



## Oregon State Archives

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## GOVERNOR PAUL L. PATTERSON ADMINISTRATION

December 27, 1952 to January 31, 1956

### Biographical Note

Patterson was born in Renton, Ohio July 18, 1900. After service in the army during World War I, he entered the University of Oregon where he received a bachelor's degree in business administration in 1923 and a law degree in 1926. Patterson established a private law practice in Washington County which he maintained until 1952. He also served as Deputy District Attorney for Washington County from 1926 to 1933. For many years he served as City Attorney for Hillsboro and surrounding communities.



Patterson's political career began in 1944 when he ran for the Oregon Senate as a Republican from Washington County. He served in the Senate from 1945 until 1952. On Dec. 17, 1952, as President of the Senate, he succeeded to the governorship upon the resignation of Douglas McKay. He defeated Joseph K. Carson in the general election in 1954.

As governor, Patterson scrutinized state expenditures and guarded the state's reserve funds, while seeking federal funds to meet the water reclamation and unemployment problems that faced the state. He worked with Senator Elmo Smith to pass in 1955 the law which created a state surface and ground-water code and established the Water Resources Board to monitor and regulate it.

Patterson opposed new taxes. No sales tax should be adopted, he said, except through a popular initiative. He asked for but failed to get repeal of the federal income tax offset against the state income tax.

In the early 1950s he asked for more resources to curb unemployment. He successfully lobbied the federal government to sell up to 10 billion feet of wind-blown timber in small lots, to keep Oregon lumber workers busy during the winter season.

He continued to lend strong support to the national highway program in Oregon. He supported the federal government's partnership approach to hydroelectric projects.

Patterson championed local home rule and simplified government. "The problems of this country are too vast and too varied for one governmental unit to solve. Our future lies in upholding the rights of the states so they can approach and solve their own problems," Governor Patterson said in a speech to the national convention of Municipal Leagues in 1953.

Patterson challenged Wayne Morse for the U.S. Senate in 1956. Two days after his formal announcement on Jan. 31, 1956, he collapsed and died from a coronary occlusion. After services at the state capitol on Feb. 3, his remains were cremated in Mt. Crest Abbey, Salem, OR.

### Inaugural Message, 1955

Source: INAUGURAL MESSAGE OF PAUL PATTERSON GOVERNOR OF OREGON TO THE FORTY-EIGHTH BIENNIAL LEGISLATIVE ASSEMBLY JANUARY 10, 1955 SALEM, OREGON

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Mr. President; Mr. Speaker; Members of the Forty-eighth Legislative Assembly of the State of Oregon.

In addressing you on this day of my inauguration into the office of Governor of the State of Oregon, I wish to express my deep appreciation to the people of this state for the honor thus bestowed upon me and the confidence reposed in me. It is with a sense of deepest humility that I enter upon this task. Realizing full well the complexities of the problems that lie ahead, and the limitation of man to solve them, I ask you help and God's guidance in my administration, to the end that Oregon and its people may be stronger and happier for my having served.

We meet today in a different atmosphere than existed two years ago. Then our country, together with the other free people of the world in United Nations, were engaged in a police action to stem the aggression of communism among the free peoples of the world. Today there is peace, tenuous as it may be, among the nations of the earth. Then our effort was to hasten our preparedness and bring our young men home into an economy preserved and protected for them while they were fighting for years. Today, most of those men are home. While thousands of our young men are still in the military service, it is a peace-time, preparedness service and not the devastating service of war.

However, our problems are still great. In the place of the hot shooting war of yesterday, we have the cold, manipulating war of today, struggling for the possession of men's minds. Communism, decided to the principle of the domination of hesitate over man, is attempting to erase from the face of the earth the belief that governments exist only for the service of man and that men live, not for the state, but for the brotherhood of each other, under the fatherhood of God.

Oregon's place in this picture is small but extremely important. We are one of the forty-eight states, dedicated to the belief that men have the right and the ability to govern themselves. To the extent that we succeed in proving this principle, to the extent that we are able to successfully solve our governmental problems for ourselves, we will have shown to the peoples of the world that our theory of government is correct.

