

TO THE STATE OF FLORIDA:

In the endeavor to clarify and to lay before her citizens and those interested in her welfare questions that have arisen in connection with that great territory within her borders known as the Everglades the successful reclamation of which by drainage means so much to her future, this pamphlet is dedicated for distribution with the compliments of

S. DAVIES WARFIELD.

Baltimore, July 25, 1927.

The Conference on Florida Everglades Reclamation, held at The Continental Building, Baltimore, July 18-19, 1927, was called in the following letter:

July 11, 1927.

Dear Sir:

A conference was held in New York between Mr. George E. Merrick, of Coral Gables, Florida, and myself on June 16th, Mr. Merrick desiring to present his views in respect to the reclamation of the Florida Everglades by drainage and the plans that had been thus far announced in connection therewith. As a result of this conference, it being apparent to both that in the discussions that have taken place in the press, at meetings and elsewhere that many misunderstandings had occurred, it was thought advisable by both that a conference be held at an early date of those who represent the various communities and interests affected and who may have given expression to views for or against the proposed reclamation plans. It seemed desirable that a clear understanding be had of the various questions involved in order that those attending such conference might reach their conclusions relative to this important and far-reaching subject *after having all the facts.*

Accordingly, the conference has been called at Baltimore, Maryland, at The Continental Building, Baltimore and Calvert Streets, on Monday, July 18th, at ten o'clock. The expectation is that this conference will require perhaps two days.

You have been suggested as one of the participants in the said conference. It is hoped that you will be present, as the outcome will be of considerable moment to the State and to those localities and individuals who are interested in the problems to be discussed in their relation to the reclamation of Everglades lands. Will you please advise by wire.

Very truly yours,

(Signed) S. DAVIES WARFIELD

The following
Gen. F. Bessel
J. B. Briggs
F. E. Bryant
Jules M. Burgin
O. B. Brown
W. R. Bross
A. B. Chirry
B. G. Dahlberg
Herman Dunn
S. D. Edmudge
F. C. Elliott
F. P. Fleming
Robt. Foster, Jr.
Frank A. Frost
Harvey Geer
H. S. Harvey
Bancroft Hill
Gen. B. Hills
Charles W. Hunt
Hon. L. W. Jett
Don P. Johnston
W. C. Kyle
B. M. Latham
Hon. W. Limb
E. L. Mack
R. F. Maguire
Hon. J. W. Ma

The following were present:

Geo. F. Bensel	Pres., Grtr. Palm Beach C. of C.	West Palm Beach (also representing Boynton)
J. B. Briggs	Real Estate	Lake Wales
F. E. Bryant	South Florida Sugar Co.	Canal Point (also representing Lake Worth)
Jules M. Burguieres	Real Estate	West Palm Beach (also representing Delray)
O. B. Brown	Brown Company	Berlin, N.H. (also Belle Glade, Fla.)
W. R. Bonsal	Contractor	Charleston, S.C.
A. B. Chitty	Wholesale Groceries	Jacksonville
B. G. Dahlberg	Celotex Company	Chicago (also Clewiston, Fla.)
Herman Dann	Pres., Fla. State C. of C.	St. Petersburg
S. D. Eldredge	Banker	New York
F. C. Elliott	State Drainage Engineer	Tallahassee
F. P. Fleming	Lawyer	Jacksonville
Robt. Foster, Jr.	Continental Company	Baltimore
Frank A. Furst	Chairman, Arundel Corp.	Baltimore
Harvey Geer	Pres., Inlet Commission	West Palm Beach
H. S. Harvey	Architect	West Palm Beach
Bancroft Hill	Consulting Engineer	Baltimore
Geo. B. Hills	Engineer	Jacksonville
Charles W. Hunter	Supervisor	Tallahassee
Hon. L. W. Jennings	State Senator	Okeechobee
Don P. Johnston	Pres., Chamber of Commerce	Okeechobee
W. C. Kyle	Banker	Ft. Lauderdale (also representing Deerfield)
B. M. Latham	Pres., Chamber of Commerce	St. Petersburg
Hon. W. Lineberger	Lake Mabel Harbor	Hollywood
E. L. Mack	Pres., Chamber of Commerce	Lakeland
R. F. Maguire	Representing Chamber of Com.	Orlando
Hon. J. W. Martin	Governor	Tallahassee

ades Reclamation, held e
uly 18-19, 1927, was called

July 11, 1927.

een Mr. George E. Merrick
16th, Mr. Merrick design
on of the Florida Everglades
ar announced in connection
eing apparent to both the
he press, at meetings at
occurred, it was thought
at an early date of the
rests affected and who are
the proposed reclamation
ding be had of the various
ng such conference might
and far-reaching subject

at Baltimore, Maryland
lvert Streets, on Monday
that this conference will

participants in the said con
as the outcome will be
localities and individuals
ed in their relation to the
e advise by wire.

S. DAVIES WARFIELD

which will come in good time. Now, if I understand Mr. Elliott, he says by the expenditure of this \$25,000,000 you will really drain the Everglades?

MR. ELLIOTT: Yes, sir.

MR. WARFIELD: That takes care of that. Mr. Dahlberg, I am financing the Seaboard Air Line Railway, we have a mortgage that will permit three hundred million dollars of bonds to be issued. Do you think I could look solely to the sale of these three hundred million dollars of bonds waiting for that to take place before going ahead as far and as fast as I can in the development of the Seaboard System. I am financing the railroad as justification is found for so doing. This is based on traffic earnings, both actual and safely estimated, on which I can sell these bonds.

Now, as to Mr. Elliott, you cannot expect him to stand up here and tell you whether he is going to take your land or my land or somebody else's land and put it in a state of cultivation. Let him first take care of the complete drainage of the area, and in that complete drainage you are going to reclaim millions of acres of land, and if it costs more money, look what you have got to get it on: a revolutionized area—drained, with lands of greatly increased value. You have a real asset upon which to raise more money and at greatly reduced cost for the money. We finance a railroad on earnings and value to date. We will have more earnings next year. From those earnings we take care of interest and maturities, then we go further. That is what you will do here in the Everglades.

MR. SHUTTS: I gather that there is going to be some plan under which certain sections are going to be through or completed before others, as far as the time is concerned. You want to know, Mr. Dahlberg, who is going to make that plan, and what the progressive movement is, all the way through, so that everybody will know when he is going to come into his own?

MR. DAHLBERG: Well, primarily I asked the question because I did not know what all the shooting is about in this meeting. There are certain things as I understand, that should be done. I don't know. The Everglades should be reclaimed. If we all agree on that, that is that. If somebody does not want his land reclaimed, if he wants to keep on having this danger, from the floods, can that land be cut off and the rest of us get out of danger?

CONFERENCE
ON
FLORIDA EVERGLADES RECLAMATION
AT THE CONTINENTAL BUILDING
BALTIMORE

Monday, July 18, 1927

Mr. S. Davies Warfield called the meeting to order at 10.10 A.M.

MR. WARFIELD: Gentlemen, I suggest as chairman of this conference Mr. George F. Bensel, of West Palm Beach. Mr. Bensel is president of a large organization—the Greater Palm Beach Chamber of Commerce—also of one of the large land companies which will be affected by what is proposed in the Everglades. Are there other nominations; if not, all in favor of electing Mr. Bensel chairman of this conference will please say aye.

(Mr. Bensel was unanimously elected chairman.)

MR. WARFIELD: Mr. Bensel, we will escort you to the chair.

(Mr. Bensel then took the chair as chairman of the meeting.)

MR. WARFIELD: I nominate Mr. Don P. Johnston, of Okeechobee, as secretary of the conference. As secretary he will not have many duties to perform, since we have stenographers to take the proceedings.

(Mr. Johnston was unanimously elected and acted as secretary of the conference.)

MR. WARFIELD: Gentlemen, this is an informal gathering, notwithstanding the fact that we have the Governor of Florida with us, and I am in hopes, owing to the necessities of the case, that we will endeavor to confine what we have to say to the high spots in connection with Everglades Reclamation.

I have been variously identified with this project, and it seems desirable that I say a few words, not very many.

Before proceeding, and to save time, let me say that a light lunch will be served in the large room at the end of this floor at one o'clock, then I would like you to be my guests at dinner,

at my country place, Manor Glen, twenty-two miles from the city, leaving here at about five o'clock, you can get back early, it will take about three-quarters of an hour to run out there. I hope you will favor me by being my guests on this occasion. (*Applause.*)

MR. WARFIELD: Mr. Chairman and gentlemen: It is proper at the outset to announce the reasons for this conference.

On June 16th, Mr. George E. Merrick, Coral Gables, Florida, saw me in New York respecting the Everglades Reclamation Act passed by the Florida Legislature, stating that he and associates had employed counsel to defeat the purposes of the Act by proving its unconstitutionality before the Florida Supreme Court. Mr. Merrick was under a misconception of the purpose of those who had assisted in financing the Everglades reclamation undertaking. He was misinformed relative to my connection with the Everglades in the assistance given by me. Our conference resulted in deciding that present-time Everglades conditions could be fully understood only through a conference of those in interest for and against, this meeting today represents that decision, the suggestion of a conference coming primarily from Mr. Merrick. He telegraphs that he has been unexpectedly and unavoidably detained in Florida for business reasons, which I greatly regret. He offers co-operation in reaching a satisfactory understanding.

This committee should know my reasons for any action taken by me respecting the Florida Everglades as representing the Seaboard Air Line Railway.

Seaboard Extensions and Everglades Reclamation

I have not believed nor do I now believe that the inhabitants of the lower East and West Coasts of Florida bordering on the Everglades, and particularly concerned at this juncture, are content to rely on existing conditions for the growth of their territory industrially or agriculturally, nor content with limiting their further activities to tourist business; if so, the railroad I represent would not have extended its rails one foot below West Palm Beach, nor to Fort Myers and Naples on the West Coast.

Without entering into details respecting what I have endeavored to accomplish in the interest of Florida, suffice it to say that in the survey, traffic and otherwise, made of the territory the Seaboard Railway was then considering occupying, the prospective traffic revenue from that area of practically unoccupied lands known as the Everglades was given full consider-

ation. The State's announced policy that Everglades reclamation would be actively continued and money then expended thereon not permitted to go to waste, played an important part in the decision to extend Seaboard lines on both Florida lower coasts, the Everglades lying between. I questioned public officials as to the State's policy on this subject.

On this map you will see why they were the conditions under which we were proceeding. There is the railroad across the State. Here it extends now to Miami and Florida City. Here it is extended to Naples on the West Coast. The Everglades lie between those two extensions. We did not believe that it would pay this railroad to go to the enormous expense which we did in building through that territory unless the policy of the State, which, as I say, went back a number of years, through all State administrations, was to be followed.

No trunk line system of railroad could live on Florida tourist business and what is collateral thereto, and unless this great Everglades territory was to be properly opened to agricultural pursuits the Seaboard Air Line would not have extended its tracks below its then termini on both lower coasts.

Chief Drainage Engineer Elliott, before the Seaboard extension from Coleman to West Palm Beach was constructed, discussed Everglades reclamation with me and had suggested that the Seaboard should look into the desirability of running tributary lines into the Everglades lands.

Rights of Way on State Canal Banks

Having well-defined plans under which to proceed and before the rails were laid on the West Palm Beach-Miami extension, in August, 1925, I had a representative see Governor Martin and others of the Internal Improvement Board at Tallahassee in respect to the Everglades, what were their purposes and notified these officials of our purpose to file with the Board our application under the statutes for rights of way to the Seaboard Air Line Railway on unused canal banks to reach Everglades lands which in itself would be an encouragement to agricultural development in the Glades.

All Florida knows the excessive amounts asked the Seaboard Railway for rights of way between West Palm Beach and Miami which should have been willingly donated for an enterprise of telling, lasting effect on Florida's future. I was not called upon to repeat the same experience in the Everglades. The State of

Florida owns one-fourth of the total Everglades lands, what better investment could the State make than give encouragement even to the extent of donating part of its own acreage in addition to the rights of way which the Seaboard was entitled to receive under the State statutes which only required that the railroad file its application subject to the Internal Improvement Board's approval, if a railroad would extend its rails into the Everglades. There was no "bargain" made nor suggestion of such, as has been stated respecting the three-year period to the Seaboard Railway within which to use certain State canal banks for railroad extension purposes. No financing of bonds was suggested to me at that time. The statement I understand to be made that I entered into some agreement with the Governor of Florida under which the Seaboard was to get from the State rights of way on canal banks which upon application it was entitled to have, anyhow, in exchange for help in financing Everglades bonds, is not true.

Necessities to Successful Financing

It is regrettable that the questions involved in so great a state-wide and nation-wide undertaking should be permitted to become the football of any political faction. This is a serious business subject, far-reaching in result and altogether too great to be dragged into politics by any man, set of men or any interest.

Mr. Merrick informed me it was stated that I had actually drawn the bill that passed the Legislature in connection with Everglades reclamation. I never saw the bill, knew nothing about it until it was on passage and knew nothing of its provisions until informed by letter from Miami of its taxing features and should have opposed an ad valorem tax had I been consulted. This feature is not sufficient to incite opposition provided the plans in connection with the levying of the tax are stated and found acceptable. So much for the Act.

In my address before the citizens of Miami on January 8, 1927, upon the opening of the Miami extension, I reiterated my belief that one of the most important questions then before the State was the reclamation of the Everglades by suitable drainage plans, and told Governor Martin—and no one can deny the benefits the State has received under his administration—that if he desired me to introduce him to Messrs. Dillon, Read & Company, bankers, in connection with Everglades bonds I should do so; I have no personal financial interest in the outcome.

Through his as-
first took up the sale
& Company, bank
that he proposed
cessful firm until rece
saw me in New Yor
firm of Dillon, Read

My purpose in
this situation was
amounts of bonds o
been distributed to
had the distributing
in financing securit
ing was to follow
distributed to inve
market undistribut
ditional issues of t
would not have ta
estation of the
territory lying tr
hancing the value
sold to investors
to come from one

Taxes—The

Permit me to
respect to the ter
Everglades drain
and affiliated cor
taxpayers in the
followed that w
and particularly
glades lands. T
rities sold beco
the standpoint
interest on
funding these
ties may be so
it is evident t
the future to
who would be
rities and annu

Through his associates in Jacksonville, Governor Martin first took up the sale of Everglades bonds with Messrs. Eldredge & Company, bankers, New York, without intimation to me that he proposed to do so. I never met a member of that successful firm until recently. It was after all this that the Governor saw me in New York and I introduced him to members of the firm of Dillon, Read & Company.

My purpose in asking Dillon, Read & Company to enter this situation was because they had successfully sold large amounts of bonds of the Seaboard Air Line Railway which had been distributed to investors in a manner that few banking firms had the distributing organization to accomplish. My experience in financing securities taught me that if other Everglades financing was to follow, it was important that the first issue be distributed to investors, not placed in blocks, or left on the market undistributed to destroy the prices obtainable for additional issues of the same security. Dillon, Read & Company would not have taken up this proposition except upon my representation of the desirability of the reclamation of this great territory lying tributary to the Seaboard Railway, thus enhancing the value of the Seaboard bonds they had successfully sold to investors by adding to Seaboard territory the products to come from one of the richest areas of land in the world.

Taxes—Their Relation to Bond Interest and Maturities

Permit me to state that I have definite personal views in respect to the terms of the financing of the money requisite for Everglades drainage and reclamation. The Seaboard Railway and affiliated companies are perhaps among the few very largest taxpayers in the State and do not wish to see a financial plan followed that would be irksome to the drainage district taxpayers and particularly so to those of limited resources that own Everglades lands. Therefore the question of the maturities of securities sold becomes an important consideration, not alone from the standpoint of the tax rate per annum to take care of the interest on such securities but also the questions involved in funding these securities as they mature. While short-time securities may be sold at a higher price than those of later maturities, it is evident that the maturity dates must be sufficiently far in the future to avoid a serious drain upon the resources of those who would be required to pay the taxes to meet both the maturities and annual interest. In addition to this, it is required that

provision be made for the interest and maturities of the bonds now outstanding. I have favored a reasonably long maturity for the present proposed bond issue to meet these important considerations, even though the price obtained is less than could be secured for shorter-term bonds.

Long Time Bonds Essential

The questions involved in the price secured for these securities which depend upon the length of time they are to run have not been fully understood. Representing the interests I do I am very greatly concerned in the maturity of the bonds to be sold. We all know you can sell a one-year bond, a two-year bond, a five-year bond, a six-year bond for more money than you can a thirty-year bond or a forty-year or a fifty-year bond. How are you to meet these one or two or three or four or five or six or seven or eight-year bonds, particularly when you have to take care of the maturities of the existing outstanding bonds. So in your consideration of the subject, I hope you will give attention to this one point. The question of maturities to my mind is the most important point in this connection that the State administration of Florida has to deal with. How are you to meet these obligations unless you fix their maturities at a time when they can be met. Furthermore, the question of whom you sell them to is a very important consideration. I do not believe any man in the railroad business has had greater experience in the questions involved in the distribution of securities than I have had.

In the distribution of securities when I first undertook to finance the Seaboard Railway, and we had among the largest and strongest financial institutions in the country to take our bonds, unfortunately they were distributed by the bankers in large blocks, and when we came to sell additional securities there was no market upon which we could immediately depend in the sale of future Seaboard securities.

I cannot believe that the people of Florida for a moment would desire to see this matter of financing Everglades bonds proceed in any other than under the most advantageous circumstances and to the best interests of the State. Personally I have endeavored to carry out the statement I made to the Governor publicly, that if he wished me to be of assistance in the sale of these securities I would endeavor to do so. What was the first consideration. To my mind it was to find bankers who could get

these bonds in the hands of permanent investors. Why, gentlemen, with Florida, in the position she stands in today—it is getting better—with great amounts of county and municipal bonds outstanding and more to be sold, it was not an easy matter to interest large banking houses with great distributing power to buy Everglades bonds at all with ten, twelve or thirteen million Everglades bonds now outstanding with a value of fifteen millions of dollars property.

Distribution First Consideration

Make no mistake, the first thing to do is to find a house that can *distribute* your securities, not necessarily the house that is going to pay you the greatest amount of money for them. We all know that the price of securities is regulated by the maturities. Is it not unfair to intimate, because perhaps someone—I don't know who—now comes along after all of this set-up has been made, and says that somebody would have offered more for the bonds, that this should influence you. Let me say you can always go out and find some house or some broker that will offer more for some bonds than you may have sold them for, but what happens? It is no easy job to distribute ten to twenty millions of bonds, the proceeds of which will be used in the drainage of the Florida Everglades.

My record is too well known in Florida to require me to thus state my relations to the Everglades project, but I wish to briefly bring you up to today. My loyalty to Florida has been demonstrated by expenditures of great sums of money in building railroads I do not believe other men would have built, believing in my judgment and in my associates in and outside of Florida. The future will decide as to this, I have no misgivings.

My purpose in calling this conference in Baltimore was to meet on neutral ground. The Seaboard Air Line Railway is concerned in seeing that its Florida investment shall be sustained in avenues that are as important to the State and to its residents as they are to the Railway. Ten to fifteen millions have already been spent in Everglades reclamation. No man in or out of Florida can wish to stop there. The purpose at least of the Governor of Florida to finish this work with an expenditure that will finish it cannot be opposed on any legitimate business grounds. The methods or plans under which the Everglades are to be reclaimed present fair grounds for debate, but in their

consideration opposition for political reasons may be expected and should be ignored.

Two Angles of Approach

In the consideration of this subject it should be approached from two angles:

(a) *The effect of drainage in its relation to the agricultural development of contiguous lands by reclamation;*

(b) *The necessity of adequate drainage canals or waterways for the control of Lake Okeechobee and other waters or watersheds with the menace to life and property while uncontrolled; further, the necessity of such canals and waterways in preserving the health of cities and communities dependent upon adequate methods for quickly relieving the great volumes of water precipitated upon large areas now without means for their relief.*

The result of the hurricane of 1926 with the great loss of life in territory south of Lake Okeechobee which was unprotected—and still is—should cause the forward and right-thinking men of Florida to protect the people and the State against a repetition of the calamity that then occurred. It is indeed a grave question whether the State of Florida, without respect to drainage districts or the taxation of any particular section of the State or its people, if the National Government fails to do so, should not appropriate the money to see that sufficient drainage canals and waterways are constructed to avoid a repetition of what has occurred not only at the period of the 1926 hurricane but at former times, and protect the people against invasion of this description as it would be the duty of the State to protect its people against invasion by a foreign foe.

I visited Miami, Hialeah and contiguous territory immediately after the hurricane of 1926. The condition of the Miami Canal backing up the drainage provisions at Hialeah might have caused epidemic. There is always danger from uncontrolled water in a low country and this phase of this subject should have serious consideration without respect to land values by reclamation.

Gentlemen, I cannot see that there are any two points of discussion in regard to this matter. Suppose you do not reclaim, and by reclamation add to the value of the contiguous lands by draining them and enabling them to be cultivated; you have got a

problem to meet, and
building the new railro
through swamps an
what was the resu
water, some died fro
the water ran off al
water in the endeav
somewhere near the
Are you going to let
to exist? Is it not
conditions are stop
built to Miami if w
let that volume of
Canal, Mr. Shotts,
to let out this water
Locka can live on so
able to me that an
least getting rid of t
deal of money to do
the same time recla

Quest
So I suggest
should be put an
double purpose na
reclaiming of Eve
the policy of eve
Governor Browar
be continued or si
and plans of fina
deemed expedien
The reversal
long standing wo
before this conf
(1) The
lowed by the
security to
thereto.
(2) The
this security

political reasons may be ex-
of Approach
subject it should be appo-
in its relation to the ap-
lands by reclamation;
adequate drainage canals or
chobee and other water wa-
and property while commo-
canals and waterways in
communities dependent upon
driving the great volume of
now without means for a
of 1926 with the great
chobee which was unpre-
ward and right-thinking
and the State against a rep-
d. It is indeed a grave
without respect to drain-
particular section of the
ent fails to do so, shall
sufficient drainage canals
oid a repetition of what
of the 1926 hurricane
people against invasion of
ty of the State to protect
n foe.
contiguous territory
The condition of the
visions at Hialeah might
s danger from uncontrol-
se of this subject should
ct to land values by re-
there are any two
Suppose you do not
e of the contiguous land
be cultivated; you have

problem to meet, and nobody knows more about it than I do. In building the new railroad from Coleman on the Seaboard main line through swamps and across the wilderness to West Palm Beach, what was the result, men were standing up to their necks in water, some died from it. We could not wait months until all the water ran off after the heavy rains, so men were wading in water in the endeavor to get the road through on time to open somewhere near the time we promised that it would be opened. Are you going to let such a situation, such conditions continue to exist? Is it not part of somebody's duty to see that these conditions are stopped? Do you suppose we would ever have built to Miami if we thought you were going to stand still and let that volume of water, as I saw it up there in your Miami Canal, Mr. Shutts, backing up over everything, and not arrange to let out this water somewhere, so that Miami—Hialeah—Opa-Locka can live on something else besides tourists? It is unthinkable to me that anybody should doubt the advisability of at least getting rid of that great volume of water, it will cost a good deal of money to do it. But if you are going to do it why not at the same time reclaim the land?

Questions to be Decided by Conference

So I suggest to this conference that the first question that should be put and decided is whether it is desirable that the double purpose named—drainage and its effect on health; the reclaiming of Everglades lands—both of which have become the policy of every Governor and State Administration since Governor Broward in 1904 to the present administration—shall be continued or shall not be continued, subject to such methods and plans of financing and execution of the work as shall be deemed expedient and efficient.

