ADDRESS

OF

HERMAN A. DANN

President State Chamber of Commerce

ON THE

Everglades Drainage Question

In Joint Debate

WITH

HON. JOHN W. MARTIN

GOVERNOR OF

THE STATE OF FLORIDA

St. Petersburg, Florida

July 15th, 1927

I have listened to His Excellency, the Governor, attentively and with awe, and I am still in doubt, as I am sure you are, whether he proposes draining the Everglades in the interests of some favored group of land owners, or whether he proposes draining the Treasury in the interests of some favored bonding house. The Governor, as usual, has stated all of the facts he cares to have the public know. But there still remains a "no-man's land," which I propose to enter.

Many of His Excellency's statements have been reminiscent of former utterances. We have had a lot of ancient history, we have benefited by reason of much prophesy, but we are still in the dark concerning many of the things that have taken place during the last three months.

I will not answer the Governor's unwarranted attack on the absent Senator Fletcher. The subject is irrelevant.

The Governor, through his various organs, has intimated his fear that I could not write a speech. Knowing the Governor as I do, I have not only written one speech, but I have written three. It was necessary to cover every base and the home plate. I appear on this platform at the Governor's invitation. He wanted an opportunity to answer some questions that I asked him. The Governor issued a challenge and sent his second to wait upon me. The Governor's second and I agreed that I would speak *first* and ask all the questions I had in my system. The Governor would then speak, answer the questions—and the public would know all about it. But ways of Governors are mysterious—particularly in the last 90 days. I could not be sure His Excellency, the Governor, would not change his mind. He might want me to speak first, even though such a shift would be in violation of all the conventions. Anyhow, I prepared for the shift. And, sure enough, the Governor made it.

There was one other contingency to be covered and that was a statement to be issued in case His Excellency, the Governor, should change his mind again and not appear at all. So I prepared to meet the situation backwards or forwards, and with the Governor in the state or on the run to consult his New York attorneys.

The Governor has generously insisted that I speak last, and that I should hear his position for the first time upon this platform. For, God knows, he has not taken the public into his confidence upon any other occasion. He had my position in a letter, and in a letter written to him before he challenged me to this debate.

As you know, sometime ago I wrote a purely personal communication to a number of people in Florida, setting forth my own ideas as a business man on the Administration's Everglades policy. It was this letter that provoked His Excellency's ire and caused him to hurl the gauntlet at my feet.

I now take the position the Governor is appearing here as an attorney for the defense of the Administration, and that, if I have any role at all it is that of a prosecutor who seeks to indict the Administration's Everglades policy at the bar of public opinion.

The speech I originally made when the Governor's second agreed that I should speak FIRST, contained a very nice introduction, a very pretty introduction, welcoming His Excellency to our City, offering him the hospitality of Saint Petersburg and tendering him the municipal keys.

The Governor, by jumping around so fast that I have been unable to keep track of him, must deny himself the compliments I intended to pay him.

It may be that I should justify myself for having the temerity to affront the Governor by presuming to ask him questions. I realize that I committed lese majesty, but I did not do it maliciously. I did not ask trick questions. I had no intention making a public issue of this matter. I made a few simple inquiries as a voter and as a taxpayer of the state of Florida. Had the bonds been sold? Where is the money? If the state has agreed to sell them, what is the rate of interest? Is the money to be paid in all at once? Has a comprehensive survey of the Everglades been made? What are the maturity dates of the bonds? What commission will the state have to pay for selling them!

The asking of these questions constituted my offense. It is for this that I was chosen to be sacrificed tonight as a burnt offering to appease the anger of the Gods of the Glades—the Drainage Board.

Since I am here, in order to still further justify my appearance, I shall ask the Governor a few more questions. Of course, I realize he cannot answer all of them in the fifteen minutes left at his disposal, for he has seen fit to use up the greater part of his time in answering his own questions, (and singing his own praises.) He will, however, have ample opportunity throughout the balance of his administration to answer these questions, for I am convinced they will rise out of the fogs of the Everglades like spectres—like the ghosts of those who perished there last year and whose dead faces must haunt the members of the Drainage Board so long as each one of them shall live.

The question may be raised and it has been raised by one of the Governor's organs "Why should Herman Dann inject himself into the Everglades Drainage matter?"

The question is quite proper. I will answer it by saying that along with more than a million and a quarter other Floridians, I have gloried in Florida's magnificent financial and economic condition. I have recited with pride time after time whenever the opportunity presented itself, the fact that Florida was one of the

few states in the Union which could support itself by three simple methods of taxation; first, the ad valorem tax on real and personal property; second, the automobile and gasoline tax, and third, the occupational tax. Drawing revenue from these sources alone and with no income tax, no inheritance tax, no franchise tax, no severance tax, no corporation tax, no stock transfer tax, no nuisance taxes of any description, Florida has been able to pay her way as she went and today stands resplendent in the constellation of states without any bonded indebtedness of any kind whatever and with a cash balance of millions of dollars in her treasury. This condition of the state of Florida has enabled the municipalities, special assessment districts and counties to market their securities at a far better price than they could had there been a bonded indebtedness on the state. Florida is known today as the "Pay-as-she-goes-state" and her floating indebtedness at no time amounts to more than current bills not yet due. Her affairs have been economically administered and up to this year the cost per capita for government was less in Florida than in any other state.

