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GOVERNOR EARL W. SNELL ADMINISTRATION

January 11, 1943 to October 28, 1947

Biographical Note

Earl Snell was born in Olex, Oregon July 11, 1895. He served in the Army during World War I, coming back to Gilliam County at war's end. He tried the newspaper business before entering the automobile business in Arlington and Condon. From 1915 to 1945 he operated a dealership with a partner.

Snell served on Arlington's City Council. He began his political career in 1927 when he was elected state representative. Snell remained in the Legislative Assembly until 1934 when he left his position as Speaker of the House to take the elected position of Secretary of State. He served as Secretary of State from 1934 to 1942, then was elected Oregon's 23rd governor in 1942. Governor Snell was re-elected in 1946 and served until Oct. 28, 1947, when he was killed in a plane crash in the wild terrain east of Klamath Falls along with Secretary of State Robert S. Farrell Jr., President of the Senate Marshall E. Cornett, and their pilot Cliff Hogue.



Snell was vitally interested in Oregon's forests and the problems facing the state in managing forest lands, including the effects of the 1933 Tillamook Burn, which devastated 240,000 acres. He charged a Special Forestry Committee with making a complete survey and analysis of Oregon's forestry program, with particular emphasis on the Tillamook burn, fire prevention and reforestation. The lumber industry consistently occupied 1st or 2nd place in the commercial activities of the state's economy and Oregon's forestry laws and policies were recognized as outstanding in the nation.

Snell also campaigned for old-age relief without increasing taxation; post-war aid in education; home ownership; and liberalization of unemployment compensation. Governor Snell placed emphasis on improving winter travel by developing and improving roads and resorts. He wanted Oregon to be the winter wonderland for vacationers, and expand tourism to become more than a summer industry. A state employees' retirement system was also adopted during Snell's time as governor.

Inaugural Message, 1943

Source: Inaugural message of Earl Snell Governor of Oregon to the Forty-Second Biennial Legislative Assembly January 11, 1943 Salem, Oregon

Mr. President, Mr. Speaker; Members of the 42nd legislative Assembly of the great state of Oregon:

IN assuming the high office of Governor of my native state I feel impelled by a sense of gratitude to express my profound appreciation for the honor conferred. However, I recognize full well that my appreciation may best be expressed by a dedication to the fullest extent of my energy and capacity to a faithful performance and acceptance of the many duties and responsibilities incumbent upon the Governor of this great commonwealth.

As members of the 42nd Legislative Assembly, You are meeting during on of the most critical periods in the history of our nation. Your are meeting at a time when our country in engaged in a great global war --- the extent and scope and likeness of which the work has never known. Upon victory depends the continuation of all that we cherish and hold dear --- our liberties, our homes, our sacred institutions --- the American way of life. Representatives of Nazi tyranny and Japanese despotism --- cruel, greedy and ruthless --- have as their goal world power and conquest and complete subjugation of all peoples of all the earth. Their designs are so all-inclusive and so fraught with danger and potentialities that they stagger the intellectual powers of human comprehension. The over-all progress and advancement of the allied forced during the recent months have given us cause for increased hope and encouragement. Yet it is only the beginning of a determined march --- a march that is difficult but --- that leads down that long road to victory.

OREGON'S WAR RECORD

IN keeping with her duty and glorious traditions of the historic past Oregon once more has demonstrated her unswerving loyalty and patriotism by establishing records which are the envy of the entire Union.

WE are reminded that in the Spanish-American war an Oregon regiment composed entirely of volunteers was the first to land in the Philippines, and the first enter the walled city of Manila.

In the first World war Oregon in proportion to population led all states of the Union in furnishing volunteers; was first in the nation to recruit all National Guard quotas to full war strength --- mobilization overnight of the first national Guard regiment in the country to be ready for service; first to complete machinery for the operation of the selective service act, and in addition Oregon established the enviable record of over-subscription of each and every one of the four Liberty Loan drives held during that period.

Oregon's record during this present emergency is equally significant. Oregon has been at the top in several phases of civil defense activities, and for a period ranked first in the nation on purchase of individual defense bonds. Oregon has consistently exceeded is quota. In the fall of 1940 when the President ordered the expansion of the National Guard our quota was filled in one week to lead the entire Union. Most significant, however, is the fact that once again Oregon led the nation in volunteers for both the Army and Navy.

Many of our Oregon boys have already made the supreme sacrifice in this great cause of liberty, truth and justice. Our sympathetic hearts are filled with grief as we share the emotions of the mothers and fathers, and the sisters and brothers, the wives, sons and daughters of those brave men who gave the full measure of devotion. Yet no greater honor, no greater glory hath any man.

I wish to suggest that here we pause during the deliberation of this assembly to rise and bow our heads in a moment of silent tribute.....

May it please God that the day of victory --- final and complete --- be hastened and made secure.

SHORT SESSION

Many of you members of this Legislative Assembly are occupying places of responsibility I your various communities in connection with America's all-our war effort. I know that you are anxious to return to those important posts at the very earliest opportunity.

This is no ordinary session. These are no ordinary times. During normal times the Legislative mill overtimes has become clogged with unimportant and unnecessary legislation, resulting in delay, confusion, added expense and a lengthened session. Such incidents should not occur in the ordinary times and certainly not now when every available ounce of energy and effort should be directed toward hastening the day of victory. Time, truly is of the essence. With essential industries and gushiness generally pleading for help;

with various war activities and defense programs in dire need of additional assistance, the men and women of this Legislative Assembly together with those whose presence is required, should not be detained here a moment longer than is absolutely necessary.

Therefore, I suggest for your earnest consideration that legislation at this session be confined to measures having to do with the winning of this war; post-war planning or legislation essential to that period; taxation, particularly property tax relief; consolidations and economy programs; necessary appropriation measures and only such other legislation as determined to be necessary and essential to the welfare and well-being of the people of our state and deemed to be of such urgency as necessary of enactment now.

Your responsibilities as members of this 42nd Legislative Assembly are greater than those heretofore attendant upon legislators any time in the history of our state. When the resolution of adjournment sine die is adopted may it be said that the 42nd Assembly of the Oregon Legislature, meeting at a time when our country was involved in a great world war, was one of the most forthright, consistent and businesslike sessions in Oregon's history. To that end is pledged the fullest cooperation of the Executive department.

RECOMMENDATIONS

The founders of the government of the state of Oregon, under the provision of Section one of Article III of the Constitution, wisely ordained that the powers should be divided into three separate and distinct departments of government --- the Legislative, the Executive including the administrative, and the Judicial. The constitution further provides, however, that the Chief Executive shall, from time to time, make certain recommendations to the Legislative Assembly.