With these thoughts in mind, let us turn to the task of today. I believe, before discussing the problems before us, it would be well for a moment to look at the past. Just as the tiller of the soil looks back on the field he has sown to give him courage and strength for the work ahead, so may we take courage and inspiration in solving the problems of today by looking at the achievements of yesterday. The picture we see is good. We find a strong state; its budget balanced; its obligations current; its institutions, its schools, its highways meeting the needs of its people; the citizenry largely employed at the highest wage scale in the Union, looking forward with anticipation to a continued, prosperous life in Oregon.

IN the past fifteen years our population in Oregon has increased fifty percent. More new people have come to live with us in this period than there are in the entire city of Portland and the surrounding metropolitan area today. This has meant a corresponding increase in the burdens of government. Our elementary schools have expanded from 193,547 children to 312,564 children. There are 14,809 students in our institutions of higher education, as against 9,768 in 1940. IN our institutions, mental, health, and penal, the population has increased from 7,076 to 9,042 people. We have fought two wars and yet we have been able to extend to our returning veterans aid, loans and bonuses, to compensate them in part for the loss that they sustained. Old age assistance has been increased from \$30 to \$64 average monthly grant per person, and new fields of medical care and assistance and aid to disabled person have been added to the public assistance program. Oregon has come from the position of being among the lowest states in the Union to the position of eighteenth in the matter of aid given to elementary schools. We have increased our state personal from 8,159 to 15,441. WE have decreased the hours of employment from 48 to 40. WE have instituted a retirement program, a social security program in order that our employees may be protected in their future. WE have bought and renovated a building for a new college in Portland. A new teaching hospital, a new dental hospital, a new state office building in Portland, the Public Service Building and the Highway Building on the Mall in Salem all are accomplishment of the last decade. We have largely rebuild the Penitentiary. A

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new wing is being constructed for the State Hospital. There are new facilities at the Tuberculosis Hospital; an new hospital and cottages for Fairview Home; a new Journalism Building, Science Building and Library at the State University; new Electrical and Chemical Engineering Dairy and Animal Industries and Home Economics Buildings at the State College. These and many more are the accomplishments of the past fifteen years.

During this period of phenomenal growth and change, when the dollar was depressed to half its value and inflation sky-rocketed the cost of services and buildings to the state, our General fund budget increased from \$17,000,000 to \$193,000,000. Yet we have been able to accomplish these things without the addition of single new tax, or the increase of our tax rates, except a minor one-percent adjustment in the higher income brackets, made at the time the husband and wife exemption was allowed. This is indeed a record of which Oregon may be proud, and for those of you who have played apart in this great achievement, you may take satisfaction in a job well done.

Against this backdrop of accomplishment we can face the future with confidence, feeling that what those who have preceded us have been able to achieve, so might we also hope to solve our problems with equal success.

There are a few things confronting the state that I would like to comment upon at this time.

## FINANCES

The question overriding all others before this Legislature, and that which will enter into your deliberations on much of what you are to do, is the one of state finances. You have had laid upon your best the proposed budget for the biennium of 1955-57. While I have written an attached letter to that document, I desire to comment further upon this question today. You will note that we will complete the present biennium with some \$7,600,000 surplus. The anticipated income for the ensuing biennium is \$148,000,000, giving us available funds for appropriation out of the general fund of \$155,700,000. The budget before you calls for an expenditure of \$200,750,000, leaving a deficit of \$45,000,000. I hasten to say, however, that this is not the sum total of the problem confronting you. This recommended budget has been reduced to the bare minimum and many things have been omitted which we know will be included by this Legislature in its deliberations. I refer to such things as certain salary increases which will be reflected by the Barrington Report when it is completed, and to the fact that the budget itself does not make any provision for building program which I desire to discuss with you before including it in this budget.

In searching for solutions to this problem, there are two avenues of approach open to us. The first avenue would be that of retrenchment, whereby we materially cut back or eliminate state activities which have been taken on by the state within the past few years. Drastic cuts and economies have already been made in preparing this budget for you. The three great programs accounting for approximately seventy percent of this budget are, in the order of their size: basic school, higher education and public assistance. To balance the budget though curtailment or retrenchment would require to total elimination of one or more of these programs. The other avenue is the finding of new sources of revenue that we might carry on the program which our people have requested of us. I prefer the latter course, and thus address you with a view toward finding greater revenue.

I believe that the time has arrived when we should repeal the so called "skyscraper clause" and the exemptions to the utilities in the corporate excise tax. The other exemptions in this tax should also be reexamined, but I do not recommend the repeal of the personal property offset, unless there be a corresponding adjustment in the rate, together with the consideration of an inclusion within the tax picture of those types of businesses which are not now being taxed.