The reversal of a defined State Administration policy of so long standing would be unthinkable; therefore, the real questions before this conference are:

(1) *The method of financing that is being presently followed by the State Administration as to purchase price of the security to be issued, its maturity and conditions relative thereto.*

(2) *The necessities of taxation to meet the proposed issues of this security both as to interest and of meeting the maturities.*

(3) *The amount of such security to be sold from time to time to meet necessities and approximate dates of the sales with final total approximated.*

(4) *The general plan of drainage with total defined area expected to be benefited with extent of such benefits and time required for completion.*

(5) *The area defined in first proposed money expenditure with time of completion of first unit and additional expenditures to be made with time of completion of each unit.*

(6) *The requirements of property owners in connection with the engineering plans adopted to make available their lands for cultivation—the cost to the property owner per acre. To what extent will diking and pumps be required.*

(7) *How definite are the engineers in their expectation and estimates of results under the plans proposed.*

(8) *At what points will the local or resident engineering organization be stationed under the first unit of construction and expenditure.*

(9) *What are the requirements upon the State of Florida per se under the provisions of the Act passed by the last Legislature, the constitutionality of which is to be tested before the Supreme Court of Florida.*

(10) *What relief will the proposed plan of canal widening and deepening and the other plans proposed by the engineers of the State and those especially appointed give in the avoidance of the repetition of the calamities occasioned by the 1926 hurricane in preventing loss of life and in caring for the needs of cities and communities in relation to their drainage problems without respect to the benefits to be derived by the actual reclamation of Everglades land.*

(11) *The desirability of constituting a committee composed of representatives of various cities or communities bordering on or affected by Everglades drainage or reclamation with a small Executive Committee thereof to confer with the State Internal Improvement Board and regularly constituted authorities as the work progresses.*

It would seem that discussion of these eleven suggestions will develop the proposals and purposes of those who are endeavoring to reach practical results in respect to Everglades drainage and reclamation.

Before proceeding I will read certain correspondence which

has taken place in connection with this conference if you wish it.

It will take some time to read all this correspondence, it will save time to briefly mention its purposes. It deals with the various phases of the subject. I believe the questions I have suggested cover what has been asked in numerous letters received, or I have been asked in interviews or conferences in respect to the subject. A number of gentlemen have not been able to reach here today. I have a number of telegrams from Mr. Merrick. He states he is having some financiers at Coral Gables and, as I have stated, he is not able to be here today, which he says he greatly regrets. He has stated, however, it is his purpose to do everything in his power to see if some satisfactory conclusion cannot be reached with his associates in regard to this matter. Mr. Merrick originally stated he could attend a conference either in New York, Baltimore or in Florida any time after the 15th, so today the 18th was set to suit his wishes.

I have letters here from others, saying they regret not being able to get here, and are in sympathy with the general proposition although there are many things they do not understand in respect to the subject.

Now, without taking too much time, Mr. Chairman, it seemed to me desirable to have a cross-table discussion of these matters, free from rancor or feeling. I do not believe there is a man in the room who has a desire further than to have questions at issue settled and settled right. Many things have been said better not to have been said, but it may be just as well, however, for it brings to the surface the differences of opinion.

I have stated the situation as clearly as I know how, Mr. Chairman, and will ask, with the consent of the gentlemen present, if you will confine the discussion, as far as possible, to answers to the questions proposed, to save time.

I do wish to ask this conference, however, at some stage of these proceedings, whether it is desired to continue the policy of carrying out the contract which was made when the Everglades lands were taken over from the National Government by the State, that they were to be drained, or whether that contract is to be repudiated. With your permission, Mr. Chairman, I ask Mr. Elliott, the man who has had more to do with the subject than any or all of us, to give as concisely as he can the high spots involved in the drainage or in the reclamation of the Everglades. I do not mean, Mr. Elliott, that at this meeting you can cover the field in so large an undertaking, but to get started, then if

necessary we can appoint committees, if you please, to go ahead with subjects that it is not possible to fully iron out today. If you can give at least a bird's-eye view of what you have in mind regarding the questions that affect you it might clarify the air, because, while covering the ground, it is difficult to arrive at conclusions from such a report as that made by the three engineers appointed by the State, which I have read two or three times. For instance, Mr. Elliott, they say that in the lower reaches it will be necessary for the landowner to dike and use pumps. Of course, people who own property in the Everglades, and there are men in this room who represent great interests, as you know, in property there, would want to know, Mr. Elliott, just what that means. If, Governor Martin, the plans of these engineers, involve in addition to the expenditures named in their report that the landowner will be compelled to spend other large sums of money all over the Everglades to help out, the landowner will want to know what he individually is expected to do. If Mr. Elliott will touch on that subject we will all be obliged to him. (*Applause.*)

MR. ELLIOTT: Mr. Chairman and gentlemen: In response to Mr. Warfield's request, and following the discussions set out in the questions to be decided by the conference, some eleven in all, I think perhaps from my standpoint it will be well to begin with question four. That begins with the engineering features involved. After discussing some of the engineering features, if the conference wishes information on one, two, or three, I have also data on that subject. But, perhaps, we might discuss first the engineering features, the reclamation of the land itself and then touch upon the method of financing, taxation, and so on.

Question 4 is: "The general plan of drainage with total defined area expected to be benefited with extent of such benefits and time required for completion."

Up to the present time there have been constructed or have been opened, some of which have been only partly completed, about four hundred and seventy odd miles of main canals. There have been constructed fourteen locks and dams, twelve of which are of a permanent nature. There have been surveyed something over a million odd acres of land in townships, sections, and more or less subdivisions. Numerous surveys, drainage investigations and reports have been made along engineering lines in the Everglades, and along economic lines also. The total cost of all the

work to date, or to January 1, 1927, I should say, was in round figures \$15,000,000. The estimated cost for completing the reclamation of some 2,500,000 acres, according to the report of the Engineering Board of Review, concurred in and supported by investigations which have been made by the chief grading engineers, call for a total expenditure for main work of about \$26,000,000 additional to what has already been expended. A general plan of drainage contemplates two principal things. First, the lowering of the waters of Lake Okeechobee, and bringing that lake under control to prevent its overflow and inundating territory comprising the Everglades generally on the south. The control of the lake means two things; one, the building of a canal for regulating its water levels, and two, the building of levees to confine those waters, and especially under hurricane conditions, or storm conditions.

The other part of the drainage plan would be to provide main drainage canals throughout the territory itself, main outlet canals for carrying local rainfall from the lands to the sea.

Those are, in brief, the two principal things connected with the drainage of the Everglades, and so far as the Everglade drainage is concerned.

In addition to that, there is certain local work that must be completed, to carry on where the Everglade work leaves off, such as local work, farm district, and connecting canals, and work which must be done by the workers in that locality at the time and in the manner that they deem advisable.

"... with extent of such benefits and time required for completion." As to the extent of the benefits, perhaps I might give some data that I have. The benefits already received might be indicated in a general way by the improvement of the districts along certain lines, and these benefits have come about not through the completion of the work but through so much of the work as has been carried out to date; not to the final completion of reclamation, because that has been by no means attained, but the benefits which have accrued by the work thus far.

In 1905, average land sales price per acre was \$1.25 for such lands in the Everglades district. Now, there were prices as low as \$.25 an acre, but the standard price determined by the trustee appointed at that time was at the rate of \$1.25 per acre. That, based on land sales basis value, was worth, 4,300,000 acres, approximately, in 1905, \$5,391,000. Now, I have put it here on a land value basis because that is all there was there at

the time, if we may call it land, covered with water, at any rate there was nothing there but this, if we determined it land, so a land value basis might cover what values there were there at that time, and the total value on the basis of land sales at that time, was \$5,391,000.

In 1910, the average price of land advanced to \$2.00 per acre. The population in 1905 is not given, but the population in 1910, according to the United States census, was 1,419 persons, a greater number of which were along the coast on the south. There were no real residents in the Everglades at that time, omitting a few Indians. There were forty-two miles of improved roads in the district. There were forty-five miles of railroad. On the basis of land values, then the district had a land value of about \$8,622,000.

In 1915, the land value reported as of 1915 was \$5.45 per acre. There were 6,816 persons in the Everglades. The estimated assessed value of property, state and county taxes were placed by the tax assessor of the counties at \$9,690,000. For the first time an estimate of land under cultivation was made and there was found an area under cultivation of 20,000 acres. Nearly all of that was in the Everglades district proper. South of Cocomo Grove could not be considered as strictly Everglades land, as we speak of it today. It does not include all of the land devoted to citrus groves and lands of that character. The value of the Everglades district on a land basis, according to the average sale price of land in 1915, was \$66,600,000. Up to that time there was no bonded debt. The money had been raised through sales and through taxes and there was no outstanding bonded debt in 1915.

In 1920, the next five-year period, the average land sales price of land was at the rate of \$24.73 per acre. The population of the district had increased to 23,500 persons. The assessed value, according to the county tax assessor, was \$9,424,100. The estimated area under cultivation was 34,000 acres. There were found 72 miles of improved road within the district. There were 81 miles of railroad within the district. On the average price per acre the value of land, the land value of the district had increased to \$106,300,000. The bonded debt of the district was \$5,000,000 in 1920.

In 1925, the boom year, the average price of land was at the rate of \$108.66 per acre. The population, according to the State census was 40,200 persons. The assessed value of

the land in the district, according to the county tax assessor, was \$27,600,790. The acreage under cultivation was approximately 50,000. There were 340 miles of improved roads, rock roads, in the Everglades district, starting with nothing in 1905. Three hundred and forty miles does not include the short-end roads or connecting roads in various subdivisions, but those roads commonly used in the district, not merely subdivision roads. There were a great many more of those. There were 180 miles of railroad. The estimated value of the district on a land value basis alone was \$467,000,000. The bonded debt of the district was \$10,250,000.

Now, take it for 1927, or the end of 1926. The value of land sold was at the rate of \$81.51 per acre. That reflects the readjustment from the previous boom year. The population of the district taken from the 1925 census—we were careful in bringing it up to date as nearly as it could be worked out—was 46,007 persons. The assessed value of the district, according to the tax assessor of the county, was \$52,404,000. The estimated area prepared for cultivation, though perhaps all of it was not finally cultivated or harvested, was estimated at 92,000 acres. Total number of improved roads in the district, including non-connecting roads and roads connecting subdivisions, 507 miles. One hundred and ninety-two miles of railroad. The value on a land basis only, according to the average price, \$350,500,000. The bonded debt was estimated at \$10,255,000.

I want to call attention to the ratio of increase in value on a land basis only to the cost of the work or, as the work increased in cost. The cost of the work as of January 1, 1927, was about \$15,000,000. The total value of the district was about \$360,000,000, that is a \$355,000,000 increase over the \$5,000,000 in the beginning. The ratio of the cost of reclamation work at the Everglades drainage district was a ratio of one to three increase in value. I leave it to Mr. Warfield if that isn't a pretty good—or to anyone else if that isn't a pretty good increase in value for the time with the money expended on improvements and on work, which is certainly responsible to a large extent for that increase in value.

MR. WARFIELD: Mr. Elliott, if you will allow me to interrupt you a moment, I expect these gentlemen would want to know whether the original plans of Randolph have been substantially amended.

MR. ELLIOTT: How is that, Mr. Warfield?

MR. WARFIELD: The original plans of Engineer Randolph that were made back there, whether there have been substantial changes in those plans through the suggestions made by the three engineers making the recent report, and also I should think they would want to know whether you approve the suggested changes in that report; and, again, I should think they would want to know whether you are going to adopt the unit plan, which I understand you did adopt in expenditures in the Everglades, and where your first unit would probably begin. I do not know whether I have propounded too much to answer or not.

MR. ELLIOTT: The plans set forth under the Randolph report have been followed in principle part. There have been some deviations from that report. Those deviations are of a detailed nature but not in principle. The deviations and alterations in principle from the Randolph report were described in detail to the Engineering Board of Review, which submitted its report recently. Those changes and those deviations have been concurred in by the Engineering Board of Review. The principal features of the Randolph report are supported by the report of the Engineering Board of Review and are concurred in by the Chief Engineer at Tallahassee. The final report of the Chief Engineer at Tallahassee for 1925 and 1926 goes into some detail as to these reclamation plans and has something to say also on the subject of progressive drainage by units now in accord with the recommendations made by the Engineering Board of Review, and they are in accord in principle with the reports of the Randolph Commission. As I said, there have been some changes in details but those are natural and ought to be made if improvements are to be carried out in any line of work.

This is from the Everglades Engineering Board of Review's Report: The basic general features of the Isham Randolph Report of 1913 are three in number; one, the control of Lake Okeechobee—

MR. WARFIELD: That is Lake Okeechobee?

MR. ELLIOTT: Yes, sir.

MR. WARFIELD: I want to ask you this question: As I understand it, the last engineers' report states that it would require about a million and a quarter in respect to the completion of the

St. Lucie Canal, am I right in that? Is that an additional cost over and above what has already been expended?

MR. ELLIOTT: The cost as set down is the total cost for completion.

MR. WARFIELD: For completion from now on?

MR. ELLIOTT: The canal has not been completed to date. Their estimate is for completion.

MR. WARFIELD: For completion. Now, that is a million and a quarter, as I understand it?

MR. ELLIOTT: I think it is about three million in all.

MR. WARFIELD: Is it three million in all for St. Lucie alone?

MR. ELLIOTT: Yes, for the control of the lake, three million for the St. Lucie Canal and levee.

MR. WARFIELD: It is about a million and a quarter for the St. Lucie Canal alone?

MR. ELLIOTT: Yes, sir.

MR. WARFIELD: Do you believe that when that is accomplished, that is to say, the million and a quarter, or whatever it is, on the St. Lucie Canal, all the expenditures come to a total of three millions including the levee at the south of the lake. Is it your belief that that will control Lake Okeechobee and will carry out what it is expected to carry out in the control of that watershed there, if you please, and do you believe that when that has been spent on the St. Lucie Canal and the levee to protect Morehaven and that territory, you feel that will be the total, and that there will not be anything required from time to time to cause further expenditures?

MR. ELLIOTT: I certainly do.

MR. WARFIELD: Gentlemen, I think that is a very important question. If three million dollars will control that watershed there, that lake, and protect that large area to the south of the lake, and the lives of those people, I think that it is three million dollars well expended, in addition to what has already been expended, and that is the estimated total cost, if I am not mistaken.

MR. ELLIOTT: For building the lake control, building the St. Lucie Canal, and building the levee.

MR. SHUTTS: From this point, the three million dollars will be necessary from this point?

MR. ELLIOTT: From now on.

MR. WARFIELD: And you believe that will accomplish the result?

MR. ELLIOTT: I certainly do.

THE CHAIRMAN: May the Chair ask what the capacity will be over its present capacity with that enlarged area?

MR. ELLIOTT: It will be from 25 to 50 per cent, depending on whether it is low level or capacity.

"... the time required for completion," from a construction standpoint and engineering standpoint, I think that all of the work will be completed in four or five years. That is from a construction standpoint. But the time for completion, in my judgment, is going to be determined from other circumstances than just purely those of construction and engineering. I think that is going to be determined by the rate at which the land can be settled and cultivated. The construction work can certainly be carried on as rapidly as man can develop it, and as rapidly as it is justified from the standpoint of settlement and colonization.

MR. FLEMING: How soon can the control of Lake Okechobee be affected by this three million?

MR. ELLIOTT: The principal feature of it would be the completion of the levee. As a matter of fact, with the exception of a storm such as we had in 1926, or hurricane conditions, the lake is already in satisfactory condition. The lake is in satisfactory condition at this time, and would now be controlled except under hurricane conditions.

MR. SHUTTS: What are the proposed dimensions of the proposed levee?

MR. ELLIOTT: The crest of the levee would be at an elevation of 27 feet. That is 10 feet above high lake level. The levee will be of what base widths are sufficient. That, perhaps, will vary somewhat according to the material of which it will be constructed. The material of which it will be constructed will be

taken from the site, and be of varying quantity or varying material. The height of the levee is the main thing. It will be at an elevation of 27, which is 10 feet above the proposed high lake level. That is higher than any water flowed under the extreme of the hurricane condition of 1926, with the lake at a higher level than 19 feet.

MR. SHUTTS: What will be the length of the levee?

MR. ELLIOTT: About 47½ miles.

MR. SHUTTS: What is the length of the canal?

MR. ELLIOTT: A fraction less than 25 miles.

MR. FLEMING: Where will the levee be located on the southwest?

MR. ELLIOTT: It will be located from Hurricane Point, which is about two-thirds of the way down, on the east shore of the lake, and extend from there around the south shore, southerly westerly and northwesterly past Moorehaven, where the high land begins to the north of Moorehaven. That is where the ridge begins now. The remainder of the lake is surrounded by a good, substantial high level.

MR. WARFIELD: That has a rise there of 14 feet, has it not?

MR. ELLIOTT: The levee will stand on ground at an elevation between 14 and 16 feet. That is about the margin of the lake under ordinary water conditions.

Getting at the rate at which the work will be done, I believe that we will give consideration to those areas which can be brought into settlement and cultivation at an early date, the areas, perhaps, that have some sort of priority in drainage over others. Those areas are near centers of population, where considerable work has already been done, and where considerable development has been already done by farmers and private individuals, and which appear to be ready now, or most nearly so, for settlement and cultivation. Those areas, as a whole, can be divided into small restricted areas, and the work provided for each one of those restricted areas, so that the land within that restricted area will be settled, and farmed, and the canal work carried on later. Then as other areas will be required the work will be extended into other territories and other territory added progressively to that already reclaimed.

Now, the rate at which that is done, at which the work can be done, I believe will depend largely on the rate at which the land will come under settlement and cultivation. It is a proposition of colonization, it seems to me.

MR. WARFIELD: Mr. Elliott, how long will it take for the expenditure of this three million dollars, I mean to complete this work? Of course, I mean just a rough estimate?

MR. ELLIOTT: About eighteen months to two years will be a fair estimate, a fair working schedule, and less than eighteen months would suffice for completing it if necessary.

The lake levee, the condition there is of such nature that it can be done more rapidly than the canal excavation. In the canal you will have only one point of attack, or perhaps, two, but on the lake you can put in as many plants as will be economically justified in carrying out the work, just as you would in building a railroad, you might begin at more than one point.

MR. JOHNSTON: Does that three million dollars include a canal fee?

MR. ELLIOTT: It does not take that into consideration, except maintenance and handling Lake Okeechobee later.

MR. WARFIELD: As I understand it, that will be one of the first things done, one of the first expenditures made from the money that comes from the proposed issue of bonds?

MR. ELLIOTT: That work, no matter what area may be selected, that work is absolutely essential for the protection of the whole area, and, further, for any individual areas.

MR. WARFIELD: What other areas would you take up in the expenditures? I may be putting very foolish questions to you.

MR. ELLIOTT: No, sir.

MR. WARFIELD: What I think the gentlemen want to get at is the progress of the work as I understand it.

MR. ELLIOTT: Generally selected areas now nearest ready for settlement and cultivation. For instance, there are certain areas around Lake Okeechobee that are now under some degree of settlement and cultivation. There are other areas, for instance, west of Miami, where a good deal of work has already been done, where a lot of development has already taken place, farming

operations that are
and egress, roads and
should be undertaken

Now, then, for
indicated on the plan
100,000 acres, and by
anything that has b
what can be done i
area, we will say, of
of Miami tributary
that neighborhood,
of the Everglades, a
is put in the neighbo
within eighteen mon
in so far as the main
the area need wait
cultivation can be
and settlement in
safety, it would m
would justify going
of safety and secu
went along.

And so west
by the main drain
railroad and along
according to the w
can be carried ou
justify farming op
the land. And as
time, the works ca
occasion warrant

SENATOR JEN
would you say at
colonization, wh
at the present

Mr. ELLIOTT
very easily con
restricted areas
may be less. I
justify taking i
perhaps may t

operations that are under way, where there are means of ingress and egress, roads and railroads, and those areas are ones that should be undertaken first.

Now, then, for instance, as an illustration, here in No. 7 indicated on the plan west of Miami, there is an area there of 108,000 acres, and by the way this is just illustrative, it is not anything that has been selected, but this is just to illustrate what can be done in the way of selecting restricted areas; an area, we will say, of 108,000 acres more or less will be taken west of Miami tributary to the Miami Canal and to other works in that neighborhood, the complete main works, that is the works of the Everglades, and the figure for fully protecting that area is put in the neighborhood of \$200,000. That could be completed within eighteen months to two years from the time of beginning in so far as the main works are concerned. That does not mean the area need wait until it is completed before any farming or cultivation can be done. In fact, there is considerable farming and settlement in that territory already, but it could progress safely, it would make conditions safer than they are now and would justify going along in a business way and with a feeling of safety and security with the work begun and as the work went along.

And so west of Fort Lauderdale there is a good area tapped by the main drainage works and reached by roads and near a railroad and along other canals. But these areas can be selected according to the wishes of the owners of the property, the works can be carried out, and these restricted areas will secure and justify farming operations and the settlement and cultivation of the land. And as these are settled and cultivated, at the same time, the works can be extended to take in additional areas as the occasion warrants.

SENATOR JENNINGS: What percentage of the entire Glades would you say at the present time was in that condition, ready for colonization, which could be easily tapped by drainage works at the present time?

MR. ELLIOTT: I should think that a million acres could be very easily considered as being ready for developing in the restricted areas. That is just a suggestion. It may be more or it may be less. I am inclined to think that colonization may not justify taking in quite as large an area at the beginning as some perhaps may think. We can add to it without great cost, if

necessary, but if we take in too much there is going to be considerable cost for maintaining works already constructed, money spent on those works protecting the lands and the property. You can add to it certainly as fast as there is need for it, that is, you can construct the canal just as fast as any justification from a colonization standpoint exists.

MR. WARFIELD: In regard to Miami, do I understand that that would be one of the immediate or early things to do, to take up that country just west of Miami?

MR. ELLIOTT: I should think logically that is one of the first areas to be taken care of.

MR. WARFIELD: Do I understand that Lake Okeechobee and the area there, that area which is also contiguous to Okeechobee City and its environs, the territory that lies immediately west of Miami, which certainly requires early attention—

MR. ELLIOTT: Yes, sir.

MR. WARFIELD: And then Fort Lauderdale, the area to the west of Fort Lauderdale, that is another early work, as I understand—

MR. ELLIOTT: Yes, sir.

MR. WARFIELD: That the effort would be to make those as simultaneous as could be done, that is the work there?

MR. ELLIOTT: Yes, sir.

MR. WARFIELD: To take those areas for drainage, if you please, and reclamation?

MR. ELLIOTT: Yes, sir. In an illustrative way I am taking about twelve areas just to illustrate how that could be carried out. One or more of those areas are practically in part or every part of the Everglades according to the work that has already been done according to the population and according to developments already under way by landowners.

MR. HARVEY: I should like to ask two questions: If it takes five or six years to complete the program—I did not quite get the reasons that you gave—all of it might not then be possible to cultivate. What will prohibit cultivation of the land after the program has been completed?

MR. ELLIOTT: I do not know that anything would prohibit it, but I doubt if it would be feasible to colonize two million acres of land and put it under any sort of settlement and cultivation within a period of five years.

MR. HARVEY: I mean it would be possible should any of that land, should it be desired to cultivate it, any part of it could be cultivated, isn't that so?

MR. ELLIOTT: No, sir, any part within one of those restricted areas protected, but not any part out in the remainder of the two million three hundred or five hundred thousand acres that had not been protected.

MR. HARVEY: Well then, this five or six year program would not comprehend all of Everglades area?

MR. ELLIOTT: It could be done from a construction standpoint, but the rate of progress is going to be determined by the need of land.

MR. HARVEY: The need of land?

MR. ELLIOTT: The need as determined by settlement and population.

MR. HARVEY: Before drainage began I understand there are more than a half-million acres of land in the Everglades drainage district, is that correct?

MR. ELLIOTT: Yes.

MR. HARVEY: Before any work was done, what portion of that was cultivated?