In keeping with the suggestions for a short session and under the provisions of the Oregon Constitution I welcome the opportunity to suggest certain specific recommendations for your earnest consideration.

CIVILIAN DEFENSE

The present Oregon State Defense Council was organized June 1, 1941, by executive order of the Governor. It was formed promptly following a request from the President of the United States. By virtue of the method of its creation it has lacked statutory authority as a legal entity or state agency and as such could not receive nor disburse state funds. With approval of the state emergency board, and supplemented by the assistance of personnel from several state departments, its activities have been financed from appropriations made at the 1941 Legislative session for expansion of activities of the state police and organization of a state guard.

Thousands of loyal and patriotic Oregonians are contributing freely of their time and effort in carrying out the responsibilities assigned to them under this program which is designed for the protection of home and fireside and for the general welfare of our citizens.

There have been mistakes and misunderstanding to be sure but when we consider that the civilian defense program was, and is, a voluntary, emergency organization virtually set up over night, our appreciation for the splendid service it has rendered to our state is increased.

A civilian defense bill taken from the uniform act as adopted by many state of the Union will be submitted for your consideration and approval. The proposed measure carries an appropriation, as funds sufficient from other departments are no longer available. It is hoped to at no emergency will arise which will make necessary and appeal to the emergency board. However, it will be necessary to rely to considerable degree upon supplemental aid and assistance from departmental personnel and in the use of equipment. The full success of the program depends upon the continued help and assistance of individuals, groups, organizations and private and public agencies.

STATE GUARD

The Oregon National Guard was mobilized and called into federal service by executive order on September 16, 1940. AS a result of this action the 1941 Legislature passed an act authorizing the creating of a state guard and outlining certain of its responsibilities. Unearth provisions of that act a state guard was organized December 10, 1941, and has functioned as such since that date. By the arms and provisions of that act the organization will crease to function as of January 21, 1943, the date of its termination as set forth in the law.

The need and importance of a continuation of the activities of a state guard during this emergency are well recognized, I am sure. In recommending its continuation and keeping in mind than the present act expires January 21 --- ten days hence --- I suggest that the emergency clause be employed and that attention be given to early enactment.

VETERANS' LEGISLATION

It is my recommendation that this Legislature enact legislation extending benefits to Oregon members of our armed forces serving in World War II. Among other things those benefits should include real estate loan privileges, veterans preference, educational opportunities and vocational training.

The recommendation contains no thought or suggestion of financial award because the extent of their patriotism and unreserved devotion cannot be measured in terms of money. From the cities and farms they came --- thousands of the finest of Oregon's young manhood --- relinquishing gainful employment, yielding educational pursuits, sacrificing aims and ambitions of the morrow, to engage in one of the greatest battles for freedom the work has ever known. The pages of history will never reveal greater courage, bravery, patriotism and sacrifice than demonstrated by American boys and Bataan and the Philippines, at Wake, Guam, the Solomons; in fact, on land and sea and in the air on far-flung battlefields of the world.

PRESERVE REPRESENTATIVE GOVERNMENT

WE here at home, in addition to the responsibility of making every possible contribution to our all-our war effort, have a very distinct and definite obligation --- an obligation to preserve and maintain constitutional representative government and the unrestricted sovereignty of the political subdivisions of these United States of America.

Thus will we keep faith with those who are contributing most toward the preservation and perpetuation of our free institutions.

We are fighting a war which among other things is designed to preserve democracy. What a sad commentary 'twould be if in preserving democracy abroad we lost it here at home.

TAXATION

Taxation has always been one of the most complex problems of government. To meet the demands of the citizenry for orderly government, for schools, for police and fire protection, sanitation and modern facilities; city, county, and state institutions, streets, bridges and modern highways --- all of these, and more --- necessitates the raising of revenue. Civil government cannot exist without revenue. Yet, there are definite limitations as to taxes and beyond which are placed in jeopardy the immediate social and economic stability and security of such government. Full consideration should be given to the question of finding ways and means of reducing property taxes --- eliminations, reductions, non-essentials and consolidations ---both sate and local. Every consideration must be given to the relief and encouragement of home ownership. It is obvious, of course, that state and local governments cannot be adjourned, but with federal taxes the highest

in our history and with further increases scheduled, this question takes on added significance and importance.

FEDERAL OWNERSHIP

In many localities of this state the federal government has acquired large real estate holdings which thereby have income tax exempt.

I suggest that this Legislature memorialize the Congress to enact legislation at an early date which will reimburse adequately those taxing districts which thought such federal ownership are being deprived of a considerable portion of their revenues.

SURPLUS REVENUES

Considerable relief will be forthcoming in the distribution to the school districts of surplus income tax revenues for property tax offset. In conversation with leaders of the proponents of this recent initiative having to do with this question, and as quite generally known, I learned that bills will be presented to clarify and possible ambiguity in the intent or working of the act to the end that the monies in question shall be used definitely for property tax relief, but that there shall be established the policy of equalized state support of public schools. I concur in these objectives. The effective date of the tracker of these funds should likewise be clarified by legislative action. If this honorable body decides affirmatively upon such action may I suggest that consideration be given to the advisability of an earmarked reserve fund.

INCOME TAX

From time to time there have been advanced proposals calling for a reduction in the rates on the state income tax. That these proposals have merit I concur and agree, and, particularly so in view of the tremendous burden of federal income taxes. Yet paradoxically, recently increased federal income taxes mean lower state income taxes; and, here then according to recent figures and estimates, gives cause for considerable concern. According to conservative estimates from reliable and informative sources state income tax payments, because of increased federal payments, will be reduced automatically by 15 per cent this year and next year by as much as 30 per cent --- nearly one-third. While in normal years reductions of state income tax might well be in order, in view of an automatic reduction of 30 per cent next year, I caution that full, long-range and careful consideration should be given to any suggestion for reduction at this time.

SERVICES ACKNOWLEDGED

I wish to acknowledge with appreciation the splendid services of Mr. Guy Cordon in connection with matters of taxation. His valuable assistance was made available without salary through the courtesy of the Interstate Association of Public Land Counties. It is recognized full well that in the space of a few weeks only cursory examination and consideration can be given to a question so important and complex as that of taxation. An effective committee might well be organized to study this problem thoroughly. We want the lowest taxes possible. We want the fairest and most equitable distribution possible to obtain. We want to attract and retain industries. We want to develop our state and its resources. Much depends upon this important problem of taxation --- a question which reaches our into the homes and daily lives of each and all of our citizens.

CONSOLIDATIONS

I recommend that the administrative duties and functions of the World War Veterans' State Aid Commission and the State Land Board be consolidated.

