Legislative History for Connecticut Act

SB 444 PA 127 1953

Fin 94 (1)

Sen: 635-636, 659-688 (32)

Hse: 0

(33)

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate and House of Representatives Proceedings

Connecticut State Library
Compiled 2015

JOINT
STANDING
COMMITTEE
HEARINGS

FINANCE

VOL. I

Pages 1 - 249

FINANCE

FRIDAY FEBRUARY 27, 1953

MEMBERS PRESENT: SENATORS: Lemaire, Tedesco, Desrosiers
REPRESENTATIVES: King, O'Connor, Brevillier, Kissam, Cowles, Rylander, Walker, Donaldson, O'Donnell, Lee, Marsilius.

Senator Louis A. Lemaire, Jr. presiding.

S.B. NO. 444 (Sen. Lemaire) AN ACT CONCERNING THE APPOINTMENT OF AN INVESTMENT OFFICER.

George Conkling, Deputy Commissioner, Finance and Control: I am here to put through a substitute amendment--to put through an amendment on this. (Substitute handed to Clerk Isabel Rylander).

S.B. NO. 647 (Jewett) AN ACT CONCERNING THE METHOD OF PROCEDURE TO BE FOLLOWED BY THE STATE AND LOCAL TAXING UNITS FOR LETTING CONTRACTS FOR MAKING PERMANENT IMPROVEMENTS IN THOSE INSTANCES WHERE THE COST THEREOF IS ESTIMATED TO EXCEED FIFTEEN THOUSAND DOLLARS.

J. F. Hannon, Public Works Department: My purpose in opposing this bill is as one of the agencies most directly concerned with the administering of the program this legislation affects. We know it would mean additional cost of $45,000 a year--a deficiency of funds in building and costs of administration. The bill in its present form will present many problems. There are many conceivable situations the bill does not cover, all of which would cause delay in our program.

Sen. Lemaire 26th. Dist.: I have been informed the proponents of the bill have requested another hearing be held. We believe the passage of the bill would delay, rather than speed up the problems. 5/20/

S.B. NO. 767 (Minetto) AN ACT CONCERNING INVESTMENTS BY THE STATE TREASURER.

Hearing closed.

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CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1953

VOL. 5
PART 2
434-844

THE CLERK: Cal. No. 355. Senate Bill No. 473. An Act concerning Fairfield County Law Library. Favorable report of the Committee on Judiciary. File No. 293.

Upon motion of Senator Saden of the 22nd District for acceptance of the favorable report and passage of the bill, the bill was passed)

SENATOR SADEN: Before I speak on this bill, may I make an announcement. The Labor Committee hearing schedule for this room will be held in Room 419. If you will go there now, the committee will start its hearing.

SENATOR SADEN: This bill provides for the increase of money for maintenance of the law library at Bridgeport in the amount of $3,500, for Danbury $400. and for Stamford $500.

THE CLERK: Cal. No. 356. Substitute for Senate Bill No. 288. An Act concerning reports of Boards of Finance. Favorable report of the Committee on Finance. File No. 296.

(Upon motion of Senator Lemaire of the 26th District for acceptance of the favorable report and passage of the bill, the bill was passed)

SENATOR LEMAIRE: This bill allows towns of less than 5,000 population to provide, by ordinance, for the printing of annual budget reports instead of newspaper advertising.

THE CLERK: Cal. No. 357. Substitute for Senate Bill No. 444. An Act concerning appointment of an Investment Officer. Favorable report of the Committee on Finance. File No. 295.

(Upon motion of Senator Lemaire of the 26th District for ~~acceptance of the favorable report and passage of the bill,~~

passing of the bill, retaining its place on the Calendar, such action was taken)

THE CLERK: Cal. No. 358. Senate Bill No. 478. An Act concerning procedure in actions for accounting. Favorable report of the Committee on Judiciary. File No. 292.

Upon motion of Senator Jewett of the 20th District for acceptance of the favorable report and passage of the bill, the bill was passed)

SENATOR JEWETT: Mr. President, this allows the court in an action for accounting to accept the fees and expenses of the auditor. I think it is a good bill.

THE CLERK: Cal. No. 359. Senate Bill No. 20. An Act concerning appeals from Probate. Favorable report of the Committee on Judiciary. File No. 291.

(Upon motion of Senator Ryan of the 31st for acceptance of the favorable report and pasaage of the bill, the bill was passed.)

SENATOR RYAN: Section 7072 of the General Statutes now limits the time within which appeals may be taken and as,presently written, the statute is confusing. If one wishes to question a bill on the 31st day of December, he would have normally 3 more days.

THE CLERK: Cal. No. 360. Senate Bill No. 510. An Act concerning survival of action and causes of action. Favorable report of the Committee on Judiciary. File No. 309.

(Upon motion of Senator Hall of the 5th District for acceptance of the favorable erport and passage of the bill, the bill was passed)

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Calendar No. 331, Senate Bill No. 199, "An Act concerning the Right of the City of Waterbury to Issue Parking Lot Bonds." Favorable report of the Committee on Finance. File No. 336.
(On motion of Senator Lemaire of the Twenty-Sixth District, the Committee's report was accepted and the bill was passed.)

SENATOR POLLARD OF THE FIFTEENTH DISTRICT:

Mr. President, this bill authorizes the City of Waterbury to issue bonds for parking lot purposes. It is a good bill and I hope it passes.