For the purpose of my discussion with you today, I am going to use the arbitrary figure of a \$65,000,000 deficit. Under our law, if there are no other taxes produced, a six-mill real-property levy can be made upon the real property of the state and a property tax levied to pay the bonded indebtedness, which must be paid

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by general taxes. These two taxes together would raise the sum of \$30,000,000. A greater levy than this cannot be made unless you wish to repeal the law approved by the people in the General Election of 1952 limiting a state real property assessment to six mills. I do not recommend such action upon the part of this Legislature.

One of the most frequently mentioned sources of new revenue for the State of Oregon is a retail sales tax. Such a tax would raise a considerable sum of money, depending upon the rate of tax levied and the exemptions that were created in the law passed. Such a tax has been before our people in carrying forms five different times. Each time they have rejected this tax by an increasing majority. There are other sources of raising the money needed by the state at this time. Until we have exhausted the other avenues of revenue, I do not believe that the Legislature should adopt a retail sales tax. If we are to have such a tax, it should be initiated by the people themselves.

Another source of revenue which will produce approximately \$30,000,000 for the biennium is the repeal of the federal tax offset to our existing personal income tax law. This tax is subject to serious objection. It is a tax on a tax. It will strike most heavily in the higher income brackets. It may have a tendency to drive from our state producers of income and producers of jobs, and Oregon has great need for new industry and new jobs. Any tax which would drive people and industry from Oregon would not be a good tax. All these things can be urged against it, but on the other hand, this tax would simply be a measure of an increase in the existing rates of our income tax law. Instead of increasing the rate at which the taxpayer must pay his taxes, and exemption is taken from him which means that he pays the existing rate on a larger income. Commencing with January 1st, 1955, material reductions are to be realized by the taxpayers on their federal income tax. I have caused studies to be made by our Tax Department from which it appears that the passage of the law repealing the federal tax deduction would not increase the over-all tax burden of our taxpayers and would merely amount to an increase in their state tax of a lesser amount than the reduction they are to experience on their federal tax. In addition to this, I call attention to the fact that the increased state tax thus paid would be a deduction on the federal income tax, and would be partially offset in this manner. For these reasons, I recommend to you serious consideration of repealing the federal tax offset as a means of raising \$30,000,000 of the required money for the next biennium.

There are other sources of taxation open and available to us. For many years we have been collecting a corporate excise tax upon those businesses operation under the corporate form of existence. We have not levied a corresponding tax upon the partnership or the individual operation of a business. It has seemed to me that to tax one form of doing business and exempt other forms of doing the same business is not doing entire equity to our people. For this reason I recommend to you careful study of business tax law, similar to that now in operation in the State of New York.

Another form of raising the required money is through increasing the rates of our present income tax law. This can be accomplished through the levying of a surtax upon the tax calculated on the present law, or by actually changing the rates in existence and lowering or eliminating the exemptions. This latter has been referred to as a universal income tax. It has great merit and should be considered. There are other taxes such as increasing the markup on the liquor sales, increasing the state's portion on the take on the pari-mutuel beaten, levying a tax on public utilities, whether operated by private or public companies, taxing insurance premiums, all of which will raise various sums of money for us.

WE are about to undertake in the state of Oregon new sources of revenue. I do not think that this should be done without the greatest study and consideration by you of the equity of any tax and the effect on our economy of levying such tax and the place that it would have to all of these taxes, and while I do not wish to transgress upon the province of the Legislature in the matter of levying taxes, it is my conclusion and belief that the repeal of the mentioned exemption to our existing corporate excise tax, the repeal of the federal tax exemption in our income tax law, and the levying of some the allowable mileage on real property within the State of Oregon is the solution for our financial problem for the next biennium. On this latter point I would caution against using it all as to do so would leave no leeway in the event our income taxes were to fall short of anticipation.

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One further point before leaving taxes. The people defeated the constitutional amendment in November establishing a new tax base. I believe a law should be enacted preserving our present base for use in case we need it in future years.