MR. ELLIOTT: I don't know of any of the Everglades land proper that was under cultivation. Some in the district, some of those lands that under the law are exempt from the acreage tax, those high lands that are not Everglades lands proper, there was some down there.

MR. HARVEY: But generally more than half a million acres are not possible of cultivation?

MR. ELLIOTT: I should say so far as the Everglades were concerned there was no such thing as cultivation in 1905.

MR. WARFIELD: There are a good many gentlemen here in the room from various other localities. Is there anyone here from some locality that would like to ask Mr. Elliott in respect to his locality if it is not included in the range of the area that he has already discussed? I take it this is one of the most important things we are doing here today, to give your people an idea of what is going to be done with the money that is to be raised to pursue this work, and it seems to me that Mr. Elliott has well answered the questions in respect to the various areas he has discussed.

SENATOR JENNINGS: I would like to ask if there is any provision to take care of the flood waters of the Kissimee River before they reach the drained land.

MR. ELLIOTT: The theory has been advanced that the Kissimee River ought to be diverted out into the Atlantic Ocean before it reaches Lake Okeechobee. The chief drainage engineer had never thought such a plan as that feasible, and the Everglades engineers of the Board of Review considered that question, went into it and investigated it and declared it not to be feasible.

SENATOR JENNINGS: I had in mind more particularly something in reference to diking or dredging the river.

MR. ELLIOTT: We have not any at the present time.

MR. DAHLBERG: There has been issued a pamphlet entitled "A Report of the Board of Review," and the work outlined there is set out as costing about twenty to twenty-two million dollars. Is it that work that is covered by that report that is proposed to be dealt with in this bond issue, or what is that work? If the work laid down in that report is to be done, then personally I understand what is to be done. If it is not to be done, I would like to know what part of the work outlined in that report is to be done.

MR. ELLIOTT: I think I can say in answer to that the purpose of that report is to lay down plans to be followed in carrying out the reclamation of the Everglades. The estimates in the report are on the cost to carry on that plan. The Board engaged these engineers to work out plans, to review former plans and to make recommendations for the cost of doing the work, and to follow those plans as they have been following plans similar to those in a general way before. I do not doubt but that

there would be some
into details.

MR. DAHLBERG:

MR. ELLIOTT: B
used for carrying out
that means something
those works, of the w

MR. DAHLBERG:
by that report, you
around twenty million

MR. ELLIOTT: A

MR. DAHLBERG:
present twenty mil
point: If it takes tw
out in that report,
twenty-five million
not going to be do
determined now?

MR. ELLIOTT:
It would be det
developed and adv

MR. DAHLBERG:

MR. ELLIOTT:
owners.

MR. DAHLBERG:
I want my land fi
and when you ge
million, now, wh

MR. ELLIOTT:
ture of twenty
much land ready
reasonable stand
as of that time?

MR. DAHLBERG:
standpoint.

MR. WARFIELD:

there would be some detail changes. The report does not enter into details.

MR. DAHLBERG: I am not talking about details.

MR. ELLIOTT: But the money in this bond issue will be used for carrying out the works laid down in that report, and that means something more than three-quarters of the extent of those works, of the works set forth in the report.

MR. DAHLBERG: Does the land laid out in the area covered by that report, your present thought is that can be done for around twenty million dollars?

MR. ELLIOTT: Around twenty-five million dollars.

MR. DAHLBERG: The thought is to go ahead and when the present twenty million is exhausted, then what? This is the point: If it takes twenty-five million dollars to do the work laid out in that report, you are going to get the proceeds of the twenty-five millions of dollars, then what part of that report is not going to be done, the work contained there? Can that be determined now?

MR. ELLIOTT: In a general way it can be, but not in detail. It would be determined by how colonization and settlement developed and advanced.

MR. DAHLBERG: Who is to determine that?

MR. ELLIOTT: I think that would be largely up to the land-owners.

MR. DAHLBERG: Well, I come here and I say, Mr. Elliott, I want my land first. Somebody else says, I want my land first, and when you get us all added up together it adds twenty-five million, now, what happens?

MR. ELLIOTT: I will ask you if you think with an expenditure of twenty millions of dollars, if there is not going to be so much land ready for settlement and cultivation that from any reasonable standpoint there will be land enough for all purposes as of that time?

MR. DAHLBERG: True, but I am looking at it from a selfish standpoint.

MR. WARFIELD: Won't you tell these gentlemen, they may

not know just what you represent or whom you represent, they may not know your great interest in this situation, won't you please state your interest in this situation as briefly as you can.

MR. DAHLBERG: Well, directly or indirectly I own or control almost one hundred thousand acres of land in different parts.

MR. WARFIELD: In the Everglades?

MR. DAHLBERG: In the Everglades. As far as I am concerned individually I have read that Review Board's report and am thoroughly in accord with it. My own engineers say it is a workable scheme. It may not be the best plan that could possibly at sometime in the dim and distant future be evolved, but it will work. It will give us available land for cultivation. It will drain that part of the Everglades in a workable way, but I am just asking these questions, as far as we are concerned we are thoroughly satisfied with this program if it goes through, we are not satisfied with it if it is going to kick around for five or ten years. The point I wanted to make, as I understand it, there are some people here that have land not included or have land in the area who may not be able to take care of it themselves. So, if I have land here and Mr. Elliott drains a million acres of land there I will agree with Mr. Elliott a million acres is plenty to bring out, probably more than can be properly used for five years, but here I am and there you are (*indicating*), this is plenty for the people as a whole, but what about me here (*indicating*)? That is what I would like to know.

MR. SHUTTS: What I would like to know is, if this twenty million dollars is not going to complete the work where the rest of the money is going to come from.

MR. DAHLBERG: Is there a program of the progress of the work laid out? If so, where is that program of the progress of the work? If not, who is going to determine that program of progress? In other words, is Canal B going to be dug this year or three years from today? Is Canal 6—I don't know whether there is any such canal or not, but assume it for the sake of the question—is that going to be done now or three years or five years from today? If I am on Canal 6 I would like to know. If I am on Canal B I would like to know when it is going to be dug. Who is going to do that? Is it the Internal Improvement Board? I presume it is.

MR. WARFIELD: I think the questions you put are very pertinent questions and should be brought out in these discussions here. As I understand Mr. Elliott, he had better answer for himself, there are certain places here such as he has mentioned, St. Lucie Canal taking care of the lake, which takes care of a given portion around Okeechobee, and then the land west of Fort Lauderdale, and then the land west of Miami of which he has spoken, that sets out a large area, as I understand it, and they are the main points of drainage attack in the Everglades, in so far as its reclamation by drainage is concerned, as I understand Mr. Elliott.

That covers a very great area. But it is, I think, infinitely more important than as to whether they are going to take care of you, if you don't mind, Mr. Dahlberg, whether or not these plans which mean spending millions of dollars, will take the water away from the Everglades situation to protect the cities and communities bordering thereon, infinitely more important than if your individual holdings are specifically cared for. Why should the people who live around the area be denied, first—drainage? I look upon this as very much more important from the drainage standpoint than making new money. I think these questions are pertinent. I am very much in the same boat as you are, representing large interests, perhaps larger than you represent, if you please, but what I am concerned in is to get the great areas of east and west coast territory drained, because both the lower east and lower west coasts are concerned, and to see that the people there are in habitable territory, which the State contracted to give them when they took over the Everglades lands. That is the key to the whole situation, and if it takes \$20,000,000 or \$25,000,000 to do that and at the same time reclaim your land, which this will do, a double purpose is served. If you don't mind, Mr. Elliott, I differ in one respect. You speak of colonization here and there as the mainspring of the effort. I do not agree with this view. The mainspring of the effort should be to take care of the water-flooded territory by drainage—save life, then the overflow of property, then drainage and reclamation, with added value to lands. When I went west of Miami after the 1926 hurricane it took an aeroplane to get through, there wasn't a place for miles west of Hialeah where a snow bird could alight, it is very much more important to clean up this condition which extended all along the coastal area than perhaps add immediate value to an individual land holding,

which will come in good time. Now, if I understand Mr. Elliott, he says by the expenditure of this \$25,000,000 you will really drain the Everglades?

MR. ELLIOTT: Yes, sir.

MR. WARFIELD: That takes care of that. Mr. Dahlberg, I am financing the Seaboard Air Line Railway, we have a mortgage that will permit three hundred million dollars of bonds to be issued. Do you think I could look solely to the sale of these three hundred million dollars of bonds waiting for that to take place before going ahead as far and as fast as I can in the development of the Seaboard System. I am financing the railroad as justification is found for so doing. This is based on traffic earnings, both actual and safely estimated, on which I can sell these bonds.

Now, as to Mr. Elliott, you cannot expect him to stand up here and tell you whether he is going to take your land or my land or somebody else's land and put it in a state of cultivation. Let him first take care of the complete drainage of the area, and in that complete drainage you are going to reclaim millions of acres of land, and if it costs more money, look what you have got to get it on: a revolutionized area—drained, with lands of greatly increased value. You have a real asset upon which to raise more money and at greatly reduced cost for the money. We finance a railroad on earnings and value to date. We will have more earnings next year. From those earnings we take care of interest and maturities, then we go further. That is what you will do here in the Everglades.

MR. SHUTTS: I gather that there is going to be some plan under which certain sections are going to be through or completed before others, as far as the time is concerned. You want to know, Mr. Dahlberg, who is going to make that plan, and what the progressive movement is, all the way through, so that everybody will know when he is going to come into his own?

MR. DAHLBERG: Well, primarily I asked the question because I did not know what all the shooting is about in this meeting. There are certain things as I understand, that should be done. I don't know. The Everglades should be reclaimed. If we all agree on that, that is that. If somebody does not want his land reclaimed, if he wants to keep on having this danger, from the floods, can that land be cut off and the rest of us get out of danger?

Second, is it practicable to control Lake Okeechobee? If everybody agrees on that, that is that.

If those things are to be done, how are we going to raise the money? If that can be raised in the commercial, sensible orderly way, that is that. The details of whether the diking is going to be sixteen or eighteen, or whether this land is going to be reclaimed before that particular land, it seems to me, are unimportant details. So far as I am concerned, I don't give one hoot when my particular land is going to be drained under the Board's plan. I will take care of my land, as far as my own little backyard is concerned, if the main proposition is properly taken care of. If the main arteries, main channels, main hazards are taken out of the Everglades, and I understand that is what the general program is, then I am perfectly satisfied, and I will paddle my own canoe, and I suppose everybody else is in a position to paddle his own.

SENATOR WAGG: I would like to ask a question of Mr. Dahlberg. I happened to be with Senator Jennings at the hearing upon the bill which brought about this conference. When Mr. Elliott spoke he started with question four, and he has been answered by Mr. Warfield and others and I would like to go back to question four.

I think you are discussing details and not the basic proposition at the moment, and I do not believe the details are of the slightest importance until you have settled first the basic propositions. I am going to be perfectly frank in my statements, because I happen to have had this matter up before and studied it very earnestly and very carefully at the time of the meeting before our Committee in the Senate.

There are definitely men who do not want the Everglades drained. A considerable part of the opposition to this plan positively comes from a group who are opposed to the general drainage of the Everglades, and the sooner we recognize that and begin at the beginning, as Mr. Warfield has, the quicker this conference or any other group or conference will accomplish something. Before that committee came representatives of one important area within the Everglades drainage district, by the way the only group which had representatives in the hearings which lasted until the wee hours in the morning. On both occasions, the only area which had representatives in opposition to the bill, and the main spokesman of that delegation, without

any exception, when pinned down by definite questions, admitted that they were opposed to general Everglades drainage, and that they were disposed to abandon the Everglades project as a whole and confine themselves to the drainage of a limited area immediately adjacent to their cities because they said definitely before the Committee that if the entire Everglades were placed under drainage and cultivation, it would reduce the market for lands and would work a hardship upon them; that they needed agriculture and that they wanted to drain a few hundred acres immediately adjacent to them and let them out of the Everglades district and handle it as a little drainage district.

Now, gentlemen, a great deal of the opposition to the whole program is based on that proposition, and you might as well recognize it in the beginning. Mr. Warfield has answered the first question as to whether or not we should abandon this work and the money which has been spent to purchase this land he has answered it himself by saying that most certainly we should not reverse a policy of every administration since 1904, but a group, and an important group of the opposition, take the position that it should be abandoned. Now, I am personally positively and unalterably opposed to any abandonment of the Everglades project. I think that is the biggest thing in the country today. Gentlemen, do not fool yourselves, we are not in good shape, and it is going to take some big things like this reclamation project to pull us out. It is going to take more than conversation, it is going to take more than conferences, it is going to take more than opinion, it is going to take a real great amount of honest work and this is the only big thing that I can see on the horizon that can save the situation. Mr. Shutts suggests also the obligation to the people, the pioneers who have gone into that area and begun this work on the promise of the State, call it whatever you please—it is not a legal obligation, I admit that, and understand that, but nevertheless the moral obligation of the State is today and has been ever since I have been connected with the problem, an obligation of the State authorities to the men who have gone in there and invested their money to carry on and complete this work. Why, the State's good name and reputation before the world is at stake in this project.

And there is one other subject which has not been mentioned, and it is a matter in my opinion of the most vital importance, and a very important reason why this work should not

be abandoned or held
in a few months the
States. It is true
centered about the
in my judgment, for
or group to ignore floo
in the flood in Florid
Mississippi Flood of a
mind if that can be
ahead with a plan of
secure Federal recogni
along with the Feder

A certain gentle
immediate vicinity of
tion is coming from,
his 150,000 acres put
Everglades district h
does not care what h
before the Commit
under consideration
offered by the Senat
situation for this bill
of the district on th
without reference
and there was little
posed for the purp
district that vast a
district and abando
age, and that is the
to take into consid

MR. WARFIELD
the necessity for t
just said. There
and it is on the lo
community.

MR. SHUTTS

MR. WARFIELD
blaming you for
great journal yo
people of Florida.

be abandoned or held in delay. We are about to have taken up in a few months the question of flood control in the United States. It is true the original thought of the flood control centered about the Mississippi Valley, but, it will be impossible, in my judgment, for Congress or any other law-making body or group to ignore flood control in other areas, such as Florida. In the flood in Florida, the loss of life was greater than in the Mississippi Flood of a few months ago, and it is a question to my mind if that can be ignored by Congress, and I feel if we go ahead with a plan of flood control of Lake Okeechobee we can secure Federal recognition of the problem and have it handled along with the Federal program or plan of flood control.

A certain gentleman who represents 150,000 acres in the immediate vicinity of one of our cities where the keenest opposition is coming from, bases it on the proposition that he wants his 150,000 acres put in cultivation and if you let him out of the Everglades district he will put his own land in cultivation and does not care what happens to the rest. And the entire testimony before the Committee on this bill, the committee which had under consideration this bill, or the substitute bill which was offered by the Senator from the lower east coast district in substitution for this bill, provided that that area might be taken out of the district on the action of a majority of a Board of seven without reference to the bill or the I. I. Board or anybody else, and there was little doubt but that the substitute bill was proposed for the purpose of taking out of the Everglades drainage district that vast area and putting it into a local sub-drainage district and abandoning the general scheme of Everglades drainage, and that is the first question for this or any other conference to take into consideration, in my judgment. (*Applause.*)

MR. WARFIELD: Gentlemen: We want no better evidence of the necessity for this conference than what my friend Wagg has just said. There is a group opposition, if you please, in Florida, and it is on the lower east coast, contiguous to my friend Shutts' community.

MR. SHUTTS: You are not blaming me for it, are you?

MR. WARFIELD: Not at all, but I tell you what I am blaming you for, you might further use the influence of that great journal you own and lay all the facts clearly before the people of Florida.

MR. SHUTTS: The trouble is you do not read our paper every week.

MR. WARFIELD: I read it pretty nearly every day, it has been doing fine work, we hope it will do more.

Referring to Senator Wagg's remarks, Mr. Merrick came up to see me respecting the Everglades program as before stated and told me that they had employed one of the best lawyers in Dade County for the purpose of defeating the purposes of the bill by declaring it unconstitutional. It seemed to me it was time to call together those who were for and against Everglades drainage and see what might be done to clarify the situation. Mr. Merrick said he hoped to reach some understanding. He represented a group of some twelve or fourteen people who have raised money to employ the lawyer referred to and go before the Florida Supreme Court to show the unconstitutionality of the Act to which my friend Senator Wagg has alluded.

Now, this situation seemed to me to require an answer, and very promptly. The way to answer is to tell the facts. There have been lots said about the drainage of the Everglades, for and against, but I have been unable, Senator Wagg, to get in concrete form the real objection. I have not yet heard a real plausible cause of objection. The contract was made by the State to drain it, as has been said here half a dozen times, every Governor has recognized that contract. There is no better drainage engineer than Elliott here, and he is interested in the drainage work, I believe everybody believes in him.

I went over all this with Mr. Merrick, and asked him, did he wish the thing stopped. Did he want to let the money go which had been expended and go no further with drainage. He said he did not. Suggesting that the defeat of the bill by showing its unconstitutionality would not get his friends far, I asked why not let us have a show-down, bring his lawyer and all his friends to a conference and talk it over. He said he would do so. He said he would go to New York, Baltimore or anywhere, and have his lawyer, so that we could sit down and discuss the entire situation. He unfortunately has been detained.

You say, do not go into details. We do not want detailed discussion, but we do want to discuss the high spots. We have discussed some of them. You cannot lie down at this juncture, nor can you see the millenium down through the years to come. Certainly Mr. Elliott has shown that they are going to work and

drain this great area
get the benefit of this
out right and distrib-
tely easy problem.
ing large amounts of
landowner required
referred to in the low
is meant by this, w
money is spent and
extent is taking and

MR. ELLIOTT: T
districts in the Ever
care of those local
ected would provi
protection, but not
overlays which these
say when these re
created into special
lateral canals, which

MR. WARFIELD:
I understand that?

MR. ELLIOTT:
for enclosing limit
local works. Now
provided by the d

MR. WARFIELD:
the landowners t

MR. ELLIOTT:
landowners them
choices.

MR. WARFIELD:
there, has he got

MR. ELLIOTT:
choes as part of
nothing like th
separating his

MR. WARFIELD:
very excessive c

drain this great area of land and the land contiguous to it will get the benefit of this in increased value. If you put these bonds out right and distribute them properly, you will have a reasonably easy problem. I would like to ask Mr. Elliott, as representing large amounts of land indirectly, if you please, what is the landowner required to do about diking and pumping that is referred to in the lower reaches. I have letters here asking what is meant by this, what has to be done individually after the money is spent and our taxes are levied and paid. To what extent is diking and pumping necessary?

MR. ELLIOTT: The laws of Florida provide for drainage districts in the Everglades, for building the local works or taking care of those local areas. I would say that the area to be protected would provide all of those local works necessary to its protection, but not the main works of drainage or the main outlays which these areas must have provided for them. I would say when these restricted areas are selected that those areas created into special districts will provide districts consisting of lateral canals, which will separate that area from other areas.

MR. WARFIELD: Some areas will not require the diking, do I understand that?

MR. ELLIOTT: Under the present plans those limited dikes for enclosing limited areas would come under the definition of local works. Now, the outlays for that restricted area would be provided by the district, by the main district.

MR. WARFIELD: But this diking would have to be done by the landowners themselves?

MR. ELLIOTT: The diking would have to be done by the landowners themselves unless it was a dike like around Okeechobee.

MR. WARFIELD: What about Mr. Dahlberg's lands down there, has he got to dike his lands after all this is done?

MR. ELLIOTT: His particular area would provide those dikes as part of the local works. Those dikes are, of course, nothing like those around Lake Okeechobee, but are simply separating his area from somebody else's area.

MR. WARFIELD: You do not regard that as a matter of very excessive cost, do you?

MR. ELLIOTT: No, sir, the dike would come under part of the drainage, itself, one of the ditches which would be provided to separate the area from somebody who is not ready to come in yet.

MR. SHUTTS: May I make a suggestion? In order to get this before the meeting in a concrete form, I move the adoption of the following resolution: I do not expect this to be voted on until the session is about over, but I am going to put it before the house.

That this conference approve the Everglades drainage district bill of 1927 in its entirety. That it does not believe that Everglades bonds sold at 5 $\frac{5}{8}$ per cent yield, average, is exorbitant, under the circumstances; that it does not believe that the bonds themselves when issued, as provided by the law, are a direct obligation of the State of Florida; that it believes that this drainage program, as originally planned and as carried on through the years, should be finally completely consummated as soon as possible.

Now, speaking of the two or three points in the resolution. I do not believe that the rate to be paid by the drainage district for the money we propose to borrow is exorbitant. We people of Florida who have been charging everybody who comes down to us 8 per cent haven't any business to kick at 5 $\frac{5}{8}$ per cent, and, because the bonds are not a direct obligation of the State, I do not believe we can expect to get the money any cheaper. I say they are not a direct obligation. Mr. Dann, in his speech at St. Petersburg, claimed they were a direct obligation in effect. I claim they are not a direct obligation either in effect or any other way, but that it is a moral obligation of the State to pay them, pay them with the Everglades lands loan if they cannot pay them through the State's process of taxation, if it is necessary; but carry out the moral promises of the State of Florida, which has been selling lands for years past in the Everglades. The bill provides, as I understand it, certain rules and regulations shall be carried out, and one of the rules and regulations is that the State shall pay its tax on the land owned by it in the Everglades the same as any other owner, and if there isn't enough money going into the drainage districts from the taxes on state-owned land, that in that event, as I understand it, the Legislature, if necessary—it has never been necessary—the Legislature may appropriate and tax the entire State—collect taxes from over the entire State with which to pay the Everglades bonds. I understand

that is no different from
always been that way an
and regulations provid
think, the land be pu
that is for the taxes an
if there isn't enough m
land to pay them, that t
is adopted and nobody
the State may finally pa
moral obligation to do s
might, if it decided to
to make the appropriati
tion it will all be lost, a
obligation of the State
can get out from unde
the questions I underst
direct obligation of the
do not believe it. I be
and I think the State
not bound to do so. I
direct taxation in the
believe a great State li
lands for sale anywhere
been bought and pau
eventually, and say, "I
with it as you want."
just as much prior to
is the only available
if anything ever hap
Everglades.

MR. WARFIELD:
tion to be over?
SENATOR WAGG:
put up for discussio
MR. WARFIELD:
SENATOR WAGG:
resolution on the san
eration during the s
sometime prior to it

that is no different from the law for the last four years, it has always been that way and nobody has objected to it. The rules and regulations provide further, if anybody lets the tax go by default, the land be put up for sale and that the State may buy that in for the taxes and continue to pay the taxes on it, and if there isn't enough money coming out of the sale of the land to pay them, that they may be levied, so that if that means is adopted and nobody ever pays their taxes in the Everglades, the State may finally pay for these bonds, and I think there is a moral obligation to do so. But in view of the fact that the State might, if it decided to do so, or some Legislature may refuse to make the appropriation necessary to pay these taxes, so that then it will all be lost, and that fact proves that it isn't a direct obligation of the State because if the State wants to today, it can get out from under after the bonds are issued. Those are the questions I understand are being raised. First, that it is a direct obligation of the State, and, therefore unconstitutional. I do not believe it. I believe it is a moral obligation of the State and I think the State can pay it if it wants to pay it, but it is not bound to do so. I do not believe as long as there isn't the direct taxation in the State the rate is too high and I do not believe a great State like this has a right to offer its Everglades lands for sale anywhere in the country and after the property has been bought and paid for under the promises to drain them eventually, and say, "We have taken our loss and you can do with it as you want." (*Applause.*) This was all a moral obligation just as much prior to the passing of this Act as it is now and this is the only available means we have to ever reclaim them, and if anything ever happens to this bill we will not have drained Everglades.

MR. WARFIELD: As I understand it, you want your resolution to lie over?