As President of The Florida State Chamber of Commerce, I have been in a position—an especially favorable position to see what a splendid effect Florida's financial condition had on the northern investor, for I have constantly been in touch with the great financial interests of the East.

And so whenever I see what I consider an attempt to obligate the state of Florida and to destroy her unequalled financial position, I become, naturally, belligerent and am ready to take up my cudgels and resist any such attempt.

When I read the Administration's Everglades Drainage Bills as enacted into law on April 28, 1927, I felt that an attempt was made to destroy Florida's credit, to obligate the people of the entire state for an unnecessary indebtedness and to trick the constitution. I make that statement tonight after a most painstaking and careful study of this bill and all its ramifications covering a period of nearly three months.

If the bill was not intended to obligate the state of Florida for the payment of principal and interest on these bonds, as the Governor has so positively stated previous to this occasion, why did the bill not state so directly and in unmistakable terms? There are three provisions of this bill which convinced me that if the whole scheme goes through as originally planned by the bond buyers' attorneys, the State of Florida will be definitely and positively obligated for the payment of these bonds both morally and legally.

Section 2 of the Drainage Bill states that land held by trustees of the Internal Improvement Fund shall be subject to all drainage taxes and the trustees are re-

quested to pay such taxes out of funds at hand or TO BE APPROPRIATED BY THE STATE FOR SUCH PURPOSES.

I ask the Governor, would not such an appropriation come from the treasury of the state of Florida and would not this money be used indirectly for the payment of the interest and sinking fund on bonds?

And does the Constitution not prohibit the Legislature from doing indirectly those things which it cannot do directly?

And right here I should like to cite that section of the Constitution which I claim the Everglades Drainage Bill violates:

Section 6, Article 9 reads: "The Legislature shall have power to provide for issuing of bonds only for the purpose of repelling invasion, of suppressing insurrection."

Section 4 of the Drainage Bill provides that "If at any sale of land for the non-payment of taxes assessed by the district there shall not be a satisfactory bidder for any parcel of land, the trustees of the Internal Improvement Fund shall purchase the same, using for that purpose any funds on hand or TO BE APPROPRIATED BY THE STATE FOR SUCH PURPOSES.

I ask the Governor again, would this not draw from the Treasury of the State of Florida moneys used in paying interest and principal of the bonds?

And the Bill also contains this unusual provision which I contend is unconstitutional:

"Additional Legislation will, if necessary, be enacted to assure to the purchasers and holders of the bonds hereby authorized, the sufficiency of the taxing power and the complete security for such bonds intended to be assured by this Act. No legislation will be enacted which will in any way impair such security."

I submit to His Excellency, the Governor, that this is a state guarantee.

And isn't it rather unusual for any Legislature to pass a Bill governing and binding the acts of future Legislatures?

A further study of the Bill reveals the fact that the Board of Commissioners of the Everglades Drainage District shall adopt *rules and regulations* covering the making of valuations, the levy and payment of taxes, the creation and maintenance of sinking funds and all other matters affecting the proceedings under this Act. Such rules and regulations shall be approved in writing by the Attorney-General.

What do you think of that?

Has anyone in the audience ever heard of a Bill being enacted which would give to any Board created by the Bill more power than the Governor himself has and more power than the Legislature dared appropriate to itself?

These rules and regulations which are to be adopted by the Drainage Board are the crux of the entire matter. Delve into them and you will find the "Nigger in the woodpile."

Why was it necessary, Mr. Governor, to have your Board adopt rules and regulations which should properly have been incorporated in the Bill?

What rule of reason or caution forbade the Administration to take the Legislature into its confidence in the matter of these rules and regulations?

I now call attention to Section 3 of the rules and regulations as adopted May 11th, 1927, by the Board of Commissioners of the Everglades Drainage District. Listen carefully, and mind you, these rules and regulations are just as binding as the laws themselves:

"In the event of any delay in the payment of any levies made on the land of the trustees of the Internal Improvement Fund, the Board shall call upon such trustees to provide for such payment out of funds in hand and if no such funds are in hand, the Board shall join with the trustees in requesting appropriation by the state as required by such Act."

If language means anything at all, does not this bind the state to pay interest and principal on these bonds, if other sources of revenue fail?

Section 4, referring to lands sold for taxes which *must* be purchased by the state in the event there is not a satisfactory bidder states IF NO FUNDS ARE ON HAND FOR SUCH PAYMENT THE BOARD SHALL JOIN WITH THE TRUSTEES IN REQUESTING AN APPROPRIATION FOR SUCH PURPOSE.

