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GOVERNOR JAMES WITHYCOMBE ADMINISTRATION

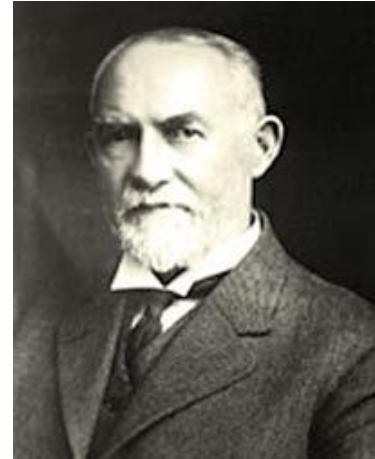
January 12, 1915 to March 3, 1919

Inaugural Message, 1915

Source: MESSAGE Of JAMES WITHYCOMBE Governor of Oregon, To the Twenty-eighth Legislative Assembly Regular Session 1915

INAUGURAL MESSAGE Of James Withycombe To the Twenty-Eighth Legislative Assembly 1915

MEMBERS OF THE LEGISLATURE:



In accordance with the provisions of the Constitution, and the custom of preceding Governors, it becomes my duty, as it is my pleasure, to address to you upon this occasion a message of greeting, and, in some measure, of suggestion relative to the welfare of the State.

At this time, with the recent election still fresh in mind, I desire to express to the people of Oregon, through you, their representatives, my sincere appreciation and gratitude for their action in selecting me as their chief executive. The realization of the support and loyalty of my friends, demonstrated at the polls, will always be among the happiest recollections of my life.

But, while appreciating to the utmost degree the honor conferred upon me, I am equally aware of the responsibilities that accompany it, and the difficulties besting the position which I have been called to fill. And, therefore, it is with nothing of the pride of attainment, but rather with real humility, that I face you at this time of inauguration, realizing fully the difficulties that confront me, and desiring only that strength and wisdom may be forthcoming so that the people of Oregon shall have just cause for satisfaction at the record of their Governor. To prove worthy of the confidence reposed in me is my sole desire.

It is your duty to provide new legislation and amend existing laws for the well-being of the people who have sent you here. In all your deliberations I would urge upon you one paramount consideration, namely, that you constantly remember you are building not solely for today, but for the future. Let the record of this session be one of forward-looking legislation. Oregon is but in her infancy, and more than all else she needs sound assistance in the development of the resources Nature has given her. All that will tend to increase the productivity of her fields, her forests, her streams, and her factories, now and in the future, deserves your enthusiastic attention; and all that is bound around with petty trafficking or sectional antagonism merits naught from you but disapproval.

Especially I venture to recommend that this Legislature set a record for brevity, particularly in the number of laws passed. Nothing in the general situation demands great activity in the field of law-making, and assuredly the popular frame of mind presages thankfulness for the last possible new legislation. A short, sane session, with a few good laws, is at this time infinitely preferable to a lengthy assembly, replete with drastic changes and burdened with many enactments carelessly devised.

It does not seem to me entirely fitting that a Governor just taking office should attempt any comprehensive summary of the detailed condition of State affairs. His lack of personal familiarity with the routine of the

office naturally would make it presumptuous for him to burden you with anything pretending to be an accurate recapitulation of the several departments during the biennium. It is rather for me, then, to offer suggestions concerning ways and means for the future betterment of the State, a work in which we may all cooperate.

At the outset, I desire you to understand that I appear here today seeking no personal favors, and with no inclination to exceed the proper limitations of my office. In short, I have no "pet measures," and have no intention of exerting such power as my position may give to influence you unduly. There exists, then, no desire on my part to interfere with the legitimate functions of this Legislature. On the other hand, it seems to me the unqualified duty of the Governor to take full advantage of his position to express disapproval of legislative action, should necessity demand, using his prerogative not as a weapon of dictation, but solely to safeguard the public interest.

In this connection, I venture to point out the dangers of postponing legislation until the closing hours of the session, when confusion must result from its haphazard consideration. It occurs to me further that convenience to the Legislature and ultimate profit to the taxpayers would result from the adoption of a rule providing that all appropriation bills be presented not later, say, than the twentieth day of the session.

In the consideration of governmental development in Oregon during the past few years, one fact is clearly apparent; namely, a tendency toward de-centralization. Whatever the immediate causes behind it, this tendency creates a division of authority and in a great measure the apportionment of duties among several officials in place of one. Accompanying this division of authority has come a division of responsibility, which works, it seems to me, quite contrary to the development of the highest efficiency. Furthermore, any tendency involving the employment of several heads instead of one is usually accompanied by extravagance and waste.

While Oregon in a great measure has been dissipating her governmental authority among an increasing number of officials, the trend of scientific legislation elsewhere has been in the opposite direction. Centralization of administration and responsibility is becoming more and more universal; and, apparently, with success.

Unless initiated too drastically, or carried beyond the bounds of good judgment, steps toward reasonable centralization in no wise merit classification as impractical. The tendency has proved its worth in actual operation. Therefore, I deem it wise to express the opinion that Oregon's legislation in the future should be guided by the general rule that centralization is desirable in the administration of State government.

In this connection I think it highly fitting that in several instances offices which are now elective should become appointive. The virtues of such a change are centralization of responsibility and a shorter ballot, which, under our system, are particularly desirable.

Economy probably is the keynote of this Twenty-Eighth Legislative Session; it was the dominant factor in pre-election pledges, and it now devolves upon us to see that these promises are put into practice. All that concerns expenditure merits your most painstaking attention. The principle upon which we should act when State money is concerned is the same as if that money were our own; we should insist upon receiving one hundred cents of value for every dollar expended. Doubtless such advice is hackneyed, and perhaps it savors of pedantry—but, nevertheless, it is disregard of just such a principle that too often discredits public administration. So I respectfully submit the thought, assuring you that so far as I am concerned it will be my sole guide in whatever connection I may have with the governmental expenditures.

Annual, or continuing, appropriations have come to be regarded widely as unbusinesslike. I heartily approve the suggestion that the policy of making appropriations continuous cease, with the exception of the State's educational institutions, whose interests can be served best where a stated annual income is assured and constructive plans adapted to the amount definitely available. Further, our educational institutions should be relieved of the necessity of biennial campaigns for funds before the Legislature with their attendant likelihood of political bickerings.

At present, State receipts from several sources are segregated under special funds, and can only be paid out for specific purposes. Often no cash is on hand in certain funds, and the State is obliged to issue warrants bearing interest, even when large amounts are lying idle in the Treasury but are not applicable to the expenditures involved. The simple remedy for this waste in unnecessary interest payment is to have all State receipts placed in the General Fund, to be used as required. This would be economical and businesslike, and would in no wise disarrange the existing safeguards of the various funds, whose accounts would be conducted separately, as at present.

Much has been said about the need of economy-legislation directed at the several departments of State government. I heartily concur in the feeling that reforms tending toward economy are desirable in State administration, and no doubt these will receive wise consideration from you. But I venture to point to a field of endeavor even broader; namely to county administration. During the last few years of each \$100 paid in taxes in an average county about \$12.50 has gone to the State and approximately \$37,50 to the county. In other words, county administration costs the taxpayer three times as much as State. Undeniably, there are many leaks in county government that well may be checked by adequate legislation, and it is my hope that effort for economy and efficiency will not stop with the State but will proceed to the details of county affairs.

With some hesitancy I call your attention to another field for economy, and one close at hand. The clerical and stenographic force at the last legislative session cost the State \$33,932.95, and in this detail showed an increase of more than twenty per cent over the 1911 session. The total cost in 1913, \$99,862.85 was more than thirty per cent higher than the 1911 session's. So far as I am able to determine, there is no sound reason why this Legislature, by commencing its economy program at home, cannot save at least \$20,000.

The people of Oregon have decreed, by a decisive vote, that the liquor traffic shall end in the State after January first, 1916. They have imposed upon you the obligation of putting prohibition into effect, and it becomes your duty to provide laws that will actually prohibit the sale and barter of intoxicants. These enactments must neither be so drastic as to be non-enforceable, nor so lax as to be ineffective. In short, your difficult task is to devise ways and means for making, and keeping, Oregon actually a prohibition State, so long as the will of the people shall decree.

While it is for you to provide anti-liquor legislation, it is perhaps well to remind you that in a great measure the enforcement of the laws you enact will be the Governor's responsibility. Or, I might better say, a general supervision of their enforcement will devolve upon the State's executive, who ultimately will be held responsible by the people for their satisfactory administration.

Therefore, you are earnestly urged to provide the Governor—or whatever official upon whom may be placed the responsibility—with the means of properly enforcing the prohibition laws. To perform this duty adequately, in my opinion, it will be necessary to amend the Constitution, authorizing him to remove delinquent officers.

Section 19 of Article VII of the Oregon Constitution provides that "public officers shall not be impeached; but incompetency, corruption, malfeasance or delinquency in office may be tried in the same manner as criminal offenses, and judgment may be given of dismissal from office, * * *."

In other words, if officers are remiss in their duties—say a sheriff in enforcing prohibition---he can be reached only through criminal procedure, and often by the time the tedious cure is effected the ill has become historic. To mend this situation I recommend referring to the people a constitutional amendment which would change the section quoted above so as to conform with Section 1 of Article X of the Constitution of the state of New York, which provides that the Governor may remove any sheriff or district attorney within the term for which he is elected, giving such officer a copy of the charges against him and an opportunity to be heard.

To make such supervision of law enforcement practicable, it is essential that funds be provided to defray expenses of investigation or any special action that the Executive may be called upon to undertake. The last

Legislature appropriated \$1,000 for special agent work during the biennium. I venture to predict that in the future such a sum will prove utterly inadequate, especially after the prohibition amendment goes into effect. In this connection, with all regard for economy, it is worth reminding you that the fruits of such investigation work inevitably are fines which bring far more revenue to the public treasury than the outlay involved, even disregarding the moral obligations of the case.