SENATOR WAGG: Mr. Chairman, I understand the motion is put up for discussion sometime prior to adjournment.

MR. WARFIELD: That is what I understand.

SENATOR WAGG: If that is correct, I would like to offer another resolution on the same basis. This resolution to be given consideration during the sessions of this conference and to be voted on sometime prior to its adjournment at the pleasure of the Chair.

I would like to offer a resolution that this conference recommend that the question of flood control of Lake Okeechobee be presented at the coming session of the Congress of the United States, due to the great loss of life and excessive damage to property within this area by flood conditions during the period of the last year, and believing that the proper control of this great inland lake comes properly under the supervision and prerogative of the Government of the United States. I certainly want to offer the motion so that it will be a basis for discussion as a resolution to be voted on sometime prior to adjournment.

MR. WARFIELD: Mr. Chairman, it seems to me the first question before this conference is the question I have already put and which has not been acted on, and that is whether it is desirable—it is true as Mr. Wagg says in his answer—the first question to be decided—and I offer this as a resolution to be acted on now—

Resolved, that it is desirable that the double purpose, namely: drainage and its effect on health; the reclamation of Everglades land, both of which have become the policy of every Governor and State Administration since Governor Broward in 1904 to the present administration, shall be continued.

That is the first question, whether we are going ahead with it or not.

(Motion seconded by Mr. Dahlberg.)

THE CHAIRMAN: Gentlemen, you have heard the motion, properly seconded. Is there any discussion on the motion?

SENATOR WAGG: Mr. Chairman, I object to the putting of the motion without discussion. I understand this was the only objection raised to the bill before our Legislative Committee, not to launch hearings during the recent session of the Legislature.

MR. DAHLBERG: Gentlemen, the people down where I come from have definitely stated their position, and for that reason I believe that you gentlemen here should by discussion commit yourselves, as I am gladly willing to commit myself, to a support of the general project of Everglades drainage, and that is a very important matter, but, in my judgment, to pass this motion without discussion would be serious error.

Mr. DANN: As far as the room who has stated, in my address reclamation of the duty of the State to the methods in

Mr. WARFIELD: the methods of drainage do not mind.

Mr. DANN: That since this question I have received a great from disgruntled people letters and communication interested in the Everglades this was the proper of those people—many exceptions—thought we ought to and, if I may be permitted that motion. (Appl.)

THE CHAIRMAN: Mr. Warfield, second discussion?

(There was a stated again.)

THE CHAIRMAN:

Mr. WARFIELD:

Resolved, namely: drainage Everglades land Governor Broward 1904 to the present

THE CHAIRMAN: It is now open for

Mr. KYLE: would be a crime

MR. DANN: As far as I can see, I am about the only man in the room who has questioned the Governor's program. I stated, in my address at St. Petersburg, that I did favor the reclamation of the Everglades, and that I thought it was the duty of the State to keep faith with the Government. I questioned the methods in this particular case.

MR. WARFIELD: Pardon me, this resolution does not state the methods of drainage, it is to define the general policy, if you do not mind.

MR. DANN: That is just what I am getting at, Mr. Warfield. Since this question became a question of public policy in Florida, I have received a great many hundreds of communications, many from disgruntled people, many from soreheads, a great many letters and communications from people who were seriously interested in the Everglades matter, and who questioned whether this was the proper way to go about it. But the great majority of those people—with the exception—I do not think there were many exceptions—except a small group from Miami, who thought we ought to abandon the reclamation of the Everglades, and, if I may be permitted, Mr. Warfield, I would like to second that motion. (*Applause.*)

THE CHAIRMAN: Gentlemen, you have heard the motion of Mr. Warfield, seconded by Mr. Dann. Is there any further discussion?

(There was a call that they would like to have the motion stated again.)

THE CHAIRMAN: Pay strict attention to the motion.

MR. WARFIELD: This is the motion:

Resolved, that it is desirable that the double purpose, namely: drainage and its effect on health; the reclaiming of Everglades land, both of which have become the policy of every Governor and State Administration since Governor Broward in 1904 to the present administration, shall be continued.

THE CHAIRMAN: Do you clearly understand the motion? It is now open for discussion.

MR. KYLE: Mr. Chairman, I might state this. I think it would be a crime and a disgrace to any citizen of the Everglades

district to say that the whole project should be abandoned, and as representing Broward County I will state that we are unalterably opposed to any abandonment, and that we want this drainage to go right straight ahead.

SENATOR WAGG: I realize I am taking a good deal of time and I apologize for being on my feet so often, but this is of particular interest to me. It is a fact that the financing of the fight in the Supreme Court against the bill is being carried on entirely by the small group which has been mentioned, and that this position, which is the only expressed position against the bill before the Supreme Court, is being financed and carried on in its entirety by a group who are opposed to general drainage. I want that fact to be clear in your mind.

MR. WARFIELD: I think in justice to Mr. Merrick I should say that Mr. Merrick not being able to be here, has asked for a conference August 1st, at which conference he desires to have those who are opposed to it present. Nothing has been done about it, but, at least, I should say that there has been this suggestion made for a conference in regard to the matter.

I would like to ask for the question.

GOVERNOR MARTIN: Gentlemen, I feel at this time it would not only be proper but wise to give this conference some information relative to the question that Senator Wagg has brought up for discussion: Can the Everglades be abandoned or should the Everglades be abandoned? In 1850, by an Act of Congress, this Everglades land was to go to this State so Florida could come into possession of it. It was patented to the State of Florida, about 1903, during the administration of Governor Jennings, and in that patent the State of Florida assumed the responsibility of draining these lands and opening them up for settlement and for cultivation. Therefore, when the people of Florida accepted this area from the Federal Government, in keeping with the patent issued by the Federal Government to the people of the State, they settled forever, in my opinion, the question of whether it should be drained or not, unless in this day and time men disregard their moral and written obligations, such as was done recently in the World War, when Germany declared its written obligations no more nor less than scraps of paper. Therefore, I take the position that when the State of Florida accepted this patent from the Government and assumed the responsibility of

draining it and opening it up for cultivation, that that question was concluded. In 1903 or 1904, the State of Florida endorsed the candidacy of a particular man for Governor—who made the drainage of the Everglades the entire issue of his campaign, and in electing him on that platform, the people of Florida, by solemn vote, individually endorsed the drainage of that area. Aside from the fact that we have done it by a covenant with the Government, and that the people have ratified it by an election at the polls, and that the work started some twenty-two years ago, it seems to me that settles forever in my mind or in the mind of any one the question of whether it should be abandoned or not.

But there are other reasons why it should not be abandoned, and just as strong moral reasons as possibly those that are written and that have been endorsed by the people of the State—we have sold land, and Senator Wagg says the people all over the country were given the assurance that the State would leave no stone unturned in an effort to drain this area. Had they the slightest information or indication that the State would not drain it, those lands would never have been purchased. They have invested their money there, fifty some odd thousand people now live in the district, and have gone on for twenty-two years. The drainage engineer tells you he spent about \$15,000,000 in beginning the reclamation work and bringing it up to this good time.

Aside from that, the people who have settled in the cities adjacent to the Everglades were under the assurance that the State would leave no stone unturned in draining them, so that their communities might be developed. The railroad companies have built in and adjacent to the Everglades, believing that it was an obligation upon the State of Florida to drain this area. If there had been any question about that matter, I doubt seriously, sir, if you would have ever built your road into the Everglades, if you thought it would be a waste of water.

Therefore, we are not only bound by covenants, and by the endorsement of the people of the State at the polls, but by the moral obligations, that we permitted the people of the nation and a great many other countries to come in and invest their money.

The State of Florida owns today about one-fourth of the area. When the work began the land was worth about twenty-five cents an acre. Last year I believe that we sold land there,

and the average price of the land that was sold in that area was \$86 an acre. In 1925, it was \$108 per acre. Isn't it a good business proposition? If you can within twenty-two years, raise the price of land from twenty-five cents an acre to around \$100 an acre, is it not a good proposition for the State to continue? It appears to me that it is. The whole Everglades, when it started, was not worth over a million dollars, or a million and a quarter dollars. Now, today, we have got over \$9,000,000 in mortgages—the State of Florida has. Now, aside from the fact of the covenant, aside from the fact that we have held these inducements out to the people, it is a good business proposition.

So, you have got three things in favor of continuing the draining of the Everglades. But, as Senator Wagg has just said, and righteously so and properly so, the most of our trouble is coming from an element in the State that does not want the Everglades drained. That impression is becoming more prevalent each day, and it is a selfish idea, and one based upon nothing in the world but selfish and pecuniary motives to those who advance it.

Recently in an issue of the paper of Jefferson County, a county away in the western part of the State, an article appeared from the Secretary of the Chamber of Commerce, in which he said that we have got enough good land in Jefferson County, why drain land down in the other counties? That is the idea prevalent in Dade County. Senator Wagg has stated the facts, that many of those people do not want it drained in Dade County. I hope that this conference will go on record as favoring unalterably the drainage of the Everglades. Why should we leave it about half-completed or a third-completed, and now abandon it? That is poor business, and I want to see this conference go on resolution as favoring it. (*Applause.*)

MR. WARFIELD: Mr. Chairman, I will ask for a vote on the resolution.

(Question put and resolution unanimously carried.)

SENATOR JENNINGS: I have not heard, Mr Chairman, any man in the State of Florida or anywhere else advance any argument against the moral obligation of the State of Florida to conclude and complete the drainage of the Everglades. I haven't heard anyone argue that the Everglades ought not to be drained on the proposition of our moral responsibility. They concede that.

The only arguments that have been advanced are based upon the proposition of economic expediency. I submit, Mr. Chairman, that that being the only argument proposed to the people of Florida today in opposition to the drainage of the Everglades ought not be considered when you have established the moral responsibility. But, Mr. Chairman, meeting that issue squarely, meeting the question of economic need in the State, I submit that the Everglades ought to be drained on the basis of that proposition alone. I submit that the argument that the Everglades will be in competition with Jefferson County, with Dade County or any other county is fallacious. I submit that the argument that the country cannot consume the beans and potatoes that can be raised in the Everglades is a fallacious argument. I submit that we all recognize that when sufficient area of the Everglades is brought into production that we will have to develop a staple. No one wants to continue the hazardous occupation of truck farming except as a means to an end. When sufficient acreage is brought into cultivation, so there will come in the great masses of capital that Mr. Dahlberg speaks of, the sugar mills, the celotex plants, and those other great enterprises that will come, cultivation will improve and not be in competition with any other part of Florida, but, instead, you will eliminate from that competition the many sub-drainage districts now raising truck because they are not the agencies and have not the facilities to take care of a staple crop.

Now, Mr. Chairman, the moral responsibility is fixed, and I have heard no one dispute that on the moral issue it ought to be drained. It seems to me the second reason offered why it should not, on the ground of expediency, should not be considered when you have determined the moral responsibility. To my mind only the economic proposition is the one that can be squarely met, and the Everglades ought to be drained because of the economic benefit to the State of Florida and to those communities that will be involved.

GOVERNOR MARTIN: Haven't you heard that a good many of these people were opposed to the drainage of the Everglades because it would come in competition with their localities?

SENATOR JENNINGS: That is the only argument I have heard advanced to my mind that is of any consequence at all.

MR. WARFIELD: Gentlemen, I think Mr. Shutts' resolu-

tion brings up a number of questions which ought to be discussed. I don't know whether we should begin to discuss them prior to lunch or not. It may be we could do better after lunch. I think some of the questions that have been brought out by Mr. Dann are very pertinent questions. He represents an element that wants to know more about the reasons for the various steps to be taken. I see no reason for a man to object to those questions being urged. I see no reason why we do not meet the issue, if you please, by telling the various steps that were taken, at least, as I understand were taken.

The drainage district or districts, whatever you choose to call them, have used the proceeds of some ten to twelve millions of dollars of bonds spent in the Everglades for one purpose or another. Those bonds are outstanding. You have gotten to a point, as I understand it, where a million or a million and a half of those bonds had to be taken back, or at least they could not be sold, as I understand it.

GOVERNOR MARTIN: Two millions.

MR. WARFIELD: Two millions. Those bonds were a drug on the market and Everglades drainage was threatened because there was no means at hand to sell securities to carry on this great work. Now, what were you to do about it. As I said before, I have had considerable experience in selling bonds, I know what it means to be confronted with what Mr. Morgan used to call undigested securities on the market, and Everglades securities on the market were very much undigested. As I understand it, the Governor first discussed the subject with interests local to Florida, in Jacksonville, to ascertain what was necessary to be done to sell these bonds. The result was the Legislative Act. I understand this Act does not impose a direct obligation on the State with respect to these bonds, because it had no right to do so. It would be unconstitutional if it did. Now, what does the Act do. As I understand it, the State steps into the place of a landowner in the Everglades who is unable to pay his taxes and may take over the land concerned by paying the taxes thereon. Mr. Fleming, you can correct me, the State will thus take the place of this delinquent, if you please, but he would have two years within which to come and get his property, if he pays the taxes. Is that right?

GOVERNOR MARTIN: Mr. Warfield, I can explain that to you.

Under a law which has been in force a long time the State buys those lands in and pays the taxes and the State holds them for two years and the State becomes the sole owner and the other man is shut out.

MR. WARFIELD: But he is not shut out for two years.

GOVERNOR MARTIN: No, but after that the State gets the fee simple title.

MR. WARFIELD: That is as I understand it, but the owner can come in and pay his taxes and get back his land, that is, within the two years.

GOVERNOR MARTIN: Yes, sir.

MR. WARFIELD: A liberal proposition.

GOVERNOR MARTIN: And then of course you would have to pay your interest.

MR. WARFIELD: That is the extent, the real extent, of the State's obligation.

GOVERNOR MARTIN: No.

MR. WARFIELD: What else does it do?

GOVERNOR MARTIN: Well, it is a long-winded proposition.

MR. WARFIELD: Do not let us make it long-winded. What does the State have to do in the event I do not pay my taxes?

GOVERNOR MARTIN: In so far as the taxes are concerned the State pays them. You can redeem the land with a penalty in two years. If you don't do so the State becomes the sole owner of the land in fee simple and can sell the land to anybody else.

MR. WARFIELD: If you have the taxes, you have what you want.

GOVERNOR MARTIN: Yes, sir.

MR. WARFIELD: What else has to be done?

GOVERNOR MARTIN: I will answer any question you want to ask or anybody else wants to ask. There are two Boards in the State of Florida. One is the Double I Board, the Internal Improvement Board, which has been in existence about seventy-five years. That Board holds title to all State lands except those

lands which were particularly deeded to the State of Florida for school purposes alone. Then there is a State Board of Education which holds those lands, every sixteenth section the Government deeded to the State for school purposes. Then there is the Drainage Board which has nothing in the world to do with the State Board of Education and has nothing in the world to do with the Internal Improvement Board, and all the Internal Improvement Board has to do with the Drainage Board is to pay the State taxes on the land that the State owns in the drainage area. The State has now around a million dollars in the Double I Board, they are able to pay the State tax on the land, and the Everglades Drainage Board, and the Internal Improvement Board have nothing in the world to do with each other except that the Double I Board is the Board that pays the State drainage tax on the lands lying in the drainage area.

MR. WARFIELD: Where has the State assumed any direct obligation by reason of the processes you mention?

GOVERNOR MARTIN: Only this, that in order to invite or in order to sell additional bonds in an area so heavily bonded we found we had to give some other securities. We agreed to hold in trust all of the State lands in that area except the school lands.

MR. WARFIELD: That is one other additional obligation.

GOVERNOR MARTIN: We agreed to hold in trust all of the State lands in the drainage area, the proceeds from them, after paying 25 per cent that the Constitution required to the State school fund, and then we hold 75 per cent of the proceeds of the sale of all State lands in that area alone for the purpose of paying taxes. Then if there was any more left over we were to hold that in trust until all these bonds were retired, and if these bonds were not paid then these bond owners could go back on the proceeds of the State lands in that area to collect the residue.

MR. WARFIELD: But no further.

GOVERNOR MARTIN: No further: If they were paid the residue left over of the 25 per cent which went into the school fund, and that goes back into the general levy of the State of Florida and the Legislature can use it whenever they please and wherever they please.

MR. WARFIELD: How about the ad valorem tax?

GOVERNOR MARTIN: Well, that wasn't for this purpose: To sell bonds, drainage bonds are poor security. They cannot be comparable with State bonds or municipal bonds. Therefore, they are a poor class of security. No man in my estimation that wants to invest his money would put it on that area that was full of water in preference to putting it in a community which was well settled and well regulated by a State well established and well governed. We have so many bonds issued on the Everglades already that the bond houses could not sell any more bonds unless they could say to their purchasers, not only have we a drainage tax by which we can collect enough money to pay the interest and sinking fund, but we have an additional tax, an ad valorem tax to back up the payment of the bonds. That gives these bonds not only a drainage tax backing, but an ad valorem tax backing. There was no necessity for the ad valorem tax. It was simply a matter of helping to dispose of the bonds. If we sell these people ten millions of bonds and they cannot dispose of them, how can we finish financing the project. That meant to give the public a commodity that was worth the money they put in it, and a commodity which was properly secured. Now, why the necessity of the ad valorem tax? We do not need it except to help these people dispose of those bonds. The other bond houses that had them had an experience with them, there were two million laid in a bank in New York and they could not dispose of them. If these people took ten million more drainage bonds with two million already lying there for a year and a half, how could they dispose of the ten million under those conditions. We had to arrive at some solution of that problem. Probably you would want to know how much the ad valorem tax would be. I do not want to monopolize the situation. I studied this thing for two and a half years.

MR. WARFIELD: That was the next question I was going to ask you.

GOVERNOR MARTIN: I studied this thing for two and a half years religiously. We derive enough money today from the drainage tax to pay the interest and credit the sinking fund on ten million two hundred and fifty-five thousand dollars worth of bonds that are outstanding. The present drainage tax is enough to do that and leave us seven hundred and fifty thousand dollars

a year surplus. But because we could not sell any more bonds, we had to use the surplus money derived from the drainage tax to continue the work. Now, do you gentlemen understand that? So we have sufficient money right now from the drainage tax to more than pay the interest and the sinking fund on the ten millions of dollars that it is contemplated to issue. So there is really no necessity to use the ad valorem tax except to help these people dispose of those bonds, to sell them.

MR. WARFIELD: It is for window dressing, so to speak.

GOVERNOR MARTIN: That is all. It will not be needed, it was not provided for with the purpose of taxing anybody, it was to give them an argument to sell them. You buy a bond of a municipality and it has an ad valorem tax. This bond has an ad valorem tax and a drainage tax.

MR. WARFIELD: You have answered questions which it seems to me are necessary to be answered and which are covered in the questions first suggested. In the issue of ten millions of dollars additional bonds, what will be the requirements of taxation in addition to what you are doing now?

GOVERNOR MARTIN: None necessary.

MR. WARFIELD: For how long?

GOVERNOR MARTIN: Indefinitely, for this reason, that under the present drainage law, we collect enough money already from the drainage tax to credit the sinking fund and to pay the interest on the ten million two hundred and fifty thousands that are outstanding. After we do that we have a residue of \$750,000 left.

MR. WARFIELD: How long will that take care of the interest on the \$10,000,000?

GOVERNOR MARTIN: This will leave about \$250,000 a year over after doing that.

MR. WARFIELD: What are the maturities of the outstanding \$10,000,000 worth of bonds.

GOVERNOR MARTIN: I think twenty years.

MR. WARFIELD: What is the first maturity?

MR. ELLIOTT: They are maturing every six months.

MR. WARFIELD: How are you going to take care of those maturities?

GOVERNOR MARTIN: We have a sinking fund for that purpose.

MR. WARFIELD: As I understand it, your rate of tax and your provisions for a sinking fund take care of not only the interest but take care of the principal as the bonds mature.

GOVERNOR MARTIN: Under the present drainage law we have enough money to take care of the present \$10,250,000 and to take care of this \$10,000,000 with a surplus.

MR. WARFIELD: And will it take care of the interest on those bonds plus the maturities as they come due on the \$10,000,000?

GOVERNOR MARTIN: It will take care of them and leave about \$250,000 per annum over. Right there for your information, we have over 2,000,000 acres of land in the Everglades that will be drained that are only now paying ten cents an acre drainage tax.

MR. WARFIELD: The difficulties met in taking care of these bonds seem to be answered by what the Governor has said.

GOVERNOR MARTIN: There isn't any question of that.

MR. WARFIELD: If there are any other questions that any members of the conference would like to ask in respect to these bonds, their interest and maturities and taxes necessary to meet them, I hope they will do so.

GOVERNOR MARTIN: I will be very happy to answer them.

MR. DANN: May I state my interpretation of this act and ask the Governor to correct me, because these are the reasons why I am opposed to the bill as enacted in the last Legislature. As the Governor has stated, it was necessary to find additional security to offer the bondholders in order to market these bonds because they could not sell the bonds that were now out and unsold. So to secure these additional bonds we have first the drainage tax, which apparently should provide all the funds necessary to meet the interest and sinking fund on the \$10,000,000 now out and the \$10,000,000 to be issued.

GOVERNOR MARTIN: That is true.

MR. DANN: Secondly, if that should fail, the Internal Board may assess an ad valorem tax as an additional security and a third bulwark for the protection of the bondholder, the bill provides that funds of the Internal Improvement Board derived from the sale of such lands shall be used to pay State taxes or to buy in lands in case the ad valorem tax or drainage tax fail.

GOVERNOR MARTIN: No, it provides this, that the Internal Improvement Board shall buy in all delinquent tax lands in the area, and take title to that land.

MR. DANN: But they pay for them out of the funds on hand in the Internal Improvement Department.

GOVERNOR MARTIN: Yes, when the land is sold they get it back with interest.

MR. DANN: That is the third. The fourth is, if no such funds are on hand in the Internal Improvement fund these funds shall be paid from monies to be appropriated by the State for that purpose, am I correct?

GOVERNOR MARTIN: The Legislature may or must appropriate money to pay the drainage tax and take up these lands if the other funds fail.

MR. SHUTTS: But, Governor, that "must" does not belong there, there is no way to make the Legislature do it.

GOVERNOR MARTIN: Well, may appropriate.

MR. SHUTTS: Yes, that is the case.

MR. DANN: That is a minor question. The bill reads, may be appropriated for that purpose. That is the way the bill reads. Now, Mr. Shutts, you have stated that the bonds are not a direct obligation of the State?

MR. SHUTTS: In my judgment.

MR. DANN: Without answering the question immediately, unless you care to, what is the difference between a moral obligation of the State and a direct obligation of the State? Is there such a thing as a direct obligation? Can the State be sued without its own consent?

MR. SHUTTS: There can be no direct obligation of the State.

MR. DANN: It only has a moral obligation.

MR. SHUTTS: There is only a moral obligation so far as the State itself as an entity is concerned, only a moral obligation.

MR. DANN: This is a moral obligation.

MR. SHUTTS: Which may be repudiated by any Legislature refusing to appropriate from the fund any amount to make up any such deficiency after the three bulwarks you describe have been exhausted.

MR. DANN: For what could a State be sued?

MR. SHUTTS: A state bond issued by a legislature which pledges all the property of the State at the time of the execution of the bond is a direct obligation which can be enforced. If the Legislature refuses to make the appropriation necessary to meet the bonds, I think they could levy on the property of the State.

MR. DANN: Can a State be sued without its consent?

MR. SHUTTS: Generally I think the idea is it cannot be, but certainly a State which makes a direct and absolute promise can be made to pay its debts.

MR. DANN: I agree with you thoroughly. I am taking the position if the Legislature should see fit to refuse to pay or appropriate money for this purpose that same legislature might refuse to allow anybody to sue the State.

MR. SHUTTS: I should think so.