Does not this, Mr. Governor, menace us with the possibility the treasury of Florida may be called upon to pay interest and principal under this provision?

And does not the Bill clearly indicate that the Internal Improvement Board can sell state-owned lands in Pinellas County to help pay interest and principal on bonds, the proceeds of which are being used in the Everglades District?

And here I want to cite a significant, and to my mind, a particularly damning fact.

Section 9 of rules and regulations as adopted on May 11th, referring to the form of the bonds states:

"Such bonds MAY recite the fact that the state by such Act has agreed that the ad valorem taxes levied under such Act will be paid out of funds in hand or TO BE APPROPRIATED BY THE STATE FOR SUCH PURPOSES.

But on June 28th, the Board amended this section to read that "SUCH bonds *shall* recite the fact," etc. *The word "May was changed to "Shall."* Under date of July 1st, the Attorney-General wrote me that the Board would again meet to make certain other changes in the rules and regulations *"pursuant to certain suggestions made by the attorneys for the proposed bond buyers to clarify the original ones."*

Pretty soft for the bond buyers.

All will agree that the Bill is unusual. It is most ingeniously and adroitly drawn. Never before in the history of Florida legislation has a lawyer's cunning been so apparent in the drafting of a legislative measure. So I endeavored to learn whence it came. I found that it was drawn in New York by the attorneys for the bond buyers. I was much amazed to learn that our Governor had left this in the hands of New York attorneys. I have always felt that a lone Florida Governor turned loose in Wall Street must watch his step. Wall Street has met many governors in its day. I further learned that the Bill was sent to Jacksonville where it was copied by a noted corporation attorney and sent to Tallahassee as supposedly his work. I have heard it stated that various sums ranging from fifteen to fifty-five thousand dollars were to be paid this attorney for copying this Bill, but I question seriously if he has the nerve to charge the state of Florida a cent, although he was actually retained by the Administration, why, I do not know. We have an excellent Attorney-General and we have an attorney for the Everglades Drainage Board, for this very purpose.

Why could these men not draw the Bill?

Why was it necessary to have New York lawyers draw it and then go through the motions of making it appear a "Florida-made" Bill by having a Jacksonville Corporation Attorney copy it?

The rules and regulations originally scheduled for adoption under the provisions of this Bill were drawn in New York. I say this advisedly because many people actually saw these rules and regulations before and after they were sent to Tallahassee. Had those original rules and regulations been adopted, as they would have been if no spotlight of publicity had been turned on this entire affair, the rules and regulations would have provided, that the bonds issued be signed by the Governor of the State of Florida, the Secretary of State and the great seal of the State of Florida affixed thereto.

How much, Mr. Governor, do you think such a bond would have been worth?

And was it not the intent of the attorneys for the bond buyers to have Florida issue such a bond when the state administration signed up to sell them at private sale at 91?

And right here I want to register this point. The bonds were sold too cheaply. The only information emanating from the Governor's office, even including tonight, that has come to my attention is that the bonds were sold to yield the purchaser 5 5-8 per cent, and further that these bonds brought a much higher price than any previous issue of Everglades bonds. If the bonds are straight 30 year bonds the price would be 90.99. If they are serial bonds, payable $500,000.00 per year beginning with the twentieth year and extending to the fortieth year, the Universal Bond Table indicates that they bring 91.16. These prices are lower than almost any county or municipality in the state ever received for its securities.

Is it not reasonable to suppose that a higher price would have been paid had the bonds been advertised and offered in competitive bidding to the highest and best bidder?

Yet the Governor states that they brought better prices than any Everglades bond heretofore sold. I would like to quote from the Governor's Miami speech of January 10th.

"When I entered the Governor's office, other troubles arose in connection with the Everglades. I found bonds falling due that had been sold in other administrations, and we had to refund these bonds and retire others. In the Catts Administration, Everglades Drainage Bonds bearing *six per cent* interest were sold for *95 cents* on the dollar. In the Hardee Administration, Everglades Drainage Bonds bearing *five and a half per cent* interest were sold for *95 cents* on the dollar. We refunded the bonds that became due and placed them on a *five per cent interest* bearing basis. *This now saves the district about $250,000.00 annually.* This was done in the first part of my administration."

While the Governor states that during the Hardee Administration five and a half per cent bonds were sold for 95 cents on the dollar, the records show that on December 16th, 1924 Governor Hardee sold $700,000.00 worth of Everglades bonds bearing five and a half per cent interest for 98.63 plus accrued interest and no commissions were paid to anybody.

But to get back to the Governor's Miami address. While stating the interest rate and number of cents on the dollar that those bonds were previously sold for, you will note that Governor Martin very carefully sidestepped the price at which the refunding fives were sold. He

makes the statement however, that "This amount saved the district about $250,000.00 annually." The saving of one-half per cent from the previous five and a half on bonds sold at 95 cents on the dollar would amount to $50,000.00 annually on the outstanding bond issue of approximately $10,000,000.00. Therefore, it is to be presumed that the saving of about $250,000.00 annually on the refunding five per cent bonds would mean that they were sold for about *97* cents on the dollar as nearly as I can figure.