With the end in view of economy and higher efficiency, the following changes are recommended in certain State departments:

The State Tax Commission may well be abolished, and the work of the present body transferred to the office of the Railroad Commission, which should be given authority to employ an expert in taxation and assessment to conduct this branch of the office. It is my opinion that the scope of work handled by the Railroad Commission makes its title inadvisable and I recommend that substitution of the name "Commission of Public Utilities".

In the State Industrial Accident Commission there are three commissioners with an aggregate salary of \$10,800 per annum. It is believed that one commissioner with an office force equivalent to the present one could handle the work of this department with satisfaction to the public, and with desirable economy and centralization of responsibility. To effect coordination I suggest the consolidation with the Accident Commission of the Bureau of Labor and the Industrial Welfare Commission. In this readjustment the present Labor Commissioner should remain the responsible head of his department and retain his present salary to the end of his elected term. I further recommend the establishment of a waiting period for investigation before payment of claims, and a broader classification; in connection with needed changes in our law, I earnestly suggest consideration of the Michigan law, which to me seems most excellent. In all that concerns this department it is essential that the interests of the workingman be safeguarded.

I also suggest that the duties of the State Sealer of Weights and Measures be merged with those of the State Dairy and Food Commissioner

There are now being conducted in Portland three distinct and independent medical laboratories, supported by taxpayers and needlessly duplicating work and piling up expense. To eliminate this condition I recommend the consolidation of the State Board of Health Laboratory with the Pathological Laboratory of the Medical School of the University of Oregon, and, if the authorities of the City of Portland agree to the desirability of the move, it is further urged that the City Laboratory be merged with the two above mentioned under some cooperative arrangement mutually equitable.

The State is at present virtually employing two architects, one at the Capitol and one at the State University. It would seem that in the interest of economy one architect should be sufficient, especially as but extremely little new construction of State buildings will be undertaken during the coming biennium. Therefore, while appreciating fully the admirable work done by the present incumbent, I recommend that the activities of the State Architect's office be merged with those of the University.

The office of State Bank Examiner should be placed under the general jurisdiction of the State Treasurer, eliminating unnecessary overhead charges.

I suggest that the offices of the State Engineer and State Highway Engineer be combined, under the State Engineer, who shall have an unsalaried advisory board of three members especially qualified in road matters, to cooperate with him in all that concerns State highways. Here, again, centralization of responsibility would result, and, I believe, the overhead expense for office and field work of the two branches of State engineering would be materially reduced, and a higher state of efficiency secured.

The above recommendations I have made because it seemed to me that in the several instances involved the need for reform is especially apparent. However, I do not at all feel that the possibility for desirable centralization and governmental improvement ends with these few suggestions. While, no doubt, several feasible plans, looking toward centralization and economy, are now available, affecting certain details of

State administration, yet it occurs to me that there is not now time for the thorough investigation which the involved subject properly demands. Therefore, I suggest the appointment of a non-salaried committee, either to be composed of legislative members or to be appointed by the Governor which shall examine into the subject during the coming biennium and report fully to the next Legislative Assembly its recommendations for securing a more comprehensive reform than could be undertaken wisely at this time.

Wise road building is probably the best investment the State can undertake, and for its encouragement I recommend consideration of some plan for the establishment and use of a larger State Road Fund. I suggest a one-half mill State tax, the combined revenue of it and the existing (or improved) graduated motor vehicle tax to be expended from the State Treasury in cooperation with the various counties for trunk roads within their boundaries, their construction to be under State supervision.

It is generally conceded that agriculture is our basic industry and if we are to realize a truly Greater Oregon we must lay the foundation by means of constructive legislation for agricultural development. Among the most vital problems of this industry are better roads and cheaper money. Our National Congress apparently may fail to enact rural credit legislation, and it is recommended that this Legislature memorialize Congress to take action on Rural Credit banking laws at the earliest practicable moment. In the meantime, I suggest that effort be made to evolve a rational State mortgage credit system, calling to your attention the fact that today Oregon's farm mortgage indebtedness is approximately \$22,000,000. Of this, some \$6,000,000 is supplied from the State's irreducible school fund, loaned at six per cent. The average interest paid on the balance is probably eight per cent, the two per cent difference involving an annual burden on Oregon's farmers of \$320,000, which, in a great measure, might be eliminated.

In many of our eastern counties, agricultural development is being seriously threatened by a growing pest of rabbits. To those affected, this is a matter of great importance and it deserves consideration. I would recommend that a small appropriation be provided for devising ways and means of scientifically combating the rabbit pest.

The biennial reports of the penal and eleemosynary institutions of the State are before you. As intimated above, I do not deem it within my province at this time to burden you with a lengthy statement dealing with the details of their conduct.

With one exception my investigations have led me to believe that both in physical condition and management the institutions are fairly creditable.

I cannot speak to optimistically concerning the Oregon State Penitentiary. In many respects that establishment is in an unsatisfactory condition. Broadly speaking, its chief demerits are insufficient equipment and the unemployment of its inmates.

During the last month there were 160 men in the Penitentiary without occupation, and there seems fair reason to expect that the number will increase. Such a condition is contrary to the dictates of humanity and economic wisdom. So far as possible the prisoners should be kept physically sound, and assuredly their labors should be utilized to the utmost, for their own good and that of the taxpayers who are forced to support them.

Two methods of employment within the Penitentiary itself are practicable. One, the manufacture of articles for use in other State institutions, is already developed nearly to the extent of its limited field. The second is production of something not manufactured by free labor elsewhere in Oregon; an example of this policy is found at the Minnesota Penitentiary, where the convicts not only pay their own way but actually show a substantial profit through the manufacture of farm machinery.

Outside the prison walls the convict labor might well be employed in the construction of State highways. Such work would add materially to our assets; it would take nothing from free labor, being construction that

otherwise would not, and could not, be undertaken; and it would add but slightly to the cost of the institution, in camp upkeep and extra guards, an increase greatly overbalanced by the benefits derived. Also, the State has some seven hundred acres of stump land and one thousand acres of undrained land all located conveniently to the Penitentiary, which should be grubbed and drained and placed in a high state of cultivation.

Of the 431 inmates of the Penitentiary in December, 309 were serving a first term, and 209 were under thirty years of age. At present there is no way of segregating the youthful first offender from the hardened criminal so that in a great measure the State is conducting a school of crime, as the novice quickly imbibes the spirit of the veteran crook, and much of his knowledge. Sufficient financial assistance should be rendered the institution to alleviate this condition, and make reasonable segregation possible.

It would be wise economy, in the long run, to provide the institution with a larger dairy herd, and to give it more farm land.

The feature of the prison policy of the past which probably has most concerned the general public has been the tendency toward exaggerated leniency. I desire at this time to state emphatically that it will be the policy of the Governor henceforth to entertain all due respect for judicial decisions, and where judge and jury have passed upon a case and sentence has been pronounced, only under the most exceptional circumstances will I feel warranted in setting aside or seriously modifying such sentence. The abolishment of the death penalty coupled with a growing disposition to regard lightly the binding nature of judicial sentences, instills me with the belief that a more sparing use of the pardoning power will have a salutary effect upon the criminal element, and is demanded in justice to the community at large.

It seems fitting to speak in behalf of one class of sufferers who merit State assistance. I refer to the indigent, crippled or deformed children. Their plight is no less pitiful and deserving than that of the insane or feeble-minded, and far more meritorious than the criminals', whose maintenance is literally forced upon us. Oregon owes something to these little unfortunates, many of whom may blossom forth into notable men and women if only their brains are given the opportunity for development which their bodies can never achieve. I recommend their plight to your thoughtful consideration.

Of late we have devoted large sums to the exploitation of the State's resources. An organized publicity campaign has been conducted, its double purpose to make known Oregon's attractions throughout the world, and to bring settlers and investors to the State. It is my judgment that the time has come to transfer some of this effort into other channels. Rather than continuing so strenuously our endeavor to draw people here, let us devote more of our zeal, and more of our money, in establishing them after they arrive.

Today Oregon's greatest need is payrolls. The development of manufacturing will provide wages for many of our immigrants, and they, in turn, will supply markets which will make profitable the agricultural development undertaken by others.

The situation we face at this time is bright with potentialities. It is a matter of common knowledge that the European war has crippled manufacture across the Atlantic so desperately that recovery will require years. This has meant, in many instances, that we of America are thrown upon our own resources and obliged to undertake the manufacture at home of countless articles and products for which formerly we have looked to Europe exclusively. The war has been educational in this respect; it is teaching us the possibilities of our own country. One of its results on our continent will be to give a fresh, vital meaning to the phrase "Made in America"—and it is my sincere hope that by proper action and foresight now we can broaden the field of products bearing the stamp "Made in Oregon".

I propose that you authorize the appointment of an unsalaried committee of seven experienced business men whose duty it shall be to investigate the possibilities of profit to Oregon's existing institutions, and the establishment of new Oregon industries, created by the pending changes in international trade and manufacture due to the European war, the shifting economic conditions produced by the Panama Canal, and our rapidly enlarging commercial openings in South America and the Orient. And I suggest that some

portion of the money hitherto devoted to publicity be placed at the disposal of this committee for the employment of an expert who shall devote his time to its work, under the supervision of its members.

In other directions we should avail ourselves of every opportunity to promote and encourage commercial investment and development in the State. By overwhelming votes at the last election the people evidenced their hostility to drastic legislation likely to harass legitimate business enterprise. The indication should be followed. Unreasonable restrictions on commercial activities should be frowned upon, and every effort made toward the speedy and fair development of Oregon's resources.

Under this general head it seems advisable reference should be made to the office of Corporation Commissioner. During the biennium this department has produced a profit of more than \$400,000 in fees collected over and above expenses. While such revenue is admirable the fact should not be ignored that the primary function of this bureau is not the creation of revenue but protection of investors and the general public. It is most unwise, it seems to me, that unduly harassing restrictions be imposed upon corporate activity, for nothing that tends to discourage legitimate investment should be sanctioned. Further, it appears that in some directions there is a tendency to inflict hardship upon business enterprise by requiring too many and too exhaustive reports, the cost of whose preparation must ultimately be borne by the taxpayer.