THE CHAIRMAN: For the purpose of giving you information which may not seem official, I have here an excerpt from an official report which will give you some idea as to the exact income of the district for 1927. Mr. Elliott, who is here, and the Governor will bear me out in this statement. It amounts in the district to \$1,695,404, in 1927, on the basis of the 1926 assessment, the valuation ad valorem of \$52,404, and on the amount the Governor stated over the two million acres bore a nominal ten mill tax.

GOVERNOR MARTIN: Ten cents.

THE CHAIRMAN: Ten cents, the total area in the ten-cent district is 2,206,000 acres out of the total of 4,113,700 acres. The various zones, six in number, are, the maximum zone, 186,000 acres, bearing a dollar and a half an acre, provided \$279,000; zone No. 2, 311,700 acres at one dollar gave \$311,700; zone No. 3, 350,000 acres at seventy-five cents gave \$262,500; zone No. 4, 392,000 acres at sixty cents gave \$235,200; zone No. 5, 668,000 acres at fifty cents gave \$334,000; zone No. 5A, 206,000 at ten cents gave \$20,600; zone No. 6, 2,000,000 acres at ten cents gave \$200,000.

Now, then, there is another very important thing that has not been given the prominence that I think it deserves, the ad valorem tax as at present levied, one mill per dollar, provided \$52,404 as stated. Of that amount, the lands in the district on which there is an acreage tax pay \$30,629. The lands in the districts, that do not bear an acreage tax pay \$19,975; railroads, telegraph and telephone companies in the districts pay \$1,636, and the personal property in the districts pay \$163 per year.

GOVERNOR MARTIN: \$163 personal tax for the whole area?

THE CHAIRMAN: Yes, \$163. That makes up your total of \$52,404 maintenance taxes of the year 1926.

GOVERNOR MARTIN: As I understand you, in the entire area the total amount of taxes paid on personal property owned by 52,000 people is what?

THE CHAIRMAN: \$163.

GOVERNOR MARTIN: \$163.

THE CHAIRMAN: Mr. Elliott, is that correct according to your recollection?

MR. ELLIOTT: Yes, sir.

THE CHAIRMAN: These are from your official papers.

MR. ELLIOTT: The ad valorem tax of one mill is now being collected.

THE CHAIRMAN: The ad valorem tax of one mill has been in existence since 1921, and has met with no opposition in my investigation of the matter and I have been studying the situation for a great many years.

MR. WARFIELD: I just want to remind you that at one o'clock we will have lunch and probably some will want to wash up before lunch and before putting the motion to adjourn for luncheon I will ask Mr. Phillips to read the list of gentlemen who are here present, and where they are from so you may know who are in the room. Do not forget at five o'clock we will adjourn and I expect you to be my guests at dinner at my residence outside of Baltimore, informally, just as you are.

MR. SHUTTS: Mr. Dann, just answering your question, the State cannot be sued without its consent, but if they had state bonds, as other states, but Florida has none, and fail to pay them, we would be in the position of repudiating them. But my contention is that this is not a State promise to pay made by the Drainage Board, but the State may come to the rescue of the Drainage Board and ought to do it and pay it out, but it is not a direct obligation which may be enforced against the State directly.

(A list of those present was thereupon read by Mr. Phillips, after which at 12.55 a recess was taken until 1.45 P.M.)

After Recess (2 P.M.)

THE CHAIRMAN: Gentlemen, I think we have made progress, very material progress. There may be some things that have arisen in the minds of those present which have grown out of subjects which were discussed this morning. I will ask Mr. Warfield if he has any particular matter in mind which was not explained in the morning session and which should be further discussed before taking up new matter.

MR. WARFIELD: I think there should be further discussion with respect to the bonds that were sold or to be sold in connection with this project. I doubt if everyone fully understands the reasons for the bill that was passed, further than were rapidly given by Governor Martin. Mr. Dann asked some questions which seem to me ought to be answered. I tried to answer some of them and Governor Martin has answered some of them. Some of the gentlemen here possibly do not understand the conditions under which it was necessary to do the things that the Act of the Legislature was supposed to do. I think we can go a long way in clarifying this. My understanding is, that there was some relation between the bankers and those who drew the bill. It seems to

have been insinuated that the bankers who proposed to take the initial bonds should have nothing to do with the legislation authorizing the conditions of their issue. I think it would be a proper thing for a banker—and I hold no brief for bankers—to know the conditions surrounding the securities he was to buy, if you please. Personally I knew nothing of the bill until it was passed. It goes without saying that no banking house would have bought ten millions of bonds without knowing how these bonds were to be cared for. As I understand it, the bankers had something to do with the drafting of the bill. That bill does not, as I understand it, place upon the State, as Mr. Shutts has brought out, any direct obligation, because it could not do so. The most that it does, Mr. Shutts, is to give the Legislature an opportunity, if you please—

MR. SHUTTS: If everything has failed.

MR. WARFIELD: Yes, and after all of these various hurdles have been jumped, that the Legislature can, if it sees fit, appropriate or take moneys out of an appropriation already made, for the purpose of doing the things in default of their being done otherwise, then the Legislature can if it wishes do the balance.

MR. SHUTTS: And a very remote possibility.

MR. WARFIELD: If the bankers expect to distribute these bonds under the idea that the Legislature of Florida is going to do something which is merely permissive and not obligatory, I think it is well to know from the bankers who are here whether they feel that the bonds are a direct obligation of the State.

Now, the question of the constitutionality of this Act will be settled by the Court, and I understand the bankers will not proceed until the Court determines that—Mr. Wood, you have been in touch with the situation—determines whether the Act is constitutional or not. That is the main issue, is it not?

MR. WOOD: Yes, sir.

MR. WARFIELD: It makes no difference whether you or anybody else agrees with the facts of the Act, the question of the constitutionality, as far as you are concerned—

MR. WOOD: The Supreme Court of Florida has the last guess.

MR. WARFIELD: Yes. So that any difference of opinion as to what the Act says, that does not disturb you at all.

MR. WOOD: It is up to the Court.

MR. WARFIELD: It is up to the Court. So much for that. So, it seems to me it comes down to the price that the bankers are to pay for these bonds or have agreed to pay for these bonds. Now, Governor Martin, will you kindly briefly clarify the conditions surrounding the sale of these bonds.

GOVERNOR MARTIN: First, Mr. Warfield, I want to explain about a railroad's right to a right of way over the State lands. We have a law which says that any railroad company can get 200 feet of the State lands anywhere for railroad purposes, and all they have to do is to file a plat where they propose to build a railroad and how they propose to build it, with the Secretary of the State and they get title to that 200 feet. The railroads have been continuing to do that for a number of years, if I am not mistaken, for some thirty-odd years that that law has been in force in Florida. Under the administration of Governor Hardee the East Coast Railroad filed a claim to 200 feet or thereabouts of land running along and adjacent to Lake Okeechobee, and went down the East Coast Canal into Miami. They have also taken at a great many other places, and so has the Atlantic Coast Line—200 feet of State land for the purpose of building a railroad.

About six months after I became Governor, which is two and a half years ago, the people of Stuart, Florida, which is on the east coast, were very desirous to have the Seaboard Railway, which crosses Martin County at a place called Indiantown, build into Stuart so that they might have two lines of railroad coming into this particular locality. They petitioned the Board—and everybody else—to try and inveigle Mr. Warfield and the Seaboard Air Line to build into Stuart. About six months later or two years ago, the Seaboard Air Line appeared before the Board, and asked the Board permission to go down one bank of the St. Lucie Canal into Stuart. They were given an easement—they were not given a title—they were given an easement to use one bank into Stuart. I am sure, I am satisfied, they could have taken it any way under the State law which was in force, but they were given some four or five years to complete that railroad into Stuart and if it was not built up into Stuart, then their easement would be null and void.

The Seaboard also wanted to build out into the Glades and on the banks of several of the canals. This easement was given

to them for the purpose of building out into the Glades so that when the Everglades would be drained they might encourage people in the development of this great area.

You gentlemen know that the greatest trouble in developing a community is the lack of railroads and the lack of dirt roads. These people had believed it was the wisest thing to let them build upon one bank of the canal and save the other bank of the canal with the soil taken from the center of the canal for the building of hard roads, and that the building of a railroad on one bank and the hard road on the other would be of tremendous value to this locality. So that the opportunity given to the Seaboard, as with the other railroads, is the right to use one bank of the canal for that purpose. That was practically two years before anything ever came up about any bonds. I am mentioning that in order to let you see that there was no occasion or that there was no connection between Mr. Warfield's activity in helping us market those bonds and the granting of the right of way on the banks of some of those canals to his railroad.

Now, with respect to the Legislature. If any succeeding Legislature desires to appropriate that money from any other source to pay the interest on these bonds, I doubt seriously if it could be stopped. It is a well-known fact that one Legislature cannot be bound by another Legislature except in so far as a contract is concerned. The Legislature a long time ago might have levied a general tax on property to drain the Everglades if they saw fit. In fact, the 1925 Legislature had before it a bill taxing the whole State a quarter of a mill for the purpose of carrying on the Everglades. The House passed it in 1925, and the Senate killed it. So the Legislature can pass an Act at any time that they want. I doubt seriously if one Legislature can hinder the free use of thought and intelligence and mind of subsequent Legislatures unless they be bound by some contract they were violating.

Now, as to the price of the bonds. In the first work that was done in the Everglades, Broward only had money from two sources, from selling land and from five cents an acre drainage tax. Well, everybody knows he could not dig a canal for any such money as that. So it came on down to Catts' administration. The first issue of bonds was sold and advertised everywhere. Nobody was interested, nobody wanted Everglades bonds. You could not get anybody to buy or make a bid on them. They had a terrible time. Finally a man by the name of Rorick

bought three and one-half millions of dollars—three millions of dollars of Everglades bonds from the Board. He made a contract to buy them and the Board issued 6 per cent bonds and discounted them so that Rorick would get $6\frac{3}{8}$ per cent on his money. Rorick went down to Miami and discussed with the bankers down there, so he told me, and the bankers told him he was crazy, that they would not touch them with a 10-foot pole and did not want them. Well, he bought three and a half-million dollars and he took them. Then Rorick bought the next issue in Catts' administration. Then came along Hardee's administration and Rorick bought some bonds, but before he would buy any more he made the Board enter into an agreement with him that they would not sell any more bonds unless they got his consent, because he said he had such a hard time in selling them and he did not want the market glutted, and if they were going to issue any more bonds without notice he would not buy any more. Hardee advertised again for buyers and nobody came. Finally some fellow did show up and withdrew his bid after it was accepted. They sold them to Rorick again. For the past two years the Board has tried, each individual member, and your speaker has talked to bankers all over Florida, and bond houses in an effort to get them interested in Everglades bonds. We had about two million dollars of these bonds lying in the National Park Bank in New York that were authorized issued in 1925, that Rorick said he would try to take, which laid there for two years and nobody would buy them, and we couldn't get any money. Since 1917, ten years, the Board has never been able to sell bonds to but one house, that is, Spitzer, Rorick and Company. So when this conference took place with the bond buyers in New York, after the area had been bonded for \$12,500,000 and when I went in as Governor it was valued at \$15,000,000, and I got after the tax assessors to put a correct valuation on the land. So it was raised to thirty-odd million dollars. In conference with these people I had to give them some other kind of surety besides the same thing that Rorick had been handling for eight or ten years, because they had sold about eleven and some odd millions of dollars and they retired some of them. Nobody would handle them, nobody would discuss them, nobody would talk about them. So when the present bankers offered the best price we ever got for bonds except possibly one issue, which was at the same price, believing and being satisfied it was the best price ever paid for drainage

bonds in any market, we were glad to trade with them.

MR. WARFIELD: Gentlemen, that answers some of the questions. Who in the room has a comparison of the price paid for the proposed ten million dollars with the price paid before?

MR. ELLIOTT: I have that here. Would you like to have that information?

MR. WARFIELD: Yes, please.

GOVERNOR MARTIN: May I say, while he is talking, gentlemen, take into consideration, too, that the board did not have any money in 1925, and the only money we could go ahead with rather than abandoning it was the money derived from the drainage tax and borrowing money, and we owe today Mr. Furst, of Baltimore, Maryland, \$1,400,000 for work done in the Everglades that he has taken the board's notes for rather than abandon the work. That obligation had to be met, we could not depend on the drainage tax, we could not get anybody else to bid on them, and that is why we accepted the proposition, because it was the best offer we ever had.

MR. ELLIOTT: Briefly, the information as to Everglades drainage bonds issued is as follows:

Authorized by Acts of the Legislature, 1915, \$3,500,000. Sold by resolution of the Board of Commissioners of Everglades Drainage District, January 3, 1917; they were 6 per cent bonds having an added maturity of twelve and one-half years; sold on the basis of 6½ per cent; average price, 94.8 on the dollar.

MR. WARFIELD: What was the price?

MR. ELLIOTT: Sold on a 6½ per cent basis, average price, 94.8; average maturity, twelve and one-half years; those bonds were callable at 102; the amount outstanding June 1, 1927, none. They have all been retired, partly through maturing and partly through proceeds of refunded bonds.

The Act of 1919, \$2,500,000 Everglades District Drainage Bonds; interest rate, 6 per cent; average maturity, thirteen and two-third years; sold on a 6.53 per cent basis; average price 95; callable at 102; amount outstanding June 1, 1927, \$2,310,000.

Act of 1921, \$1,750,000; sold by resolution of the board November 6, 1921; 6 per cent rate of interest; average maturity, sixteen years; sales basis, 6½ per cent; average price, 95.

GOVERNOR MARTIN: Six and a half basis?

MR. ELLIOTT: Six and a half basis. Amount outstanding June 1, 1927, \$1,750,000. None of those have been retired.

Authorized by Act of Legislature, 1923, \$3,500,000; issued by resolution of the board July 24, 1923, \$2,200,000; 5½ per cent; average maturity, eighteen and one-half years; average sales basis—sales basis, 5.95 per cent; average price 94.99. The second part of the \$3,500,000 issued, \$1,300,000; interest rate, 5 per cent; average maturity, seventeen and three-quarter years; sales basis, 5⅝ per cent; average price, 93.04. I might say that those 5 per cent bonds are there by reason of an exchange made during Governor Martin's administration for 5½ per cent bonds that were authorized during the previous administration. They had not gone so far as to get to the point where they could not make the exchange and the 5½ per cent bonds were called in, and after they were exchanged an equal amount of 5 per cent bonds on the same basis, 5⅝ per cent; from 5.95 down to 5⅝. Amount outstanding June 1, 1927, \$2,663,000.

Refunding bonds, Act of 1925. Amount to be issued, not limited but use limited to refunding other bonds outstanding only. 1925, what is called Series A, \$2,500,000; 5 per cent; average maturity, nineteen and one-half years; sales rate basis, 5⅝ per cent, and on the dollar based upon the maturities as stated. 1925, Series B, \$2,500,000; 5 per cent bonds; average maturity, twenty and one-half years; same sales rate. 1925, Series B, \$3,950,000; 5 per cent; twenty and one-half years; same sales rate basis, the amount on the dollar depending on the maturity as stated. Refunding bonds outstanding June 1, 1927, \$3,532,000. Total outstanding 6 per cent bonds, \$4,060,000; 5½ per cent \$1,663,000; 5 per cent bonds \$4,832,000; total, \$10,255,000 today.

MR. WARFIELD: What I want to do is to bring out the comparison of the sales of bonds heretofore and those now sold. That is, the basis. How does it compare with other sales?

MR. ELLIOTT: You will note from the very beginning the basis of sales has steadily improved. It has been gradual, but it has improved. That indicates the credit of the district, to my mind, is better than it was in the beginning.

MR. WARFIELD: What is the basis of the sales rate?

MR. ELLIOTT: Five and five-eighths basis.

MR. WARFIELD: How many bonds have you sold better than that basis?

MR. ELLIOTT: We have never sold better than that basis.

MR. WARFIELD: Do I understand this is the best basis you have ever sold bonds?

MR. ELLIOTT: That is as good as the best. There was a small amount of bonds sold on an equal basis as this, but that was due to the change made in the administration, in substituting 5½% bonds for 6 per cent bonds, but it had not gotten beyond the reach of the board to exchange those.

GOVERNOR MARTIN: Had we not gotten where we could not sell any more bonds on any basis?

MR. ELLIOTT: We certainly had. You know you borrowed \$1,500,000 to keep the work going.

GOVERNOR MARTIN: I know. Let me ask you this: Hasn't the only bond house that ever wanted to buy any of these bonds insisted on their extension?

MR. ELLIOTT: They did.

GOVERNOR MARTIN: Or they would not touch them any more on any basis?

MR. ELLIOTT: They did.

MR. WARFIELD: I think, gentlemen, that brings out pretty fully the conditions surrounding the sales of Everglades bonds and the different maturities with the result that the basis now proposed seems to be a fair one. I think it is up to the bankers who are today represented here—Mr. Phillips, of Dillon, Read & Company, is here now, and all of the bankers in this transaction—if there is anybody here who feels there should be further discussion on the question of the sale of these bonds, it seems to me it would be well to ask questions.

THE CHAIRMAN: Gentlemen, we have the Drainage District and I think we have in the background, those of you who are here, who represent a great proportion of the Everglades District. Gentlemen, after all, the difficulty is lack of understanding, and if we will state here today what is in our minds and ask

questions that we are entitled to know, that are ambiguous at this particular time, we can make progress. We have brought out, up to the present time, certain information. The Chair is going to suggest that if anybody here has any question to ask or desires any information on the subject that has been discussed we will be very glad to have that matter brought out.

GOVERNOR MARTIN: Mr. Chairman, let me say the Internal Improvement Board consists of five men. The Governor is not the whole thing himself. It is the unanimous consent of the whole board that has prevailed in the present situation.

MR. BRYANT: I would like to bring out one phase that has not been brought out. The bankers here seem to be accused of having mixed in the bill all sorts of things. Last October we had a conference which we called Governor's Conference.

Prior to that conference there were meetings of small landowners all over the State. There were also meetings of the State drainage districts which represent the large landowner and the small landowner. They came together at that conference and they were unanimous in wanting two things, first, an independent engineering report by engineers of national repute; secondly, a financial plan. That was got together and had the approval of reputable bond houses. So they did not waste their time in getting up something that would not meet with the approval of the bond buyers. Those two things were done. Incidentally at that meeting there were more landowners present, more acreage represented than was ever present at one time in the history of the State. The agreement was unanimous. The Legislature met and the plan was approved by the Legislature. As I say the whole thing was with the unanimous approval of the landowner that the bond buyers should be consulted and a proper plan drawn up.

MR. DANN: As I seem to be the only objector here, I would like to make this final statement explaining the reason why I am going to vote against Frank Shutts' resolution. As I understand it, the purpose of this conference is to explain if possible, and remove possible objections that some Floridians may have to the law as enacted by the recent session of the Legislature and the sale of bonds as has been contracted for. The statement was made this morning and has been made a number of times before that because of the criticism of this sale, because

of the attacks on it by sundry individuals, that it might be that the sale would not go through at all, and therefore the entire reclamation project would be wrecked. If the financial scheme, one that is under discussion now cannot stand up under a few innocent questions asked by the senior Senator from Florida, the statement rather that the bonds did not bring as much as he thought they should, and if it cannot stand up under a few questions from me, I ask, would Dillon, Read & Co. and Eldredge & Company bid as much at public sale as they would at private sale, and if not, why not; was it because they had evolved this scheme themselves that they would not let anybody else into the bidding? They are perfectly legitimate questions. They have never been answered, and I say to you that any financial plan involving public funds that cannot stand up under a few questions like that is not good enough for the people of Florida, and I say further that any financial plan involving the expenditure of public funds that won't stand up under the full spotlight of publicity is not good enough for the people of Florida. Let us turn the spotlight of publicity on this transaction. Mr. Warfield has made the only intelligent explanation of the reason of this sale that I have heard from the very beginning. He stated that the bonds were sold to Dillon, Read & Company and Eldredge & Company because these were two houses who could distribute the bonds and keep them from being held in a lump and thereby break down the prices of future bond issues. That is a perfectly good reason. Most any intelligent man would admit it is a sensible reason. But has anybody ever heard it before? There has been nothing but silence and mystery connected with this entire transaction. That is the reason the people of Florida have been asking questions. They have been told nothing. They have not been told about the prices that these bonds were sold for, how much they were discounted. That may not mean a great deal to you financiers who figure your purchases on yield, but it means a lot to the people down in the country. We have learned that a 5 per cent bond sells at 104, and that is all we know about it, and we do not know what the yield is. But we have never yet been told whether Dillon, Read & Company and Eldredge & Company are supposed to pay eighty or ninety or one hundred for these bonds. I know how much they will pay for them.

MR. SHUTTS: How do you know?

MR. DANN: Because I have seen the agreement.

MR. SHUTTS: Well, if you had sat down with a paper and pencil, you could have calculated it yourself.

MR. DANN: Some of us may think these bonds should bring more. It may be foolish for me to get up and say I have a man who will buy them today for ninety-eight, I know you can always get somebody to come up and say after the deal is made he could get someone who would pay more, but why wasn't anybody else given an opportunity to bid on these bonds issued under this Act?

GOVERNOR MARTIN: I can answer that for you, because frankly Dillon, Read & Company came very near backing out, and Eldredge & Company were getting cold feet. We did not want them to back out, because if they did back out we knew we could not sell them to anybody else, and have them successfully distributed. That is the reason. Now, about the price: That it has not been given in dollars and cents is because these maturities over a period of years will differ on each lot. You all know that. A twenty-year bond will bring a little more than a twenty-one year bond or a twenty-five year bond or a thirty-year bond. You know that. And if you say to the public we are going to sell so many for twenty years, twenty-one, twenty-two or twenty-three way down to forty there will still be a maze of figures. It would not be possible to make the whole ten million at one time, and say the whole ten million brought so much, it was the understanding of these gentlemen that we wanted to vary some of these maturities if we could and if we said that we sold five hundred thousand dollars of bonds to mature at twenty-five years, and then we did not use but four hundred thousand dollars worth, they would say, well, you said one thing and you did another, and if we decided to make six hundred thousand due in thirty years and seven hundred and fifty thousand due in thirty-five, they would say, you said they would bring so much and they did not bring but so much. And there is an agreement with them that they might change some of those maturities and when the maturities were absolutely final and irrevocably settled on, why, then, we could give this to the public. If you string out serial bonds over years, from twenty to forty years, they will vary in price.

Now, in reference to the matter of obscurity, why, I spoke

at Palm Beach and Miami and Okeechobee and Lauderdale begging those people to get together with me and you gentlemen to devise some concrete plan that we could submit to the Legislature. None ever came forth. You all remember that I spoke in all those communities to thousands of people and then when I came back from New York I stated in the press, it was posted in the lead lines of every paper in Florida, that I had a proposition from the financiers in New York, and I submitted it to the Legislature. That was all in the press. The bill took five or six days or about a week before they finally passed it. When they were sold, in less than ten hours the price was given to the public through the Associated Press, and that is the only way you have got to get it to the public. People wrote in there and it was answered, sold 5 per cent bonds on a five and five-eighths basis. It was published in the papers. Where there was any secrecy to it, I don't know. It was given to the Associated Press and the International News and the papers published it. That is all I know about it.

MR. DANN: I want to get a frank statement concerning this. For what were these bonds discounted under the agreement with Dillon, Read & Company and Eldredge & Company, signed May 11th?

GOVERNOR MARTIN: Whatever they figure out on a five and five-eighths basis, anywhere from 93 to 91, depending on the maturities which have not been definitely settled yet. If you get a bond table you can get the figures on that.

