

urers. Now this is a compliment to the present system. The reason is that the treasurer has constitutional dignity. He is elected by the legislature. It is an honor to serve the office. The monetary rewards are incidental because the treasurer has only been paid \$2500. Maryland gets the best at bargain prices.

I urge this convention to adhere to the present system and to place the state treasurer in the constitution so that he will be available to act as a legislative representative if the legislature so determines.

THE CHAIRMAN: Are there any questions of the minority spokesman?

Delegate Robey.

DELEGATE ROBEY: You mentioned the fact that the treasurer is indeed the representative of the legislature and he, therefore, sits on the Board of Public Works in that position.

I would wonder if you could explain to me now in your position as president of the Senate the intricacies involved in how the treasurer communicates with the leadership of the legislative branch and how the treasurer reports back to the General Assembly the actions he has taken on the Board of Public Works?

THE CHAIRMAN: Delegate James.

DELEGATE JAMES: Well, communication is by telephone, generally speaking, and the minutes of the Board of Public Works are a matter of public record. They are available.

THE CHAIRMAN: Delegate Robey.

DELEGATE ROBEY: The second question I have in this area is this: usually it is the practice that the treasurer is the president or head of a large bank in Baltimore. Do you see any conflict of interest in the fact that he has this dual capacity?

THE CHAIRMAN: Delegate James.

DELEGATE JAMES: I do not see any conflict. One of the problems of governmental life is that if you obtain a person who knows something about a subject in public life, he is always victim of the charge that there is a conflict of interest.

If you put in the office of insurance commissioner one who has knowledge of it, he is charged with having conflict of interest. I think this is an unfortunate thing.

THE CHAIRMAN: Delegate Robey.

DELEGATE ROBEY: Thank you.

THE CHAIRMAN: Delegate Boyce.

DELEGATE BOYCE: Delegate James, you have spoken to the effect that the present man is qualified and the two predecessors were. You say you are getting him for a very cheap price. I wonder if you are really accurate? Has there been any survey made by the legislature or the governor or anyone in the state of Maryland as to what the loss of interest was if the bank balances were put out in government securities?

THE CHAIRMAN: Delegate James.

DELEGATE JAMES: I served on the legislative commission which in reviewing this situation found that investment in government securities was a losing proposition and it was better to diversify state investment. As a consequence, with the cooperation of the treasurer and legislature, we invested the interest on state investments in the retirement system saving the state several million dollars a year. So investment in government securities would not necessarily mean a higher rate of income.

THE CHAIRMAN: Delegate Boyce.

DELEGATE BOYCE: You have not answered my question yet.

THE CHAIRMAN: Delegate James.

DELEGATE JAMES: I thought I did.

THE CHAIRMAN: Delegate Boyce.

DELEGATE BOYCE: Has any study been made of what the cost was to the citizens of Maryland to get such a qualified person by taking bank deposits and investing them in government bonds?

THE CHAIRMAN: Delegate James.

DELEGATE JAMES: No, but it would be my view that it would be the function of the treasurer to keep as many of the accounts invested as possible. There are twenty-two bank accounts. You have to decide how fickle you are going to be.

I do not know that any particular legislative investigation has been made of this point. It may be that more funds in fact could be invested. However, that would be a decision that would be made by the treasurer.

THE CHAIRMAN: Delegate Boyce.

DELEGATE BOYCE: Thank you, Delegate James. That is an answer.