THE CLERK:

Calendar No. 332, Substitute for Senate Bill.No. 200, "An Act Cancelling the Authority of the City of Waterbury to Issue Airport Bonds." Favorable report of the Committee on Finance. File No. 335.
(On motion of Senator Lemaire of the Twenty-Sixth District, the Committee's report was accepted and the bill was passed.)

SENATOR LEMAIRE OF THE TWENTY SIXTH DISTRICT:

Mr. President, this bill cancels airport bonds I think in the amount of $700,000 now outstanding, and therefore would increase the City's borrowing capacity and the airport is no longer considered necessary.

THE CLERK:

Calendar No. 357, Substitute for Senate Bill No. 444, "An Act concerning Appointment of an Investment Officer." Favorable report of the Committee on Finance. File No. 295.
(On motion of Senator Lemaire of the Twenty-Sixth District, and after considerable discussion, the report of the Committee was

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accepted and the bill was passed.)

SENATOR LEMAIRE OF THE TWENTY SIXTH DISTRICT:

Mr. President, and gentlemen of the Circle, this bill allows the Treasurer to appoint a deputy for the purpose of assisting him to act as an investment officer. The deputy would be bonded in the amount of One Hundred Fifty Thousand Dollars, and he would be there to oversee the investment portfolios. In the past six years the investment of various endowment funds have increased from 1947 of a sum of Thirty Seven Million Dollars to June of 1952 of over Seventy Seven Million Dollars, and they are now over Eighty Million Dollars. The income from these trust funds has increased in that period from Nine Hundred Sixty Eight Thousand Dollars to over Two Million Dollars. At the present time the State is earning about three per cent on its portfolio of investments. We have an excellent record, but the funds are getting so low and so much time is needed to watch these funds and invest them constantly as they come in that it is deemed advisable that one man spent most of his time in doing that. We are also faced in the Treasurer's office of having some Two Hundred odd Million Dollars in notes which constantly must be turned over, and the Treasurer has frankly said, "I need someone in the office to handle this job and help me with it." Such a man would earn his additional stipend he will cost the State by constantly watching the portfolios, investing the money as soon as it becomes available, because when you handle large sums of money you frequently earn for the State and for the funds as much as $500 a day in interest. That isn't peanuts or hay in anybody's language. So

that the expense involved of such an individual would be repaid many times because it is hoped and expected that instead of earning three percent slightly more than that amount would be earned by the Treasurer in that day. The States that have large portfolios have individuals who either handle the funds directly or have bond counsel or investment counsel, and that latter is more expensive by far. If we weren't in such big business in the finance of the State of Connecticut this wouldn't be necessary, but we are today a big bonding proposition, and we probably will have more bonds. Therefore it is a good bill and I urge the passage of this legislation.

SENATOR TEDESCO OF THE TWENTY THIRD DISTRICT:

I arise to oppose this bill. Although there may be some need for it I think this is the wrong time to ask for it. The Governor, throughout his budget message, in his many talks to the public over the television, radio and various other places, has always stressed economy in Government, has told the public we must save money, that he's cut all the expenses down to the bone. However, day by day, in this Circle and downstairs, we are forever creating new jobs, increasing the salaries of various jobs, adding new judges, five new judges in the Superior Court, I am told, two in the Court of Common Pleas. Of course this is in line with the precedent set by the Governor himself when he took office here a little over two years ago, where the prior government had one administrative assistant. He replaced him with two, each of whom now earn $13,200. At the present time there is a vacancy. I understand sooner or later that vacancy will be

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filled. That feeling has gone down in the lower offices of the State government, and the Treasurer now needs an assistant to help him. He already has a deputy but he needs a person to invest the money of the State. I was chairman of the Finance Committee two years ago, Inever heard of this problem, and I don't think the money coming into the State has increased to the point where we need an additional man to take over the job. I have been told it will pay from $10,000 to $12,000. Incidentally, there is no pay mentioned, but I've been told it will be somewhere around that. Our budget, as we all know, is the highest we have ever had. I don't think, I may be mistaken, that an increase in the Treasurer's office has been accounted for in the budget. That means that the Appropriations Committee and the Finance Committee must raise additional money for this job. As far as investment money, those of us who have been on the Finance Committee, who are in the business world, who have handled money in the way of bonds or notes know we can get advice very easily. Only last week we called two gentlemen in before the Finance Committee and they spent an entire morning advising us on all types of investment, of financial help, and they are sending no bill. They are very happy to do business with us and to sell our bonds at the present time. Incidentally, we have the highest rate any State can get in the country, a triple a rating. We can ask people from the outside world to come in here and give us help with our investments. Now it seems to me if you are going to talk about economy you ought to practice it. With the highest budget we are now faced with additional jobs. I'm getting sick

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and tired of Governor Lodge saying he's been practicing economy the past two years. I haven't seen very much economy. I looked over a report the other day and I think over the million dollars that have been spent a sum of two hundred thousand dollars has been saved. Out of a budget of Four Hundred Million Dollars, Two Hundred Thousand Dollars is an insignificant amount. These are the place we start to save money, in the Governor's office, by not filling Colonel Watts' job, not filling Mr. House's job when he becomes judge of the Superior Court, but cutting down on your welfare costs, and by cutting down on the printing bill that the Governor mentioned a few days ago, which has been mentioned many times but noone paid any attention to. It seems to me to cut down on tens of thousands we can add up savings to millions. I think this is another grab for a job. Possibly the man has already been named for the job, I don't know, but I think at the present time we should wait and let's not place additional burdens upon the taxpayers of the State of Connecticut.