If this is correct, then the Governor's more recent statement that the sale to Dillon, Read and Company was at a higher figure than ever previously secured for drainage bonds is incorrect.

Will you kindly tell us, Mr. Governor, in which one of your statements you are in error?

The price of 91 is not a very flattering commentary on the business acumen of the Everglades financial Mentor. The bonds are free from Income Tax. Tax authorities agree that a five per cent bond, exempt from Income Tax, is more than the equivalent of a six per cent bond, on which Income Tax must be paid. A recent issue of $100,000,000.00 of Federal Farm Loan, four and a half per cent, Income-Tax-free bonds sold for better than par and they do not have behind them the taxing power that the Martin bonds have.

Anyway why were these bonds sold at private sale after repeated statements they would be sold to the highest and best bidder?

Was it because Dillon, Read and Company, or Eldredge and Company were unwilling to allow any other bonding houses to enjoy the benefits and profits that would result from legislation conceived and born in the offices of Dillon, Read and Company in New York City?

Did not Dillon, Read and Company or Eldredge and Company devise the plan by which it was proposed to issue a state bond under guise of a drainage district obligation?

What possible reason is there why the Governor's underwriters would not bid as much at public sale as they would in private conference?

Is it not a fact, Mr. Governor, that you faced men in your office before it was announced that these bonds had been sold, men representing a reputable bonding house, who told you that they were prepared to pay at least 98 for the type of bond proposed in this issue?

And, Mr. Governor, do you know that at the time you were making this statement, the men you were talking to already knew of your agreement optioning these bonds to Eldredge and Company?

If the Governor says he never faced men prepared to offer more than 91, how does he know since he never gave them a chance to file a bid. Many bonding houses tried to bid.

Surely the Governor will not tell us it was never his intention to secure the best possible price for Everglades bonds?

I contend as my point that this bond issue was sold too quickly and too cheaply.

When the Bill was brought to Tallahassee it was rushed through the Legislature at the insistence of the Governor, who in his message stated that if the Bill be altered in any way, it would possibly upset the whole financial arrangement that he had negotiated for the issue. No time was given the House or Senate to study the Bill. They believed they were simply confirming a sale made by the Governor. They took his word that the bonds did not obligate the state and that they had been sold at the highest price ever paid for Everglades bonds. The Governor did not take the Legislature into his confidence although there are just as keen minds in the Legislature of the state of Florida as there are in the Governor's mansion or his pet bond house in New York. He did not take the people of the state of Florida into his confidence because he did not tell them the price at which he had agreed to sell the bonds, nor did he tell the terms of the sale.

Why did the Governor not take the Legislature into his confidence?

Why did he not take the public into his confidence and tell the facts, if there was nothing to hide?

WHY ALL THE MYSTERY?

Does he believe that the Legislature of the State of Florida was not intelligent enough to understand the financial arrangements as well as he did, or candidly, didn't he know at that time what these *rules and regulations* were to be? I would like to believe that the Governor did not realize the kind of net in which he had been caught.

And here I would make my next point, viz: That the entire transaction has been characterized by *secrecy, by mystery, by evasion*, and by silence. Surely, neither the Governor nor anyone else can, in the face of the records deny that.

From the very beginning only hazy statements have been issued from His Excellency's office. And even at this late date, when I wrote the Governor, the Attorney-General, the State Treasurer, and the Secretary of the Drainage Board for information which should be a matter of public record, did I get it? I did not.

I asked for the opinion of the Attorney-General on the provisions of the Act and his written opinion on the rules and regulations as adopted by the Board as required by the Act and he sent me a letter from former Attorney-General Johnson to Senator Etheredge, commenting on the constitutionality of the Act. Does the administration think I am simple enough to believe that is the opinion required by the Act? On Tuesday of this week, however, from the Hon. J. C. Luning, State Treasurer, I received a certified copy of the Attorney-General's approval of the rules and regulations of the Drainage Board as adopted June 28th, 1927.

I asked for a copy of the minutes of the Board meeting which the Attorney-General stated was to be held Tuesday, July 5th. Did I get it? I did not.

I asked for a copy of the original contract with Eldredge and Company for the sale of the bonds, and was advised by J. Stuart Lewis, Secretary of the Board, that there was no such contract, although the minutes of the Board's meeting of May 11th, in accepting the joint offer of Dillon, Read and Company and Eldredge and Company read "This offer, when accepted shall supersede the present contract with Eldredge and Company."

Why the mystery, the evasion, the contradictory statements?

The public is now familiar with a list of questions contained in a letter which I wrote to the Governor before he challenged me to debate.

Did I get a reply to this letter? The public knows what reply I got.

Secret diplomacy and secret financial transactions involving public funds have no place in Florida's political life.