MR. DANN: Mr. Chairman, I am not an obstructionist. I am practically, more or less, a constructionist, and the only objection that I have to this bill is to the bill itself and not to the sale of the bonds, so much. I do not question at all but that the price is as good a price as we could hope to obtain, although that is still in my judgment, a matter to be proven. But I do not think that the people of the State want to be involved in a matter that will call for the expenditure of so indeterminate an amount. We do not know, under the terms of this bill how much the legislature may be called upon to appropriate for this work. A great many of us are very ignorant on matters pertaining to conditions in Florida. I think that the entire people of Florida would be very glad indeed to have a definite notice of just what this is going to call for. I think that is a matter that should have been discussed before the actual sale of those bonds.

GOVERNOR MARTIN: What would you do, Mr. Dann, with the money that was received from the sale of those bonds?

MR. DANN: That would come back into the treasury.

GOVERNOR MARTIN: Well, now, gentlemen, in that regard, let me say this. This has been my experience, that you could not get the Legislature of the State of Florida to put a million dollars out on this thing. We have tried them out on that proposition and they wouldn't do it. I have sounded them out and I know of nobody who is in favor of that.

MR. DANN: Well, I am afraid that I do not know any more about that than you do, sir, but I have simply expressed the concensus of opinion which I have gathered from going around in the last four weeks, ever since I have gotten into this discussion. Most people with whom I have spoken feel that it is a moral responsibility of the State, this work of draining the Everglades. It is the general concensus of opinion—among people generally—that it is definitely the duty of the National Government to take care of such a matter as the flood control and that that duty should not fall upon the shoulders of those who may own the land in the Everglades. That is, that it is a Government responsibility and the responsibility is one that is definite as to the matter of flood control. It is also up to the State to protect the people. I do not think that it is up to the State to protect a man against any rain that may fall in his own backyard, but I do think that the State should pay its own expenses though no more. But the point is that we do not know just what all this is going to cost and that is why I am voicing my objection. I may be wrong. I am apparently very wrong, but I am certainly sincere in my own opinion. I think it is an attack upon the Constitution that would open up the way to further legislation to come later that would in all probability prove very disastrous to the State of Florida.

THE CHAIRMAN: I think we ought to extend an opportunity to be heard to some of these bond houses and get an expression of opinion as to just how they feel. We want to know just how some of the bankers feel about this. Now, I am going to call upon a banker of Florida. I am going to ask Mr. Kyle if he will not say something for us about this matter. He is very well versed in it and I think we would all be very glad to hear from you, Mr. Kyle.

MR. KYLE: Thank you, sir. Mr. Chairman, I feel this way. I think that Mr. Dann is sincere in everything that he has said. I did not for one come up here with my mind made up on this proposition one way or the other. On the contrary, I have come here with an entirely open mind, and after hearing this discussion as to the different bond sales and the prices that have been obtained for them, I want to say, gentlemen, that I have gone through a great deal as to this within the last six months. What we want to do, as has been said at the very outset by Mr. Warfield and the Governor and several other speakers—and I think the most important thing that we can do is to get reputable bond houses to handle your securities and thus bring credit upon your State and your District. There is no doubt about that, for I can tell you that our city, in the last year and a half, has suffered more by having people handle its bonds that should not have handled them than anything else. Then, when you create securities, you have to exercise the proper care in order to finance them. Otherwise, it is like what has been done when a million dollars worth of bonds have been bought and unloaded and thus ruin the market. I can state to you very clearly that five and five-eighths is a proper price. If I were representing this district, or representing my city, I would say that I would not today pay a cent more than that. I do not feel, gentlemen, that there is a bond house in the United States that would offer more than that price for the bonds under consideration. In the first place, you have a district that is undeveloped, this is one point that all of the gentlemen are agreed upon. The State of Florida has an obligation to its citizens as well as has every other State to its particular citizens all over the United States, and in order to perform those duties it must resort to a sufficient amount of taxation regardless of what it costs, and that was my reason in asking that the State take proper care of its obligations. I have interviewed the various leaders on the subject. I have spoken to the Governor and to Mr. Elliott. Mr. Elliott is the drainage engineer. We are all agreed that the State of Florida is obligated to take care of the interests of its citizens in every way, and regardless of what the terms of this bill may be in that connection. I have been connected with this drainage affair for the last twelve years, and I have made a close study of it. I have studied it fairly and squarely. This is a serious affair for the State of Florida. We must work for a solution of the problem. What are we going to do? Do you suppose that we should stop

this drainage endeavor
to be called a special
for another fight
with you to say
introduced because
heretofore. I can
under all circum-
stances have voted
to take care of the
fairness to the bo-
I must say that
in trying to find
what I could pe-
handlers of these

THE CHAIRMAN
question?

MR. ELLIOTT

THE CHAIRMAN
particular subject

GOVERNOR
its drainage to
it, just like
4,300,000 acres
Now, it would
the State does
requires the
like the other
the State is
own land, w

MR. ELLIOTT
to me that
banker, but
to be involv-
Florida,
sidered, as
told of the
itself at the
It was sur-
was destroy

this drainage endeavor? If so, what is to happen then. Is there to be called a special session of the Legislature? That will call for another fight of another month or two. I will be frank with you to say that I was not strong for this bill when it was introduced because I felt it was a more drastic bill than we have had heretofore. I can realize the difficulty, for we cannot sell a bond under all circumstances. All of our counties and all of our cities have voted to do just what has been done here, endeavored to take care of the situation by having an ad valorem tax. In fairness to the bond houses, to the Governor and to everyone, I must say that the best endeavor and thought has been expended in trying to find a solution of the difficulty. I have tried to do what I could personally. What we want to get is the proper handlers of these securities.

THE CHAIRMAN: Mr. Elliott, does that cover your specific question?

MR. ELLIOTT: I have no other question.

THE CHAIRMAN: Is there any other question on that particular subject?

GOVERNOR MARTIN: Mr. Chairman, the State only pays its drainage tax on the land in the area that will be benefited by it, just like any individual does. In other words, we have 4,300,000 acres of land, and the State owns about 840,000 acres. Now, it would be unfair to make the owners of the land pay if the State does not, owning the State's drained land, so the law requires the State to pay their drainage tax on their land just like the other people who own their individual land, and so all the State is obligated to do is to pay their drainage tax on their own land, which will be enhanced by the draining of it.

MR. HILLS: Mr. Chairman, there are two points that occur to me that might be of interest to this gathering. I am not a banker, but it has been my experience and almost my misfortune to be involved in many millions of dollars in drainage bonds in Florida, in the southeast. One of the things that should be considered, and has not been brought out here—we have all been told of the difficulties in which the Everglades district found itself at the time it entered into this new program of financing. It was surrounded with difficulties of every nature. Its credit was destroyed. Its assessed valuations were low. Objection of

every kind had been raised. It had recently come into the situation where if a financing program was to be worked out at all it would be necessary for actual detailed consultation to be had with investment banking houses or houses that were going to lend money. When Mr. Warfield finances his railroad I take it that he does not set up a bond issue on prescribed conditions and then invite bids from investment banking houses all over the country. When the Florida East Coast Railroad or the Atlantic Coast Line Railroad, or any other corporation gets ready to finance, it does not do that. On the other hand, it selects its competent banker and it goes to him and says to him: Here is what we have, here is what we have got to do, how can we work it out in fairness to both sides? Of course, they test out with others the fairness of the price.

The sale of drainage district bonds, particularly the drainage district which finds itself in the condition that the Everglades District is in, is very different from the sale of ordinary municipal bonds. When a banking house buys municipal bonds, it buys a bond usually on 10 per cent of the assessed valuation and secured by the real and personal property in the entire community. The security is large. The margin of security is very great, and there is a fair basis for competitive bidding set up, but when you have a project on which it is proposed to issue securities practically up to a unit of 100 per cent of its assessed valuation, then certainly you must sit in with some investment banking house and work out a deal with them.

Now, an investment banking house is in business, not for its health, but for a profit. The making of an investigation involved in a project of this kind in all fairness to them is no small matter. I have not been definitely advised, no reason to do anything, but I venture to say that the investment banking houses that have committed themselves to the purchase of these bonds have incurred expenses of many thousands of dollars. It would not surprise me at all if they were out of pocket today twenty or forty thousand dollars for investigations and studies and researches that they have had to make. How in the world can we expect any investment banking house to put up that amount of cash and then agree to have competitive bids received from other houses, and then perhaps lose the sale and perhaps the investment they have made in these investigations?

Now then, there is one other thing. I have heard here this morning so many things said about what the State has done

for the State's interests in this thing. If you gentlemen will stop and think, you will see that the State has not done much. The Everglades were originally turned over to the State of Florida and a Board of Trustees was organized or created by the Legislature to hold those lands in trust for the citizens of Florida. The Board of Trustees have passed the ownership of the great portion of this land into the hands of other individuals.

So the trustees of the Internal Improvement Fund were trustees in fact for you, and for me, and stand as an owner of approximately 25 per cent of the Everglades land, the other 75 per cent being in the hands of individuals and corporations.

Now, we spoke about the State spending \$15,000,000 to drain the Everglades. The State hasn't done anything of the kind. The taxpayers down in the Everglades drainage district have spent that \$15,000,000, three-quarters of it has come out of the pockets of individual owners. I mention that, since a misapprehension seems to have arisen because so few of us understand that. Here is a contractor over in the next county who has spent quite a large sum of money and he says, "Why is it not time that the State comes over here and spends some of that money draining my land?" Now, if we can correct that misunderstanding, I think something very definite could be gained by it. I call these two things to your attention.

MR. WARFIELD: Gentlemen, I think you all agree with me that the points Mr. Dann have made are very salutary. They bring out the more or less opposing argument. He represents a certain element in Florida and ably represents it. He has a right to his opinion just the same as we have, and I do not know any better way to get this whole subject understood, not only by the people in this room, but by others who know of the proceedings here today, than to air all sides of the questions at issue. So I want Mr. Dann to feel that whatever I may say is in the proper spirit of recognizing the fact that he is just as much entitled to his opinion as I am to mine.

Perhaps I may have had more experience in the handling of securities than Mr. Dann, but Mr. Dann has been successful in his business and represents much in Florida. These questions that are being discussed, are for the good of the whole proposition and that is the reason I was anxious to see Mr. Dann come here so that he would give us the benefit of his thought.

With the bankers in the room who agreed to purchase

\$10,000,000 bonds it seems to me we ought to hear a word or two from them. They can give the reasons for their position in this matter and, Mr. Chairman, it would be well if Mr. Wagner, of Eldredge & Company, who were first seen by Governor Martin in respect to financing the Everglades, would say a few words, if he will do so.

THE CHAIRMAN: The Chair thoroughly agrees with Mr. Warfield and would be glad to hear from Mr. Wagner.

MR. WARFIELD: I think it ought to be said at this time that only ten million dollars of bonds have been sold.

MR. WAGNER: Mr. Chairman, at the very outset, I want to state we have no excuses to offer and no apologies planned. We were invited into this situation by Governor Martin. We have known for a great many years of the Everglades. I remember as a boy I always thought of the Everglades, every time the Everglades was mentioned, I could see nothing but snakes, alligators and water.

MR. WARFIELD: Let me say, without interrupting, that Mr. Wagner is a North Carolina "cracker."

MR. WAGNER: Notwithstanding the fact I was born in North Carolina, very close to Florida, I ought to know more about Florida, but I did go down to look at the Everglades. But I would say that, at that moment, the Florida Everglades had nothing to sell. Now, if the Drainage District Board had been in position to offer bonds for sale in the same manner as the City of Jacksonville, the City of Baltimore, or any other city offers bonds for sale, on a financial statement, everything thrown on the table, with legal opinions, and the bonds laid on the table on the day of the sale, they would have then been in a far different position. They were not in that position and they are not today. It is true that we have made a contract, and we think we have worked out a very constructive piece of legislation. We may be wrong. We did that at the solicitation of the State officials and we feel proud of it, and as I said at the outset we have nothing to hide and no excuses to make. The whole thing, however, will depend upon what the Supreme Court says. All of this work of ours may have gone for naught, we do not know, the Supreme Court has, as Mr. Wood said this morning, the last guess. If the Supreme Court upholds the constitutionality

of this law we have bought some bonds, if it upholds the law in all its phases. If it does not, we have not bought any bonds. If the Court does uphold this law and these bonds are sold and distributed, as we hope to distribute them, together with Dillon, Read & Company, I say frankly, it will not be easy, in view of the difficulties we have had, but if we do dispose of them we expect to create—at least we hope to create—a good market for this class of bond. When we do that, the Drainage Board is then in a position to say, "Gentlemen, here is what we have, five million or three million dollars more bonds, on a certain date we are going to sell those bonds. You can make your bid and we want a check." As Mr. Warfield has mentioned to you several times today, this proposition has not to this date been in the position so that the Governor and his Board can say to Tom, Dick and Harry, "I want you to make a bid on some bonds." They have not got any bonds, and they are not going to have them until the Supreme Court says exactly what they have. We feel that this Act was a piece of constructive legislation and we further feel that it was one of the greatest pieces of constructive legislation that we have had anything to do with. There has been a misunderstanding occasioned by the fact that everybody has not understood what the bankers were trying to do. It might be interesting to the gentlemen present to know that we have handled over forty-five million dollars worth of Florida bonds in the last twelve months. By virtue of which fact, we believe in Florida, and can help Florida, we believe in the Everglades. Otherwise, we would never have gone into it; I mention that in passing to let those present know that we are not entirely new in Florida. There has been some talk about these bonds being a State obligation. I think we, the bankers, can nail that on the head first by saying that not only do we know they are not a State obligation but our attorneys have advised us that they would not under any circumstances render us an opinion stating that these bonds were either directly, or indirectly, distinctly State obligations. Now, as to the attorneys' opinions that we expect to have to sell these bonds, we had the knowledge before that they are not direct obligations and are not indirect distinct obligations of the State. I think it would be perfectly fair to say that we would be foolish to attempt to sell our customers anything representing them to be State obligations. These bonds are the obligation of the Everglades District, authorized by the 1927 law, which also imposes certain tax obligations, and we

expect to pay for the bonds providing the Supreme Court upholds the constitutionality of that law and in its decision upholds its provisions as constructive, so that our attorneys can go ahead and advise us.

The question of maturity has been discussed. You can imagine the first thing we tried to decide when we went into this situation was how are these bonds to be paid off. If we had not concluded that they would be paid off and paid off easily without working a hardship, we would have dropped the situation right off. We have made exhaustive examination and found that the equity tax, which the Governor terms the drainage tax, is at the present time more than sufficient to take care of the outstanding bonds and pay the interest on these bonds, provided we do not expect to have these bonds mature at an early date. In other words, if we had these bonds mature in one to ten years, or one to twenty years, the annual requirements for principal and interest would have been so great that it would have been confiscatory. All right. What could we do? It certainly was not our purpose to work out a bond issue, just for the joy of having something to do, and making a confiscatory tax, which we know the people in that district could not stand. We therefore took the maturity of the outstanding bonds and tried to arrive at a figure as well as we could to determine when those bonds could be practically paid off, and we found that the last of those bonds—if I am not correct on this, please correct me—I think the last maturity is 1953?

MR. ELLIOTT: 1954 is the last one.

MR. WAGNER: That the outstanding bonds would be paid off in 1954. It was not our purpose to wait until 1954 to start our first maturities. We said, let us try to strike a fair average and make these bonds begin to mature when practically all the outstanding bonds have been paid off, and thereby lighten the load on the taxpayer. In other words, the taxpayer has no maturity to pay for twenty years, all he has to pay is the interest. From then on, of course, the question of definitely fixing the maturity is adjustable, so much due one year, so much due another year, but in any event we endeavored to put off the load of paying these bonds until after the present bonds are paid off.

We thought we had that worked out finely, and when it comes to the price of the bond, we never understood why there

was any question of the price. I was at Tallahassee on May 11th, in connection with Governor Martin, and I believe on the morning of the 12th, the State Treasurer came out in the newspaper and stated the transaction in its entirety and stated the price of the bond. I may be wrong, but I was under that impression, and it was copied in the New York papers. Now, if I borrow a thousand dollars from you and promise to pay you back tomorrow at a certain rate of interest, I am going to pay more money than if I had borrowed it for a year at the same rate of interest. In other words, if I could postpone the payment of it back, I could get it at the same rate of interest but the dollar's price will be less. So that, instead of making these bonds mature in one, two, three or four years, we tried to put it off as long as we could for the benefit of the taxpayer, so that none of these bonds would mature until after those present bonds have been retired. I did not come here prepared to talk on this subject, but at Mr. Warfield's request, I thought I would tell at least what the bankers have in mind, and I think I can answer any question that anyone in the room wants to ask in regard to this phase of the matter.

THE CHAIRMAN: Mr. Dann, you may have a question you would like to ask him?

MR. DANN: No, I would like to say this: That I do not propose to take any Court action or encourage any Court action or make any public utterances on this subject from now on. If the Supreme Court declares the Act unconstitutional I may have something to say on another angle, but I am all through at this time.

THE CHAIRMAN: Is there any other gentleman present who would like to ask some question of Mr. Wagner? This is the time to settle any question you may have in mind of the rate of interest or maturity or any other subject connected with the bonds.

MR. WAGNER: Mr. Chairman, pardon me just a second. (Referring to booklet.) At $5\frac{1}{8}$ per cent interest basis at ten and one-half year average maturity, the dollar's price of a 5 per cent bond would have been just about ninety-five. Now, instead of maturing these bonds from one to twenty years, it was our purpose subject to the flexibility of determining with the engineers how the outstanding bonds would mature, they would start to mature in twenty years.

THE CHAIRMAN: As far as you know, with the average maturity thirty years, your price would be 90.91?

MR. WAGNER: That is right.

THE CHAIRMAN: There seems to be no other question.

MR. WARFIELD: We have a representative here from Hollywood, Congressman Lineberger, is he present?

CONGRESSMAN LINEBERGER: Yes.

MR. WARFIELD: Mr. Wagg will introduce a motion, I think the gentlemen here, Mr. Congressman, might wish to hear from you in connection with that resolution which suggests Federal aid to control storm overflow. Mr. Wagg made a talk this morning directing your attention to the Mississippi and the river overflow, and what might be possible there, drawing a parallel between that and our problem and he gave notice of his intention to introduce a resolution in connection therewith to lay over until tomorrow morning. If you will give your views respecting this situation, we would be glad to hear from you, whether there is any possibility of Federal help in connection with the Everglades.

CONGRESSMAN LINEBERGER: Mr. Chairman and gentlemen, I am a very recent resident of Florida, an engineer by profession and more recently a member of the House of Representatives in Washington, for a period of six years, during which time I served approximately four years on the Rivers and Harbors Committee, which, as most if not all of you know is a committee in Congress which has to do with navigable streams and questions of navigability, and questions of flood control.

I am not familiar with the date upon which the Federal Government assumed control of Lake Okeechobee, but it is a well-known fact that the Federal Government, by its representatives acting through the Chief of Engineers, maintains the water levels in Lake Okeechobee. The question immediately before this conference is one that is perhaps not directly connected with navigation and with flood control, but it is intimately correlated. The propositions of flood control, drainage and navigation in the Everglades touch each other at so many

points and in so many ways that it would not be appropriate to enter into any technical discussion of the matters here.

More recently my interest has been somewhat deepened in this matter by virtue of the great catastrophe suffered in the Mississippi Valley. I happened to be at the time and shortly after the time this flood began in Tallahassee. And while there, certain gentlemen of the Legislature and the Governor of Florida, Governor Martin, conceived the very worthy idea of passing a resolution expressing the sympathy of the State of Florida for the flood sufferers of the Mississippi Valley, and were kind enough to request me to go to Chicago and to read that resolution there. That committee was composed of four members of the Senate and three members of the House. The resolution was drafted in appropriate terms and was very favorably received there. Mr. Hull, who was a colleague of mine on the Rivers and Harbors Committee, was Secretary of the Resolutions Committee, and Senator James Watson of Indiana was the Chairman. There is no question but that the flood control situation is a national problem, has assumed a new importance since the catastrophe in the Mississippi River Valley, and there is no question but that it will be a very prominent matter for consideration before the incoming Congress. There is even some talk of a special session for the consideration of it, and I broached the matter in the light of what has taken place in Florida in the previous year. I brought to the attention of my friends there among the delegates, among whom were former colleagues of mine in the House of Representatives from Florida, and advised the Committee of the efforts on the part of the Governor of Florida and the State of Florida to further solve the drainage problem down there.

While I have no authority whatever to speak officially, and I do not presume to do so, it would be very inappropriate and improper under the circumstances, unofficially and purely as a matter of personal opinion I believe that there is a very friendly sympathetic feeling on the part of the members of Congress to give due consideration and weight to the requirements of Florida in connection with the flood control problem in Lake Okeechobee, at the time when the general proposition and the general program is under consideration. No figures have been given out by the Chief of Engineers, and no report has been made, and I would prefer not to discuss things that I have heard unofficially from certain quarters. However, that problem of the Mississippi

River flood control, is going to be a very large problem and will have to be spread over a period of years, it is fundamentally impossible to meet the problem and solve it in less than ten years. It will require a very large amount of money, running into hundreds of millions of dollars. I have talked to the various members of the Committee on Rivers and Harbors, most of whom were in Florida last winter as the guests of certain civic organizations in Southern Florida, many of whom actually went to Okeechobee and viewed the situation there. I am quite convinced that if there is a proper co-ordination and sympathetic attitude on the part of the officials of the State of Florida, I have no doubt that the correlated problem of drainage, essentially a State matter, flood control and navigation, fundamentally national matters, particularly since the Federal Government now controls the water levels in Lake Okeechobee, and since they have in the last Congress authorized an appropriation of around five millions of dollars for the acquisition of the Florida East Coast Canal, will be considered very seriously.

In passing I may say that a survey has been authorized with a view to recommending a project to Congress for the navigation of the Caloosahatchee River, and on the other hand there is the angle of reclamation from the Federal Government's standpoint. Doctor Elwood Mead, who is chief of the Bureau of Reclamation, was in Florida last winter and Florida has been selected as one of the southern States in which Federal farm colonies are to be located and a site has actually been determined upon in the Everglades and near the Florida Power Company's power house near the Seaboard Air Line and Florida East Coast Railroad, in the vicinity of Fort Lauderdale. Those authorities have been in direct connection and contact with Mr. Elliott here, who has offered them every assistance, and I merely wish to say that I have never known in my public career a situation to be more favorable at the present moment than is the situation affecting the Government's end of the Florida reclamation project as a whole, and, with the hearty co-operation which we have already had and with the co-operation which I feel we will continue to have, I am of the firm opinion that it is not too broad a statement to say that we may reasonably expect co-operation on the part of the Federal Government, which, in my opinion, would probably ultimately reach the total figure of the Everglades bond issue now before this meeting.

In conclusion I would say while not wishing to digress and

discuss any particular phase of the matter before the conference, that coming from the West where I am a native son, California, I have long been familiar with the problem of reclamation. Reclamation with us, of course, means irrigation, developing a water supply and placing it upon the land. Here your reclamation as I see it is irrigation inverted. You take the water off of the land and reclaim it, regulate it. You are all quite familiar with the large amounts of money which have been spent practically, were initiated in the Roosevelt administration, for arid land projects in the far West. The people of the South, as reported by their votes in Congress, and I think of the country as a whole, have been sympathetic to that program, and we of the West are duly appreciative of it. And I believe that you will find a very sympathetic and active response on the part of the members of Congress from the far West. I might say that we had Chairman Addison Smith of the House Reclamation Committee in Florida last year at the time the Rivers and Harbors Committees were there, and he went over this entire Everglades proposition, and I know that he feels very sympathetic towards the reclamation proposition down there. Mr. Dempsey, the Chairman of the Rivers and Harbors Committee, was also there, and General Jadwin, the Chief of Engineers, was there and I certainly hope that this proposition to continue the work in the Everglades will not fall through. As a kind of half-citizen of California and of Florida, I feel that your position in Florida is a very strategic one. I do not want to talk too long, but I have become quite an enthusiastic Floridian. The peninsula of Florida extending as it does as a salient out into the Gulf and Carribean area, because of its geographical position, the fact that it is on the world's trade routes, has so many miles of sea coast in proportion to its area, plays a very important part in the economic development of that great area down there, so full of profitable products and raw materials. I have been informed, I have not checked this up, that practically 50 per cent of the world's developed and potential oil supply lies in the Gulf and Carribean area. To those of you who have recently had in mind the development of oil in Venezuela and Colombia, and who live in New York, I might say that the Everglades lies about equally distant from Colombia and the Panama Canal and New York, and I am merely touching some of the high points of the broader aspects of this situation. I am extremely sympathetic, Mr. Warfield, with what you are trying to accomplish here, and

if in my humble way I may be of service to this Committee and the citizens of Florida in promoting this great constructive program, it is my desire to do so. (*Applause.*)

THE CHAIRMAN: Thank you very much, Congressman Lineberger, for your splendid talk.