SENATOR LOWELL OF THE SEVENTH DISTRICT:

I would like to comment briefly on the fact that the speech just made by the leader of the Democratic Party represents a very fine example of being penny-wise and pound foolish. Itfails, as apparently the Democrats persist in failing in this Session to recognize the truth of the fact that Connecticut is a growing State. I might spend some time enlarging upon the fact that it has grown under a good Governor, and when the talk of the economy crops up it seems to me that economy is more than just the acquaintance with the expenditure of money on a wise investment

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basis, it is the end result with either brings about more income or which will reduce the net cost of the operation. I'm not going to go into this more deeply, but I can't forego the opportunity to compare what the last speaker has mentioned with regard to the Governor's office. If he labors under the delusion that there was economy during Bowles' administration in the office of the Governor, let me assure him that that is contrary to fact because while there may not have appeared on the periodic payrolls names of the people who were serving Governor Bowles and the Democratic Party, there were such names as Bennett, Camps and Campbell, but I could show any interested party on the expenditure files of the State of Connecticut. Let me say that they got very substantial salaries. Apparently our good friend Senator Tedesco is misled. He talks about the sale of bonds being a measure of the need or lack of need for this investment officer. This investment officer would devote his attention and his talent to the management of the funds in the custody of the State Treasurer's office, and I have a few figures to amplify what my good colleague from the Twenty Fifth has already outlined - Twenty Sixth I guess it is - has outlined. For the record just a few of these figures, and I hope you will jot them down, Senator Tedesco. In 1947, when the present State Treasurer first took office, there were no short term obligations,as of January 1st, 1953, six years later, there were $174,740,000 worth of bond anticipation notes. Now much time could be taken up with the discussion of what just that amount of short term obligations represents. Senator Lemaire has pointed out the

prompt and prudent investing of such funds when they become available to the Treasurer might result in earnings of $500 or more a day. I would like to cite one example which I have personal knowledge of. At the time the State sold the bonus bonds for the payment to veterans of World War II, I went to New York, and the State Treasurer received a check for $52 million, and by immediately picking up the telephone and reinvesting that amount in short term government securities the state immediately got a yield of better than $500 a day. That's the type of thing an investment officer would undertake. That would be his prime responsibility, to get the maximum yield on all state funds. So far as creating a job for a job's sake, that is utter nonsense. If our good democratic friends in the Circle will just turn to their files and read the provisions of this Act they will see the appointment is subject to the provisions of Chapter 14, which is the Merit System Act of the State. No one knows who the investment officer will be. The only thing we are sure of is that he will be a well qualified person, capable of accruing for the State funds in such a way that the state will profit by the creation of this position. Well, I wouldn't want to make book on that either, Senator Borden. The remark on the side was it would be a Republican. I think we might have at least even odds. He might not be. We have other figures representing growth. Perhaps for the record we ought to just read a few of them. Of these trust funds that are managed by the State Treasurer's office and would be the direct responsibility of such an investment officer, the Teachers' Annuity Fund now represents a capital of $34 million. These are

round figures. The Teachers' Pension Fund represents a capital of $20 million. The School Fund represents a capital of $2 million. The Soldiers', Sailors' and Marines' Fund represents a capital of $17 million. The State Employees' Retirement Fund represents a capital of $15 million. The Municipal Employees' Retirement Fund represents a capital of $4 1/2 million. Now I think if the Democrats who always make such a great bit of talk about their interest in the people of the State were to consult anyone of the representatives qualified to speak in behalf of the organizations representing all these trust funds they would quickly be told they would favor the creation of the position of investment officer so that their funds in which they have a vital and living interest would yield the greatest possible return, and that's exactly what an investment officer would bring about. Now, also, for the record, I think we ought to state that the total obligations of all bonds and notes as of March 15, 1953 are $275,491,000. That's not something that a politician, be he Republican or Democrat, can casually account for to the taxpayers of this State and the citizens of this State. We need an investment officer. I think that you gentlemen in the Circle know me well enough to realize I'm not speaking for the creation of a position for anyone. I am speaking to the proposition that this is something that we will all take satisfaction in having had a part to create because it will protect the interests of the State of Connecticut, particularly the financial interests as represented by the funds in the custody of the State Treasurer's office. The State Treasurer has made an objective explanation of the needs

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for this position before the Committee on Finance. The Committee has carefully considered the evidence presented to it and they have recommended the passage of this bill, and I hope that you gentlemen will drop the partisan demonstration that's been created by the speech of our good friend Sam Tedesco, and pass this bill without further debate or quarrel.