The whole scheme was simply this: The Bill, drawn in New York, was to be hastily rushed through the Legislature. A favorable opinion was to be obtained from the Attorney-General. Rules and regulations were to be quickly adopted by the Board which would give it almost dictatorial powers. These rules and regulations were to be approved by the Attorney-General. A friendly and perfunctory hearing was to be held before the Supreme Court, on the constitutionality of the Act. This was the plan. This would make an iron-clad bond.

> Would you tell this audience, Mr. Governor, that a State of Florida Everglades Drainage Bond, issued under the authority of a Bill enacted by the Legislature, having the approval of the Attorney-General, having to support its rules and regulations giving the most extraordinary taxing power to any political body I have ever known and also with a favorable opinion by the Attorney-General on these rules and regulations and held as constitutional by the Supreme Court, having behind it the commitment of the Legislature to appropriate moneys when needed to pay interest and principal?—will you tell them, Mr. Governor, why these bonds should be sold at private sale for 91?

How much would these bonds bring to the bond buyers?

I am telling you frankly such a bond having behind it taxing powers and financial strength contemplated by this Act would bring 105 any day in the week when sold to the investor in the North.

But to go back to the obligation of the state in the matter of the payment of these bonds. I would like to quote from an article appearing in the New York Herald-Tribune under date of April 25th, 1927, three days before His Excellency signed the Bill. This shows you what New York bankers thought of the bonds.

"EVERGLADES BILL FOUND TO HAVE NOVEL FEATURES"

While Not Authorizing Funded Debt for Florida, It Would Place Contingent Liability on the State

"The act is extremely ingenious. Governor Martin's disclaiming of state responsibility for the financing seems somewhat overstated. If the difficulties prove bigger than *are now anticipated, it is conceivable that the Internal Improvement Fund Commissioners would find themselves obligated to buy in land sold for taxes to such an extent that 'Funds on Hand' would become exhausted.* The acreage and ad valorem taxes on these lands would then be payable out of funds 'to be appropriated.' The question can be asked how the Legislature would feel about such appropriations, especially after the chief executive of the state has declared emphatically that the drainage work is to cost the state 'not a penny.' The bond holders would 'feel they had a moral claim.'"

The Governor's underwriters are presumably reputable people. Undoubtedly they would make the necessary corrections, if any attempt were made to deceive the public in their interest. It is inconceivable they should stand silently by and profit as a result of wholly misleading newspaper statements.

Was any correction made to the New York Herald-Tribune's articles of April 25th? There was not. The spokesman for the underwriters had the following to say on May 9th:

"The trustees raise the needed funds by selling parcels of their holdings, whether these parcels are within the Everglades district or in other parts of the state. It is said that the public lands held by the trustees represent substantial values which assure the commission of all the funds it can need. Should the whole Everglades project break down completely, the commissioner's funds out of

which to pay the taxes needed for the support of the bonds must be recruited, according to the new law out of the moneys 'to be appropriated.' *The wording of the Act as it is interpreted by lawyers, is held to make such appropriations morally and legally obligatory.*"

The spokesman for the underwriters then goes on to state plainly and definitely that unless the foregoing interpretation is accepted officially by Florida, the transaction as planned will go no further.

In his message to the Legislature introducing the Drainage Bills, did the Governor say anything about the probability of the state having to appropriate money to pay taxes on state land or to buy in land sold for taxes?

He did not.

He rather gave the impression that the passage of this Bill would put more money in the state's coffers. He stated "The Bill also provides that after all bonds and interest have been paid this fund (meaning the moneys received by the Internal Improvement Board from the sale of state lands) goes into the Treasury of the State of Florida to be used as other Legislatures deem wise and proper."

Wasn't that a pretty picture, with which to beguile a Legislature?

I make this flat-footed prediction:

If, before these bonds are taken by the buyers, the Attorney-General rules that only the lands in the Everglades may be held liable for the payment of the bonds and if he rules they must be signed by the Commissioners of the Everglades District, as such; and if he rules that the seal of the State of Florida must not be affixed thereto, and if the Supreme Court holds that the State of Florida is in no way liable morally or legally for the payment of the interest and principal of these bonds, and if the Supreme Court holds that the state cannot appropriate funds to directly or indirectly take care of the payment of the interest or principal of these bonds, that the proposed sale will fail; and if the letter which I sent out sometime ago credited with having started this discussion does nothing else than stop this sale, I shall feel I have done the State of Florida a worth while service. I am here to state to you that never since the days of reconstruction and carpet-bagging has a raid of equal magnitude been planned by New York bankers upon the citizens of a sovereign southern state.

And that is the third point which I would make, viz: That the Bill is an attempt to trick the constitution of the State of Florida and that it will not succeed.

But for the sake of argument, let us suppose that the bonds have the backing only of the Drainage District itself and that the District is the only security purchasers of the bonds may look to for the payment of principal and interest. On October 28th, 1926, at Palm Beach, did not His Excellency confess his inability to cope with this question?

Did he not say to the people there assembled "The success or failure of the Everglades is IN YOUR hands?