The public schools are truly the bulwark of our civilization, and, as such, merit our most hearty interest and support. The rural schools are suffering for the want of efficient teachers, nor is it difficult to ascertain why. Each year Oregon requires over one thousand trained instructors, but we produce, through our Normal School, but approximately one-tenth of that number. Therefore, it seems to me good business for Oregon schools and for Oregon taxpayers in the final analysis that more generous support be lent to our institutions for the training of teachers here in Oregon.

The State University, Agricultural College and Normal School are doing excellent work and are receiving generous support. I would suggest, however, to the Boards of Regents of these institutions that the most rigid economy commensurate with efficiency be observed. It seems most desirable that the cost to students be kept at the minimum, so that every encouragement may be offered to the young men and women of moderate means to avail themselves of the educational opportunities the State offers.

A subject that I would touch upon in passing is one which we are prone to treat with too little consideration—the development of a citizen soldiery for the purpose of a national defense. While this matter, in its essence, is a national problem, yet under our system of government a serious duty falls upon the several states and territories—that of providing a reserve of trained men for defense should the calamity of war be visited upon us. To this end the citizen soldiery should have the sympathy and support of the people. A system of constabulary of State police should be formulated, independent of the citizen soldiery, so that these men may be left free in the work of preparing themselves for the needs of national defense. Such a system, I believe, is easily within our grasp and is desirable.

Irrigation is a matter of vital importance to large areas of Oregon. The extent of its beneficial possibilities is hardly beginning to be realized, while at the same time its problems are becoming better understood. With the experience of the past to draw upon, and by following a policy of careful development with strict safeguarding of the rights of the man on the land—until recently considered too little—there is every reason to hope for the establishment of an irrigation situation reasonably satisfactory to settler and investor.

Under the supervision of the Desert Land Board, Oregon has just completed, with considerable credit, the first irrigation project ever built by the State. It is now for you to provide legislation governing the maintenance of that project. I earnestly hope that the rules devised will insure business methods, and to me it seems desirable that so far as feasible the affairs of the project be left in the settlers' hands, rather than have them become a minor detail of some governmental department. I further suggest that the funds received by the State from the sale of Tumalo lands be segregated in a revolving fund, to be utilized at some

future time for further irrigation aid, under State supervision; interest at all times, however, to be paid the State for the \$450,000 originally advanced.

For the department of fish and game I bespeak your friendly consideration. The commercial fisheries provide our third greatest industry, and everything that can be done, on a business basis, toward the natural and artificial propagation of fish and their protection is entitled to support. From the standpoint of recreation the resources of the State in fish and game are of great consequence, and should continue to be, as they are today, one of Oregon's strongest attractions to the visitor as well as a healthful boon to the resident.

In the conduct of this department strict economy and businesslike procedure are essential, not only on behalf of the taxpayer, but in justice to the work itself, whose continuance upon a worthy scale can only thus be assured. Whatever method may be followed in handling the revenue derived from fish and game licenses, it is my opinion that justice to the sportsmen of the State, who exclusively provide this money, demands that it should be expended for fish and game propagation and protection. Centralization of administration and responsibility in this department, as in others, is highly desirable.

Legislation permitting the establishment of hydro-electric power districts would tend, I believe, to a speedier development of the State. I would favor the creation of districts somewhat along the line of existing irrigation districts procedure, whereby groups of individuals in a community may band together for the cooperative development of the waterpower resources of their neighborhood. By such a pooling of interest and community-bonding, so to speak, small communities and farmers could put to beneficial use natural resources now entirely wasted. The same method could also be applied in the reclamation of unimproved areas, notably stump and undrained land, by the establishment of some system of land-improvement districts.

The important events of this summer on the Pacific Coast are the expositions in California. The last Legislature provided for Oregon's representation at San Francisco with reasonable generosity. As these great fairs in our sister state mean much to us through their exploitation of the entire Coast, as an exhibition place for our own resources, and in the travel they will bring to Oregon, I hope that nothing will be done now to diminish our opportunity of making a brilliant showing at San Francisco. Especially is this desirable in view of California's generous consideration of our own Lewis and Clark Fair. So through you I urge the people of Oregon to participate in California's season of celebration to the fullest degree.

There is much more that might be said, and with propriety. But rather than burden you further with formal utterances, I shall refer simply to the present happy situation of the State of Oregon. Surely there is cause of infinite gratitude and thanksgiving among us now, when God smiles here upon a land of peaceful plenty, while so much of the world is plunged in warfare and want.

With an administrative platform based on fundamental State development, sane economy and honest, businesslike procedure, I now close this, my first message. In closing I desire to express to you my confidence in the exceptional ability and high purpose of this Twenty-Eighth Legislative Assembly, and to reiterate my earnest desire of cooperating with you, and all the officers of the State, to the utmost of my ability.

I have purposely made this message far briefer than has been customary, seeking rather to have it echo something of my hopes for the future than to be a wearisome recapitulation of the past. It has, at least, conveyed to you and the people of Oregon my deep sense of appreciation for the honor and responsibility that have been given me.

James Withycombe

Governor.

Governor's Message, 1917

Source: MESSAGE Of JAMES WITHYCOMBE Governor of Oregon, To the Twenty-ninth Legislative Assembly Regular Session 1917

Message of JAMES WITHYCOMBE Governor of Oregon, To the Twenty-Ninth Legislative Assembly 1917

MEMBERS OF THE LEGISLATURE

GREETING

As citizens of a great commonwealth we owe a debt of gratitude to the Omnipotent One for the general prosperity and happiness of our people. We have been blessed with a bountiful harvest and increased industrial activity which brings plenty and contentment to the home.

It is with sincere pleasure that I greet the old and new members of this Legislature, meeting once again to lay the foundations for another two years of State administration. Oregon is to be congratulated upon the high type of capable citizenship represented here. There are difficult problems to be met, but I am confident the members of this body are equipped to solve them with intelligent foresight, fearless honesty and public spirited patriotism

This, I trust, is to be a session of businesslike accomplishment and wise economy productive of needed legislation only. There is opportunity to establish a record for excellence, sanity and brevity. Such, I am sure, would be appreciated by the citizens of the State and would best fulfill existing requirements.

DECENTRALIZATION

In my inaugural message attention was directed to decentralization, which has developed in Oregon governmental procedure during the last decade, and now again it seems fitting to refer to this tendency.

In a large measure Oregon has a commission form of government. The Governor has been more and more divested of authority. As a member of the Board of Control, in most important State matters he has identically the same power to obtain the results he desires, as other members of the Board, although the public vests him with a far larger measure of responsibility.

I believe this tendency toward decentralization is ill-advised, that it works against the best interests of the State, and that the resulting decrease of individual responsibility lessens efficiency in public service. This matter is presented, not because I happen to be the Executive and seek increase of political power, nor to urge immediate drastic action, but rather to point out a tendency which, in my opinion, will entail increasingly harmful results.

PENITENTIARY ADMINISTRATION

The penitentiary properly should be under the Governor's jurisdiction. He should either directly control its administration or be empowered to appoint a non-salaried civil board of supervision, as is done in many states. The constitution gives the Executive the exclusive pardoning and parole powers. He, and no one else, regulates the release of prisoners, and is in measure responsible for their subsequent conduct. He must be familiar with their records in the institution and the conditions surrounding them there, as these facts naturally bear upon the application of executive clemency.

In other words, the Governor, more than anyone else, is directly concerned in the details of prison administration.

BUDGET REDUCTIONS

The State budget calls for appropriations totaling \$715,382.00 more than can be raised under the provisions of the recent Constitutional Amendment. The situation can be met only by pruning the budget estimates in conjunction with the creation of new revenue. Both these are subjects which should be approached cautiously, considered with painstaking care and acted upon without bias.

Amount Asked Proposed reduction

State Fair Board \$225,800.00 \$105,000.00

University of Oregon and Oregon Agricultural College 231,536.00

University of Oregon Medical school 138,820.00 10,000.00

Bounty on wild animals 90,000.00 25,000.00

Child Labor and Industrial Welfare Commissions¹ 12,000.00 12,000.00

State Board of Health, and Social Hygiene Society² 84,588.00 30,000.00

Dairy and Food Commissioner 40,800.00 5,000.00

Livestock Sanitary Board 45,060.00 5,000.00

Forestry 60,000.00 15,000.00

Banking 10,000.00 10,000.00

Mines and geology 50,000.00 15,000.00

State Engineer and Water Board 108,966.00 31,000.00

Public Service 89,100.00 7,000.00

Tax Commission 30,000.00 15,000.00

Weights and Measures 8,450.00 5,000.00

Penitentiary (maintenance) 120,768.00 10,000.00

State Hospital (maintenance) 374,880.00 20,000.00

Legislative Assembly 75,000.00 10,000.00

TOTAL (amount eliminated) \$461,000.00

1. To be placed under Industrial Accident Commission

2. To be combined under Board of Health

While the details of the retrenchment program above set forth may be largely modified and revised, and other fields for economy doubtless discovered, I believe the general schedule will be found meritorious.

The total amount eliminated is \$461,000.00. To reinforce this saving I further propose legislation which will increase the State's revenue some \$260,000.00, making a total of expenditure eliminated and new funds created during the biennium of \$721,000.00

Following is a brief statement, or explanation, of the various items covered in the proposed budget reductions:

The \$120,000.00 suggested for the State Fair Board, should be sufficient to provide for the framework of a coliseum whose interior could be equipped temporarily, and also for premiums and other necessary expenses.

While no departments of State administration are more fundamentally important, and none have been more creditably conducted than our educational institutions, I feel that under existing circumstances the appropriations asked by the University and College, are more than can properly be allowed at this time. I therefore suggest an equal appropriation of \$100,000.00 to each of these two institutions, thereby eliminating from the budget as now prepared, the sum of \$131,000.00.