## BUILDINGS

I have mentioned before that in the budget presented to you there is included no amount for new buildings. Certainly, we must build some new buildings and continue with some programs already undertaken. For two consecutive elections, our people by an overwhelming vote have indicated their desire to have established in the vicinity of Multnomah County a new mental institution. I feel that we must make a state upon this institution oat this Legislature. We have implemented a new state college in the city of Portland. Its popularity and the wisdom of its creation have been spectacularly demonstrated by the increased enrollment in that school. It has far outgrown the facilities purchased and converted by us. There will be introduced in this session a bill, which I believe you should adopt, making of this institution a four-year, degree-granting college. This will greatly increase its enrollment, and I believe that we must provide for the construction of the first unit of a new building to serve that school

Two years ago the Legislature appropriated \$1,250,000 for the start of construction upon an intermediate penal institution. We have purchased a site therefore. All of the money available in the present appropriation would not construct more than the roads and service facilities for the institution and would not afford accommodations for any inmates therein. For this reason, we have delayed commencing construction upon the building until this Legislature. In this connection, if I might digress for a moment, I recommend that in making you appropriation for this institution you make clear you desire as to whether it is to be built with inmate or free labor. Two years ago no mention was made of this fact, other than a letter from a committee of the Legislature stating that they intended and expected us to build it with inmate labor. The building trades of the state object to such procedure. Therefore, in making your appropriation for this institution, it is the request of the entire Board of Control that you make clear you desires as to the manner in which you expect the building to be constructed.

There are certain buildings which must be constructed on our college campuses if we are to meet the increased enrollment in these schools. The list of these buildings, together wit the priority of their importance, will be before you, and some of them must be authorized and started by this Legislature. There are others which will be presented to you during the course of your deliberations but, notwithstanding all of the buildings which you may find it possible to authorize in the current budget, there will remain a great backlog of needed construction in our institutions and in our schools.

Oregon is growing today and as new people arrive they require the services of our institutions. They have not been here long enough for their contribution to the increased wealth and income of the state to have permitted a corresponding current growth of these institutions. For this reason, it seems entirely feasible and fear that we issue bonds for the construction of these buildings needed now to serve these people coming into our state. They can be paid for then during the years of their use by the increased population which is to be ours. For these reasons, I recommend to you that in addition to the current appropriations which you make that the other building needs of our institutions and of our schools of higher learning be evaluated an d approved by this Legislature, and the amount so determined be submitted to the voters in the form of building bond issue and that the funds be earmarked for that purpose. Such and issue could not become effective until after approved by the people, but upon being approved, the state could go forward with its needed building program, as the demand may arise. In addition to this, the building program can be used as a stabilizing influence upon the economy of the state.

## CONSTITUTIONAL CONVENTION

Two years ago I recommended to the 47th Legislative Assembly that they call a Constitutional Convention to rewrite the Oregon Constitution. They approved a committee to study this matter and report back to his

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session of the Legislature. You will find in your reports a very excellent study on this question. THE committee has been unable to agree on whether the question of calling a Constitutional Convention should be submitted to the people for their determination, or whether the Constitution should be reworked and rewritten by the Legislature and its committees, and the new portions thereof submitted to the people for their approval. Each of these methods has for its purpose the improvement of the Oregon Constitution. The question is, which is the procedure that is most likely to produce the desired result? I share the opinion of the majority of the committee --- that a Constitutional Convention should be called, because it is through that mean alone that needed reform in the fundamental document will be accomplished. I therefore would recommend to you the adoption of the report of the majority of the committee. If you are not in agreement on this conclusion, however, certainly there should be some action taken by this Legislature looking toward the adoption of specific amendments, the need for which is pointed out in both the majority and minority reports of the Constitutional Committee.

## WATER RESOURCES

The last Legislature also authorized a committee to be appointed to study the very urgent problem of the proper administration of the water resources of the State of Oregon. The committee, composed of very outstanding and devoted people of the state, has completed their work and placed before you recommendations in their report.

One part of this report pertains to and presents a proposed act for control and regulation of the appropriation and use of ground water. There is a serious need for this act in Oregon, and I believe that it should be approved.

The second phase of this report has to do with the creation of a Water Resources Board for Oregon, and the elimination of certain river basin boards that we have had in the past, except as they shall operate under the Water Resources Board for Oregon, and the elimination of certain river basin boards that we have had in the past, except as they shall operate under the Water Resources Board. It centralizes within the Board the authority of existing department of the state as to the water policy of the State of Oregon. The difficulty has been in providing for the determination of a water policy for the state, without the act constituting an unauthorized delegation of legislative powers. I believe that the act should be carefully considered and so much of its provisions as can be legally adopted should be adopted. Careful consideration should be given to the establishment of an overall water policy for the state. If this cannot be done within the period of your deliberations, I believe that under certain yardsticks you should establish, as legislative determination, that the committee should either be continued, or the Water Resources Board itself empowered to prepare a water policy for the State of Oregon, to be submitted for approval at the next legislative assembly.