Did he not further state that owing to the fact that $10,250,000.00 worth of bonds were outstanding against the district, against which there was an assessed valuation of only $32,000,000.00, that no more bonds could be marketed?

What then, Mr. Governor, is the additional security that arose out of the mists of the Everglades to make it possible to market $20,000,000.00 more bonds on the same lands since October 28th?

Does an arbitrary increase in valuation mean an increase in values?

Is that the Administration idea of finance?

Why was it at this particular time that the large-hearted, generous, open-handed, profit-disdaining northern bankers came galloping to the rescue of the Everglades?

Does anyone suppose it could possibly have been because they thought they had the State of Florida hooked for twenty million dollars?

In assuming that the Everglades district itself was the only security behind the bond issue, do you think it good business, Mr. Governor, to issue $32,250,000.00 worth of bonds against a tract of land that was assessed for $32,000,000.00?

Do we not face the possibility of a default in the payment of principal and interest on these bonds?

I presume the Governor knows that when the tax books of Palm Beach County were closed this year that 38% of the state and county taxes were unpaid; that in Dade County about 30% of state and county and drainage district taxes were unpaid; that in St. Lucie County 18% of state and county taxes and 40% drainage district taxes in North St. Lucie district, and 20% of drainage district taxes in Fort Pierce farms district were unpaid; that in Monroe County 35% of state and county taxes were unpaid, and on July 11th, 1927, 100% of drainage district taxes were unpaid; that in Broward County 30% of county, state and drainage district taxes were unpaid; in Hendry County 30% of all taxes were unpaid.

Does his Excellency think it good business to heap an additional and unwanted tax burden on people who cannot pay their present taxes?

Does he not think it bad business to issue any bond in Florida where there is any possibility whatsoever of default?

Nothing more serious could happen to the State of Florida at the present time than to have any of its political districts default in the payment of its obligations,

whether it be the Everglades Drainage District or the City of Saint Petersburg or the County of Leon.

If the Legislature refused to appropriate money to meet payment of principal and interest on the bonds, or to purchase the lands offered at tax sale, or to pay taxes, which is quite possible, what would happen to the credit of the State of Florida?

Her financial position which she has enjoyed for almost a generation would be destroyed. Florida could not afford to default on any bond which the purchaser felt Florida was morally bound to pay. She would have to dig into her own pocket and pay $20,000,000.00 for the Everglades.

But suppose we get ten millions of dollars or whatever is left of it on the basis of a marked down price, and after commissions have been paid and legal expenses have been met. And by the way, Mr. Governor, I believe the people would like to know what commissions are to be paid for the sale of the bonds?

What other expenses are to be met?

What are the attorney's fees to be paid and who are the attorneys who receive this money?

Are the expenses incurred to be absorbed in the nine point loss, or are they to be paid by the Board from the proceeds of the sale?

Has not the Board paid the Jacksonville attorney who copied this bill $55,000.00. I am sure his Excellency can tell us about these things.

But suppose whatever is left is placed in the hands of the Board of Commissioners of the Everglades Drainage District.

What are they going to do with it?

What plan of procedure has been formulated for draining the Everglades?

Whose lands will be given first attention?

Has a comprehensive, actual, honest-to-God, common sense, dirt farmer survey of the agricultural possibilities of the 'Glades been made?

If there has, why does not his Excellency tell the people in the 'Glades about it? They are still in the experimental stage and admit it.

Has a study been made of what effect the throwing of a million or two additional fertile acres would have on farmers and farms in other sections of the state and in the 'Glades as well?

Why is it necessary to have all of the ten millions or at least that part of the ten million that finally filters through to the Board after the bond loss has been absorbed, commissions have been paid, attorneys' fees and other expenses deducted, right now?

The Randolph report, F. C. Elliot, Chief Drainage Engineer, and George B. Hills, the Governor's own selection as a member of the Engineering Board of Review, all agree that the drainage should proceed in an orderly, progressive way.

Hill says that "While construction in one continuous project within a limited number of years of the entire system of major drainage canals is possible, it is decidedly unadvisable," and further "that the area of the Everglades land that will be given adequate outlet, drained by the main drainage canal system, is so great as to require a period of many years to bring it under actual occupation and successful cultivation." Yet, his Excellency would commit the people of Florida or admittedly the people of the Everglades Drainage District to begin payment of interest and principal on the entire ten million of dollars to Wall Street ninety days after he signed the Bill, and incidentally the now famous *rules and regulations* provide that six months' advance interest may be set aside from the proceeds of the sale, to insure the bond holder his initial interest payment. So that is $250,000.00 additional that won't filter through.

How much well drained land in the Everglades is now ready for the plow or is under cultivation today?

The Dade County Agricultural Agent advises me that out of 36,000 acres of drained tillable land, from 1,800 to 3,000 acres were under cultivation this year.

Of the Diston Island Drainage District, probably the best drained and controlled in the entire Everglades, comprising 20,000 acres of splendid soil, only 3,000 were under cultivation this winter.