The bounties on wild animals might well be reduced about twenty-five per cent, which would accomplish the desired saving of \$25,000.00.

The work of the Child Labor and Industrial Welfare Commissions, which is more or less purely legislative, may well be handled by the Industrial Accident Commission's organization without additional cost, thereby eliminating the present appropriations of the two commissions named. An advisory council representing the social features should cooperate with the commission.

The State Board of Health can conduct the work of the Social Hygiene Society with greatly reduced overhead cost and without lessening efficiency. Here also the interests of the Social Hygiene work should be represented by a committee cooperating with the Board to the end that the meritorious activities of the former may in nowise be neglected.

I believe the appropriation for the Dairy and Food Commissioner can be reduced without curtailing the efficiency of his department. In this connection I suggest that the Commissioner's work be more exclusively devoted to the dairying interests under his jurisdiction, and that an arrangement be made whereby the subject of food inspection shall be transferred to the State Board of Health.

It is believed that the cut suggested can be made without impairing the activities of the Livestock Sanitary Board.

While the Forestry Department is rendering important service, I believe its administration costs can be reduced, and that if anything, they should be met more by the timber owners, who are the chief beneficiaries, and less by the tax-paying public.

The Banking Department is now practically self-supporting and the appropriation asked for can be eliminated.

A cut in the expenditures of the Department of Mines and Geology, is, I believe, justified.

IN view of the fact that the State is not conducting any constructive work, as irrigation and water power development is comparatively inactive, and as water right adjudications are largely completed, it appears that the State Engineer's office and Water Board are costing considerably more than they should.

The reductions suggested for the Public Service Commission can be effected, I believe, through the application of close economy without impairing efficiency.

I suggest amendment of the Tax Commission law so that there will be but one salaried commissioner working under the general jurisdiction of the State Tax Commission. The annual cost of this department need not be more than \$7,500.00, allowing the commissioner \$3,000.00, a secretary, \$1,800.00, clerical

assistance, \$1,200.00, traveling expenses \$800.00, and \$700.00 for extra expenses. This would effect a saving of \$15,000.00 in the biennium.

The proposed reduction in the estimated expense of the Departments of Weights and Measures is predicated upon enactment of legislation making this department in some degree self-sustaining. It is suggested that peddlers and traveling agents, exclusive of those who are selling the products of their farms, gardens and orchards, be licensed under the supervision of the Sealer of Weights and Measures.

The penitentiary budget is based upon an estimated average population of 500. It is now apparent, because of the considerable decrease in commitments following the passage of the Prohibition Law, that the population will not average over 450, so that the suggested saving can readily be effected.

The cut in the State Hospital maintenance budget is based upon an expected decrease in commitments during the biennium, and the fact that the present efficient administration of the institution has been able to refund to the Treasury a large amount appropriated for maintenance, unexpended during the last biennium.

Lastly, I have ventured to suggest a decrease in expenditures of this Legislature. It should not be difficult to accomplish this, and certainly economy may well begin at home.

NEW REVENUE

In my opinion there are two feasible sources for new State revenue. The Inheritance Tax may well be readjusted so that direct descendants would pay one per cent on amounts over the \$5,000.00 exemption, and up to \$20,000.00, and two per cent upon funds above that amount; collateral heirs, two per cent on all amounts from \$2,000.00 to \$20,000.00, and above that, four per cent; all other beneficiaries should be required to pay four per cent of whatever money they receive.

In the State Insurance Department it is suggested that the tax of two per cent on the net premium of insurance companies be changed to two per cent on gross premiums.

It is calculated that the suggested changes under these two heads will bring to the State an additional revenue of \$130,000.00 annually.

HIGHWAYS

State road work embraces some of the most important problems confronting us. The policy of trunk highway construction already under way should not be abandoned. Especially, sufficient funds must be forthcoming so that the State can meet the requirements of the Shackelford bill and thus secure this Federal financial aid, which, during the next five years, will amount to \$1,819,280.00.

Having ascertained that many automobiles escape the property tax, it was thought that this tax might be combined with the license. However, such a procedure might be unconstitutional, so I propose a moderate increase in automobile license and that the total revenue obtained therefrom be devoted to State road work. It is estimated that an average of at least \$250,000.00 a year would be available during the next five years, making a total amount available for roads after 1917 of approximately \$500,000.00 a year.

It is further recommended that a commission of three unsalaried member be placed in charge of the State Highway Department. The members of the present Highway Commission agree, I believe, that their other duties are too multitudinous to permit giving proper attention to this important subject.

The commissioners should be appointed by the Governor, and one might well be selected from each of the Congressional districts. This commission should be empowered to employ a Highway Engineer, with the exclusive duty of supervising State road work.

PROHIBITION

The people of Oregon have decisively approved the so-called "Bone Dry" prohibition measure and this Legislature is in duty bound to make absolutely effective the provisions and evident intentions of that measure. That it will fulfill its obligations to the letter, I am confident.

So far as the Governor's office is concerned, it may be stated that during the past biennium I have actively cooperated with local officers toward the adequate enforcement of the Prohibition Law, and have found the officers of the various counties and cities deserve high praise for the sincere spirit and marked efficiency with which they have administered the Act.

There has been returned to the Treasury by my office approximately \$3,000.00 of the \$7,000.00 appropriated by the last Legislature to aid in the enforcement of the Prohibition and other laws. To permit continuance of the policy of executive aid in law administration, and especially as regards the new and more strict prohibition measure, I am asking for an appropriation similar to that furnished by the last Legislature, but of \$5,000.00 instead of \$7,000.00

PENITENTIARY IMPROVEMENT

The outstanding needs of the penitentiary are better housing facilities and employment for prisoners. The present buildings and equipment are antiquated and inadequate. It is not advisable to provide for a new penitentiary building just now, but a small appropriation might well be made which will enable the warden during the next two years to commence the erection for such a building. The penitentiary makes its own brick and has an adequate labor supply. Much of the rough construction work could be accomplished with prison labor at a minimum cost, creating something of value to the State and at the same time providing needed occupation to its wards.

FLAX INDUSTRY

Our laws forbid the sale of prison made articles in competition with those manufactured by free labor. The inception of the flax industry two years was largely with a view to alleviating the condition of non-employment, resulting from these laws. It has done much toward this end, as an average of 153 men have been given some employment each month, while the average number employed each working day is seventy-two. In all there has been paid to prisoners for flax work \$8,356.00.

Below is a brief statement showing the financial status of the State's flax experiment:

Appropriation utilized for flax:

Permanent plant \$13,713

Labor, straw, etc. \$26,229

\$39,942

Value products on hand:

1916 Crop:

882 tons flax straw

10 percent fiber, 82 tons at 25c per lb \$41,000

6,000 bushels seed at \$2.40 a bushel \$14,400

Tow, 5 per cent value of fiber \$2,050

\$57,450

1915 Crop:

756 bushels of seed at \$2.40 per bushel \$1,814

40,000 pounds of tow at 5c per pound \$2,000

\$3,814

\$61,264

Less estimated cost of handling products prior to their sale:

Labor (Dec. 16 to July 17, inclusive) \$15,900

Ten retting tanks \$1,600

Miscellaneous \$2,125

\$19,625

Net value of products on hand \$41,639

To which should be added original value of plant,

Less 10 per cent depreciation \$12,342

\$53,981

Less present outstanding liabilities \$10,315

\$43,666

Original appropriation \$39,942

Apparent profit \$3,724

The loss sustained during the first year of the flax project was neither unexpected nor extraordinary, as the entire enterprise was experimental and exceptionally unfavorable conditions were encountered. However, as indicated by the above figures, the 1916 crop will show a profit, to date, and the products of the coming season should do even better.

While the financial outcome is a proof of the soundness of the movement, yet the two big outstanding points for congratulation are that many of the prisoners have been provided with work and that we have blazed a trail for the development of a new Oregon industry. Flax will not only prove a boon to the State from an agricultural viewpoint, but the manufacturing inevitably accompanying its increased production will be of far-reaching economic importance.

Another possible utilization of prison labor worthy of your serious consideration is presented in the production of inexpensive agricultural lime—a field of exploitation rich in possible benefits to Oregon farmers. The feasibility of a state lime quarry operated by prison labor merits investigation.

SUPREME COURT

The Supreme Court is constantly burdened with minor cases from which, it seems to me, it should be relieved. Existing conditions encourage litigation over matters comparatively trivial and result in an unnecessary expense to the State, while impairing the efficiency of the Court through overburdening the time and attention of its members. I recommend legislation to the end that no appeal may be taken to the Supreme Court unless it appears in the judgment appealed from that the amount of money thereby required to be paid, exclusive of interest thereon, costs or disbursements, exceeds five hundred dollars, or unless it appears from the judgment roll that there is directly drawn in question in the action, suit or proceeding the title to real property, the personal liberty or martial relation of a party to the litigation, the constitutionality of an act of the Legislative Assembly or the validity of a municipal charter or ordinance or of the ruling of some board or commission established by law.

MILITARY

The establishment of facilities for military training in our State University and in Oregon high schools is recommended. This need not be compulsory, but it should be available for Oregon boys, and participation in it should count in their school credits. I believe such training is invaluable for physical development and the upbuilding of disciplined character. It would also afford an opportunity for the application of practical patriotism; those who take the training would do much to make themselves of value to their country in time of military need.

I suggest legislation similar to that existing in several Eastern states, which would permit Oregon soldiers on duty outside of the State the privilege of voting in State and National elections. Over 300 of our citizens were deprived of their franchise last November because they were detained in Southern California serving their country.

On behalf of the citizens of the State, I hereby express my own and Oregon's deep satisfaction at the splendid way in which our citizen soldiers answered the call to duty last June, when they went with the colors to the Mexican border. Their patriotic spirit and willingness to make sacrifice in a time of seeming emergency deserve recognition and praise.

RURAL CREDITS

The passage of the Rural Credit Amendment necessitates the enactment of legislation to put its provisions into operation. As this is vitally important to the entire State, and particularly to agricultural development, especial care should be exercised in devising ways and means for the most efficient application of the manifold benefits of the reform.