SENATOR TEDESCO OF THE TWENTY THIRD DISTRICT:

I want to remind the Senator from the Seventh that first, on his statement that the Democrats were penny-wise and pound-foolish, the first treasurer of the State of Connecticut that actively invested money was a Democratic Treasurer. He was the one who instead of allowing the money to repose in the various banks he would reinvest the money, and he was the one to begin the system of reinvestment, and the reason we are called upon to make an investment officer. So that takes care of the argument about being penny-wise and pound foolish. Talking about our good friend Bill Carroll, I can remember back in 1950 the same Treasurer that is now asking for an assistant was also treasurer under Bowles and he ran up and down the State and kept repeating that he is the Treasurer, he ought to know, there is a deficit of $7,300,000, and this Bowles fellow is throwing money all around the place, and I ought to know, I am the Treasurer, I Have the latest figures from the Republican Comptroller which has only been published February 28, 1953, there will be another one published for the end of March, and that $7,300,000 deficit has shrunk, and I mean shrunk too, to a surplus of $5,288. Now those are figures I would like anyone to refute. Those I would

almost call lies of that particular day were the type of statements that hurt Mr. Bowles in his nomination and his election, and I think that the Treasurer knew they were untrue at that time because I don't see how anybody could pay off $7 millions of dollars. The following June after the election of 1950, after the Session of 1951, indeed, it was still estimated by the Governor and his entire staff, most of which is under him now, that the deficit would still be $7 million. All of a sudden that figure disappeared, and now we have a report, and I read from that report, that the deficit of June 30, 1951, rather the surplus, was $5,885.00, so I don't know if the Democrats are penny wise and pound foolish. I have been told time and time again, and by Republicans, and I have been told just yesterday by an active Republican, that the best government that this State ever had is when you had a divided House and Senate, when you had Democratic Senate and Republican House, and one instance I can point to is last year. Two years ago the Governor requested $43 million of additional taxes. The Finance Committee, of which the Senator to my left and I were Chairmen, turned down the taxes, mostly, mainly, at my request, I don't know. We turned down those tax increases, and taking the Governor's figures, which I don't think are right, any more than Adorno's were right three years ago, he now claims we have a $9 million deficit. Taking $9 million from $43 million, I say that the Governor was able to put into his budget of two years ago a surplus of $34 million to play around with, and I make that as a direct accusation to the Governor and his entire financial staff. That's why I think on the basis of

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this statement I don't believe this bill is necessary.

SENATOR BORDEN OF THE SECOND DISTRICT:

I came into the Circle with no intention of getting up or saying anything pertaining to this particular bill, but after my good friend, the Senator from the Seventh, finished, my mind was changed. I am getting sick and tired of some of you Republican senators getting up and taking the bull by the horns. They are surmising the Democrats are going to be against or for a bill before they hear just because the minority leader is against the bill means I will be against it. Also, what happens, one Democratic senator gets up and makes a statement and every Democrat senator is supposed to be for what this particular senator says. Well, maybe the Republicans do business that way, and I tell you they certainly do, if ever I saw a bunch of sheep I saw it in this Session, I have yet to see one Republican sponsored bill that isn't followed one, two, three, just like sheep, just like monkeys. I wasn't going to speak on this bill and then I got awful mad to think that the Senator from the Seventh criticized Bowles. That's one for the books. That really wins the turkey. He received a good substantial salary under Governor Bowles as a committeeman on the Finance Board, one of the Finance Commissioners, and it's very poor taste in my estimation, to criticize, and that's exactly what's happened today. That I don't like. He goes on to tell you that Governor Bowles had so and so and so and so and so and so on his staff. Maybe Governor Bowles was wrong. Maybe he was. I'm not saying that everything he ever did was right, but do two wrongs make a right? Just because Gover-

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nor Bowles had four, does that mean Governor Lodge should have ten or five? If Governor Lodge came in with only one man you could come in and say, see, that's the kind of Governor we have, he believes in economy. Oh no, that isn't it, and my friend the Senator from the Seventh gets up - does two wrongs make a right? Not in my book, absolutely no. Furthermore, in summing up, I just wish to state any time a Democratic senator gets up and makes a statement I don't like to see you Republicans have it in your thick skulls that every other Democrat is following him, because that isn't so. It might be with you fellows. That's all right. I have seen that. I have never seen sheep like in this Session. I have had many fights in the Caucus Room, and out here too. We don't just follow the leader unless it's a principle, whether it's a Republican or Democratic principle, but most of the time so far this year we have been on our own, and that's a fact. You heard here a few weeks ago I was in favor of a bill and my good friend Pat was against it. Just because I was in favor doesn't mean Pat was going to be for it. But I have yet to see that situation amongst you Republicans. I haven't seen it yet. I hope I live to see the day I will. Then I'll know you have seen the light.

SENATOR LOWELL OF THE SEVENTH DISTRICT:

Mr. President, while I am certainly amused by what my good friend Harold Borden has said, it is the first time I had any indication that Bowles was paying my salary when I served the State as Finance Commissioner. Of course it isn't difficult for me to understand the Democrats consider state funds as their own per-

sonal property once they are in a position of authority and responsibility, so if Senator Borden wants to expose to the world the feeling the State Treasury belongs to the Democrats, it explains to me why the people of the State threw out the Democrats and put in Republicans, because our Governor feels that state funds are his responsibility and public trust. I don't believe he would feel he is personally paying the Finance Commissioner or anybody else. I don't honestly believe that Bowles ever felt that way when I was drawing my salary as Finance Commissioner, nor do I have any feeling of apology for having accepted it. I think I earned every dollar of it. Now so far as a principle being involved, the principle this afternoon, gentlemen, is that of exercising good business judgment, and I am proud to say that the Republican Party stands for good business practice in matters of public affairs. This bill represents a step forward to good business management of the State's money. So far as Mr. Tedesco, because I had hoped we could terminate the political bombast after he made his first statement, but when he stands up and makes further political remarks I think they ought to be put right in the record. Bill Carroll, the Democratic Treasurer, invested surplus funds of the State. It was because I wrote him a letter and told him in my judgment that was the thing to do, that whether the law authorized it or not it was something that never would bring censure or criticism upon him as State Treasurer, and I, as Finance Commissioner, would authorize the investment of the funds. You can substantiate that by calling our useful friend, Bill Carroll, or talking with him when you next see him. He will