Such consolidation affords an opportunity to coordinate the renting, sale and disposal of state-owned real properties and permit uniformity in the valuation thereof; to permit standardization in the handling of loans, collections, foreclosures and contracts; to consolidate the activities of field personnel permitting a maximum of flexibility, uniformity and economy in administration, which together with a reduction of administrative personnel should reflect substantial savings and at the same time provide a more efficient service for all those utilizing the facilities of these departments, now and in the future.

MILK CONTROL BOARD

I recommend that the Milk Control Board be abolished and the administration of the act be lodged with the Department of Agriculture under the supervision of the Director of that division. This would further consolidate the administration of state laws relating to agricultural pursuits; would centralize control over office and field personnel, inspection services and general rules and regulation as provided by law, which should effect savings in salaries, and eliminate duplication of travel and general expenses of investigators, auditors and inspectors.

BANKING AND CORPORATIONS

With the same general view in mind of economy and efficiency in administration I recommend the consolidation of the duties and functions of the State Banking Board and the Corporation Department under a division to be known as the Department of Banking and Corporations

TAX COMMISSION

At present the State Tax Commission is composed of three members appointed by three members of the State Board of Control. However, the appointive power lodged with the Board of Control marks the limit and extent of that board's jurisdiction and supervision over the policies, responsibilities and administrative duties and functions of the Tax Commission.

I recognize that there is considerable opposition to any change in the laws affecting the administrative setup of the Tax Commission, and which opposition, among others, includes groups and organizations of state-wide significance. That there is basis for their contention, there can be no doubt. I recognize, too, that there is a wide difference of opinion among legislators themselves. Were it not that I am convinced of the merit of the following proposal and confident that it would reflect economy and efficiency in administration I would hesitate to suggest consideration at this particular session.

I recommend that a single Tax Commissioner appointed by and directly responsible to the Governor be substituted for the present three-man commission now appointed by, but not responsible to, the State Board of Control.

CONGRESSIONAL DISTRICT APPOINTMENTS

Oregon now has four congressional districts. In connection with the appointment of the membership of several boards and commissions, the law provides for three members and yet calls for representation from each congressional district. In the laws creating the many state boards and commissions the following general language appears in at least six of those acts: --- "Board to consist of three members appointed by the governor, one from each congressional district." Those six boards are:

State Highway Commission,

State Board of Barber Examiners,

Liquor Control Commission,

State Milk Control Board,

Oregon Real Estate Board,

State Sanitary Authority.

It is recommended that appropriate amendments be made which will reconcile the provisions of these measures and remove by clarification any confliction brought about by the recent creation of Oregon's fourth congressional district.

POST-WAR PERIOD

Much has been said and written about the problems and difficulties which we shall face during the post-war period. Many of these problems are recognized to be national in scope and application --- some of them international --- yet right here in our own state and in our own communities we have certain definite responsibilities and obligations. We must lend every effort to all-out prosecution of this war, yet it is timely indeed that thought and study be directed toward developing plans for the transition period that lies ahead. The uncertainty as to the date hostilities shall cease is not justification for delay in shaping future plans for action.

I do not share the view that a post-war depression is inevitable. There will be great demand for change-over equipment and materials; transportation facilities now strained to the utmost must be replaced and repaired; projects and improvements have been deferred; there will be shortages to fill in equipment, materials and supplies; new buildings required, public and private; highways, roads and bridges to be constructed and repaired; housing programs, prefabrication, new products and developments.

Yet we must look forward to potential problems of unemployment immediately following the war. WE must look forward to the rehabilitation and reemployment of the boys in our armed forces when they return home. We must prepare now for emergencies that might develop during that period of transition.

RESERVES

I therefore recommend the reaction of a substantial reserve from surplus revenues and other sources which seem to be practical and sound. It should also be made possible to invest such funds in United States War Bonds, which would serve the two-fold purpose of providing sound interim investment and of promoting our all-out war effort. Like authorization should also extend to counties, cities and other political subdivisions.

NEW BUILDINGS

I recommend further that appropriations be made at this session of the Legislature for much needed new buildings and improvements at our state institutions and agencies, and for such additional services necessary to raise within proper limitations institutional standards. Construction of new buildings must necessarily be delayed until the close of hostilities because of shortages and priorities but such delay will coincide with a post-war program.

ADDITIONAL SURPLUS AND RESERVES

I recommend also that \$150,000 of the surplus revenues in the hospital accident fund collected for motor vehicle operators be transferred to the state highway fund, there to be earmarked with other reserve

funds for use following this war emergency. Further, that permission be granted for creating reserves from racing funds which have been distributed to the counties, the Pacific International Livestock Exposition, Oregon State Fair, Pendleton Round-Up, Eastern Oregon Livestock show, and Northwestern Turkey Show, such reserve funds to be used following the war for plant expansion, repairs or improvement.

COMMITTEE ON POST WAR

I recommend further that there be created a committee known as the "Committee on Post-War Readjustment and Development", such committee to include a membership of 15 and composed as follows:

The chairman of Ways and Means Committee of the Senate,

The chairman of the Ways and Means Committee of the House,

The State Budget Director,

Director, Department of Agriculture,

State Forester,

Director, Geology and Mineral Industries,

State Highway Engineer

Representative of the School of Economics or Business Administration at the University of Oregon,

Representative of the School of Engineering at the Oregon State College,

Six members to be appointed by the Governor.

This committee should be charged with the responsibility of devising programs and methods, and coordinating plans of action for the post-war, demobilization and transition periods; of promoting actively the industrial, mineral, and agricultural resources of our state; cooperation with other agencies and groups, individuals and organizations, both public and private, all to the end that the committee's work may contribute materially to sound, practical, orderly and satisfactory solutions to the important problems that lie ahead.

This must not be just another committee. There is important and necessary work to be done. Questions of unemployment, the development of our state and its resources, the rehabilitation and reemployment of our boys now in the armed forces of this country are questions not to be taken lightly, The appointment to the committee of state officials, well informed and advised on Oregon's resources and problems to be considered should expedite the work to be undertaken. Others added should be equally qualified in their particular fields. A full-time capable and able executive-director should be selected by the committee.

OLD-AGE ASSISTANCE

WE could write pages of tribute to our senior citizen for the valuable contribution they have made toward the growth and development of this great state and nation. Pages could be utilized --- an properly so --- in reciting their many sacrifices --- in recounting our obligation to those loyal citizens of another generation for their vision and foresight and resolute determination, all of which contributed much toward the freedom,

happiness and prosperity which we of this generation have enjoyed. Would that we might pass onto the younger generation a similar heritage.