Hitherto the State has carried its own fire insurance. If a building should be destroyed, it was possible for the Emergency Board simply to appropriate sufficient funds to replace it. Now, however, under the Tax Limitation Amendment, it is questionable if such an appropriation could be made, and it is suggested, therefore, that this Legislature investigate carefully the question as to whether or not regular fire insurance should be carried upon State property, and if it should be, whence the funds to pay premiums will be forthcoming.

LABOR COMMISSIONER

The State Labor Commissioner is now largely duplicating the work of the Industrial Accident Commission. The factory inspection activities of the former might well be handled by the auditors of the Accident Commission, who cover identically the same ground with practically the same end in view, while the Accident Commission is also concerned with the same statistical data as the Labor Commissioner.

I suggest, therefore, that at the expiration of the term of the present Commissioner, the office of Labor Commissioner be abolished and its duties be transferred to the Industrial Accident Commission. As labor is directly represented on the Commission, the principles of whose operation are based upon cooperation with the employee, there would be no lessening of protection for its interests, which most certainly merit and must have adequate recognition.

The change would save a considerable amount in office expense and would make available for other purposes the \$25,000.00 now collected in fees and used to meet the costs of inspection, and it is suggested that the transfer of the inspection work be made at once.

With further reference to the general subject of labor, it seems to me eminently desirable from the standpoint of all concerned, that steps be taken to the end that industrial disputes may be settled so far as possible through arbitration. If a commission vested with official authority, could be created, which would command the reasonably united confidence of labor and employers, it might well devise ways and means which would go far toward alleviating the losses inherent to industrial disputes in which the principle of conciliation is ignored.

STERILIZATION

The prevalence and increase of feeble-mindedness and mental disease is one of the greatest problems confronting modern society. It is estimated, for instance, that probably two per cent of Oregon children are mentally deficient. There are hundreds of adults, of course, who are mentally incompetent and whose unrestricted propagation simply means the creation of more human wrecks. I am more and more convinced that the reproduction of the mentally unfit is absolutely wrong. Through our shortsighted inaction we are populating our State with imbeciles and criminals, insuring ever-increasing public expense and opening the way for disease, sorrow and tragedy for generations yet unborn.

To mend this situation, I earnestly urge the passage of a sane Sterilization Act. Its application should be zealously safeguarded. The feeble-minded, the incurably insane and the criminally insane should be operated upon. Each case, it seems to me, should be considered by a commission, or jury, composed of the members of the State Board of Health, the superintendents of the two State Hospitals, and the superintendent of the Feeble-Minded Institution.

CRIPPLED CHILDREN

It is especially desirable that the needs of our indigent crippled children be given consideration. Perhaps they best can be cared for through county institution. In connection with this increasingly important subject I refer you to the first report of the Oregon Child Welfare Commission, and I recommend that there be established at the State University a Child Welfare Department in connection with its extension activities, so that the important work conducted under this head may hereafter have official recognition. It is also suggested that the State Board of Health operate a Child Hygiene Division, devoted to the study and improvement of condition surrounding the children of the State.

INSURANCE

As twenty-five separate bills relative to insurance were presented in 1915, the last Legislature wisely decided to place the codification of insurance laws and the enactment of new measures before the mature consideration of an Insurance Cod Commission. This commission, after exhaustive study, has made its report. The subjects covered are of vital importance to every citizen of the State, and I recommend the commission's recommendations for adoption.

To combat the increasing statewide loss by fire, a fire marshal bill has been prepared. Twenty-six states already have fire marshals, and it is found that the department more than pays its way in reducing the cost of insurance and in direct elimination of fire waste. Because it is good economics and is recommended by

those who have given the subject thorough consideration, the passage of a fire marshal law for Oregon is urged.

The Insurance Department, as does also the Corporation Department, merits commendation for its businesslike and economical administration during the last two years.

I desire to commend highly the administration of the State Industrial Accident Commission. There will be presented to you some minor revisions in the laws governing it which merit your approval.

FISH AND GAME

The workings of the Fish and Game Commission, under the provisions of the bill passed by the last Legislature, have been most gratifying. The commission has conducted its affairs efficiently, and, I believe, given satisfaction. Certainly the public-spirited attention to their duties shown by the commissioners deserves commendation.

The commission itself is submitting a report and recommendations to you. Without going into details covered elsewhere, it seems desirable to mention here two important points which should be covered by legislation this session:

A new fish ladder is vitally needed at Oregon City, and a moderate appropriation to meet this requirement would be a wise investment.

It is believed that the angler's license fee, which is now \$1.00, should be increased to \$1.50. There has been a decrease in license paid during the last few years, and, on the other hand, there is a rapidly increasing need for restocking of our fishing streams upon a generous scale. It is my expectation that the increased revenue from this source would be devoted almost exclusively to the propagation of trout for the upbuilding of our angling resources.

STATE FAIR

The State Fair is recognized not only as a large event in Oregon life, but also as one of real importance from educational and Statewide development standpoints. The big need of the Fair is a coliseum, where stock shows and other gatherings can be held in the night, or during inclement weather. Such a building would, I am sure, pay for itself in a few years by attracting increased attendance. The exterior structure might at least be undertaken now and the interior left more or less unfinished at the outset, as I have suggested in connection with the budget figures.

To further irrigation development the enactment of an adequate and workable irrigation district law is eminently desirable. The interest of the sections affected will be best served, I believe, through the conduct of irrigation enterprises by the settlers themselves, so far as possible.

LOCAL ECONOMY

The growing desire to keep down taxes is to be commended, especially because it surely indicates an increased public interest in community affairs. The very best way to get efficiency in public administration, whether it be district, municipal, county or State, is for the citizens affected to take an active hand in what is going on.

I welcome, therefore, these campaigns for lower taxes and improved public administration; the latter, in its best sense, carries with it the former. But so far as the state is concerned, we should realize that only about one dollar out of every ten paid in taxes, in an average county, goes to State expenses, while the other nine are devoted to the costs of the county, school, district and city. This is no apology for State extravagance. Such as exists should be eradicated. But it does mean that by far the largest and most fruitful field for

economies lies nearer home. No doubt this Legislature will devote serious attention to economical reforms in some of the laws affecting expenditure of this nine-tenths of our taxes.

PUBLICATIONS

In smaller fields of possible economy, it seems well to mention the rather abundant output of reports, which are published from time to time by the various departments. Occasionally there is useless duplication in the subject matter covered. Often editions are larger than warranted, and the value of the report, itself, as well as the size of the printer's bill, would benefit if the subject matter was reduced. It is also occasionally true that officials take advantage of their printing appropriation for the issuance of matter designed primarily for political purposes. I suggest that means be devised whereby all publications handled by the State Printer be supervised by the State Printing Board, to the end, at least, that duplications and waste be eliminated.

Another economy of comparatively minor importance relates to the State purchases of postage stamps. Any large corporation perforates all the stamps used by its employees. This makes extremely difficult, if not impossible, the use of State-owned stamps for personal purposes. It is a businesslike reform which should be instituted.

PIONEERS

Among items of deserving legislation which perhaps cannot receive action now because of financial restrictions, but which merit future realization, I commend to your attention the following:

The pioneers who founded Oregon deserve recognition. A practical and useful monument to their accomplishments would be the erection of a State Historical Building to accommodate the valuable records and souvenirs of the State's early days, which now are poorly housed and in danger of loss by fire.

At Champoeg on May 2, 1843, was held a gathering of unique significance in the western history of the United States, marking the official birth of Oregon. The anniversary of this occasion is celebrated each year. It seems eminently fitting that the State should recognize the significance of these annual meetings and the event they commemorate, by giving financial aid to the erection of a modest building at Champoeg.

With these suggestions for the present and future, I close this message, which marks the completion of half of my official journey as Governor of Oregon. During the two years of my administration I have given the best I have to the service of the citizens who honored me with this office, and during the coming biennium, if Providence permits, I pledge them a continuance of earnest effort for sane, constructive administration. And I assure you, gentlemen of the Twenty-ninth Legislature, that you will find me ever ready to cooperate with you for the betterment of our beloved commonwealth.

Governor's Message, 1919

Source: MESSAGE OF JAMES WITHYCOMBE Governor of Oregon, To the Thirtieth Legislative Assembly Regular Session 1919

MESSAGE OF James Withycombe Governor of Oregon, To the Thirtieth Legislative Assembly 1919

To the Members of the Thirtieth Oregon Legislative Assembly:

In extending a warm greeting to you all, I can assure you that I approach this pleasant opportunity with a full heart and with a candid desire for wholesome cooperation.

SITUATION WITHOUT PRECEDENT

It is your responsibility to lay the foundation for a partnership between state and nation in the matter of rearranging public affairs and institutions to meet a situation that has borne no parallel since the birth of this commonwealth. In many of the serious questions which will be put forward during the next forty days,

you will have no precedents to guide you. Though living in the present day and participating in contemporary events, you will, in a certain positive sense, be pioneers, and you will, therefore, be obliged to face your work courageously and with a vision that carries you above partisanship and beyond the restricted limits of sectional antagonism and personal ambition. I have no hesitation in expressing full confidence in your integrity, honesty of purpose, wisdom and farsightedness.

VISION IS NEEDED

This message was prepared in harmony with custom and in accordance with my constitutional duty as chief executive of this state. It will deal only with those matters which appear to me, after retrospection of a four years' administration, as affecting the best interests of the whole state at a time when many large developments are in the process of incubation. Let us endeavor to look ahead with a vision that will detect all possibilities, mobilizing our best thoughts and energies in the hope of rendering the maximum degree of service. As architects planning for the future through legislative enactments it is your task to draw up such specifications as will represent the true sentiment of Oregon citizenship.

PATRIOTIC RECORD

It is no necessary for me to remind you of Oregon's preeminent patriotic record and of the importance of preserving her prestige by reconstruction legislation that will ring true to the Oregon standard of excellence. Surely no living Oregonian worthy of the name can be unconscious of pride in the past and ambition for the future.

