agencies of governments, and has enjoyed the continuing cooperation of the governors who succeeded those in office in November, 1925. In fact, the governors themselves are now formally organized in the New England Governors' Conference, of which Governor Saltonstall is Chairman and Governor Murphy the Secretary. It enjoys, in gratifying degree, the confidence and goodwill of the general public, and has kept itself so free from political or other entanglements that it can invite and receive the cooperation of practically any element in the community.

For quick comprehension of the nature of the Council and its present purposes, a recent statement by its President, Mr. C. F. Weed, of Boston, is helpful. Mr. Weed said:

"The New England Council is the cement which binds the New England states together for the common good of the whole section. It stimulates and implements the cooperative actions of the six New England governors. It concerns itself only with such matters as are New England-wide in scope, timely in importance and general in application.

Its current objectives, among others, are:

1. Economy and increased efficiency in government—federal, state, and local—that the cost may be kept within the economic capacity to pay.
2. Promotion of sound industrial expansion through cooperation of capital, labor, and government, and intensive research for new processes and products.
3. Adequate and proper flood control for the protection of farms, homes, and factories in threatened areas.
4. Support of the governors' opposition to proposed-Congressional readjustment of freight rates for the benefit of the South to the detriment of New England;
5. Stimulation and coordination of efforts to attract visitors to New England, to offset the loss of vacation dollars which New Englanders this year will spend at the New York World's Fair.
6. Simplification and uniformity of state laws and regulations to facilitate freer flow of commerce throughout the area.
7. Coordination of state highway programs to provide a regional system of through motorways.
8. Timber salvage and reduction of the fire hazard aftermath of the hurricane.

To answer the question: Why a New England Council? one must look at New England itself for a moment. With respect to continuous development, it is the oldest area in the United States. It is also one of the most densely populated and highly industrialized areas in this country. With but 2 per cent of the land area of continental United-States, it has on the other hand 6.7 per cent of the population. The per capita wealth and income figures for New England are consistently higher than the national averages. Finally, New England, with but one-fiftieth of the national area, has one-sixth of the total number of states—six out of forty-eight. In other words, the region which the rest of the country has come to regard
as a single area is divided politically into six separate and more or less sovereign states.

The existence of these political boundaries has tended to compartmentalize both thought and action within New England, and to blind its people to the logic of their position. As was observed by one of the founders of the Council, "The New England states themselves alone failed to recognize their unique advantage. In an age of coordination and combination, they continued to function independently in all material activities."

The creation of the Council was the successful—but not the first—effort to provide the people of New England with the means for working together in terms of the whole region.

The Council's efforts to promote the development of New England's recreational industry is undoubtedly its most conspicuous but not most important activity. It began in 1932 the financing of national advertising campaigns presenting the advantages of New England as a vacation area. Later on, the New England governors expanded these annual advertising campaigns by entrusting to the Council the direction of the expenditure of a fund of $100,000 a year, provided jointly by the six states. The Council contributed the use of its facilities and personnel for this operation in behalf of the six states. Unfortunately, rotation in office brought the breakdown of their practical and common-sense arrangement, and how soon it will be renewed is uncertain.

Each of the New England states now makes appropriations for advertising its vacation attractions (a policy which the Council advocated for ten years), but studies of New England's summer business have shown repeatedly that the average visitor to New England does not tie himself to any one state, but spends some time—and money—in three or more states.

The New England Council is often said to be largely responsible for the fact that today some twenty-six states outside New England are spending public funds to attract vacationists. Whether or not this is so, certainly the action of Washington, Oregon, and British Columbia this year in jointly advertising the Pacific North-west is directly traceable to the pioneer efforts in New England, 3,000 miles to the east. In any event, the rush of the states into advertising campaigns is a significant new development in the field of government activity, and sooner or later must receive the careful study and evaluation that it deserves.

Turning now to a very different field, the Council this year published and distributed the first comprehensive digest of the laws of the six states affecting the establishment and conduct of manufacturing enterprises. The digest was prepared by the Massachusetts Commission on Interstate Cooperation.

Similarly, the Council recently published a compilation of all the tax laws, other than federal, in effect in the six New England States, together with the amount of the yield of each, and the percentage of its yield to total revenues in each state and all New England. Council representatives participated in the two winter conferences of New England state tax officials and members of state commissions on interstate cooperation, at which this and related material was considered. At the moment, the Council is urging that in each state provision be made for the gathering of uniform comparable data on the migration, liquidation, and inauguration of industrial enterprises.