However, to every thoughtful American, a program which provides sufficient financial assistance for our senior citizens is sound . . . is timely and practical. And, such assistance should not be on the basis of charity but rather on the basis of earned security . . . of right and decency.

During the current biennium the over-all assistance budges which includes old-age assistance; relief; aid to the blind; dependent children; crippled children and child welfare services, totaled in round numbers \$21,700,000. The estimated revenues contained in that budget were to be derived as follows:

Revenues under the Knox Act_____	\$6,800,000
State general fund appropriation_____	\$2,450,000
Counties appropriation_____	\$4,700,000
Federal match funds_____	\$7,750,000

The average old-age assistance payment over the biennium was approximately \$24.

KNOX CONTROL ACT

May it be said here that so far as the Knox Control Act and liquor revenues enter into this question, promotion of sales and the desire or profits are in direct opposition to the underlying principles of temperance and control which are fundamental to the spirit and intent to the Knox Control law.

\$40 PAYMENTS

The budget for the coming biennium, on the basis of the present schedule and taking into consideration the amount of cash on hand, together with anticipated revenues, provides for an average payment estimated to reach approximately \$34 for old-age assistance. Furthermore, that schedule has been projected with the complete elimination of the general fund appropriation raised from state general taxes, which were levied for this purpose during the current biennium and which totaled \$2,450,000.

Both the federal and state laws provide for a maximum payment of \$40 per month. We must bear in mind that the basis of need is also included in the federal law. However, I am confident that we are all agreed, that in view of increased prices and present-day costs, \$40 per month is little enough to provide sustenance and reasonable comfort for these elderly citizens. Therefore, I recommend that we provide an additional among to approximately \$3 per month per capita which when matched by the federal government will provide the approximate \$40, designated as the maximum in both state and federal law, In any event it seems highly advisable in view of contingencies to supplement these funds from other sources. Several suggestions have been presented: to reenact the 1941 general fund appropriation; use monies from surplus funds or enact measures providing for special revenues which would grant permission to earn, or receive as gifts, and among on the basis of the proposed schedule of not to exceed \$10 per month.

IN my opinion these additional revenues should not come from property taxes nor should the counties be asked to assume any of this portion. Counties should be provided with every possible assistance. Therefore, I recommend the enactment of the following proposal:

That public utilities be brought under the provisions of the Oregon excise tax law and an equivalent amount of revenue be used for old age assistance. At the present time utilities are expressly exempted from the Oregon excise tax law. If additional funds are deemed necessary consideration should be given to data on certain nonalcoholic beverages or an amusement tax. There will, of course, be opposition to, and arguments against, any method proposed. Yet this matter is before us for solution and I submit that we should not look to property taxes, but on the contrary every possible consideration should be given to property tax relief.

There is much that can be said in favor of National Pension Act but his problem for ma state point of view is imminent and immediate. According to my understanding of the present act it is not the purpose or intent at any time to prescribe definite rules of living for these senior citizens yet the maximum payments when qualified should require less detail and thereby reflect savings in costs of administration.

MESSAGE LIMITED

IN this inaugural address and for reasons previously mentioned I have purposely refrained from discussion problems of agriculture, forestry, dairying, education, highways, and transportation, labor, mining, power, fish and game, and other important phases of social and economic activities over which state government exercises certain controls and jurisdiction. In many instances state departments having jurisdiction can proceed satisfactorily for the duration without the necessity of new laws or amendments. Others can make certain necessary adjustments within the scope and authority of laws and regulations now effective. In some cases amendments may be in order. However, these are days of rapid changes and constant adjustments. I know personally that members of this assembly have given much thought and study to vital and important questions of the day and of current problems of the state and its political subdivisions. And, undoubtedly remedial legislation has already been prepared.

ADDITIONAL ITEMS

However, if in the next few weeks additional items develop which are determined by the Executive departments to be urgent and of sufficient import they, together with recommendations, will be submitted forthwith for the consideration of this honorable body as prescribed by the Oregon constitution.

We must keep in mind, however, that many of our problems cannot be solved by legislation.

OLD OREGON TRAIL CENTENNIAL

This year, 1943, marks the hundredth anniversary of the blazing of the Old Oregon Trail on into the Willamette valley and of an historic meeting at Champoeg which centennial anniversaries should be observed with fitting ceremonies appropriate to time and conditions.

APPRECIATION

During the years that I have been a member of the State Board of Control I have been privileged to serve with Governors Meier, Martin, and Sprague --- with Treasurers Holman, Pearson, and Scott. I feel that Oregon has been extremely fortunate in the type and character of the men who have occupied these important and responsible positions. Governor Charles A. Sprague, my predecessor, has served this state ably, efficiently and well.

I desire to express here my appreciation for the courtesies and consideration extended.

CONCLUSION

As elected and appointed representatives of the people in this 42d Legislative Assembly, you are meeting at a time when the over all problems of government are more momentous than at any time in all problems of government are more momentous than at any time in our 84 years of statehood. The people of Oregon have confidence in your ability, and capacity, and your determination to perform notable public service. Their appraisal of the results of our work where will be determined not by the number of bills introduced nor the volume of legislation considered but rather on the basis of a minimum number of important and timely measures considered and a minimum number enacted into law.

In all our deliberation let us, one and all, keep foremost in mind our country's cause; the welfare of our boys in the armed forces; the value and importance of unity and undivided effort.

The processes of democracy and free institutions must survive --- and with the aid of a Divine Providence --- survive they will.

"IN every turn of fortune, God has stood by the Republics. * * * Philosophers may argue as they will, and rationalism may draw its conclusions; but the mysterious power unexplained by either, has, fro the beginning of time, ruled the destinies of men."

EARL SNELL

Governor's Message, 1945

Source: LEGISLATIVE MESSAGE OF EARL SNELL TO THE FORTY-THIRD BIENNIAL LEGISLATIVE ASSEMBLY JANUARY 8, 1945 SALEM, OREGON

Mr. President; Mr. Speaker; Members of the Forty-Third Legislative Assembly of the great state of Oregon:

Two years have passed since the war-time meeting of the 42nd Legislative Assembly in 1943. Yet once again we meet in regular session with the world still aflame . . . when our country is still locked in grim warfare . . . when our boys are still engaged with vicious enemies on the battlefronts of the world.

Oregon boys are out there today --- 120,000 strong --- and women too, fighting from the precious course of liberty . . . out there wherever the unfettered flag of freedom floats in the breeze.