Oregon, blessed with generous, patriotic people, contributed far more than her proportionate share to the great trinity of war necessities—men, money and materials. She responded with alacrity to every call for patriotic endeavor and time after time was first of all states in support of the country's cause.

It will never be said of Oregon that she thought more highly of her dollars than of the destiny of her noblest sons. Therefore, every effort possible will be made to provide proper care for the boys returning from the service. The general subject should not be approached in a spirit of common charity. It does not involve charity but rather duty and debt.

LAND SETTLEMENT PROBLEMS

Probably the most important problem confronting the people of Oregon today is the question of land settlement, especially as it affects the returning soldiers and sailors who are entitled to every encouragement as they return to civil life. Whatever plan may be adopted by the legislature must offer something tangible and must be practical. Fortunately you have an opportunity to develop Oregon on a business-like basis at the same time you are furnishing assistance to returning service men and to citizens generally.

There are four phases of land settlement work to be considered: the clearing of logged-off lands, the reclamation of irrigated lands, the drainage of swamp lands, and the subdivision of farms in humid sections.

Congress will undoubtedly make some provision for federal assistance in this work, but it will probably be conditional upon state cooperation. This will, of course, involve a new system of financing. Under our present six per cent limitation there is only one way, as I view it, that we could undertake this enterprise, and that would be through a rational bonding system which would meet with the approval of the electorate of the state.

We have approximately 2,000,000 acres of privately owned logged-off land in Oregon, much of it being excellent agricultural soil. This land should be purchased by the federal government or the state, divided into organized districts, improved and allotted in units to prospective settlers. These settlers should be required to make a reasonable initial payment and to meet the unpaid balance on long-term installments at a low rate of interest following the amortization plan.

Oregon logged-off land will cost about \$100.00 per acre to be cleared. This would offer a splendid field for cooperative work between the federal and state governments. Large numbers of men could be employed to clear the land under modern methods and part of their earnings retained as partial payment for cleared land.

Since the logged-off lands are now owned by private individuals, it might be feasible for the federal government to acquire the stump land by exchanging timber in the forest reserve on an equitable basis to be determined between the government officials and the owners of the logged-off lands. The federal government has about 14,000,000 acres of timber land in the Oregon forest reserve and much of this timber is now ready for the market.

Irrigation projects should also be districted, the land subdivided into units and the same system of financial aid followed in establishing the farms and herds and erecting the necessary buildings, including a modern inexpensive home. A similar plan could be followed in the drainage of swamp lands.

PRESENT COMMISSION HONORARY

Oregon has undertaken the subdivision of farms in a voluntary way through the services of the honorary Oregon land settlement commission, which was appointed by me a year ago. . I suggest that this commission be made permanent by proper statutory enactment and furnished funds to work with.

The administration of the work in irrigated sections should be left with the desert land board, but the work of subdividing the farms and the settling of the logged-off lands as well as the drainage districts should, I believe, be under the administration of the Oregon land settlement commission.

The natural aptitude of the prospective settler and his experience in farm work must be considered constantly in a study of this question, for, in developing any farm unit, much will depend upon the occupant himself, particularly his desire to develop the property and his application to the work. For this reason great care should be exercised in selecting as settlers only practical farmers or those who show likely promise of developing into successful farmers.

The legislative committees formulating land settlement legislation will, no doubt, derive considerable profit from a careful study of "The Soldier Settlement Act," suggested by Secretary of the Interior Lane and from conference with members of the Oregon land settlement commission, who have given the subject much constructive thought, and who have placed Oregon at the forefront of the nation in this important work.

RETURNING SOLDIERS

Machinery must be set officially in motion to place available positions at the disposal of returning service men and, in this connection, I commend to your legislative generosity the suggestion that preferential rights be granted them in contracts of employment on public work, such as highway construction. A state executive committee appointed by me some weeks since to arrange a proper reception for returning fighters is preparing a census of available positions and doubtless a reasonable appropriation will be asked to finance its worthy endeavors.

I feel that steps should be taken toward the compilation of a reliable, permanent history of Oregon's participation in the world war so that the achievements of our boys can be preserved to posterity. The state librarian, having been appointed by the council of defense as state war historian, has undertaken this work on a comprehensive and thoroughly practical plan. I suggest that a suitable appropriation be set aside for this commendable purpose. There will be other ways of honoring and perpetuating the memory and deeds of the Oregon soldiers and sailors, and no doubt this legislature will exercise the pleasant duty of determining upon an official state memorial.

ABSENTEE VOTING

In my last message, addressed to the 1917 legislative assembly, I urged the adoption of legislation extending the electoral franchise to soldiers who may be absent from the state while engaged in the service of their country. For obvious reasons it may not be possible to amend our primary and election laws so that men serving in a foreign land could cast their ballot under all circumstances, but in fairness to the men, consideration should at least be given to the possibility of inaugurating a system of direct mail voting that would not interfere with military efficiency. Surely these men, though temporarily absent from home, are as much citizens as ever, and the very reason for their absence makes our obligation toward them the stronger. Soldiers on active duty are also entitled to their other civil rights and to protection in the form of moratorium for a reasonable time after their return.

TREASON

It is not generally understood by the people of this state that there is now no penalty in Oregon for treason. Before the abolition of capital punishment conviction of this crime brought the death penalty, but today there would be no way to enforce that sentence and the law on the subject has never been amended. To be sure, offense of this kind come more properly within federal jurisdiction, but the atmosphere of Oregon is too purely American to tolerate such an omission, and I feel that this legislature would be justified in taking up this and kindred subjects of legislation.

Circumstances might arise where the federal law could not reach the traitor or the defamer, and it would be unfortunate to allow failure of justice because the state itself had been remiss. Now while the poisonous influences of sedition and sabotage are fresh in our minds it might be well to set down in the statutes Oregon's appraisal of I.W.W.ism and other forms of disloyalty, so that there may never be any misunderstanding as to the degree of punishment Oregon courts and Oregon juries would mete out to disloyal persons.

TRADE DEVELOPMENT

Now that the war will soon be history, our minds naturally turn again toward a study of the possibilities of trade development. We must look squarely toward the horizon with a large vision for the development of Oregon. Our constant aim and ideal should be determine how the tremendous natural resources of Oregon can most effectively be placed to the uses of the hand of man.

This state has been extravagantly endowed by nature with an abundance of natural wealth awaiting development. The latent potential wealth of Oregon defies calculation, but we do know that there are at least 420,000,000 board feet of timber and at least 3,500,000 hydro-electric horsepower undeveloped, enough energy to operate the industrial plants of all New England. There are also approximately 2,000,000 acres of arid land that should be reclaimed.

The whole Pacific Northwest territory is tributary to Oregon, representing 250,000 square miles of the finest timber, agricultural and mineral lands of the world, and not only is this vast domain tributary to the ports of Oregon, but it literally gravitates toward these ports.

This situation, in its true essence, demands a strong merchant marine managed by Oregon men and manned by Oregonians. If we are to harvest Oregon's full crop we must look toward a development of commercial as well as industrial and agricultural resources. Our great problem today is to create stable markets for the product of Oregon forests and mines and of Oregon farms, gardens and orchards. We must decide how raw materials can be most advantageously assembled, manufactured and shipped in the form of finished products to the markets of the world. Only by proper expenditure of thought and effort can we hope to retain and properly promote all of our present industries and bring new industries that will furnish wholesome and profitable employment for a greater population of busy and contented people.

After painstaking consideration of the entire problem of development I have come to the conclusion that the prime factor is shipping, carriers being virtually the only important trade essential with which Oregon is not already endowed.

MERCHANT MARINE

Therefore I earnestly recommend that this legislature dispatch a joint memorial to the congress of the United States strongly urging upon the federal government the advisability of building a large number of ships that could be chartered readily to the business men in coast states on terms that would enable them to compete successfully with any shippers in the world. I am satisfied that such a plan would be the means of establishing a magnificent national merchant marine system.

In support of this memorial every loyal Oregon citizen should direct his best effort toward the accomplishment of the desired end which all of us have in mind. If it is impossible to gain the proper cooperation with the federal government no time should be lost in devising such other ways and means as may prove to be the quickest and the surest to bring maximum results.

TAX LIMITATION

Due entirely to the exigencies of an unforeseen war and the accompaniment of unprecedented high prices the cost of maintenance of state institutions has been greatly increased, thus demanding expenditures much larger than would have been required under normal conditions. In this connection I frankly reiterate my conscientious conviction that the six per cent limitation is wrong in principle, as it restricts legitimate state activities in period of unusual emergencies. On the other hand, it is really not economical as it will inevitably result in a higher general level of taxation than is frequently necessary, due to the arbitrary practice of adding the six per cent regarding less the merit. Taxation should be flexible, capable of reasonable expansion to meet unusual emergencies and of severe restriction when an increased fund is not needed.

A capitalization of assets is not wastefulness; it is good business. If we are to mine the rich ore of undeveloped resources we must spend at least enough to put the shafts of production into operation.

STATE FINANCES

The financial situation in Oregon is uncertain but it is by no means hopeless and I have faith in the ability of this legislature to solve the problem. We have just passed through a period marked by a severe drain on the treasury but we have learned, as never before, how to save and conserve and do without. Perhaps this idea of conservation, which has been stretched almost to the point of uniqueness, has become somewhat of a habit. If so, its wholesome benefits will continue, forming what might be called a blessing in disguise. In any event, let us be businesslike and as equitable as possible in our financing.

As a matter of business expediency permit me to invite attention toward the advisability of establishing the end of the fiscal year at July 1 rather than January 1, thus running the state ledger concurrently with the books of the federal government. Inasmuch as the working out of highway construction programs and the prospective land settlement arrangement between the state and national governments involves the element of financial cooperation, the possible advantages of the suggested amendment are manifest.