confirm every word of it. So far as the figures bandied about during Bowles' administration in which there was a difference between the statement made by the State Treasurer and the statement of the State Comptroller and echoed by the Governor and the Governor's spokesmen, let me say that situation still exists, that what the Treasurer is talking about is the cash position of the State and what the Comptroller is reporting is the accumulated. He gave the position of the State, and so far as the change of surplus pointed to by Governor Bowles, incidentally, I furnished him the figures on which he made his statement concerning the surplus so I am somewhat familiar with the situation in that regard, that was changed because there was legislation enacted in the Session in which the laws of the State were changed and certain transfers of bookkeeping accounts were made and the accounts then represented a different set of figures so it comes under pre-existing statutes. I think Mr. Tedesco understands that completely. He had his tongue in his cheek when he got up and made the speech about the dwindling surplus. Let me say I would hang my head in shame if I were Senator Tedesco, Senator Borden, or any of these other, I won't say two-time Democratic senators, but many-time Democratic senators, who are boasting of their long service, because they built a deficit into the State's financial structure. Two years ago they created a situation which today represents an unbalanced budget, and the only way that will be corrected will be to either reduce expenditures by the appropriation acts of this Session or increase the revenues by increasing the tax producing revenues of the State, or a compromise where a

little of each is undertaken. I am confident that the character of this General Assembly, and the fact that the State is blessed with good, sound, Republican business management and leadership, that when we leave here in June or May or whenever the adjournment comes about, predicated, of course, on the willingness of the Democrats to serve the State and not their own political interest, these delaying actions, the waste of time this afternoon delays beyond reason the adjournment of this Session, we can dispose of our own business and go home, and because somebody wants to make political speeches we have to listen to them. Once they are made we might just as well put the facts on the record and get the record straight, because now we can overcome falsehood with the truth and have a complete record. When we leave here I predict we will have a balanced budget to meet the needs of the State and not do what the Democrats did two years ago, play politics with the misfortunes that besiege the people who are charges of the State, and the State institutions, but cutting down on the account for food and clothing and other necessities with which we have to serve those charges of the State. We are here to do the things people of the State want done. We are willing to accept the cost of such a forward-looking, progressive program, and that's where the Republicans stand and that's a matter of principle.

SENATOR BARBER OF THE TWENTY EIGHTH DISTRICT:

Mr. President, I think that I have the right to resent some of the statements made by the Senator from the Seventh. He talked about matters that weren't pertinent to this bill. However, I am

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going to abide by the rules of this Senate and talk on matters pertaining to this bill. I am not being political. I am not making a political speech. I am trying to make my remarks as analytical as I can and they will be sincere. I note from the General Statutes as they now exist that the State Treasurer is a policy-making officer of this State. He is required to post a bond in the amount of $250,000. He receives a salary of $8,000. It is, therefore, presumed that he should take some responsibility under the law as it exists today. He may appoint a deputy who has to give a bond in the amount of $150,000. In addition to the Treasurer, and in addition to the Deputy, there is written in the law of the State of Connecticut, Section 114 which provides for the appointment of an investment committee who shall advise the Treasurer. I am wondering if this isn't just a pyramiding of responsibility. At the present time the responsibility is vested in the Treasurer with the advice of the investment committee. Does this mean the State Treasurer may play golf rather than assuming the duties pertaining to his office? Does it mean, as I have read in the papers, that he is going to make this just a token job? You know as well as I know that the rumor is that our State Treasurer is going in for dual job holding, not the type we banned, but one that is perhaps just as vicious as far as the State's interests are concerned. I understand he is going to run for political office, that he is a candidate or going to be a candidtate for Judge of Probate in the Middletown District. Does this bill mean he is clearing the decks so that he will have more time to campaign and he won't be bothered with any responsibility

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so far as investments of the State are concerned? I am not opposed to having the State Treasurer at any time call in all the expert advice the State of Connecticut needs, but, gentlemen of this Circle, I am unalterably opposed to have any man in high office, selected by the people of this State, delegate or have it delegated for him to some other subordinate officers. This deputy is being appointed. It means he is going to have responsibility. The responsibility is going to shift. How many subordinate officers do we need in the Treasurer's office? I think one man, to whom the people of Connecticut can look to do a good job, is all that we need. The Governor has stressed economy. The Governor has stressed efficiency. The Governor, as well as many other people have stressed the organization. Gentlemen, this is a bill which does exactly the opposite. If you pyramid responsibility and spread it instead of streamlining your government, it means more money and no one at whome you may point a finger and say this person is responsible for the financial picture of the State of Connecticut. The next election, that is where the Treasurer will stand or fall, the people would have a right to decide for themselves whether or not the job has been well done or not, and I am opposed to taking any of that responsibility away and giving it to a statutory officer of any kind. An investment committee for advice is well, an expert would be proper, but this bill is improper in my opinion and I hope the bill is defeated.