Our boys have crowned themselves with glory. They have upheld in splendid fashion --- yes, likely surpassed --- the glorious tradition of the American soldier down through the years. Some will not return. We pay tribute. Already the cold messenger of death has saddened the hearts and homes of many of our beloved citizens. Particularly do we pay tribute to those Gold Star Mothers --- tribute to their courage, fortitude and devotion. That the Almighty will bless, comfort and sustain them is our fervent prayer.

The end is not yet in sight . . . although victory now is certain. We must press on with every ounce of energy until victory is final and complete.

OREGON'S CONTRIBUTION

Oregon can well be proud of the tremendous contribution she has made to our all-out war effort. Oregon has established outstanding records in enlistments and volunteers; in purchase of war bonds; in blood plasma contribution; selective service activities; civilian defense; and many other phases of our war activities. Oregon has met the challenge on the home front --- on the farm and in the home; in the factory and in the yards; in the forests and in the mill. We have established records of production which not only have been the envy of the nation but which have been reviewed by other countries in utter amazement.

OREGON'S LABOR RECORD

Oregon labor is entitled to much credit. It is reported that Oregon's labor record and industrial relation are the best of any state in the Union.

When the history of World War II is written, I am confident that it will disclose, that relatively, no state in the Union contributed more than our own great state of Oregon.

NO TIME REST ON RECORD

Proud as we are, however, of Oregon's magnificent record --- and justly so --- this is not time to rest on laurels or records. WE are entered upon a most critical phase of this war. Now is a time that demands the utmost in support of our armed forces.

Therefore, in all our deliberation let our thoughts and action be guided primarily in the interest of war and peace --- total victory . . . postwar opportunity and security . . . a lasting peace throughout the world.

I am confident that the men and women of this 43rd Legislative Assembly will assume their great responsibilities with high resolve and determination, and that they will conscientiously perform their duties in a manner worthy of the best traditions of our great state.

CONSTITUTION PRESCRIBES EXECUTIVE REPORT

Section eleven of Article V of the Constitution of Oregon provides that the Governor shall "give to the legislative assembly information touching the condition of the state, and recommend such measures as he shall judge to be expedient".

FINANCIAL POSITION

I am happy and proud to report that the state of Oregon in is the best financial position in which it has been in a long, long number of years. At the outset I wish to point out that not one man is responsible for Oregon's resent most favorable financial condition. Credit belongs to many state officials and office holders, both present and past. Legislators, indeed, have made important contributions.

The total bonded indebtedness from original issues of over eighty-seven million dollars has been reduced to around twenty million dollars. Twelve millions are represented by Veterans' commission bonds and against which are listed assets totaling fourteen millions. Highway bonds, liquidated form motor vehicle receipts, form an all-time high of fifty-one and one-half millions now total only six and one-half millions.

In the last tow years the veterans' debt has been reduced by three million dollars. In the same two-year period the highway debt was reduced four million dollars, practically cut one-third from its January 1st, 1943 figure of eleven millions.

The service or carrying charges on our bonded debt have been reduced from the high of three millions in round numbers to a figure now of less than a million.

Two years ago the per capita net debts was \$25.50. Today it is \$18.80. Ten years ago it was \$55.20.

There is no state ad valorem tax or property tax levy nor has there been for several years. As the last session of the State Legislature I recommended the creation of a postwar property tax cushion and postwar reserve. Five million dollars were set aside for this purpose. I thought it should have been more. However, and

additional surplus has been accumulated during this biennium which will be touched on a bit later when discussing budgets and postwar products.

New industrial accident rates will mean savings of about three quarters of a million dollars per year.

Bank fees have been reduced twenty-five per cent. And, in the last year, users of electric energy in Oregon have had the benefit of reduced rates and refunds totaling more than two million dollars.

The state has invested in war bonds, notes, certificates and treasury bills a total of thirty-seven million dollars.

We must look forward, however, to potential problems and likely demands during the postwar transition period. Therefore, I wish to stress the importance of not only maintaining but augmenting this present very favorable financial position.

LAND BOARD AND MEMBERS

During the past two years the state has disposed of foreclosed properties totaling in excess of a half million dollars. These properties, which by sale have been returned to the tax rolls, are those under the jurisdiction of the State Land Board.

It should be pointed out, also, that board loans are being paid off well in advance of maturity dates. In the absence of new loans the board has invested several millions in bonds. The loans drew interest at four and five percent --- some contracts six --- while the average yield on our bond investments of the last year totals less than one and one-half percent.

My colleagues on the Board of Control and the State Land Board, the Honorable Robert S. Farrell Jr., Secretary of State, and the Honorable Leslie M. Scott, State Treasurer, both of whom are rendering outstanding service to our state, share concern over the sharp decrease in income to the State Land Board.

BUDGET

ON your desk will be found a copy of the 1945-47 biennial budget. It is a balanced budget . . . perhaps not literally because it should a slight surplus.

There is shown in the budget for new building construction a total of four million dollars.

Disregarding the amounts set aside for new building construction in the general fund budget this year and the last general fund budget as finally approved, the 1945-47 budget calls for a less amount than was appropriated in 1943.

Approximately three million dollars has been set aside for new construction at the ten state institutions under the jurisdiction and supervision of the State Board of Control. These projects have been approved and recommended by the Board of Control.

One million dollars has been set aside for new construction under the supervision of the Board of Higher Education, which, if approved, will be the first time in fifteen years that this Board has been allotted state funds for new construction. And, the amount appropriated at that time --- 15 years ago --- was only one hundred thousand dollars.

It is recognized, of course, that the determination and allocation of these funds rests with the Legislative Assembly.

The Board of Higher Education has on schedule an additional building program of self-liquidating projects totaling approximately two and a half million dollars.

TAXES

Since the earliest days of civilization, taxation has been one of the most complex problems of government. Still, it is obvious to all that civil government cannot exist without taxes or revenue.

Some time ago I requested Mr. Earl Fisher of the state Tax Commission to complete a survey and examination of the comparative tax structures of Oregon, Washington, and California with particular emphasis on the relation of state taxes to industrial development. Mr. Fisher made personal trips to both Olympia and Sacramento in order to secure current and authentic information and data. The report, which indeed is very enlightening and revealing, is now in the process of preliminary printing for your information and for limited distribution.

The report discloses that Oregon's per capita tax is much lower than either Washington or California.

It shows that Washington has an ad valorem or property tax, a general sales tax, a business or occupation tax based on value of manufactured products and gross sales, and excise tax on personal automobiles and special taxes on cigarettes, fuel oil and some other such commodities.

California has a property tax, a franchise tax, a corporation income tax, a personal income tax, a sales tax and an automobile excise tax. It is to be noted, also, that in California federal income taxes are not deductible from state income tax returns.