MR. SHUTTS: May I move the adoption of my resolution.

MR. WARFIELD: The gentleman is out of order, Mr. Chairman. The resolution was to go over until tomorrow. He asked that it go over until tomorrow. We have before us now the matter of Government assistance in reference to the Everglades.

THE CHAIRMAN: The Chair rules it is out of order.

MR. WARFIELD: As I understand, Mr. Wagg, you would like your resolution to go over until tomorrow.

SENATOR WAGG: I would not attempt to add anything to the very comprehensive statement the Congressman has just made in regard to Government aid, it would be like attempting to paint the rose or gild the lily. The Committee of seven appointed by the Governor as director of the joint resolution passed by the Legislature is a continuing commission and it is the intention of that commission to be in Washington this fall to appear before the Committees of the House and Senate relative to having Florida included in this matter, in the matter of Federal aid and flood control, our thought being briefly to have flood control legislation of a general character, so that Florida and any other flood area of the country may receive the benefits of Federal aid where it is proper and right that they should receive such consideration. Therefore, in my judgment, the work of any group, particularly this very representative group, expressed by resolution, their wish, and then later by individual work throughout the State, would be a matter of very considerable importance to this Commission and these gentlemen who represent the State, in the matter of Federal assistance in flood control and general reclamation work in Florida. That was my reason for offering the resolution.

MR. WARFIELD: Would Mr. Wagg permit that resolution to come up now instead of deferring it?

SENATOR WAGG: Absolutely. I only thought that resolutions were being deferred for final action until the morning conference,

and I thought this particular resolution was of such importance, I frankly felt that many of us did not appreciate just what strategic position we occupied in the matter of Federal aid to the legislation that I feel is bound to come as the result of the Mississippi incident. I have no objection to your acting on the resolution at this time.

MR. WARFIELD: Do you mind restating the resolution?

SENATOR WAGG: The Secretary has it. The Congressman might wish to amend it.

The substance of the resolution, in view of the importance of it, the effect of the resolution, should be drafted and sent to the various authorities in Washington, Federal authorities. It is possible that such a resolution should be given a great deal of care in its final draft, and it would seem to me wise if Mr. Lineberger and other gentlemen here particularly interested in that project would shape it in its final form, and it is my suggestion that we send this resolution to the various committees having charge of this work in the House and Senate, and also our recommendation.

MR. WARFIELD: Gentlemen, I suggest that the final form of this resolution be drafted by a committee consisting of three members, Senator Wagg, Congressman Lineberger and Governor Martin, in its final form, in such form as the Congressman would think suitable to gain our ends.

GOVERNOR MARTIN: Mr. Warfield, I wish you would leave me off of that, I have a great deal to say on that.

MR. WARFIELD: Well, we will make it a committee of two then, the Congressman and Mr. Wagg. The general purpose of what Mr. Wagg wants done here we all know. The resolution in terms will be stated in the record in such form as Mr. Wagg and the Congressman will direct.

SENATOR WAGG: That is entirely proper. Mr. Lineberger, will it be acceptable to you to put the resolution in final form and submit it?

CONGRESSMAN LINEBERGER: The essence of the resolution is stated in the authority.

THE CHAIRMAN: Gentlemen, the motion has been properly seconded.

(The motion was thereupon put and unanimously carried.)

GOVERNOR MARTIN: I move to amend the motion by putting Mr. Jennings on the Committee. (Mr. Jennings was added.)

THE CHAIRMAN: Gentlemen, up to the present time we have not gotten into the actual economic value of the Everglades. It occurs to me this is a subject of immense interest, not only in Florida, but all over the United States. Even in the drainage district there is ignorance of the potentiality of the Everglades soil when reclaimed. During the past several years many successes have occurred in that area and many failures. We have in this room men who have made successes. It would add materially to the information we are trying to obtain if some of these gentlemen would give us something official as to the Everglades soil itself. We have representatives of the Brown Company here, Mr. Brown and Mr. Sherman. We are to adjourn this meeting at four-thirty. It would be in order to have a limited discussion of the Everglades proper, its present and future economic value and the worthwhileness of the proposition. Mr. Brown, we would be glad to hear from you with such information as you can give regarding the development of the Everglades district. Mr. O. B. Brown, of Brown Company. (*Applause.*)

MR. BROWN: Gentlemen, I suppose it is advisable for me to say first just how we fit in with this picture. Coming from New England and having most of our interests in New England and northern Canada and having as the basis of our business the spruce tree in the forests, it seems strange that we should be down in Florida interested in this Everglades proposition, but it is not so strange as it may seem because the ramifications of modern business very often carry one in the directions in which you least expect.

Now, in the process of making pulp, which is our largest product, we have a chemical mill which manufactures chlorine gas and we use this gas in bleaching our pulp, and in making the gas we make a waste product. We have done that for a great many years. Originally we bought our bleach powder from England and it had to be brought over in casks and there was a great waste to it and it was finally discovered by an electrolytic

process we could manufacture the bleach powder. Some twenty five years ago we put in these cells and we have ever since then been using our own water power and getting that bleach liquor for half what it costs us to bring it from England. Now, in the first material we found we were wasting and throwing in the river some caustic soda. We found a way of recovering that, but that is history. Then we found there was hydrogen gas and this gas was thrown off from the cells and goes off into the air. I might say, in passing, a German passed through our mills one day before the war and he said, "What do you do with the hydrogen?" We said, "Let it go into the air." He said, "We use it in our Zeppelins." We said, "We do not have any Zeppelins in this country," but now you can sell it. We take hydrogen gas and treat an oil like cottonseed oil or peanut oil and harden them. You bake them slightly harder than they were before and if you keep on to the point of saturation, you make them still harder, our chemist worked out a plan by which we made a wonderful substitute for that, and better, and we put the process into operation and for a number of years it worked very well because there was a large amount of this oil brought over and the price was low, but when the war came on the oil market was very much disturbed and later on there was a tariff put on the kind of oil we were using and things conspired to make it impossible to continue with this business. One of our representatives, Mr. Sherman, who is here now, spent a winter in Florida some years ago and while there he heard a great deal about the Everglades. He heard that there was to be a drainage program and the land was very rich and susceptible of being worked on a large scale and he interested himself in that property and came back with the proposition that we might raise our product, which was peanuts, in the Everglades and bring them by cheap freight rates to our mills in New Hampshire and make the product we had been making before but which we had to stop on account of conditions in the oil market. It seemed absurd to us at first, but when we looked into it we found he was right. We went to Florida, and I might say, in passing, we had already been to Texas, I had been there myself and found there was a possibility of getting peanuts in Texas, but that did not prove commercially practicable. There were many reasons, and one of them was that it was too far away. But when we looked into Florida we became quite enthusiastic over the property, but before acquiring any of the land there we

made experiments. We went to the lower Glades and the upper Glades and we spent two years on that. We hired a man and his farm and he made a large number of experiments. I think we had some eight crops of peanuts and we found it was possible to raise the peanuts. Some agriculturists said they would not grow, we would not get oil. We shipped the peanuts to the mill and had our chemists test them for the oil and we did everything one could do in a research way to assure ourselves it could be done. We also banked on the ultimate drainage of the Everglades and we finally acquired these lands, which are situated about twenty-five or thirty miles from the coast up the canal, which is about fifteen miles from Lake Okeechobee. Then we went to work and built a little village there and cleared it up. I think we have some thirteen hundred acres there under cultivation now, and we have been some two years or so at it. As you know, we had three very bad years of water, we were flooded out, but the houses, fortunately, were built on stilts and they survived the flood and also survived the hurricane, they were not blown down.

But we have finally worked out a very good system of cultivation of this land. We have found out how to plow it and how to harrow it and how to plant it, and there was no planting machine for peanuts on a large scale, they had little things they ran with a mule and that sort of business would not do for a large process. I am just telling you this in passing to show you the problems there may be in the Everglades. We have a machine today that will plant two hundred and forty miles of peanuts in nine hours with two men.

Now, I am not saying that in a boastful spirit, but I am saying it to bring to your minds the possibilities of those Glades. I have been going to Florida myself off and on three or four times a year for three or four years and I have gotten very much interested in the possibilities that are there and I am very much of an optimist on what can be done along those lines.

Now, another thing is the research that is carried on at the mill, we have one of the most valuable chemists here today, Mr. Vannah. He has been down there about a year. He has under him a pathologist, and two more chemists, and has many men or assistants, and from time to time he is asked about what we in our little family there call the mystery of the Everglades.

Now, there is mystery in the soil of the Everglades, and I

suppose anybody who has scratched enough and tried to raise anything knows that he is much mystified when he gets a result one day and does not get it another, and he is apt to say that this thing and that thing cannot be done.

Now, in our experience we are finding that it is simply a matter of finding out what the proofs are that apply, and the soil is very seldom to blame. It is the management and the system that you are using, and I will say that within this last year we have had some favorable weather, and the water level has been kept under control, which it was not for several years, and owing to that condition of things Mr. Vannah and his staff have been able to raise some twenty-six different products very successfully on a small scale, so that we can prove to anybody who is interested and who is willing to come there that any one of these products—several of them I should term staple products—can be raised successfully in sour grass land as distinguished from custard apple and elderberry land, and I feel that in the future there is a possibility for them to go ahead on a varied set of products and hope to successfully carry the production of those articles, or those vegetables or plants to a conclusion.

Now, I want to add that in my opinion the drainage of the Everglades as it is sketched out by this drainage board and by this prospectus or plan that is now proposed is absolutely essential. Until that is done a man has no business to be in those Glades at all, because he cannot tell from one six months to another whether whatever he puts in is going to be a total failure or not. With that drainage it seems to me that the local drainage areas that are in private ownerships can be readily taken care of, that the water can either be pumped out from ditches or can be pumped into ditches and the water level can be held, and which will be more favorable for the crop which the man is trying to raise.

A couple of years ago I went over to Holland and made a tour around to check what had been done there for 400 years to see what happened in a drainage country owing to my interest in the Everglades, I found that there was a very great similarity in the results that they had gotten there and the results that we were then feeling we should get in Florida, the control of that water level was the primary thing which was necessary to successful agriculture, and I believe that this is absolutely possible in the Everglades today when this drainage scheme is carried

out, and I cannot understand for a minute how there can be any opposition from any quarter whatever or from anybody who is interested in the welfare of Florida, when they have got several million acres of land that is the most productive land in the world, that is capable of raising calories sufficient to feed ten million people if every acre of it was farmed in an intensive way. I do not for a minute believe that under our system of civilization we can attain perfection in a scheme of that kind, but if you only get a small way along the possibilities of the potential development of that area, you have got so much more equity in the value of that land than these bonds or any bonds that you are willing to put out on those Everglades, that there is no possible comparison in the values. (*Applause.*)

MR. SEBRING: Mr. Chairman, I would like to see at least two things come out of this meeting. I am glad that this meeting has resulted in something other than a discussion of what we have been discussing in Florida.

I live in the hills and work in the Everglades. At least, I have been for five years. Mr. Elliott knows some of our troubles and some of our products. I have not been close to my work for the last four months, and therefore, I have not gotten into this Everglades discussion. I have been going back and forth from South to North and North to South, and I came up here with a free mind.

Now, the first thing I would like to see done, is for the Press to change the sentiment that has been put out in Florida. I picked up a paper one day and I saw where Governor Martin had sold \$20,000,000 worth of bonds, and that he had bargained away the canal banks. I do not know whether you got that impression or not, but I know our people got that impression, that S. Davies Warfield was bargaining for something. We all know here that that is not true. We all know that a newspaper very rarely retracts. I do not know whether Mr. Shutts' paper does or not.

MR. SHUTTS: We did not say any such foolish twaddle.

MR. SEBRING: There ought to be something come out of this meeting to make the paper making any such statement retract it. Governor Martin answered it good and strong. Mr. Warfield is the best friend we have ever had. He did not bargain for anything and did not have to, but the impression got out

that something happened. We do not want any such thing to go unanswered and I am glad this has been effectively answered here.

The next thing that ought to come out of this meeting is this: Sectionalism will kill Florida. Some of us who have been down there since 1910, when you could not drive a Ford car ten miles, know something about sectionalism. I can tell you a story about a fellow up in another town who told a prospect not to go to Sebring that it is a one-man town. The next year another fellow came through on his way to Sebring, and he said, Don't go down there. He said, Why? Well, he said, it is a one-man town, but he sold out.

We do not want sectionalism in Florida.

Now, I do not want to see these men go back to Florida and take up the discussion where they left off last Friday night. Why not have a committee formed and have some resolutions prepared here that will go back, people have not much to do, and will take up most anything. Here is Mr. Brown's speech, that will enthuse anybody. You have enough brains and energy in this meeting to go out and move the world. Mr. Dann wants to drain the Everglades. It is just a question of how. There is not anybody here that does not want to drain the Everglades; and we are questioning whether there is a State obligation or not. Let us make it a State obligation as far as we can. We cannot make it a State obligation by law. We will admit that, Mr. Dann, but the State of Florida has got to drain the Everglades or we are going back to sectionalism again. Why can't we have a committee that will bring out what has been done here and go back and have something extra big come out of this meeting? *(Applause.)*

SENATOR JENNINGS: Gentlemen, I rise to a point of information. I see that this entire meeting is being taken down in shorthand. It would be invaluable if that could be printed and we could each have a copy. I wonder if that is intended?

MR. WARFIELD: That will be done.

THE CHAIRMAN: Gentlemen, probably there were some things that Mr. Brown was too modest to touch on that should be brought out with regard to his particular proposition. He just referred to 1,300 acres he has developed at his place. He has not said what has been done in another by-product, potatoes.

You will pardon me—you are no longer on an experimental footing, Mr. Brown, would you care to give plans you have in mind, the magnitude of them, and the faith you have in your proposition. I do not know whether you can tell this conference about your plans provided we get drainage. And while on that subject, I want to bring out that the Everglades can be successful in broad farming rather than on a ten-acre basis. It is such concerns as Brown & Company and the Celotex Company, Mr. Dahlberg's concern, and the Pennsylvania Company, that will create real value in the Everglades. Many people know nothing at all about what the big people are doing. And as we have a little time, Mr. Brown might give us more details, and Mr. Dahlberg might give us something to show the faith that these men have in the ultimate Everglades.

MR. BROWN: Well, I will say for your information as to the why of the potatoes. I have had peanuts in the Everglades and we are very much interested in that, because it ties in with our business, because Florida is near enough from a freight-rate point of view to make it possible to take peanuts to New Hampshire and get the oil from them and the rest of the peanut with it. The rest of the peanut goes into cattle food, and possibly can be used for human food, and can be sold in that part of the country to good advantage.

But peanuts cannot be raised in the Everglades until there is drainage. It would be foolhardy to ever plant any amount of land to peanuts in the early spring, not knowing whether or not one was going to be flooded out in the summer or fall.

Now, while we are in the Everglades we are experimenting with all kinds of plants, because other plants throw light on the particular plants that we are most interested in. Mr. Vannah could tell you that there are families of plants, and when you are mystified as to why a particular plant does not come along as you expect, you very often find by some plant of an allied family a fact that reveals a great deal of the secret of the soil. Now, in our experiments we discovered that potatoes were a practical product to raise. They yielded themselves to large operations. They could be handled by machinery. And there is almost an unlimited market for them. The new potato in the winter and spring is more in demand, and we started in this year to make our place productive while we were going through the experimental stage, and we have been so well satisfied with the

results that we are getting that we expect next fall and winter to greatly increase our acreage.

I will say that we are counting on a dry season. We are told by people from Tallahassee, who have watched the climate for a great many years, that we are very likely to have a natural condition that we can do business for at least one year, and there is another reason we do not have to plant potatoes until we know that the conditions are right.

I cannot tell you more about the different things because they are in an experimental stage, and I can simply say that these twenty-six different plants will grow in sour grass land as distinguished from custard apple land.

THE CHAIRMAN: Thank you, Mr. Brown.

Mr. Warfield has a program that he wants to give us in a little while. Is there an announcement that you wish to make at this particular time?

MR. WARFIELD: Mr. Chairman, there are several resolutions that are to be proposed at tomorrow's session, and as this room has become quite hot, I suggest, it now being ten minutes past four, that we adjourn. We figured on adjourning at half past four, would it not be well to leave the other matters until tomorrow morning. There are several resolutions, one by Mr. Shutts, and two or three that I would like to introduce in the morning, if you do not mind. I desire to consult some of the gentlemen present with respect to these resolutions this evening, and if we want to continue today, we might do so under the trees at my farm, where we will dine. Mr. Dahlberg, I understand, desires to tell what he has done in the Everglades, and what he wants to do, and perhaps you will allow me to suggest that we adjourn now until 9 to 9.30 tomorrow morning.

MR. DAHLBERG: Mr. Chairman, may I make one more remark. I would like to suggest this. We have gotten together a representative gathering. We are going to pass probably some very impressive resolutions. Is it convenient or is it desirable to resolve this into some sort of a continuing committee so that the work can be continued when we leave here?

MR. WARFIELD: That will be offered tomorrow morning, if you do not mind.

MR. THORNTON: Mr. Chairman, I think we are looking

for something very important here, as was brought out by Mr. Sebring. I believe we are all impressed with the fact that this issue has been very seriously clouded in Florida. Through an act of altruism Mr. Warfield has gone into it, and the good faith of Governor Martin, and therefore, I believe that it would be in perfect order that the Chair would appoint a committee of three, as a resolutions committee, to consider such resolutions as may come before this body, and to prepare such resolutions as they see fit to come before this body as an outcome of the deliberations of this meeting.

THE CHAIRMAN: Is that in the shape of a motion?

MR. THORNTON: Put that in the shape of a motion.

THE CHAIRMAN: It is moved that a committee of three be appointed to prepare such resolutions as may be deemed necessary to present to this body for action in the morning.

(The motion was made, seconded and carried.)

THE CHAIRMAN: The Chair will take the matter under advisement and name the committee later in the evening.

MR. WARFIELD: I move that we adjourn until 9.00 to 9.30 tomorrow morning. You will find a number of automobiles, gentlemen, at the Calvert Street entrance to this building, which will conduct the party to Manor Glen for dinner as my guests.

THE CHAIRMAN: The meeting is now adjourned until tomorrow morning. There being no objection, we will stand adjourned until tomorrow morning at 9.00 to 9.30 o'clock.

SECOND DAY

Tuesday, July 19, 1927

(The meeting was called to order by the Chairman at 10 A.M.)

THE CHAIRMAN: Gentlemen, this meeting will please come to order.

In accordance with your request of last evening, the Chairman has appointed and will announce the Committee on Resolutions:

Senator Jennings of Okeechobee, Chairman, Mr. Latham of St. Petersburg, Mr. Kyle of Fort Lauderdale, Mr. Burguières of West Palm Beach and Mr. Thornton of Tampa, form the Committee of five on Resolutions.

Before we hear the report of that committee there is a special committee consisting of Senator Wagg, Senator Jennings and ex-Congressman Lineberger, who have a special resolution which they wish to present.

SENATOR WAGG: Mr. Chairman, this is a resolution on which action was taken respecting this subject for approval as forming an expression of this Conference, by a committee composed of myself, Congressman Lineberger and Senator Jennings.

WHEREAS, there has been called in the City of Baltimore, Maryland, a conference of representative citizens and property owners of the State of Florida to consider the problems of flood control navigation and Everglades reclamation, and

WHEREAS, the Federal Government has already assumed control of Lake Okeechobee, the largest body of water entirely within the boundaries of any one state in the Union for the purpose of controlling water levels and navigation, and

WHEREAS, the recent hurricane which visited this area resulted in a loss of life greater than in any similar recent disaster in this country in addition to great property damage, and

WHEREAS, such control of the water levels of Lake Okeechobee definitely commits the Federal Government to a participation in the benefits and responsibilities involved in this great enterprise, and

WHEREAS, the Federal Government has in other sections of the United States made appropriation and contemplates further consideration of those projects wherein flood control and transportation are fundamentally involved, and

WHEREAS, the State of Florida has already expended approximately \$15,000,000 in carrying on this work and has by legislative action authorized an expenditure of approximately \$20,000,000 additional;

THEREFORE, BE IT RESOLVED, that it is the sense of this conference that the Federal Government through Congress and other organized agencies, be and it is hereby respectfully petitioned to consider flood control and navigational phases of this great project as a part of any national flood control program which may be submitted to and considered by the Congress, and that this conference recommends the closest co-operation between Congress and the State of Florida in the carrying out of this project in which the problems of flood control and navigation are so intimately associated and codependent.

I move, Mr. Chairman, the adoption of this resolution, and that a copy of it be sent to the chairmen of the various committees in Congress and other agencies involved.

THE CHAIRMAN: You have heard the resolution submitted by Senator Wagg of the special committee.

(Motion then seconded.)

THE CHAIRMAN: Gentlemen, you have heard the motion properly seconded. Now the matter is open for discussion.

SENATOR JENNINGS: It seems to me, Mr. Chairman, that that ought to include sending a copy to each of our United States Senators and Congressmen.

THE CHAIRMAN: Senator Jennings suggests, Senator Wagg, that the motion should provide for the sending of a copy of that resolution to the Senators and Representatives in Washington.

SENATOR WAGG: That was announced in my motion, that a copy be sent to those individuals and agencies particularly concerned.

THE CHAIRMAN: Do you feel that that is taken care of, Senator?

SENATOR JENNINGS: Yes.

SENATOR WAGG: Congressman Lineberger will give you a list of those to whom this should be sent in Washington, and that will cover my motion.

THE CHAIRMAN: Thank you, Senator Wagg. Now, the question. Are you ready for the question?

(The motion was put and unanimously carried.)

Copy of the above Resolution to be sent to the following:

Hon. Wesley L. Jones, Chairman, Commerce Committee, U. S. Senate (Seattle, Wash.).

Hon. Lawrence C. Phipps, Chairman, Committee on Irrigation and Reclamation, U. S. Senate (Denver, Colo.).

To the Chairman, Flood Control Committee, U. S. Senate.

Hon. James E. Watson, U. S. Senator (Rushville, Ind.).

Hon. Duncan U. Fletcher, U. S. Senator (Jacksonville, Fla.).

Hon. Park Trammell, U. S. Senator (Lakeland, Fla.).

Hon. S. Wallace Dempsey, Chairman, Rivers and Harbors Committee, U.S. House of Representatives (Lockport, N.Y.).

Hon. Addison T. Smith, Chairman, Committee on Irrigation and Reclamation, U. S. House of Representatives (Twin Falls, Idaho).

Hon. Frank R. Reid, Chairman, Committee on Flood Control, U. S. House of Representatives (Aurora, Ill.).

Hon. Herbert J. Drane, M.C. (Lakeland, Fla.).

Hon. Wm. Joseph Sears, M.C. (Kissimmee, Fla.).

Hon. R. A. Green, M.C. (Starke, Fla.).

Hon. J. H. Smithwick, M.C. (Pensacola, Fla.).