## STATE REORGANIZATION

I recommend the creation of a Revenue Department for the State of Oregon to the last Legislature. An interim committee was created to be composed of members of the Legislature to study the problem and report back to this session of the Legislature. This has been accomplished and the committee has done outstanding work upon this problem. Their conclusion is that to create a Revenue Department in one step would be too great an accomplishment to be realized at one time. They believe that the first step should be taken by a reorganization of the Tax commission of the State of Oregon, placing it under one administrator. This department, when organized and operating, will then be the nucleus for expanding its activities into that which will eventually become part of a Revenue Department of the State of Oregon. They also recommend that the tax-collecting activities of the State Treasurer's office, comprised of the inheritance and gift taxes, be transferred to the Tax Commission. I recommend the adoption of their report as to the reorganization of the Tax Commission. However, because of the complexities and problems entailed in the reorganization of the Tax Department, I believe that we should defer for this biennium the question of transferring these revenue collection duties of the State Treasurer's office, which are now being efficiently and adequately performed. They can be added to the duties of the Tax Department when the reorganization is completed and the new department prepared to receive these additional duties.

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In another part of their report is the recommendation of the creation of a separate Motor Vehicle Department. This involves the transfer of the work of this department from the Secretary of State's office to that of the Governor's office. I dislike the appearance of recommending that which will take from the duties of one office and add to those of my own. On the other hand, I believe that the work of the Motor Vehicle Department is rapidly growing into one of the greater boundaries into the work of the State Highway Department, the State Police, and, in some particulars, the Department of Education and Public Utilities Commissioner. I believe that it would lead to greater coordination of administration to have the Motor Vehicle Department administered as a separate, autonomous department, the head of which should be appointed by the same officer who appoints the heads of the other departments with whom they work.

## HIGHWAYS

Our highways Department has largely completed the contracting of the work which will expend the last of the money from the proceeds of the highway bonds. All of us are aware of the great improvement that has taken place upon the highways of the State of Oregon. I am sure that we are all proud of the progress that has been made possible by the issuance of the bonds authorized by this body.

Much has been written and spoken during the past few months on the future of highways, not only in Oregon but in the entire Nation. President Eisenhower has shown an active interest in the future of the highway construction by the federal government. The governors of the various states have made a recommendation to the national administration, concerning the policy of the national administration, having to do with the highways of the United States. No one can state with certainty as to what that program may be. We have no way of knowing the demands which may be made upon us for match money to carry our portion of the new federal program.

The Highway commission has recommended the imposition of a two-cent gasoline tax, in order to give them additional funds with which they may continue the construction of the highways system of Oregon, and in order that they may have funds to match whatever the requirements might be of the new federal program. I believe, in view of the demands that are going to be made upon our taxpayers for additional tax payments in the coming biennium, and in view of the uncertainty as to the amount of money which we may be required to produce for a match-money program, that we should not at this time adopt a two-cent gasoline tax increase and, therefore, recommend against it. In anticipation, however, of the fact that this Congress may pass laws which will make greater demands upon our funds than we are able to meet, and in anticipation of the fact that those demands may be made upon us before another session of the Legislature, I recommend that this Legislature authorize the issuance of bonds in the amount of \$11,000,000, which can be lawfully issued over the above those now issued and outstanding, with the funds earmarked, however, for the purpose of matching such amounts of money as we may be required to match by the new federal highway program.

## DEVELOPMENT COMMISSION

The records of the Unemployment Compensation Commission show that there are approximately 10,000 new working people coming into the State of Oregon each year. This means that there is a necessity to supply 10,000 new jobs each year, if we are to properly assimilate these people into our economy. For the past biennium we have had an Oregon Development Commission working upon this question. They have accomplished a great many worth-while things in this field of attracting industry to the State of Oregon, and encouraging the expansion of that which is already here.