Obviously, all phases of Oregon's taxes do not show up on the favorable side. This we well know. They, too, are shown in the report, however, considering the taxes of California, it is quite clear and evident that tax consideration alone did not influence the industrial development and growth of that great state.

The last session of the Oregon State Legislature enacted the following tax relief and adjustment measures:

The inheritance tax was reduced.

The gift tax was adjusted and reduced.

Three thousand dollars deduction from income tax was provided for members of the armed forces.

Quarterly payment of income taxes as authorized.

Five million dollars each year from income taxes was distributed to the schools for property tax relief.

The surtax on intangibles was repealed entirely.

Five million dollars was set aside as a reserve fund for future property tax relief. In my opinion, it should have been more but the Legislature determined to provide direct immediate relief for the over-burdened taxpayers. Even so, Oregon has accumulated a substantial sum for postwar projects. So, with the lowest per capita tax; with no state property tax; with property tax reduction; with twenty million dollars returned to

the income tax-payers of Oregon and yet with substantial state-wide reserves related, this is really a case of "having your cake and eating it, too".

Once again the Oregon Legislature passed a sales tax which was referred to the people. For the fifth time the people rejected the sales tax proposal.

The question of taxation is one that is close to the daily lives of all our people. WE want the lowest possible taxes. We want the fairest and most equitable distribution possible to obtain. We want to develop our state and its resources.

I have a major recommendation to make at this time.

I recommend that provision be made for engaging the services of a nationally-recognized firm of at experts for the purpose of a complete survey, examination and analysis of all phases of our at structure and a report to the legislature with recommendations as to the most attractive, advantageous and equitable tax system consistently possible for Oregon to devise.

DEFENSE COUNCIL ACTIVITIES REDUCED

An examination of the budget will disclose a drastic curtailment of the activities of the State Defense Council. An executive suggestion the headquarters office was closed as of January 1st. Mr Jack Hayes, Coordinator, has resumed his former position with the Insurance Department but will devote part time to the Council's activities keeping the nucleus of the organization intact and directing certain phases of the department's activities which still are of considerable importance. Other employees have resumed their former status.

At the present time there appears to be no need for defense activities as such, yet there are certain important services related thereto and connected with our war effort which should be continued even though in modified form. I refer to the emergency medical service, fire protection programs, child welfare, recruiting and pre-induction training, bond drives, and similar campaigns; historic compilation of World War II, confidential liaison with military, airplane crash rescue service and such other related services.

I suggest that the nucleus of the organization be continued for the duration. We must keep in mind, also, the ever-present danger of local disaster. Furthermore, the organization almost entirely is composed of volunteer workers. They have given generously of their time and effort, and in many instances at considerable sacrifice, in defense of our shores and in support of our war effort. They are entitled to much praise and commendation.

The budget for civilian defense has been reduced from an appropriation of \$107,000 for the last biennium to only \$6,500 for the ensuing two-year period. As a result of the curtailment of activities during the past biennium, an unexpended balance of \$50,000 will be returned to the general.

OLD AGE ASSISTANCE

At the 1943 Legislative session I asked for an increase in the appropriation for old age assistance sufficient to provide the approximate \$40 average payment designated as the maximum in both the state and federal law. At the time the average payment was around \$24. The Legislature granted that request.

As a result we are now paying an average of around \$35—in Multnomah County the average is about \$37—the highest payments in the history of the state. These payments will be increased further before the close of this fiscal biennium which is June 30th, the period for which the requested appropriation was made.

Only eight states in the Union exceed Oregon's average old age assistance grants. It is interesting to note that all but two of the eight are western states. Oregon ranks fifth of all states in the Union in average general assistance grants.

Nearly fifty per cent of the recipients of old age assistance in Oregon now receive the full \$40.

Over sixty per cent now receive from \$35 to \$40 per month.

And, approximately eighty per cent now receive from \$30 to \$40 per month.

Supplementing and in addition to those figures is free medical service totaling in excess of a quarter of a million dollars a year.

All of us have a right to feel justly proud of that fine record which tops some forty other states of the Union. However, as stated in my inaugural message in 1943, I still maintain that "\$40 per month is little enough to provide sustenance and reasonable comfort for these elderly citizens".

Strange as it may seem the counties are paying less today than they did six years ago when we were paying only \$21 per month. Furthermore, and generally speaking, the property taxpayer is paying less today for old age assistance or public welfare than he did six years ago, and, in some counties less than at any time since the inception of old age assistance in Oregon.

You will recall that the state general fund appropriation of some two and a half million dollars was eliminated entirely. Also, a measure was passed which provided that the state could assume up to ninety per cent providing further county and taxpayer relief.

You will note from an examination of the budget that funds for the public welfare program have been increased for the ensuing biennium.

COMMITTEE ON POSTWAR READJUSTMENT AND DEVELOPMENT

Pursuant to my recommendation to the 42nd Legislative Assembly, an act was passed creating a Committee on Postwar REadjustment and Development.

Members appointed on the committee include:

E. B. MacNaughton
George Buckler
A. A. Lausmann
Wayne Stewart
James T. Marr
Stanley Earl

State officials holding membership on the committee are:

Dr. Victor P. Morris, School of Business Administration, University of Oregon
Professor George W. Gleeson, School of Engineering, Oregon State College
Honorable Agnus Gibson, Chairman of the Senate Ways and Means Committee
Honorable Carl Engdahl, Chairman of the House Ways and Means Committee
George K. Aiken, State Budget Director
E. L. Peterson, Director of Agriculture

N. S. Rogers, State Forester
F. W. Libbey, Director of Geology and Mineral Industries
R. H. Baldock, State Highway Engineer

Dean Victor Morris was named chairman and John W. Kelly was selected as executive secretary. Several Sub-committees have been organized to deal with various phases of over-all program.

Recently an engineer was added to the personnel. He has been rendering valuable services to counties and cities that are contemplating or making plans for postwar projects and improvements.

In cooperation with the Hydroelectric Commission, the State Sanitary Authority, the Game Commission and the State Board of Health are now conducting a scientific stream survey and analysis under the direction of the Engineering Department of Oregon State College.

The complete and authentic information obtained from this survey and analysis should prove invaluable to the cities that are contemplating the installation of sewage disposal plants now estimated to total some fourteen million dollars.

Total projects listed upon which the postwar committee has been and is working reach the staggering figure of over four hundred million dollars. These items, federal, state and local, include both tentative and authorized projects. However, it is interesting to note that projects listed for which appropriations have already been made and for which cash is now on hand total in excess of sixty millions of dollars. This fund continues to grow as final action on tentative project minds is obtained.