INDUSTRIAL ACCIDENT COMMISSION

In passing from the subject of finance to a cursory purview of the departments of state coming indirectly within the jurisdiction of the executive department a ray of bright sunshine confronts us as we touch upon the largest and most important department, the industrial accident commission, which has grown amazingly since its establishment five years ago.

Under the law at present the state is required to contribute one-seventh of the funds received by the commission from employers and employees and, to suit this provision, and estimated contribution of \$680,000.00 has been fixed in the 1919-1920 state budget. It has been suggested and will be recommended officially by the commission, I believe, that the law be changed so that the state be required to contribute only enough to defray the expenses of operating the commission, which are estimated at \$300,000.00. It

occurs to me that the financial affairs of the commission are now in such flourishing condition that it would be advisable, as well as altogether proper, to suspend state aid to the industrial accident fund entirely for the coming biennium and to authorize the commission to meet the administrative expenses during that period from the large unexpended surplus now lying in the fund.

GREAT SAVING POSSIBLE

Such a step would not only reduce the budget \$680,000.00 by a single legislative stroke but would result in additional economy of approximately \$30,000.00 a month for every month prior to July 1, 1919, that such an amendment to the law became effective. In other words, if the legislature passes the law which I most earnestly recommend and fortifies it with the emergency clause, making it operative as early as February 1, 1919, a saving to the state of about \$830,000.00 would result without curtailing in any way the effectiveness of the commission. The suggested appropriation of \$680,000.00 would be spent commencing July 1, 1919. Prior to that time state aid would probably average \$30,000.00 monthly over the five months' period between February 1 and July 1. Hence there would be an additional saving of about \$150,000.00, providing an emergency is declared in passing the amendment now.

The industrial accident fund on December 31, 1918, the date of the last financial statement, showed a balance of \$1,326,374.19. There was also due the fund, as of that date, the one-seventh state aid accruing since July 1, \$168,498.45, making a total of \$1,494,872.64 available in the general accident fund as of that date.

The estimated undetermined liability on December 31 was \$467,779.00. The thirty per cent additional, as provided by section 19 of the compensation law, is \$140,363.70, a total liability against the industrial accident fund of \$608,363.70. The condition of the industrial accident fund as of December 31, therefore, was as follows;

Balance in fund \$1,326,374.19

Due from state \$168,498.45

\$1,494,872.64

Less liability and 30 per cent 608, 242.70

Surplus \$886,629.94

The state has paid into the industrial accident fund since the compensation law become effective a total of \$606,867.76 as its one-seventh. The amount paid to the state during the calendar year 1918 exceeded \$320,000.00. The estimated contributions to the fund during the next biennium by employer and employee will amount to \$4,800,000.00, and the state's contribution of one-seventh would amount to \$680,000.00. Administrative expense alone would amount to approximately \$300,000.00 for the two years.

The heavy unexpended surplus in the fund has resulted from the abnormal industrial conditions during the past two years. The amount of money paid into the industrial accident fund by the state, being established by statute at a sum equal to one-seventh of the amount paid into the fund by employer and employee, has been disproportionate and excessive.

COMPULSORY COMPENSATION

It would perhaps be unwise to eliminate the state aid feature of the law permanently. For one thing a return to normal conditions might create a new situation. Then again there is strong likelihood that the workmen's compensation law will be made compulsory for all classes of employment rather than elective for a limited class of employments, as at present, and I am frank to say that I earnestly favor an extension of the law. Such

a measure would have to be submitted by your legislature or through the initiative to the people and it would therefore require probably two years' time to make the innovation effective.

Other important matters suggest themselves in connection with the industrial accident commission. The department, employing as it does some ninety-one persons, is badly in need of larger quarters than are available in the Capitol building.

INDUSTRIAL HOSPITAL

To my mind it would be well for the legislature to consider very seriously the advisability of erecting under the supervision of the commission a hospital for industrial cripples. At present large sums are expended by the commission a hospital for industrial cripples. At present large sums are expended by the commission for hospital care and this attention could, without doubt, be given more economically and more efficiently through a special building adapted particularly for handling accident cases. Portland being the industrial center, where a large proportion of the accident occur, I believe the proposed hospital should be located there, in conjunction with the buildings of the University of Oregon medical school; also I strongly urge that a branch of the accident commission hospital should be devoted to the care of indigent and crippled children, as well as other unfortunates meriting state assistance.

The increase in the number of accidents sustained in industrial establishments is little short of alarming. It is not enough for us to say that compensation is made for the loss of life and limb. Our workmen must be accorded every protection and comfort possible. In the last four years there have been 58,894 accidents in Oregon, 50 per cent of these occurring during the past year. Often as many as 100 accidents are reported a day, the logging camps and shipbuilding establishments being the most prolific accident producers.

I am glad to be able to say that the elimination of state aid from the industrial accident fund for the two-year period would still leave an adequate amount to finance the construction of a magnificent hospital building.

MILITARY

Oregon's proud war record is traceable in part to the constant alertness and efficiency of the state military establishment. For the speed and accuracy with which the draft law was administered in this state the selective service department of the state adjutant general's office deserves special praise, as do all the loyal-hearted Oregonians who worked hard and long assisting in the registration, classification and mobilization of the men of draft age.

I feel that the official thanks of the state are also due the thousands of men, women and children, of every rank and station in life, who gave willingly and generously of their time and effort in contributing to the success of the countless war drives, rallies, receptions, farewells and similar war activities. But for this unanimity of patriotic spirit Oregon could not have maintained her place at the forefront of the nation.

Nor can too much praise be accorded the members of the state guard companies and the home guard units, the latter being composed for the most part of business men who rendered valiant emergency service under the supervision of the respective county sheriffs.

NATIONAL GUARD

Because both the state military code and the national defense act forbid the existence in peace times of military organizations which do not come within the jurisdiction of the war department, I deem it advisable to proceed with the organization of the Oregon national guard so that this establishment may be perfected by the time the prospective treaty of peace is signed. There are many arguments in support of cooperation with the federal government in military matters and the element of financial assistance is by no means the least of these considerations.

STATE CONSTABULARY

On the advice and specific recommendation of the state council of defense the Oregon military police force of approximately 200 experienced men was organized on the unanimous authority of the state emergency board in March, 1918. Despite the vicious criticism leveled against this organization by the lawless element, whose habits were rather rudely interrupted by the activities of the state police, and by many well-meaning citizens who were not informed truthfully, the Oregon military police performed an excellent service which fully justified the appeal of the state council of defense initiating the organization.

I recommend the establishment of a state constabulary of ten or fifteen men as a small mobile force for state police duty. Such an organization could render valuable service in the enforcement of the prohibition and game laws, and could materially aid preventing forest fires.

COUNCIL OF DEFENSE

The thanks of the entire commonwealth are due the state council of defense for its patriotic leadership for its patriotic leadership in publicity work during the recent emergency. The meetings arranged through this organization encouraged the people of this state to do their full share in the program of war activities and served to invigorate their patriotism with increasing healthfulness. Because of the distressing status of state finances the executive officials of the state council determined upon their own initiative some time ago that the council should cease to function on an active, paid basis after January 1, 1919, but I feel that the personnel of the state and county organizations should be kept intact and the activities continued on a voluntary basis, at least until after conditions have resumed their normal state.

EDUCATIONAL INSTITUTIONS

The University of Oregon and Oregon Agricultural College have earned warm praise for the splendid work of their military departments in fitting the youth of the state for honorable and efficient participation in the war and for similar work related to the war program. The Oregon Normal School at Monmouth has done good work in preparing teachers and is entitled to continued support. Education is the foundation of our citizenship, therefore, appropriation to support these most worthy institutions is money well invested.

VOCATIONAL TRAINING

In company with all other states, Oregon is invited to cooperate with the federal government in what I consider a most worthy plan for the teaching of vocational training in the Oregon schools. The government offers to appropriate \$40,813.18 for this purpose during the next two years if Oregon will expend a like amount. This plan is being administered under what is known as the Smith-Hughes act through the federal board for vocational education. The board appointed by me to represent Oregon in consideration of this subject will make its report to your body.

ILLITERACY

I also recommend that this legislature study the provisions of an educational bill now pending in congress, known as Senate Bill 4987. This measure contemplates state cooperation in banishing illiteracy and in spreading the benefits of Americanization among foreign born.

The administration of the selective service law revealed a distressingly large number of illiterates in the United States. Under the 1917 draft alone 700,000 men registered by marking X's for their names. It is a pleasure for me to remark that a recent federal report announced Oregon's rank among the forty-eight states as third in the scale of literacy, only two states, Iowa and Nebraska, ranking above her. Nevertheless the last federal census discredited Oregon with 10,504 illiterates and the fact that a new official ranking will be determined in the 1920 census, which will remain fixed for a full decade, suggests the importance of the subject.

Because most illiterates are beyond the school age the problem is admittedly difficult. A number of Oregon judges now require that men appearing before them for examination looking toward citizenship submit their wives also for educational test and this custom will no doubt lead to beneficial results in reaching those adults inclined to illiteracy. At the inspiration of the state department of education the teachers of the state are being encouraged to aid all residents who seek assistance in special subjects of education. Their generosity in this direction should be recognized.

Simply because our thoughts of late years have been concerned more or less exclusively with wartime and worldwide consideration we should not abate our efforts toward desired educational ends and should not lose sight of the fact that our schools constitute the best recruiting ground for patriotism as well as citizenship, and that they have a direct, almost decisive bearing on the future destiny of our state.

Two years ago I recommended the establishment of facilities for military training in the high schools, and intermediate events tend to strengthen the arguments in favor of this innovation.

CHILD WELFARE

I feel that commendation is due the child welfare commission, which has been performing excellent work in conjunction with the extension department of the University of Oregon. I respectfully suggest that a small appropriation be set aside to take care of the expenses of this welfare work. You have before you a very able and exhaustive report upon this subject, prepared by a representative of the Russell-Sage Foundation, for which the state is deeply grateful.

EXPERIMENTAL WORK

Since agriculture is our basic wealth and experimental data from the foundation of sound farm practices it is very important that we support as liberally as possible the experimental stations and extension department of our agricultural college, which are doing most excellent work. These activities are supported largely by the federal government and the state should cooperate generously in cultivating this great field of agricultural activity.