SENATOR LEMAIRE OF THE TWENTY SIXTH DISTRICT:

Mr. President, I would like to make a few clarifying remarks

for the benefit of the Circle. I certainly regret that the Senator from the Twenty Third wasn't at the hearing, he is a member of the Finance Committee as you know, because after the hearing we had an executive session and the assistant minority leader of the House, a Democrat, voted in favor of this bill because he thought it was a good bill. I think that we have two things to consider in this. One, that we have a great deal more business for the State Treasurer to transact than we had some years ago. I think that the figures that have been given you are ample proof of that. I believe the State of Wisconsin has just set up within the past year or two a whole department of about fourteen or fifteen people to handle some $400 million worth of bonds, assets and liabilities, so it isn't unusual when you get into big business in the bonding field as we have gotten into big business in the bonding field, in the past six years. That additional help is needed. One man, be he democrat or republican is aside from the point, I think the essential thing is that the more money he is going to save the State and the more money he can make for the funds is the important issue at stake, and I say that the State Treasurer alone can't do it. He does have the advice of the council, and he gets excellent advice, but the mechanics of the operation is something else, and that is where assistance, and qualified assistance, is needed. I trust the bill will pass.

SENATOR TROTTA OF THE ELEVENTH DISTRICT:

Mr. President, gentlemen of the Circle, I have sat here listening to the various comments made by my colleagues, and it is quite apparent to me from the remarks made by the representa-

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tive from the Twenty Eighth with regard to this question of the investment committee for which our statutes provide, Chapter 7 of our General Statutes set forth various duties of the Treasurer of the State of Connecticut, and Section 114 likewise sets forth this particular provision which I would like the liberty to read, at least the first sentence of it. "The investment committee shall continue to consist of the Commissioner of Finance (of which my brother from the Seventh was formerly a member) and the Comptroller and of two persons appointed by the Governor...." Now it seems to me that having on our statute books a means whereby the various funds of the State of Connecticut can be invested, the statute specifically provides for an investment committee to be appointed by the Governor, of which the Finance Commissioner shall be a member, I don't see any need of creating a new position for investing these funds. The Treasurer of the State of Connecticut has that duty imposed upon him by the statutes. And likewise, arrangements have been made whereby the Treasurer of the State of Connecticut can seek the advice of this investment committee for the purpose of investing our State funds, and if such is the situation I say let's leave it with the investment committee and leave the duties in the office of the Treasurer for the actions of the Treasurer on the particular investments to be made. I feel, therefore, that this additional deputy that is being sought to be created here is nothing more than the creation of another job for somebody else. The provisions are there. Let's use those provisions to accomplish what is intended to be accomplished by this particular measure today. Therefore, in closing gentlemen, I want

to say to you that having these provisions before us we should abide by them. Otherwise we might just as well repeal Section 114 of the General Statutes as it has no effect at all upon what is intended to be done with regard to the duties of the Treasurer.

SENATOR ALTOBELLO OF THE THIRTEENTH DISTRICT:

Mr. President, by the remarks of the Senator from the Twenty Sixth we are led to believe we are losing approximately $500 per day. If this is so the Treasurer is not properly carrying out his duties of office. He has the right to invest these funds and guard our State funds. It is his duty to do so. There is no question in my mind but this is another political pay-off for one of the Republican faithfuls. Not only do they wish to create this job, but they want to make it a lifetime job by putting it under the Merit System. The other deputies in our various departments don't come under this Merit System. How come we are creating this job and making it a lifetime job in this department?

SENATOR SAVIN OF THE EIGHTEENTH DISTRICT:

Mr. President, I sit here amazed at the thoughts expressed around this Circle. Most of the gentlemen around this Circle are in business, many of them are not in small businesses, and many are very able businessmen and apply a little business acumen to the operation of their particular endeavors. It is just as simple as the fact that the monies we have to invest have increased in five years from $34 million to in excess of $80 million and we are now talking of $250 million for a highway plus others. The Treasurer is a human being. He can do just so much work and that's all within his physical limitations. He should have the

right to have all the necessary help he needs. If the State is going to invest funds he has trusteeship of he should have in charge of it one who is able and expert in that particular phase of work. Because we are dealing with public funds I don't think it can be left to a clerk to assist the Treasurer in doing that. For that reason we should have a deputy appointed expert and able and that's all it amounts to, using a bit of business acumen in doing that phase of the work in the Treasurer's office. I don't think anyone can deny that, and anyone who has spoken against the bill would do otherwise in his own business. I urge the passage of the bill.