Another current project is the promotion of interstate cooperation in the development of a regional highway system in New England. A definite plan to this end has been prepared by the New England Regional Planning Commission. Its chief features are a so-called "coastal throughway," in effect an extension of the new Merritt Parkway, in southwestern Connecticut, to Penobscot Bay on the coast of Maine, and a system of interstate "tourways" for the visitor who wishes to enjoy the charm and beauty of New England scenery.

The Council's Committee on Agriculture and Forestry recently submitted to the governors a program for further action in all states with respect to the enormous and unprecedented fire hazard confronting New England this spring as a result of the September hurricane. This program was developed through confer-
ences with state and federal experts and forest owners, and many of its recommendations are now being put into effect.

The Council is serving as an agency to enlist complete public understanding and support for the six governors in their opposition to the proposed readjustment of Southern railroad rates, now being sought both in proceedings before the Interstate Commerce Commission and in rate-making bills pending in Congress. These measures are regarded as threatening the competitive position of industry throughout the North, and are opposed as vigorously in New York and the Middle West as in New England.

One of the great interstate issues confronting New England is that of flood control on the Merrimack and Connecticut Rivers. The industrial areas of Massachusetts and Connecticut cannot have protection from disastrous floods unless the waters are held back in New Hampshire and Vermont. The Council encouraged and supported the original New England flood-control compacts, as approved by the United States Secretary of War, but with the injection of the issues of federal control of the lands and waters involved in the proposed reservoirs, the situation has assumed new and complicated aspects.

The Council has a very loose type of organization. Its parent body, the annual New England Conference, consists of representatives of agricultural, commercial, and industrial associations, and businessmen participating in financial support of the Council. Each state delegation at this two-day meeting elects directors of its State Council, the State Councils together forming the New England Council. The six governors participate in the proceedings of the New England Conference, each one addressing first its opening general session, and then meeting later with the delegation from his own state.

In addition to this annual meeting in November, the Council meets in March, June, and September. These quarterly meetings are rotated among the states with the governor of the state in which the meeting is held usually in attendance. These quarterly meetings serve as sounding boards, by means of which the Council directs the attention of the New England community to one or another aspect of its own work, or to some current New England problem or need. The Council has a small paid staff of specialists, and does its work through committees. Sometimes these committees consist of Council directors, each state being equally represented, but many Council committees are special groups brought together from outside the organization. In its general operations and its recreational advertising activities the Council spends well over $100,000 a year.

THE SOUTHEASTERN GOVERNORS' CONFERENCE

Organized originally for the purpose of attacking the problem of a freight rate structure discriminating against the section, the Southeastern Governors' Conference is composed of the governors of Georgia, North Carolina, South Carolina, Alabama, Florida, Arkansas, Tennessee, Mississippi and Louisiana. Through the efforts and leadership of L. W. (Chip) Robert, Jr., Executive Director of the Conference, formerly Assistant Secretary of the Treasury, and at present Secretary of the National Democratic Committee, the Conference has broadened its base of operations to include a program for the general industrial and economic welfare of the nine states making up the group.

At the second annual meeting, held March 21, 1939 at Atlanta, Georgia, the states of Texas and Oklahoma were invited to become a part of the group, and have accepted the invitation. It is the pur-
pose of the Conference to change the name of the group to the Southern Governors' Conference.

The Conference program is the outgrowth of the realization that the mutual interest of a group of states located in the same area, with the same advantages of unlimited natural resources, proximity to consuming centers, and availability of efficient labor, calls for a joint effort toward industrial expansion. The New England states, for example, have long engaged in concerted action to the same ends. A collective program produces far more results than does each of several states in an area working at cross purposes.

Right now the southeastern governors have two major undertakings which form an important service to the states involved. First: An action has been initiated before the Interstate Commerce Commission looking to the elimination of long-standing rail freight rate differentials, which will permit the free movement of goods from one rate zone to another. Our shippers have long complained that the preference given some competing manufacturers in other sections has proved a serious handicap in the proper development of industries. Second: An advertising program has been launched. In October, 1937, the Executive Director of the Conference, in behalf of the governors, undertook a nationwide advertising program designed to encourage industrial development. Under the caption "We, the Governors," advertisements carried the signed photographs of each of the nine Governors of the Conference, giving voice to the following declaration of policy:

With a view to aiding industrial expansion of our section and the stabilization of employment, the Governors of the southeastern states, set forth the following objectives:

1. Proper freight-rate differentials as affect the Southeast.
2. Equitable taxation policies.
3. Friendly labor attitude between employer and employees.
4. Cooperation with federal government on proper major policies affecting industrial development.

It will be our aim by working together on these objectives to maintain conditions favorable to sound industrial development so that the Southeast will reap the full benefits of the ever-increasing trend toward industrial decentralization.