In the Pohokee, Chosen, Bell Glade, South Bay and Ritta Section 57,000 acres are ready for cultivation. 13,000 acres were planted this year and 9,000 were harvested.

What about the hundreds of thousands of acres of fertile, unused, cleared land in other sections of the state that are ready for the settler and the plow without the expenditure of twenty millions or ten millions or one million dollars?

Does his Excellency think it would help other dirt farmers if a million or two additional acres were made ready for cultivation at this time?

Many well informed people think it would not.

Why ask the Federal Government for a protective tariff on winter vegetables on the ground that Florida farmers cannot compete with Mexico, and almost in the same breath attempt to open up another million or two acres to snap beans and tomatoes.

What is the farmer going to do with a million acres of snap beans and tomatoes after he grows them?

Why not learn what other crops can be grown in the Everglades before inviting new settlers to compete with present growers in an already glutted market?

Why not learn something more about the control of plant diseases, blights and fungus in the Everglades region before borrowing the ten millions of dollars?

This is what Dean Newell, in a letter to Senator Alfred H. Wagg during the recent legislative session, said:

"During March of this year, the Plant Pathologist of our Experiment Station, Dr. O. F. Burger, visited a considerable number of truck fields in the vicinity of Canal Point, Pahokee and Bell Glade, and at all of these points found the bean crop, particularly, suffering from some very serious condition which was preventing, in many cases, the plants getting large enough and vigorous enough to produce a crop and, in some cases, preventing almost entirely the growth of the plants."

The trouble was "due to the presence of a fungus which is at times exceedingly destructive and which under certain conditions may take the form of an epidemic." Dean Newell went on to say that in the fields at Belle Glade he had found another fungus. Vegetable crops in certain sections of the 'Glades are subject to root rot. The disease is, said Dean Newell, very difficult to deal with. He says:

"The knowledge on the part of scientists, concerning these diseases, is not sufficient to enable us to suggest adequate control measures even when these diseases are found outside of the Everglades area. The situation in the Everglades is further complicated by reason of the peculiar soil and moisture conditions there existing. For, as I told you the other evening, the presence of a tremendous quantity of decaying vegetable matter of humus in the soil is a condition which, with moisture, affords an almost perfect environment for the rapid increase of fungus diseases of all kinds."

Then Dean Newell goes on to outline briefly the scientific work that should be done in order to insure the safety and permanance of agriculture in the Everglades region.

Is not a diversified commercial crop the greatest need of the Everglades?

Certainly, we cannot forever go on growing more beans, more tomatoes, more peppers, more oranges and more grapefruit.

Do we need to spend ten millions right now to prepare more land to grow these crops?

A recital of the foregoing facts, and a study of available data leading to these facts justifies my fourth point, and that is that neither ten millions or twenty millions of dollars should be spent on the Everglades until a

thorough survey of the situation has been made, covering all the aforementioned questions and many more. The fact remains that information on all these practical and economical questions is not available.

What provisions have been made for flood control?

Flood control and drainage are different problems.

Where does the Federal Government's responsibility in the matter of flood control of navigable waters cease and where does the state's responsibility begin?

Where does the state's responsibility cease and where does the land owners' responsibility begin in the matter of drainage?

Should not the Federal Government and the state so far as possible protect the people against floods; against disasters which have their seat in distant places.

On the other hand, it is certainly not the duty of either the government or the state to protect a man against the rain that falls in his own backyard.

In the case of Lake Okeechobee, the blood of those who perished along its southern and western shores is upon the heads of those who were in charge of the drainage and flood control. It was and is the duty of the Federal Government and the state to dike the lake. Responsibility is definite. It is the duty of the Federal Government and the state to regulate the heights of Lake Okeechobee, and to protect Drainage District people not against water, not against rain, but against flood.

The fifth point I would make is that with flood control the state's responsibility ceases. The problem of draining the Everglades properly devolves upon those who live there and own land there. The state is not justified in draining the counties comprising the Everglades Drainage District, unless it is prepared to enter every other county on the same basis.

And what about direction? Why take the affairs of the Everglades out of the hands of the people who live there?

Does the Administration really think that the Everglades Drainage Board is better qualified to do this at Tallahassee, six hundred miles away from the seat of operation, than are the intelligent leaders who live in the drainage district and who must stand the main burden of taxation?

His Excellency has said that he proposes personally to direct this work from Palm Beach.

Does he consider that the members of the Everglades Drainage Board are in a position to take on this great responsibility in addition to their other work?

The members of the Drainage Board are the Governor and the members of his cabinet.

The duties that fall upon them are varied and manifold.

The Governor stated in his message to the Legislature that the bond house with whom he had negotiated for the sale of the bonds would not buy the bonds unless the present Board administered both the fund and the work.

Why did he not try some other bond houses or some other plan?

I have evidence that other bond houses would bid on Everglades bonds issued under the Watson Bill which, at the Governor's insistence, was killed in committee without even being read.