SENATOR WARD OF THE FIRST DISTRICT:

Mr. President, I have been listening with careful attention to the remarks bandied back and forth, and it seems to me that the Republican representatives at this time are trying to create a smoke screen by trying to involve the past records of the Democratic Party, while very carefully keeping away from their own shameful record in this State, to cover up one fact, and the fact is that another political job is being created in this State. You can call it what you like. You can call it Merit System, you can call it efficiency, call it saving of money, you can wrap it up and butter it on both sides, or you can use two biscuits and put butter between, it is still a political job the Republican Party is creating. You are creating a record in every city of forcing jobs in the cities, forcing jobs down their throats and taking every advantage you possibly can because you control both Houses, to create every kind of job available, and you do every-

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thing in your power to create the greatest record of the Republican Party by grabbing the most jobs the Republican Party will ever be able to grab in this State. Senator Lowell starts off stating so, telling us about the need for this job, the evident need for it. One breath he says it is very important we have a full time man on this job, next breath he tells us about a trip to New York, we got a check for $52 million, we just picked up the phone and made short term investments and made $500 a day for the State. Does that call for a full time job? What does the Senator from the Twenty Sixth mean when he says he will work most of his time, and that is the record, it is in there, that was the remark passed. Is it a parttime job we are creating? And the Senator from the 28th says that it is just a device to free the Treasurer of this State so he can go out on a political campaign to seek office in his own home town. Is that the reason for it? It seems to me that based on the very opinions brought up here by Senator Lowell and the Chairman of the Cimmittee we certainly don't need a full time job. We can get expert advice for free. Nobody has stood up here and said how much is this going to cost the people of the State. How much do we pay? Is it going to be ten, fifteen or twenty thousand dollars? Are we going to invest one-twelfth of the profit we can make in a position for a man? I don't know. Nobody has said these things. It is very evident that two years ago there was no need for this job. Why is there the need now? I tell you this whole situation is becoming quite serious and you just can't cover it up by trying to expound the records of the political parties, and you can't cover

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it up by trying to create a smoke screen by saying this is good business, because you have to remember one thing. You have to face the people of this State in 1954 and you are going to be judged by your record and you were judged before and you will be judged again and I say to you if the Republican Party continues in the very tactics they have adopted and followed out since this Session opened, if you continue, and you are going to push down the throats of the people jobs in the town, jobs in the State, if you are going to use the money of the people of this State to build up a political machine in order to insure elections, then I say to you that once again the people of this State will rise up and they will drive you out of office, and then they drive you out this time they will keep you out for good.

SENATOR BORDEN OF THE SECOND DISTRICT:

Mr. President, again I say I was just going to sit here again, but that little remark by the Senator from the Seventh, "Merit System" under his breath - I want to remind him that the Merit System is a bunch of hotchkotch or podge or whatever you call it. We have no true Merit System. The first group gets an average of 98 and the last 21, and the 21 can be appointed legally. Number two, what is our good president of the United States doing to civil service and merit system? We know what they are doing today. There is no more merit system in the United States today. If a Democrat gets in you would cry in all the papers.

SENATOR SAVIN OF THE EIGHTEENTH DISTRICT:

Mr. President. Point of order.

SENATOR BORDEN OF THE SECOND DISTRICT:

My dear Senator, I wish you would sit down and stay seated. I have the floor now. Sit down. He acts like a--

THE PRESIDENT: The Senator from the Eighteenth has a right to bring up a point of order.

SENATOR BORDEN OF THE SECOND DISTRICT:

Let him bring it.

SENATOR SAVIN OF THE EIGHTEENTH DISTRICT:

There are many committee meetings today. My committee has some particularly important hearings. Some of the Senators on this floor are involved in those hearings. I object to going off the subject matter to the extent it has been so that we can conclude this matter that the speakers be asked to confine themselves to the text of the subject matter.

THE PRESIDENT:

May the Chairman have the privilege of making a few remarks? It seems to me under the circumstances the Chairman on this occasion cannot be accused of invoking any gag rule. I do think many of bus, both Republicans and Democrats, have gone away off the deep end in not discussing the subject. In the futre, in order to bring this to a conclusion, the Chair will have to insist you confine yourselves to remarks bearing on the question in hand.

SENATOR BORDEN OF THE SECOND DISTRICT:

I do want to say this. If the Senator from the Eighteenth wants to get out, good riddance, he can go any time he pleases, and I will be germaine to the subject. I am now on the subject of why we need another individual to help our State Treasurer, and I

will confine myself to it, but I do have the right, I believe, to answer the remarks of the previous speaker. I think I learned that a long time ago. As I was saying when I was very, very rudely interrupted by the Senator from the Eighteenth, that this Merit System, and Mr. Lowell spoke about the Merit System, can be done away with. Let's forget that. I will just conclude now with the last statement I made before. You've got the facts. You are going to do as you please no matter what we do. It does not mean a thing. It hasn't meant a thing, the whole Session. It won't mean anything the rest of the Session. You are going to do as you please and vote it and of course we didn't ask the encouragement of the Senator of the Eighteenth. He better be careful -

SENATOR SAVIN: I just want to assure the Senator from the Second, my courtesy is being extended to Democratic Senators and not Republicans. I am holding the hearing for them.

SENATOR TROTTA OF THE ELEVENTH DISTRICT:

I would like to have answered for me if possible the question of whether or not there is now in existence an investment committee in the State.

SENATOR LOWELL OF THE SEVENTH DISTRICT:

May I have the privilege of speaking? I have been up twice.

SENATOR TROTTA OF THE ELEVENTH DISTRICT:

I will yield to the Senator from the Seventh. I would like to reserve the right to reply to the answer.