The display then lists the following "outstanding advantages" which the southeastern states offer the manufacturers:

- Unlimited supply of raw materials
- Ample power at low rates
- Excellent transportation facilities to growing markets
- Native-born labor—efficient and reasonable
- Unexcelled year-round moderate climate which makes possible:
  - Lower living costs for better standards of living
  - Lower production costs
  - Lower construction costs
  - Lower capital investment

Another advertisement stated the purposes of the Conference as follows:

The alarmed attitude of other sections of the country toward the purposes of the Southeastern Governors' Conference, as reported by the press, is indeed surprising. The Southeast feels that it has a natural right to call to the attention of American industry the many advantages this section offers. Forcefully and truthfully—with malice toward none—the natural advantages offered by the Southeast will be placed before the nation in this and subsequent advertisements. The statements made are simple truths and will stand four-square in the light of any inquiry which seeks unbiased facts. The Southeast wants no one to seek locations in her midst expecting cheap and low-paid labor or long hours of work. Sweat shop operators are, and will be, unwelcome. We have stated that the year-round moderate climate of this section makes possible lower living costs for better standards of living; less for rent, less for fuel, and less for food and clothing for a family. The Southeast knows no long months of unrelenting cold, heavy snow, sleet and ice. This insures lower capital investments, lower construction costs, lower production costs. Analyze the above economies, and you will readily understand why workers in this region enjoy better standards of living at lower living costs.

The second annual meeting of the Conference was held in Atlanta March 21, 1939. On March 23 the following editorial, pertinent to the work of the Conference, appeared in the Atlanta Constitution. It expresses concisely the plans and purposes of the Conference, and points toward the future fulfillment of its aims.
FOR NATIONAL GOOD

The meeting in Atlanta of the Southeastern Governors' Conference has served to emphasize, once again, that the things for which this group is striving are things which, while based upon sectional problems, are nevertheless in the forefront of reforms which must be made if the nation as a whole is to realize that prosperity which is the national goal.

That the discriminatory railroad freight rates, against the South and West, have been detrimental to the economy of the country as a whole cannot be denied by anyone with any degree of observation ability. These rates have penalized the South ever since the War Between the States but they have, far worse, restricted the market for goods produced and manufactured anywhere in the nation. For, they have contributed heavily to that low income average in the South which has made this section a poor market for any goods, regardless of where produced.

No nation can prosper as it should, in any part, while there is any section handicapped and penalized by the shortsighted greed of other sections. A body is only as healthy as its weakest part, whether it be an economic body or a physical one.

There is strong hope, now, that the rate injustice will be removed. Commissioner Lee of the Interstate Commerce Commission, who conducted hearings on the governors' case for reduction of specific commodities, gave tremendous support to the entire contention in his report favoring adjustment of these particular rates. It remains, of course, for the ICC as a body to concur in that report.

Continuance of the emphasis placed upon this issue cannot fail to bring such overwhelming popular demand for its rectification that it will be no longer possible to refuse. Mrs. Roosevelt is the latest to draw attention to the injustice, following her husband, the President, who referred to it in his message transmitting the All-dredge TVA report to Congress. Mrs. Roosevelt in her column recently said that the one complaint she heard on a recent trip through Texas was on the freight rate differentials and, while admitting she knows little of the intricacies of the problem, nevertheless feels that "this theme song has been sung for a long time and the rest of the country should wake up to the fact that one of their sister states feels a real sense of grievance. That isn't healthy and should not be allowed to continue."

Other evils which the southeastern governors seek to rectify are all concerned with conditions which injure the welfare of the entire nation by creating enmity between states or imposing unfair economic handicaps upon specific regions.

For instance, in resolutions adopted here on Tuesday, the growing tendency to set up camouflaged tariff walls between the states was condemned as a hindrance to interstate commerce, as a discouragement to tourist travel, and as a handicap to that friendliness which should exist between neighbor states.

Likewise special notice was taken of the prohibitive tax levied by Wisconsin against oleomargarine, which is largely made of cottonseed oil, a southern product. The wrongs done by this tax have been too frequently listed to require reiteration here.

In conclusion, there was irrefutable logic in the appeal of the governors for the support of organized labor in the freight rate fight. For, as they stated, if the discriminatory differentials are not eliminated, there is a very serious threat to the efforts for uniformity in wage rates and hours of work, sought under the wages and hours law.

If other sections of the country, particularly the industrial east and New England, could only be induced to gain the long vision and to consider the good of the nation instead of their own immediate interests, all, including themselves, would eventually benefit immeasurably by the adoption of those reforms sought by the Southeastern Governors' Conference.