It is to be borne in mind projects that these projects are separate and apart from the plans of private industry. These projects, although worthy and needed improvements, are more or less designed as a stop-gap should we be confronted with unemployment problems during the transition period when we are changing from an all-out war production to a peace-time economy.

I wish to emphasize that in my opinion the long-range success of any competitive free enterprise and individual initiative.

Oregon is destined to become a rather important industrial state. Scarcely a week goes by when the Governor's office is not in contact with some interested party or some phase of postwar industrial development in Oregon.

The chambers of commerce are doing an excellent work.

Here in Oregon we have great natural resources. We have huge blocks of cheap electrical power which offer great promise for the future.

We have fine transportation facilities --- water, rail, highway and air; excellent climatic conditions; an adequate and stable labor supply; vast potential markets in foreign trade and a rapidly developing market here at home in the Pacific Northwest.

The industrial eyes of the east are now looking to the west. We are on the eve of a great development.

JUVENILE DELINQUENCY Considerable alarm has been expressed from time to time concerning the question of juvenile delinquency. I do not share that opinion in its entirety. I have much faith in the young people of our state. However, we do recognize the importance of giving due attention to all phases of this question.

Over a year ago I appointed a state-wide committee on juvenile delinquency and requested that the first activity of the committee be that of securing facts and authentic information.

The committee also has a worthwhile program under way. There are several agencies and individuals well informed concerning this subject but in connection with any legislation bearing on this matter that may be presented to this Assembly may I suggest that officers of this committee also be called for any information or suggestion the Legislative committees may desire.

OTHER DEPARTMENTS --- TIME AND SPACE LIMITED

I regret that time and space do not permit a report on the activities and accomplishments of many of the state's important boards, departments and commissions. They have established records of achievement of which they are justly proud, and even in face of many present-day handicaps and trying circumstances. However, the reports of the various departments of state government will be found on your desks and I suggest a perusal of these interesting and informative compilations.

RECOMMENDATIONS

At the 1943 session of the Legislature I recommended a consolidation of the remaining activities of the World War Veterans' State Aid Commission, and agency in liquidation, with that of the State Land Board. Legislation effecting such consolidation was enacted. I am happy to report that during the first year of operation savings were effected totaling in excess of fifty thousand dollars --- one hundred thousand dollars for the biennium.

In the near future the interest and welfare of the returning veterans will be uppermost in the thoughts of the people of a grateful state and nation. In fact, many veterans already are returning home.

In my message to the 1943 Legislative Assembly there appears the following paragraphs on veterans' legislation:

"It is my recommendation that this Legislature enact legislation extending benefits to Oregon members of our armed forces serving in World War II. Among other things those benefits should include real estate loan privileges, veterans' preference, educational opportunities and vocational training.

" The recommendation contains no thought or suggestion of financial award because the extent of their patriotism and unreserved devotion cannot be measured in terms of money. From the cities and farms they came --- thousands of the finest of Oregon's young manhood --- relinquishing gainful employment, yielding educational pursuits, sacrificing aims and ambitions of the morrow, to engage in one of the greatest battles for freedom the world has ever known."

The Legislature enacted measures providing for enabling amendments to the state constitution which would permit the Legislature to activate such a program of veterans' benefits. At the last general election in November the people approved those measures.

Subsequent to the passage by the State Legislature of the Oregon veterans benefit acts the federal congress enacted the so-called G. I. Bill of Rights. Veterans may exercise a choice.

I recommend the adoption of legislation necessary to make the Oregon benefits effective. The amount of loan to be granted must be designated as well as interest rates, time of repayment and other terms and conditions. No limitation as to time in which application for benefits may be made appears in either the loan or educe actionable measure. It is noted, also, in the educational act that there appears no inhibition as to those who may be dishonorably discharged.

These are important and far-reaching measures which command careful thought and consideration. Likewise, will the administration of the provisions of these acts call for careful planning and sound judgment.

I further recommend the creation of a Department of Veterans' Welfare to be manned by a single commissioner or director appointed by the Governor.

AGRICULTURE

Oregon agriculture reached a new high level of production during the past biennium. This record was achieved even in view of labor shortages and a dearth of farm machinery, equipment and production materials, Oregon's cash farm income for each of the two preceding years exceeded two hundred sixty million dollars.

Oregon's fruit and vegetable pack last year exceeded for forty million dollars while the frozen pack was in excess of one and one-half billion pounds, a tremendous increase over normal years. Here lie great potentialities for development in the postwar period.

Oregon's dairy products bear an viable reputation for grade and quality. They are much in demand on markets throughout the nation. Last year the income from dairies and dairy products exceeded forty million dollars.

Recently we have received scientific reports which indicate somewhat of an epidemic of undulant fever in our state. According to reports its origin can be traced to several sources. Bang's disease is an important one. THE the past Bang's disease was treated chiefly as an economic measure. Several proposed laws dealing wit this subject will be presented to this session of the STate Legislature, some of which will have the endorsement and support of the industry itself.

I recommend that this honorable body give full consideration to all phases of this subject, obtain full and complete scientific and practical data and information, and enact statutes which will safeguard properly the health and well being of our citizens; and, safeguard and maintain the good name and reputation of Oregon's dairy products, and industry of great economic value and importance to our state and its people

The Department of Agriculture has been making an extensive study and examination of this problem over a period of months and awaits your call for any information, suggestions or recommendations you may desire from that department or division.

FORESTRY Forest production also reached an all-time high last year when the total cut exceed seven billion board feet. THat is the highest in the nation and represents one-fifth of the total national output in that year. EAch year of the last four Oregon has averaged over size and a half billion board feet. This is a heavy drain on our forest resources and while we have one-fourth of all the remaining saw timber in the nation, such rate of cutting and deletion brings forcibly to our attention the need for reforestation and sustained yield on the bases that "timber is a crop"

Oregon had the honor and distinction of having its Governor chosen as chairman of a national committee of five to make a nation-wide study of various phases of the country's timber resources and to report and recommend to the national biennial conference of the Council of State Governments held in Chicago this January. Other members of the committee represent the states of Vermont, Michigan, California and Georgia.

I was asked to address the Conference of Governors on this important subject at their national Assembly las July. IN that address I stressed seven points particularly, which, in my opinion, should receive full and immediate attention on the part of the states. These recommendations were:

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1. The states should finance their forestry departments on a basis which will permit the competent performance of essential forestry functions.
 2. Enact legislation adopting modern forestry practices. If the states do not do so, the federal government will.
 3. Revise taxation inequities which restrain private forestry.
 4. Support research in local forestry problems not covered by the federal forest experiment stations.
 5. Improve personnel standards and provide compensation adequate to attract able men to state forestry.
 6. Acquire forest lands where and when advisable. Rehabilitate forest areas. Retain retain state forest lands for demonstration, research, recreation, and watershed forests and other essential uses.
 7. All forestry states should consider the forest resource in all plans for the development of the state as a whole, particularly in respect to public works postwar planning.