Does his Excellency believe that the people of the 'Glades should be taxed by a Board on which they have no representation?

In his special message to the Legislature, his Excellency stated that he had repeatedly suggested the propriety of the Legislature creating a new Board, and taking it out of the hands of state officials. In this point, his Excellency and the people of the 'Glades and myself are certainly agreed, unless he has changed his mind since making that statement.

Taxation without representation is not a common American practice. A long time ago a Tea Party was held in Boston because of this very thing. A similar Tea Party in the Everglades might resolve into a rebellion which would then enable the Legislature to issue bonds against the State of Florida.

The sixth point I make is that the Everglades Drainage Board should get out of the Everglades and leave the problem to those who pay the bills. The Board has no moral right to spend other people's money, not as the taxpayers want it spent, but as the Board sees fit, in the Everglades. The more I study the Everglades question, the more convinced I am that the State of Florida ought to get out of the drainage and the real estate business.

Since the Governor has at last decided to take every one into his confidence, here are some further inquiries:

> In the matter of taxation is any provision made for revising the inequitable and arbitrary zone tax fixed years ago on the theory that long canals from tidewater to the Lake such as the Miami Canal, would reclaim all immediate territory?

The old zone tax places an unfair burden on certain land and gives an unfair advantage and exemption to others.

> Does not the ad valorem tax applying to improvements as well as land penalize development and discriminate against developer in favor of the non-developer?

The whole plan looks to me like a scheme not to use land, but to sell it.

> Is it not true that large areas not benefited to any extent whatsoever by Everglades reclamation, but which, nevertheless, are included within the boundaries of the Everglades Drainage District as for example, Coral Gables, Cocoanut Grove, Opa-Loaka, Hialeah, Country Club Estates and similarly located properties, and a large portion of Miami lying west of Grapeland Boulevard and the highlands south of Homestead and beyond—is it not true that they will be required to bear the brunt of the ad valorem tax, the application of which against such areas many consider equivalent to confiscation?
>
> Is it not true that nearly all the drainage work necessary for Dade County is complete and yet Dade County will be compelled to pay more than half of the ad valorem tax?
>
> How far do you think the passage and execution of the Everglades Drainage Bill would break down the prices of municipal, district and county bonds issued in the Everglades District?
>
> These are questions, your Excellency, which require more than a few days thought and yet the Legislature was given only a few brief hours between the time that they first saw the Bill and the time that it became a law.
>
> That is the last point which I make, viz: That the people of the district who pay most of the taxes are without a voice in the matter of valuation of taxation. That is arbitrary, unbusiness-like, and un-American.

The whole transaction appears to have been hurried. There has been an air of mystery, of secrecy about it that does not set well with the people of this state.

I am convinced that the lawyers for the bond buyers were looking for a vulnerable point in Florida's legal and political anatomy and I am convinced that they found it.

To sum up what I have said, I make these brief, final statements:

1. The bonds were sold too cheaply.
2. The whole affair was conducted in secrecy, in mystery, when the public should have been in possession of all facts at all times.
3. The plan was a deliberate attempt on the part of the bond buyers to trick the constitution, and it will fail.
4. No adequate survey has been made which would warrant the immediate expenditure of $10,000,000.00.
5. The state's responsibility ceases with flood control.

6. The people of the Everglades should be allowed to work out their own problem.

7. The plan calls for the most arbitrary and unrepresentative form of taxation that people of a free state have had imposed upon them in a century.

If the plan as formulated by the Administration were actually to be executed, the day would come when the owners of large tracts, who forced the issue, would regret their decision. But whatever is done should be accomplished in the open. The need is for light and yet more light. The Governor will render a distinct service if instead of still further befogging this issue, instead of injecting politics and the political aspirations of sundry citizens into the question, he will proceed to illuminate it by means of dispassionate and impersonal discussion. It is not John W. Martin who is under fire. Instead, we question John W. Martin's method. Any citizen is within his rights when he does that. We have not reached the Mussolini stage where the acts of executives are undebatable. We have been told that the Everglades question has been settled. No problem is ever settled until it is settled right. Let us do for the Everglades everything we are prepared to do in any other section under similar circumstances. Less than that is injustice and more than that is favoritism, incompatable with our system of Government.

—CONCLUSION—

Dann Is Favored By Times "Jury"

A board of judges, supposedly impartial and unprejudiced, rendered a decision two to one in favor of Herman Dann in last night's debate. They were selected at the request of The Times by hotel clerks from their out-of-state guests. Their names were not known until after the debate by The Times.

The judges voting for Dann were Donald S. Bain, Niagara Falls, guest at Hotel Dennis, and Fred P. Danzer, Racine, Wis., staying at the Pheil. George L. Street, Atlanta, Princess Martha guest, cast his ballot in favor of Governor Martin.

An unofficial poll of the press box taken by The Times showed a count of nine to two in favor of Dann from among the news gatherers who, as a matter of ethics, pride themselves with an objective viewpoint.

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