SOCIAL HYGIENE

The prestige of Oregon as the most immaculate state of the nation in respect to the physical cleanliness of its selective service men speaks well for the efficiency of the state board of health and more particularly for the Oregon Social Hygiene Society, which seven years ago commenced to pioneer in its persistent fight against the venereal disease menace. This enviable showing not only proves the effectiveness of wholesome, dignified education on health subjects, but suggests increased benefits which may be expected from continued effort. It rests with us whether or not Oregon will continue to lead the nation.

PENITENTIARY

I am hopeful that fair-minded committees of this legislature will make a careful examination of the state penitentiary and learn the real truth about a situation which has been made the football for politics, spiteful vengeance and deceiving manipulations. Although the physical status of the penitentiary property leaves much to be desired, I am well pleased with the administration of the institution under the first management of my own individual choosing. In a month the new warden has been amazingly effective in his work and I am confident that any one conversant with the actual conditions will concede readily that this penal institution is now being administered on a most satisfactory basis. Considering the responsible and exacting nature of his work, I feel that the warden is underpaid.

Above everything else the penitentiary needs a new cell house to correct deplorable sanitary conditions, to prevent possible disaster through fire and to permit a segregation of the inmates on a practical basis. If funds were available the construction of such a cell house would be a splendid investment, but because of

the present disheartening status of state finances it may be necessary to defer for another two years this almost imperative improvement.

Due largely to the cleansing influence of prohibition the population of the penitentiary is now considerably lower than it has been for many years, but we must not lose sight of the fact that the abnormal industrial conditions resulting from the war have also been instrumental in reducing crime. Unless wages remain high and employment plentiful we may expect an increase rather than a further decrease in penitentiary population.

FLAX INDUSTRY

The past two seasons have been the most unfavorable, climatically, of the last forty years for the growing of flax, and for that reason the showing made by the state flax industry, operated in conjunction with the penitentiary, has not been as favorable as might have been expected under average conditions. Nevertheless the outlook is yet encouraging and the demonstration has been sufficient to satisfy those familiar with the industry that flax can be made a profitable crop.

Despite the unfavorable climatic conditions, the flax industry is now in good, healthy shape, as evidenced by its assets at the time of the biennial report, September 30, 1918, as follows:

Cash on hand \$17,156.65

Invested in flax machinery, etc. \$14,858.56

Truck and auto \$3,000.00

Estimated value of materials on hand,

Including seed, fiber and tow \$27,920.00

It is to be remembered that over \$10,000.00 of the original appropriation was expended on the state rock crushing plant, through which a large amount of road building was done for the several state institutions.

From the time the flax industry came under state encouragement following the act passed by the 1915 legislature, up to September 30, 1918, farmers growing flax were paid \$13,230.98 from the flax fund, and the prisoners working in the flax were paid \$17,451.65 under the plan devised for providing employment for prisoners inside the penitentiary. During the month before my inauguration four years there were 160 men in the penitentiary without occupation. It has been my aim to keep the men regularly at work following those tasks for which they are best equipped. In the past four years virtually all prisoners physically able to work have been regularly employed.

PRISON LABOR

In connection with this problem of keeping all prisoners employed regularly, I am frank to express my doubt as to the wisdom of the laws which prevent the sale of prison-made articles in competition with those manufactured by free labor. The population of the Oregon prison is so small that the effect of removing this restriction would at most have but a negligible influence on the labor market. When we consider that the taxpayers of Oregon are paying for the sustenance of the penitentiary inmates it seems shortsightedness to erect legal obstructions which serve to prevent them from earning their own way as nearly as possible during incarceration. A law granting the prison authorities a free hand to dispose of any commodities that may be produced advantageously by the prisoners would undoubtedly tend toward economy and lower upkeep, as well as toward a better morale among the men.

HIGHWAYS

The present highway code is giving admirable results under the direction of a non-salaried commission composed of three men characterizing the highest type of citizenship and business ability. Oregon is at least following a definitely established and sane highway program which should be accorded a full trial without damaging interference.

With the federal, state and county funds available for expenditure on road work in this state, it is estimated that employment will be furnished for approximately 3,800 men during the coming season, a factor which will weight heavily in counterbalancing the prospect of unemployment resulting from after-the-war conditions.

Specifically, I favor the enactment of a law authorizing the highway commission to supervise the construction of a uniform system of road signs along all main highways of the state, the expense of the work to be paid from the automobile registration fees. So many serious accidents have occurred on grade crossings that I feel it might also be well for members of this legislature to consider the feasibility of passing a law requiring the drivers of both passenger automobiles and motor trucks to bring their vehicles to a complete stop before crossing railroad tracks outside the boundaries of cities and towns.

INSURANCE

The insurance code enacted by the last legislature has apparently given satisfaction and should, I believe, be given further time to work out the various problems confronting the insurance business. This new law has been the means of practically doubling the income of the insurance department and I am further advised that a steady increase will be maintained. Some time ago a committee, consisting of policyholders, was appointed to investigate the fire insurance rates. Their report is now in my possession and I presume a copy will be handed to your committees on insurance. The wisdom of creating the fire marshal branch of the department has been demonstrated by the good results its workers have accomplished in reducing fire losses.

CORPORATIONS

The corporation department also is entitled to commendation for the successful administration of its affairs and the economy of its maintenance. The so-called blue sky law has furnished the investing public with reasonable protection against the unscrupulous promoter and stock jobbers, but it has not obstructed the establishment and expansion of legitimate business enterprises.

FISH AND GAME

With some minor adjustments, which will be recommended to you by the commission itself, I believe the present law governing the activities of the fish and game commission is working satisfactorily. In connection with the work of this commission I desire to make two specific recommendations. I advocate the ceding of Malheur Lake and Mud Lake, in Harney County, to the United States government by the state for the purpose of creating a permanent wild bird refuge. I make this recommendation because I feel that Oregon, which contains some of the most important breeding grounds in the United States, should support the federal government in its laudable plan to furnish protection to migratory birds.

The plan of the federal government for the complete destruction of predatory animals is also commended to your favorable consideration and attention. If this plan were adopted by Oregon the present system of paying bounties for the killing of pests would be revoked in favor of a plan of state and national cooperation for wiping out the animals entirely. The federal government will match each dollar appropriated by the state for this purpose, and I suggest that Oregon follow the lead of Arizona, New Mexico, Utah, Nevada, and Washington in accepting the assistance of the United States biological survey in this important movement, even though less than the amount which would otherwise be set aside for bounties is appropriated. Under the bounty plan the animals easiest to reach are killed and large numbers are left to propagate. Instead of continuing bounties, I suggest, as an experiment, that the state appropriate \$35,000.00 for the biennium to cooperate with the federal government in the extermination of predatory animals.

STATE FAIR

The state fair board deserves congratulation for the excellence of the commodious new stadium on the fair grounds and for the financial success of the last two fairs. I suggest that a reasonable fund be appropriated for the continuance of this department of practical education.

BUREAU OF MINES

The bureau of mines and geology has been doing splendid work in calling attention to the great mineral resources of the state. Until recently we have been somewhat derelict in promoting this great means of wealth. I suggest that this bureau be given proper financial assistance so that the mineral resources of this state may be developed in the largest possible way. In addition to the precious metals, Oregon is rich in clays that should be utilized at the earliest practical moment. Full development of mining and its allied industries would not only serve to bring large revenue to the state, but would also furnish employment to a large number of men.

STATE EXHIBIT

The state agriculture and industrial exhibit at Portland should be continued, as it furnished an impressive and practical means of advertising the resources of the state. The exhibit should, I think, be placed in the hands of the Oregon land settlement commission with a reasonable appropriation for its continuance.

CONSOLIDATION COMMISSION

Agreeable to the instructions given me by the 1917 legislature under House Concurrent Resolution No. 11, a consolidation commission was appointed, the personnel representing a number of well known business men over the state in whom the general public has confidence. The recommendations of this commission will be considered by you in due course and it is hardly incumbent upon me to express an opinion either for or against any of the legislative topics suggested by this commission, as the report itself is addressed to the legislative assembly.

PROHIBITION

It will be my happy privilege to report to this legislature a communication received from the secretary of state of the United States certifying to the joint resolution passed by the congress of the United States which refers to the legislatures of the various states the question as to whether or not there shall be written into the constitution of the United States a law absolutely prohibiting the manufacture or sale of intoxicating liquors. I sincerely hope and firmly believe that you will, by proper, resolution, ratify this proposed amendment by an overwhelming if not unanimous vote.

INDUSTRIAL ARBITRATION

In my address to the 1917 legislature I proposed that steps be taken toward the settlement of industrial disputes through the channels of arbitration and I am still of the same mind. It would be constitutional to create a state board of conciliation and arbitration, clothing it with sufficient powers to settle harmful controversies fairly and judiciously, and providing safeguards necessary to prevent the operation of prejudice against either labor or capital, I feel that the entire state would be benefited by such an enactment. Means should be provided, of course, to insure a full and faithful performance of the board's decisions affecting either side of a given controversy.

CIVIL WAR VETERANS

I favor the enactment of a statute exempting from taxation the property of civil war veterans and their widows up to an assessed valuation of \$2,500.00. A number of states have laws of this nature and I feel that Oregon should be willing to extend this simple recognition to the heroes and heroines of the civil war period.

LAND CASES

In view of the fact that the attorney-general has been instructed by the state land board to proceed with what are known as the Pacific Live Stock Company land cases, it is my opinion that funds should be set aside by this legislature to continue the litigation now pending.

CONCLUSION

As this message is brought to a close, I beg to reassure you of my earnest purpose to cooperate with you in devoting full thought and energy toward painstaking and conscientious consideration of all legislative matters. May the Supreme Ruler endow us with adequate strength, vision, wisdom and courage and guide us through a legislative session marked by promptness, economy, accuracy and efficiency.