The ever-recurring questions in this field of endeavor are the ones of taxation and rate structure. Everyone considering expansion or considering location within the State of Oregon desired to know the picture on these two questions. While it would be possible for the commission to make a limited study of its own in these two fields, the answers when obtained would be subject to question as being self-serving in nature on the part of this state agency. Therefore, there is a substantial increase requested of you in the budget of the Oregon Development Commission. The purpose of this substantial increase is to permit a study to be made

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by an independent research bureau in these two fields of taxation and freight rates. It is our belief that we will then have a factual study from an impartial agency that will be of great benefit to us in presenting our case to new industries, and will further be of benefit in pointing out to us the fields of endeavor in which we should engage should this study probe to us that our picture is not competitive in either of these two fields. Because of the necessity of getting on with this work at the earliest possible date, I urge the approval of this request by you at an early date during this session.

## UNEMPLOYMENT COMPENSATION

Unemployment compensation, in my opinion, is a much misunderstood type of social legislation. All too frequently it is looked upon as a personal benefit only to the unemployed workman. Certainly it is that, but the logic and reason behind the program is one of far greater impact and consequence upon our society and economy. The justification of the program as a national and state effort is that it constitutes a valuable first line of defense against economic recession. These benefits go to the worker as a matter of right at the time he loses his income, rather than to wait until they go to him as a matter of need after he has exhausted his savings and other assets. These benefits go immediately into circulation in trade channels and thus avoid slumps in our economy by maintaining a consumer demand for other workers in production, trades and service.

President Eisenhower recognized this fact in his economic report to the nation last year. He called upon us to extend the program and increase the benefits thereof. Oregon is already one of the states that is in the forefront of this movement. Our coverage runs to all employers employing four or more people. Our duration runs for twenty-six weeks, which is in the group of states leading in this field. Our maximum payment is \$25.00, which lags behind some of the states in their maximum benefits, and certainly falls far short of the goal set forth by the President, and in the mind of the Congress at the time of originating the program, that it should amount to 50 percent of the weekly wage.

On the other hand, serious things have been occurring to our unemployment compensation fund. In 1954, we paid our benefits amounting to \$24,000,000 and took an income of substantially \$12,000,000. The fund within the last three years has been reduced from substantially \$79,000,000 to a present figure of slightly in excess of \$59,000,000. Our present rates of contribution rise from three-tenths of one percent to 2.7 percent. The law is so written that when our fund decreases to a figure of approximately \$28,000,000, automatically all of the contributions of all of the employers are increased to the maximum of 2.7 percent. This occurs regardless of the experience of the individual employers in the number of persons that have come under the fund due to the operation of their particular business.

I would recommend to you that the coverage of this program be extended to all employers employing one or more persons. I would recommend that you increase the weekly benefits to a figure that can reasonably be carried in the light of the present economic condition and the condition of the fund. I would further recommend the enactment of legislation providing for a multiple schedule providing for the increase of rates upon the fund arriving at fixed levels above the minimum amount. The purpose of this would be to obtain from those employers causing or contributing the most to the depletion of the fund, greater contributions in order to postpone the date of arriving at the statutory minimum level. Thus, these employers with the greatest unemployment would have to pay more to stabilize the fund prior to the time that it arrived at the minimum at which time all employers, regardless of experience, will have to pay the maximum contribution.

In connection with this entire field of unemployment compensation I suggest to you that I have appointed a committee consisting of employer and employee representatives of the various classes, as well as some who are not directly affected by the program. These people are giving to this question very close and careful study at this time. A report will be ready for you in the early days of this legislative session. I recommend careful consideration of the findings and recommendations of this body.

## POWER



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Another of the more important problems facing Oregon and the Pacific Northwest today, is that of power development to meet the rapid growth of this area in population, industry, agriculture and commerce. Our engineers tell us the power needs of the region will increase 6,400,000 kilowatts between now and 1964. To satisfy this power need will require an investment of two billion dollars in new facilities, or approximately two hundred million dollars per year. They also tell us that it takes seven years to build a structure such as the Dalles or McNary Dams. Therefore, if we are to meet this demand, we must start our program now. If we wait until the lights are dimmer and the industrial fires are banked for want of power, it will be too late and our growth will be hampered and our progress crippled.