Hon. Hamilton Fish, Jr., M.C. (Garrison, N.Y.).

Hon. Daniel A. Reed, M.C. (Dunkirk, N.Y.).

Hon. Dwight F. Davis, Secretary of War, Washington, D.C.

Maj. Gen. Edgar Jadwin, Chief of Engineers, War Department, Washington, D.C.

Hon. Hubert Work, Secretary of the Interior, Washington, D.C.

Hon. Elwood Mead, Commissioner, Bureau of Reclamation, Department of the Interior, Washington, D.C.

Hon. Herbert Hoover, Secretary of Commerce, Washington, D.C.

Hon. Andrew W. Mellon, Secretary of the Treasury, Washington, D.C.

Hon. W. L. Mellon, Pittsburgh, Pa.

Hon. William E. Hull, Peoria, Ill.

THE CHAIRMAN: We will now hear from the Committee on Resolutions.

SENATOR JENNINGS: Mr. Chairman, I have been designated by the Committee on Resolutions as Chairman to present these resolutions to the Conference.

RESOLVED, that the members of this conference be constituted a permanent committee to be designated the Citizens Everglades Committee for the consideration of questions respecting the drainage and reclamation of the Florida Everglades and to this end shall have power to add to its membership others who are representative of the various sections of the territory affected; that an Executive Committee of this Committee be appointed by the Chairman of not less than nine or more than fifteen for the consideration and determination of questions occurring between meetings of the full committee.

Mr. Chairman, I move the adoption of the resolution.

(The motion was seconded, the question was put and the resolution carried unanimously.)

SENATOR JENNINGS: Mr. Chairman, I have another resolution to offer.

RESOLVED, that the Governor of Florida, the members of the Internal Improvement Board, the Board of Commissioners of Everglades Drainage, and the Chief Drainage Engineer, be formally advised of the action taken by this conference and the appointment of this committee and its purpose and the desire to co-operate with those officials in the great work undertaken with the desire on the part of this committee to have those officials recognize the purposes of this committee and its officers and their desire to be furnished with such information as may be compatible with the public interest.

This resolution speaks for itself, it is to advise the Commissioners of Everglades Drainage and those other Boards of the organization of this committee with request that they co-

operate with us and furnish us information in order that this committee may be advised.

I move the adoption of this resolution.

(The motion was duly seconded. The question was put and the resolution was unanimously adopted.)

SENATOR JENNINGS: Mr. Chairman, I have another resolution to offer.

RESOLVED, that the officers of the Citizens Everglades Committee be a Chairman, Vice-Chairman, Secretary and Treasurer and an Executive Committee of not less than nine nor more than fifteen.

Mr. Chairman, I move the adoption of the resolution.

(The motion was seconded. The question was put and the resolution was unanimously adopted.)

MR. WARFIELD: I move that the present officers of this present conference be the permanent officers of the committee you are now constituting or creating, namely, Mr. Bensel as Chairman and Mr. Johnston as Secretary, and I move to fill the office of Vice-Chairman and nominate Mr. Kyle of Fort Lauderdale to fill that office.

MR. FLEMING: I second the motion.

MR. WARFIELD: And I move that the Secretary cast the ballot for the several officers as nominated.

(The Chairman thereupon put the motion, which was unanimously carried.)

MR. WARFIELD: In respect to the motion I neglected to say your resolution creates Mr. Johnston's office a double office, that of Secretary and Treasurer, and therefore move that Mr. Johnston be also made the Treasurer—Secretary and Treasurer.

MR. FLEMING: I second the motion.

(The question was put and the motion was adopted.)

SENATOR JENNINGS: Mr. Chairman, I have another resolution:

RESOLVED, that the Executive Committee extend an invitation to Messrs. George E. Merrick, Glenn Curtiss and their associates and colleagues to meet the Executive Committee in

conference in order to ascertain if an understanding can be reached in matters respecting the Everglades.

I move the adoption of this resolution.

(The motion was duly seconded and unanimously adopted.)

SENATOR JENNINGS: Mr. Chairman, I have another resolution to offer.

BE IT RESOLVED:

1. That this conference now approve in its entirety the Everglades Drainage Law enacted by the Legislature of Florida in 1927;

2. That in its judgment, the sale of bonds to be issued under the provisions of this law, upon a 5½ per cent basis, will, under all the circumstances, be fair and reasonable;

3. That in its judgment such bonds when so issued and sold will not be a direct obligation or an indirect obligation of the State of Florida or in violation of the provisions of its constitution.

4. That in its judgment the Florida Everglades Reclamation program as originally planned, with such modifications as may become necessary from time to time, should be carried out to an early and complete consummation;

5. That this conference deploras any attempt to obstruct in any way the plan of Everglades development now in progress in Florida.

For your information, Mr. Chairman, this is the resolution offered by Mr. Shutts yesterday morning, and comes as a Committee Resolution having been presented to the Committee by Mr. Shutts.

(Motion seconded.)

THE CHAIRMAN: You have heard the motion, properly seconded. Are you ready for the question? All in favor signify by saying aye.

(Motion carried.)

MR. HERMAN DANN: Mr. Chairman, I ask that my vote be recorded in the negative.

SENATOR JENNINGS: Mr. Chairman, I have another resolution:

RESOLVED: That this Everglades conference is deeply appreciative of the efforts put forth by Mr. Warfield in the matter of the solution of the Everglades problem and that it is the sense of this body that a vote of thanks be tendered him for his zeal and untiring efforts on behalf of the State of Florida; and

FURTHER RESOLVED, that the conference also express its appreciation for the use of this conference room and for the hospitality extended the members of this body on the occasion of this meeting.

Mr. Chairman, I move the adoption of this resolution.

(Seconded by several members present.)

MR. FLEMING: Mr. Chairman, I desire to add a word to the usual form of seconding a motion.

Florida has had friends in the past, some of whom have given of their money, some of whom have given their time, and some of whom have given their work, but I cannot recall any man who has given so generously of all three to our State as our distinguished host, Mr. Warfield.

I take a great deal of pleasure in seconding the motion and I suggest that it be adopted by a rising vote. (*Continued applause.*)

THE CHAIRMAN: All in favor of the motion signify by rising.

(The motion was carried by a unanimous rising vote.)

MR. WARFIELD: I thank you, gentlemen, for your kind consideration. Whatever has been done by me has been a genuine pleasure.

SENATOR JENNINGS: Mr. Chairman, the Committee on Resolutions asks to be discharged.

MR. FLEMING: I move that the Committee on Resolutions be now discharged with the thanks of this conference.

(Motion seconded and carried.)

MR. WARFIELD: Mr. E. L. Mack, of Lakeland, who has had to leave suddenly, desires to record his vote in the affirmative on the resolutions offered by the committee.

Mr. Chairman, as an executive committee is to be named by the Chairman, as provided in the resolution adopted, I suggest that a recess of ten minutes be taken at this time,

in order that the Chairman, who has the appointment of this committee, may confer with the gentlemen in the room respecting the personnel of this committee. In that connection, it might be well to consider leaving several vacancies on the committee at the present time, so that they might be filled by men who are not here today and may at present be opposed to these proceedings but after conference may consent to serve on the committee.

THE CHAIRMAN: As the Chairman understands, it is a minimum of nine and a maximum of fifteen.

MR. WARFIELD: Yes.

CONGRESSMAN LINEBERGER: Mr. Chairman, while we are here and referring to the resolution, in regard to the resolution just passed referring to Federal co-operation, I would like to make the suggestion that all members present here who might have friends in either the House or the Senate of the United States Congress, either communicate with them personally or by letter, furnishing them with a copy of this resolution and soliciting their aid and assistance and serious consideration. I have no doubt that practically every member here has various friends in various sections of the country who are members of those two bodies, and it will all help very greatly when we come to take the matter concretely before the House or the Senate body.

THE CHAIRMAN: Thank you very much for the suggestion, and the Chairman will take note of the request made.

CONGRESSMAN LINEBERGER: We can have all of these resolutions in printed form, which can be printed by the Secretary and furnished to the members of the conference who may desire to have copies thereof.

MR. WARFIELD: All the proceedings of this conference are being taken down by stenographers and will be printed, we can furnish additional copies of resolutions where desired.

THE CHAIRMAN: There is a motion pending that we take a recess for ten minutes. Is there any second to that motion?

(Motion seconded.)

THE CHAIRMAN: All in favor say aye.

(The motion was carried and a recess was then taken.)

(Following a recess of ten minutes, the proceedings of the Conference were resumed.)

THE CHAIRMAN: The meeting will please come to order, gentlemen. Order, gentlemen, please. We are trying to facilitate this meeting. Gentlemen, in accordance with your Resolution, your Chairman, after conferring with some of the members of the Conference, has to suggest the following Executive Committee of thirteen at this particular time, consisting of:

- Mr. Burguières, of West Palm Beach.
- Mr. Dann, of St. Petersburg.
- Mr. Dahlberg, of Clewiston, Florida and Chicago.
- Mr. Jennings, of Okeechobee.
- Mr. Hills, of Jacksonville.
- Mr. Latham, of St. Petersburg.
- Mr. Sebring, of Sebring.
- Mr. Sherman, of Belle Glade, Florida and Portland, Maine.
- Mr. Shutts, of Miami.
- Mr. Thornton, of Tampa.
- Mr. Warfield, of "All Florida" and Baltimore.
- Mr. Wagg, of Palm Beach.
- Mr. Weidling, of Fort Lauderdale.

The Chairman suggests this Committee.

MR. WARFIELD: How many are there?

THE CHAIRMAN: Thirteen, leaving two vacancies.

MR. HARVEY: I move the adoption of the suggestion of the Chairman.

MR. WARFIELD: Second the motion. I might call attention to the fact—I do not know whether the resolution adopted authorizes the officers to be ex-officio members of the Executive Committee. If it does not do so, I should think it ought to, the Chairman, Vice-Chairman and Secretary-Treasurer as ex-officio members, not counting them within the thirteen members suggested by the Chairman.

MR. HARVEY: I will change that motion. I move the election of the Committee the Chairman has named by providing that the Committee shall at present consist of thirteen of the

fifteen members and that the officers of the Everglades Committee shall be members ex-officio of the Executive Committee.

MR. WARFIELD: I second the motion.

THE CHAIRMAN: You have heard the motion made and seconded.

(The motion was put and unanimously carried.)

SENATOR WAGG: Mr. Chairman, in our conference last evening, there was a rather notable address by Senator Jennings and a reading of an editorial from the *Miami Herald* by Mr. Frank Shutts. I think it is the intention of the members of this Conference that that address and that editorial be entered as a part of the permanent records of this Conference, and I so move.

MR. WARFIELD: In seconding the motion, Mr. Shutts handed me the article last night. I will turn it in that it may be copied in the proceedings. It is an editorial in the *Miami Herald* of Saturday, July 16, 1927.

THE CHAIRMAN: Are you ready for the question? The question is that the address of Senator Jennings and the editorial be incorporated in the record.

(The question was then put to the Conference for vote and carried unanimously.)

Senator Jennings stated that as the address referred to was delivered at Mr. Warfield's home it was not taken down but he would endeavor to reproduce it.

THE CHAIRMAN: Gentlemen, we hope to adjourn this meeting before noon to enable those of us who wish to go South and those who wish to go North to do so. There are some of the members who must shortly leave and I will ask what further business have we to transact?

MR. FLEMING: Gentlemen, I think we have wound up many of the difficulties that surround the reclamation of the Everglades. I feel that we have all devoted our time and energies to the matter, and that it will result in the moving forward of our State, and the prompt development of this great project.

We are greatly indebted to Mr. Warfield for calling this meeting, and being in these very agreeable surroundings, here

and out in the country, which has enabled us to have a great abundance of quiet, peace and cordiality.

I move you, sir, that the Conference be now adjourned, subject to the call of the Chairman.

(The motion was seconded and unanimously carried.)

THE CHAIRMAN: The meeting, therefore, will now stand adjourned at 11.15 o'clock, subject to the call of the Chairman.

DURING THE DINNER at Mr. Warfield's home the previous evening the proceedings of the Conference continued. Addresses were made by Governor Martin, Senator Wagg, Mr. Waddell, Captain Westervelt, Mr. Bensel, Senator Jennings and Mr. Warfield.

Senator Wagg suggested that Senator Jennings be asked to commit his remarks to paper and that they form a part of the proceedings of the Conference, together with the Editorial from the "Miami Herald" read by request at the dinner.

The dinner address of Senator Jennings follows:

SENATOR JENNINGS: Mr. Chairman and gentlemen of the Conference, I have been living within the boundaries of the Everglades Drainage District for several years and have my being and all that I possess within its borders. It naturally follows that I am intensely interested in any proposition or plan which looks toward a final reclamation of the Everglades and the opening up of it to Agricultural, Commercial and Industrial development.

At the last session of the Florida Legislature I supported and championed the Administration Drainage Bill, although prior to the convening of the Legislature we had conceived at Okeechobee what we termed the flood control plan of reclamation which we had worked on for several months. I was of the opinion that the Administration plan was the better and in the spirit of harmonizing the several discordant factions, while each had plans of their own, some practical and some impractical, I abandoned our Okeechobee plan and supported very actively the Bill which is causing all the controversy today and for my support of that Bill I have no apology.

I was very greatly flattered when I received the kind invitation from Mr. Warfield to be present at this conference and par-

ticularly so when I saw on the list men whose names are known throughout the nation and are almost a household word in Florida. I felt that it was a great opportunity to a little country town lawyer and dirt farmer to attend a conference at which there would be such men as Mr. George Merrick, Mr. Glenn Curtiss, Mr. James H. Bright, and many others of the nation's most successful men in the field of business and finance, and being intensely interested as I was in the Everglades Reclamation territory I felt that surely in this conference such minds as these and the many others attending this conference, you would be able to harmonize the discordant elements which are seeking to defeat Everglades Reclamation, and it was with a great hope that I came here, feeling, as I did, that the objectors, consisting mainly of Mr. Merrick and his associates, would be here in the spirit of open-mindedness.

I was greatly disappointed, as were you, when they did not come. They tell us that they were prevented from being here for business reasons and I assume that this is correct, but it does seem to me very singular that business could have arisen of such vital importance to each of these contending gentlemen as to have prevented any of them, or any one with full authority to speak for them, from attending this conference. Mr. Dann is present, who heretofore in Florida has voiced strong opposition to the present program and I wish at this time to congratulate him for his fine attitude agreeing when he did agree with positions taken today and clearly stating his position when he entertained opposite views to details in connection with the subject. I think that his attendance is a happy incident indicative of splendid courage.

Now, Mr. Chairman and gentlemen, I don't know what are the reasons which have prevented the attendance of Messrs. Merrick, Curtiss, Bright and the other gentlemen who oppose the program which we this morning endorsed, but I do know that having been invited and Mr. Merrick having approached Mr. Warfield in representing the group of Miami objectors and agreeing that the real way to reach an understanding was through a conference such as is now proceeding, he at least ought to have been here and it is very unfortunate that he is not. After several dates had been named to Mr. Merrick this date was set to meet his convenience.

In answer to the gentlemen who suggest that we should defer our program subject to some kind of checking up of details,

let me state that it seems to me that it would be a very unwise and foolhardy thing at this late hour to undo the splendid work that was done this morning, to recant our resolution endorsing the reclamation of the Everglades in its substantial entirety, and I vigorously oppose any suggestion that would equivocate in the position we this morning advocated.

I think that it is the duty of this conference to stand solidly behind the program and if, after we have perfected our permanent organization, we can conciliate Mr. Merrick and his associates and others in Florida who are today opposed to the procedure which is being followed we ought to do so, but I submit, Mr. Chairman and gentlemen of the Conference, that it would be indiscreet and unfortunate for us to adjourn these deliberations without endorsing the present program that we have set out to complete. We should not permit ourselves to leave the matter open and to indulge the hope that these gentlemen will become harmonized before this conference is again assembled. After we have adjourned with a definite policy as our program, while we cannot compromise we may be able to conciliate, but to do otherwise will undo our work of today and defeat most if not all of the good that our coming here has accomplished.

And now, just a few words about the ad valorem tax.

I live within the city limits of the City of Okeechobee, which is not on the muck but on sandy land which does not overflow, and while there has never been a shovelful of dirt, nor a dollar spent, in Okeechobee County for drainage by the Commissioners of the Everglades Drainage District, we are not exempted from the acreage tax as is Coral Gables, Hialeah, and other portions of the Everglades Drainage District down around Miami, but on the other hand we pay both the acreage and the ad valorem taxes. We are not only willing but we are anxious to pay the additional ad valorem tax provided in the Drainage Act passed by the last Legislature, because we realize and appreciate that in order for Okeechobee to be a great commercial distributing center it is necessary that her back country be developed and her agricultural lands made possible by cultivation.

We appreciate that the value of the large buildings in our town, of every storeroom and every home is affected one way or the other by the success or the failure of the Everglades Drainage program. We are told by the Commissioners of the Everglades Drainage District that the ad valorem tax is not necessary as a means of raising revenue and may not be collected;

that if it is collected at all it will be in a very small amount, simply sufficient to show good faith and we know that the bonds are worth from two to four points more money where the interest and principal of them may be paid from an ad valorem tax and not entirely rely on an acreage or benefit tax, the latter being a form of limited taxation, and my constituents and myself are not only willing but glad to give to the Commissioners the authority to place upon the market a security which will be readily marketable at a fair and reasonable price and in sufficient amounts to vigorously carry on and speedily complete our drainage work although it necessitates or may necessitate a small ad valorem tax.

I believe the law is a good law. I believe the program is a good program. The plan of reclamation was conceived by Isham Randolph and his associates and has been modernized, by the most able Commission available, within the last four or five months. To temporize or to consider any other plan of reclamation or method of financing is to abandon further work until the next legislature convenes and then to stand the hazards and the dangers that are attendant thereto.

We have adequate finances. We have a sufficient program and whether or not there may be some detail or other that can be discovered is not proper to consider at this time. I sincerely trust and I have the hope that this conference will not reverse its action of this morning and at the morning session will finish the excellent work we have set out to accomplish. (*Applause.*)

The Editorial from the *Miami Herald* of July 16, 1927, follows:

"THE PRICE WE PAY

"What will the proposed new ten-million-dollar Everglades bond issue cost Dade County and her cities within the limits of the district?

"Because the prospect of increased taxes on that account is at the root of most of local opposition to the issue, the following discussion has been prepared from facts obtained through the trustees of the Internal Improvement Fund and the Commissioners of Everglades Drainage District, that the taxpayers of this county may better judge whether or not the returns from a back country drained and safeguarded against floods is worth the expense.

"The valuation of the Everglades Drainage District for 1926, based on the assessments of the various counties for state and county taxes, was \$52,500,000. Of that amount, \$31,021,978 is placed in Miami, Coral Gables and such other parts of Dade County as are in the District.

"The part of Miami from Twenty-seventh Avenue West, including ten full sections and parts of three others, was assessed on the county books at \$20,052,270. Coral Gables was assessed at \$5,887,630. County assessments for 1927 will run about 30 per cent lower, according to the Tax Assessor, but for the purposes of a definite comparison, the larger sums are used here.

"On this valuation of \$25,939,900 for the section of Miami within the boundaries of the District, and Coral Gables, no acreage taxes were laid. Consequently, this territory will not be burdened by drainage taxes and will have none to pay, unless sometime hereafter the exigencies will justify the assessment of an ad valorem tax to be distributed over the entire district.

"Under the 1927 Drainage Act, the Commissioners of the Everglades Drainage District (who are also members of the Internal Improvement Fund), are the assessing agency for the Drainage District and will use as their basis of assessment the valuations placed on property by the various counties.

"In computing the needed assessment for 1927, the Commissioners are now considering a tax of one-tenth of a mill on Coral Gables and the small part of Miami within the Everglades, and of a full mill on the balance of the land in the District. In other words, on the present high county valuation, Coral Gables would pay this year, distributed over all its real estate, the sum of \$588.76; Miami property, within the Everglades, would pay in the aggregate \$2,005.22; and the balance of Dade County, including Homestead, South Miami, Hialeah, and Opa-Locka, would pay altogether, \$5,082. These amounts may be decreased in proportion to the decrease in state and county valuations for 1927.

"This new \$10,000,000 bond issue (which must be validated by the Florida Supreme Court before it can be sold), will bear 5 per cent interest. Consequently, \$500,000 per annum must come from the Everglades District for that fund. Since the bonds mature over a period of from 20 to 40 years, it can be roughly estimated that \$180,000 a year with interest compounded annually at 5 per cent, will provide a sinking fund for their retirement.

"In addition to the new issue of \$10,000,000, the Everglades is now supporting \$10,250,000 in prior bonds, of which \$8,950,000 were refunded in 1925, at 5 per cent, the interest being thus reduced from higher rates to 5 per cent.

"While the 1927 Special Bond Act authorized the Everglades Drainage District to issue \$20,000,000 in bonds, and while the bond brokers, Dillon, Read and Company, and Eldredge and Company of New York, have made an agreement with Governor Martin to take the entire issue, the agreement specifies that only \$10,000,000 in bonds are to be sold as soon as validated, and the remainder in later years as they are needed.

"So when the first \$10,000,000 of the new issue is sold, the Everglades must produce taxes to care for \$20,250,000 in bonds, requiring about \$1,400,000 per annum, to meet interest and sinking-fund charges.

"This expense will be met by the drainage taxes collected each year. In 1926 the trustees assessed the entire district, \$1,548,740.19 in drainage taxes, and in the present year the amount will not materially differ. But where, in former years when bond sales were slow, a large part of this tax money had to be used to meet straight running expenses and the remainder to provide for the bonded debt, under the new financing arrangement the whole of the drainage taxes will meet interest and sinking-fund payments on bond issues, and the Everglades at the same time will have ample funds in hand to begin the complete program mapped out this spring by the Special Engineering Board and adopted by the Drainage Board.

"The small ad valorem tax mentioned above, if assessed, will be laid as a safeguard to the new bond issue and to insure against any hint of a shortage in the Internal Improvement Fund. This fund, fed by the sale of state lands, is used each year to buy in tax redemption certificates on land where the drainage taxes are not paid and where there are no other bidders. In 1925 this amounted to \$118,255.77, which the trustees had to take from their fund and pay to the Commissioners of Everglades Drainage District to make up for unpaid taxes.

"In return for this investment the new plan of reclamation contemplates enlarging or lengthening the Snapper Creek, Tamiami, Miami and Snake Creek canals, all of which affect Dade County, and the digging of a new outlet canal south of Miami. The Miami Canal will not be retained as a main artery because the new or improved canals will give the surplus water

a quicker fall to the ocean in the first place, and in the second place will not endanger Miami by running through the heart of the city what would be the longest canal in the system if it were to be opened in a straight line to Lake Okeechobee. A protective levee is to be thrown up on the west side of the Miami Canal from its intersection with the south New River Canal northwest to a point near Lake Okeechobee.

"This will provide this locality with four canals draining east into the ocean, in addition to the shortened Miami Canal which will serve the country immediately northwest of Miami. The Dade Drainage District itself is financing a fifth main canal to the ocean.

"The new bond issue is to be used to dredge out the old canals, to build a protective levee from a point just south of Lake Okeechobee along the west bank of the Miami Canal which will serve the south New River Canal, construct a high levee around the entire southern end of Lake Okeechobee for purposes of flood control, and dredge at least fourteen new canals as the land is settled and individual drainage works installed.

"That will give Dade County protection for her farming land against the overflow of water from the north; it will bring into being such pretentious developments as the Celotex Manufacturing Company, the Brown Company, of Portland, Maine, and many others which have indicated their readiness to proceed under this plan of Everglades financing; and, lastly, it will bring to the port of Miami, as the diversified crops are produced, the tonnage necessary to make her harbor a very important shipping center.

"Is it worth the price? The *Herald* thinks so."