SENATOR LOWELL OF THE SEVENTH DISTRICT:

Mr. President, members of this Circle, this bill, as I under-

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stand it, in no way affects the existing statute which creates the investment committee. I think it is quite important to recognize the investment committee is by its very statutory provisions an advisory committee and not an administrative committee and all the wisdom that is forthcoming from the membership of the investment committee which in my memory has always been a high type committee will be of no value unless there is some executive officer to carry out the recommendations of the investment committee. That is the purpose of this investment officer. I might say the Treasurer has been so burdened down with increased responsibility during the term of his office, that just the most casual perusal of the latest financial statement compared with the financial statement of the Treasurer's office for the date when he went into that office in 1947 will indicate the reason for the justification completely of the creation of this office of investment officer, and as I said before I think you gentlemen will be proud and you can sit back and calmly analyze good reasons for this bill which you have had a part in, changing your position and supporting the bill when it comes up for passage.

SENATOR TROTTA OF THE ELEVENTH DISTRICT:

Mr. President, in answer to my friend Senator Lowell, I might state that again I gather from his remarks the Treasurer of the State is incapable of conducting the office of Treasurer. If the job is too big for the man then I think we ought to have somebody else in there to handle it. I don't think he ought to have a twin in there to help him do it. So long as we have an investment committee to advise the Treasurer it would seem to me

that the investment committee which is appointed by the Governor ought to be permitted to advise our Treasurer just how to invest the funds. I don't see, in spite of the explanation attempted here, the fact that because you increase in State business the Treasurer himself can't handle it. We also have a deputy Treasurer that has been allowed to assist the Treasurer in his duties. Do I take it they need a third treasurer to conduct that office? We might just as well elect three treasurers instead of one.

SENATOR FOLEY OF THE EIGHTH DISTRICT:

Mr. President, I sat here in complete silence, listening to the majority party trying to build the idea that the people of the State of Connecticut, that they are the saviours of mankind. I still say they are like their Governor, a double talker, they are trying out of the right side of their mouths to tell you one thing, and out of the left side of their mouths they are grabbing for jobs. Regardless of what you may say or what you may think, the primary and real reason for this fine display is nothing more than a $10,000 job. They started in little towns, they came into the cities, and now they are coming right into the State Capitol, right here one our own floor. One of their own members tells of how back in 1947 when he, and I presume it must have been the State Treasurer, went out and got the $52 millions worth of bonds, and as my good friend said, picked up the telephone, made short term investments and cleaned up $500 a day. Why did the Governor allow a man of that caliber to go? Did he have this in mind two years ago and got fooled because the Senate was Democrat and they wouldn't go for anything like that? And the Repub-

licans down in the House could probably support the Governor. I really believe they would but the Democrats wouldn't have gone along with them when they had a man of this caliber, capable of making $500 a day on these investments. The road was paved, there's no doubt in my mind about it, but the time was imprudent. In other words, the time was bad. But now we are in full control, we've got the House, we've got the Senate, we've got the Governor and again the cry has been set out by us, grab, grab, grab it fast, it may be our last chance. As I told you before, I'm sure every day is your last chance, and let me admonish you, grab all you can because you're going out that window the same as you are trying to put out that bill. I hope this is defeated.

SENATOR JEWETT OF THE TWENTIETH DISTRICT:

Mr. President, as the Senator from the Twenty Third, I see he has given the boys principles to jump up. To the Senator from the Second I would like to say this. I have a lot of sheep. They are not here. They are in my barn. If he doesn't believe that we will ask him into Republican Caucus some morning. I haven't spent my entire adult life under the Dome, as a few have, Mr. President, so I am not entirely familiar with all the grievous sounds, and there are many, that Mr. Bowles piled on the State of Connecticut. I am very pleased that the Senator from the Seventh was so ably able to handle the situation. I don't think some of the members on the minority side have read the bill. They talk about abrogation of the powers of the Treasurer. Under this bill I would point out that the duties of this proposed officer are to be exercised under the terms of the bill under the

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direction of the Treasurer. I have heard the report of the Committee, and I believe it's been very ably explained. I have talked to the Treasurer personally. I know that he feels that by having a full time investment expert in the office of the Treasurer that there is a great likelihood and he feels certain they will be able to further increase the yield of various State trust funds. This function, as welall know is handled in many states by commissions, highly paid commissions, that cost greatly in excess of anything proposed under this bill. I feel this is a sensible, business-like step, Mr. President, and I urge the passage of the bill.

THE PRESIDENT:

Any further remarks? (The vote was taken.)

SENATOR JEWETT OF THE TWENTIETH DISTRICT:

Mr. President, it has been suggested that as so many Senators have committee meetings it might be wise to pass the rest of the calendar. I have no feeling about it. It's up to the members of the Circle.

SENATOR SADEN OF THE TWENTY SECOND DISTRICT:

I so move, Mr. President.

(Motion is passed by unanimous consent.)

SENATOR JEWETT OF THE TWENTIETH DISTRICT:

Mr. President, as to the unfavorable reports, I move Calendar Numbers 442 and 443 be passed, retaining their place on the Calendar.

(Motion is passed by unanimous consent.)

SENATOR JEWETT OF THE TWENTIETH DISTRICT:

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Mr. President, I ask the remaining unfavorable reports of the Committees be accepted and the bills rejected.

(Motion is passed by unanimous consent.)

SENATOR JEWETT OF THE TWENTIETH DISTRICT:

Mr. President, I move we stand adjourned until 11 A.M. tomorrow.

(Motion is passed by unanimous consent.)

The Senate adjourned at 3:00 P.M.

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