Basically, this is an area problem. The great source of power available to us is found in the Columbia River and its tributaries which transcend both state and national boundaries. We must not lose sight of the fact that none of the Columbia lies entirely within the boundaries of Oregon, and that we are but one of the down-river states with the Columbia bordering us to the north, and the Snake flowing along part of our eastern border. Consideration must also be given to the fact that power is only one of the problems involved. River navigation for our commerce, flood control to protect our lands, fish propagation to preserve one of our great industries, sanitation problems and stream pollution brought on by increased population, reclamation and irrigation of arid lands so important to the interior, are all involved in the development of the Columbia River.

We must not allow these complex questions or differences of viewpoint to obscure one underlying fact. This fact is that natural laws governing the flow of electric energy and the practicalities of utility operation, make the welfare of the entire Pacific Northwest dependent upon the advantages gained through coordination of our generating plants in an arrangement similar to the Northwest Power Pool. That is true today, and will continue to be true as far as we can see into the future.

In terms of average, year-around availability of power, the engineers tell us that the added kilowatts gained by the integrated power pool operation, exceed the 500,000 kilowatt generator installation at Bonneville Dam. In terms of the total amount of power available at any one time to serve peak demands, the pool's benefits equal the full potential of McNary Dam of more than 1,000,000 kilowatts. When these facts are recognized, it immediately becomes apparent that we must continue to work together --- power-wise and area-wise --- here in the Pacific Northwest, even while exercising constant vigilance to safeguard and protect the proper interests of the State of Oregon and its citizens. What we can do alone is limited; what we can do in concert with our sister states and Canada is tremendous.

There is a temporary comfort in the fact that projects now under construction if maintained on schedule, will meet our power growth requirements until approximately 1960. These include such large projects as McNary, Chief Joseph and The Dalles whose combined generating capacity will exceed 3,000,000 kilowatts. The vital necessity of maintaining these federal projects on a full construction schedule is apparent.

It is also imperative that questions relating to the assignment of responsibilities for the development of our hydroelectric resources be resolved without delay. During the last twenty years, we had a national program to generate jobs to help us through the depression; we prepared for and fought two wars and authorized power development to assist us in that effort; yet, while doing all this, all that was spent on the combined purpose of reclamation and power development in the northwest area by the federal government was the sum of one billion, five hundred million dollars. I do not believe that we can hope to obtain from the federal government alone the two billion dollars we will need within the next ten years. But this is a federal question which they alone can answer.

I therefore make these recommendations to you:

(1) I recommend that you pass the strongest possible memorial urging completion of Chief Joseph, McNary and The Dalles Dams on present construction schedules. Then, if I should again be required to appear before

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Congress to prevent the cutting of appropriations for this purpose, I may support my appearance with the strong backing and endorsement of the legislative branch of our state government.

(2) That we ask that the federal government make immediately available, money for engineering and planning of the John Day Dam and that they either declare their purpose to go forward at once with the construction of this dam itself, or that they make suitable arrangements to cooperate with the local agencies --- public and private --- who are willing and able to go forward with that dam now.

(3) That we ask the federal government to authorize and immediately proceed with the construction of its portion of the Cougar Dam on the McKenzie River and the Green Peter Dam on the Santiam River, both of which projects local agencies --- one municipal, one private --- are willing to carry forward and both of which projects will produce power in addition to arresting serious damage to the lands of the Willamette Valley.

Recognizing the mutuality of interest that exists between the states and the seriousness of the problems, the governors of Washington, Idaho, Montana and Oregon since the last meeting of the Legislature, have constituted the Pacific Northwest Governors' Power Policy committee and have been working actively in cooperation with other groups within the area to develop information and ideas that may be helpful to the solution of our power problems. I recommend the appropriation of the small amount of money necessary to carry this work forward.

This brings me to a brief discussion of the Columbia River compact. As this is written, the final draft of the compact to be submitted to the states, has not been available for this study and attention that it will require. I have a sincere interest in this compact and upon receiving the copy which is to be submitted to the states for approval, I will convey to you my thinking thereon.

In closing this message, I acknowledge that there are many other problems which are going to come before you at this session which I have not commented upon. It is not possible to cover them all within the reasonable length of one message. I pledge to you, however, my wholehearted help and cooperation in seeking out these problems and in trying to find the answers that need to be made in order to make this one of the outstanding sessions of the Oregon Legislature.

In conclusion, might I say again that ours is a great challenge --- a challenge from the past by those who have made Oregon the fine state that it is, for us to do as well, and a challenge from the future for us to show by the products of our labor that men are best governed by their own representatives chosen in free and open election in the tradition of the American way.

Thank you.