

I hope, in Maryland—there is much more disposition among the Legislators in Washington to lend Federal cooperation in the matter of Maryland roads than there ever could have been had we continued the unbusinesslike and backward practice of borrowing to take care of current expenses from funds that were earmarked by law for road funds.

Now you will agree, I am sure, that, while all the extraordinary activities of State and National Defense are going on, we must not sacrifice needlessly anything insuring the stability of our State. In other words, we must continue along an orderly course, striving for the best government at the lowest cost, and not give way to hysteria. We must continue to emphasize the need for the most efficient State government and for internal order. As a matter of fact, one of the surest guarantees of National unity and security will be the continuation of satisfactory local and State governments. It may not be amiss, therefore, to refer briefly to the general policy, the "over all" policy, underlying the work of the present State Administration. I have repeatedly stated that the most important problem which faced this State was to place our finances on a sound and enduring basis. We have done that by refusing to live on borrowed money. We balanced our budget at the very outset of the Administration and until this minute the budget has remained in balance and will continue to remain so. In fact, the balance to the credit of the State is now well over four millions of dollars.

Meanwhile, instead of continuing to borrow for current expenses, we have undertaken to reduce materially the outstanding bonded indebtedness of the State. At the beginning of the Administration, in January 1939, Maryland's total bonded indebtedness was \$48,157,000; it now has been reduced to \$44,166,000, an approximate reduction of four million dollars or 8% of the whole. As our finances became more sound and stabilized the credit rating of the State has gone up until today our State is in the highest class, through accredited rating of any of the States in the Country.

We intend to turn the State's healthy financial condition, with our surplus, into a tax reduction for the citizens. It was necessary to impose the taxation last year to get over the hurdle left as the result of unwise and inexpedient practices of the past. Fortunately, we are now over those hurdles and we can bring about a reduction in taxation. This will be made possible also by the economies which are being effected in the operation of various departments. During this month (the closing month of this fiscal year), for example, we are concentrating on the saving by various departments of every dollar which is not needed for actual operating expenses. We have discouraged the use of balances for capital outlays. We intend to place back in the Treasury on September 30th all unexpended balances which are not absolutely needed or for which commitments are not made running past October 1st. These monies belong to the taxpayers and, if they can be saved, without adversely affecting the State's efficient operation, then they are going to be saved in order to bring about eventual reduction in taxes.

If time permitted, it would be worthwhile to discuss our State's program in various other fields. Just as important as certain of the matters with which we have dealt specifically are other phases of State activity. I refer, for example, to conservation, public health and education, State Planning on a long-range basis; the important question of insuring greater safety on the highways; the successful efforts already made and to be made in the re-