Oregon has the most forwards-looking forestry program of any state in the Union. However, there are two phases of those seven points which in my opinion need strengthening now.

Under the state forest land acquisition law the state has come in possession of 321,000 acres of forest land. You are familiar with the provisions of that law whereby state-county cooperative acquisition agreements may be made and whereby desirable private tracts may be purchased through the medium of state-issued, long-term forest revenue bonds. For obvious reasons this arrangement has not been very satisfactory. The State Bond Commission within certain limits has taken many of these bonds off the market.

I recommend that this Legislature appropriate for use in the state forest land acquisition program a revolving fund of one hundred thousand dollars.

This is a worthwhile program that will pay future dividends to our state and to the industry.

Furthermore, I recommend that the appropriation for forest research and their forest research and the forest products laboratory at Oregon State College be increased to fifty thousand dollars.

Under the guidance of Dean Paul M. Dunn, encouraging progress has been made in the field of utilization of forest by-products. An advisory committee as defined in the law determines the policies to be followed in connection with these research activities. The present membership of the committee is:

Ray Jeub, Oregon Plywood Association, Coquille
Albert Hermann, Western Pine Association, Portland
H. J. Cox, Est Coast Lumbermen's Association, Eugene
Stephen N. Wyckoff, Pacific Northwest Forest and Range Experiment Station, Portland
Paul M. Dunn, School of Forestry, OREGON STATE COLLEGE, Corvallis
With the Governor serving as chairman.

Projects now receiving study and attention include: Sawdust plaster; wood carbonization; cork from Douglas fir bark; plastics and bonded boards; lignin studies and full utilization of Oregon hardwoods.

Herein, also, is a program of great possibilities; on vital to the state and the future of the industry; a program worthy of our fullest support and cooperation. UNEMPLOYMENT COMPENSATION

I recommend a continuation of the experience rating feature of Oregon's unemployment compensation law.

I recommend a liberalization of the unemployment benefit provisions of Oregon's unemployment compensation law.

The provisions of the unemployment compensation law should be broadened to include and cover many employees not now covered.

The employment service, loaned to the federal government, should be returned to the state at an early date to be administered by the state along with unemployment compensation where, in the interest of efficiency, coordination and general policy, they both belong.

There is difference of opinion as to experience rating but I believe the incentive toward steady and stabilized employment on the part of the employer fully justifies this provision. By means of this provision employers in Oregon saved four million dollars in 1944. It is a provision which, in my opinion, benefits both of employer and employee.

Oregon now has sixty-two million dollars in its unemployment compensation trust fund. If in the postwar period we were to have as many as one hundred thousand unemployed workers there would be drawn from the fund under the present schedule of payments of total of twenty-four million dollars.

Living costs have risen considerably since the enactment of the Oregon law.

The cost of unemployment does not rest alone with the employee. The employer and society generally shoulder the burden in the form of increased taxes, lowered volume, income and profits. Unemployment compensation cannot in any sense be considered as a long-range post-war assurance against a depression or prolonged unemployment. The answer rests with high wheels of production and an expanded economy.

... with a prosperous agriculture, business and full employment. However, unemployment compensation benefits will be great stabilizing influence in meeting any social or economic problems with which we may be confronted during the transition period.

I recommend liberalization of the benefits to the greatest extent possible consistent with the maintenance of a sound and stable trust fund.

OLD AGE ASSISTANCE FUNDS

I recommend that liquor revenues be received into the general fund of the state un earmarked and that appropriations for old age assistance be made from the general fund as other legislative appropriations are made.

Indirectly involved in this matter is a question of policy as to consistency with the intent and purpose of the Knox liquor control law.

TRADE BARRIERS AND UNIFORMITY

I have always been a strong advocate of uniform motor vehicle laws throughout our nation. Bottlenecks and trade barriers at state lines should not exist. To impede progress, development, and reasonably free flow of commodities and commerce will ultimately react to the detriment of all phases of our economy --- business, industry, agriculture and labor alike. This Legislature should determine this matter on the basis of what is best for Oregon --- its economy and its welfare.

POSTWAR TOURIST DEVELOPMENT

I recommend that an increased allotment from highway funds be set aside for tourist promotion in the postwar period.

At a recent meeting of the Northwest Governors Association it was agreed to pool a certain portion of our funds for a concentrated and coordinated program of development of northwest tourist travel.

I believe that it is generally recognized that Oregon is the top ranking recreational and inspirational playground of the Union. We must capitalize on our great tourist potentialities. It is an industry the income from which is estimated roughly at fifty million dollars. It should be doubled. Let's do it.

Quite true, we still have a war to win. But this is a matter that demands attention now. Let's make it possible for the state to point the way . . . to join hands with business, industry and labor . . . get our house in order and really do a job of genuine, effective tourist promotion.

VOTING PRIVILEGE At the November general election the people adopted a constitutional amendment referred to them by the Legislature which among other things authorized the Legislature to prescribe certain rules and regulations by which those who served time in the penitentiary --- convicted of felonies --- may be permitted again to exercise the right of franchise.

I recommend adoption of such legislation.

The State parole and probation department will submit a report to this assembly covering the activities of that department as well as executive action and which report will contain recommendations concerning the restoration of voting privileges based on the experience and considered judgment of the division.

INTERMEDIARY PENAL INSTITUTION I have long sensed the need and advantages of an intermediary penal institution in Oregon.

At my request the Honorable Richard A. McGee, Director of Corrections of the State of California, conducted a survey of the needs for additional penal and correctional facilities in Oregon. This survey was conducted without benefit of fee or salary and we are grateful to Mr. McGee and the state of California for his valuable services.

I believe it would be well here to include a few excerpts and paragraphs from that report.

Mr. McGee states:

"An analysis of the table in this report will show that on a basis of prisoners received, fifty per cent were under thirty years of age, during the biennium ending June 30, 1940; fifty-four percent were under thirty for the biennium ending June 30, 1942; and fifty-six per cent were under thirty for the biennium ending June 30, 1944. This would indicate that there has been, during the past six years, a significant increase in the number of commitments of men under thirty years of age in spite of the fact that this age group has had less opportunity to commit crimes because of the operation of selective service . . ."

"An examination of this table will reveal that fifty-seven per cent of all ages of prisoners received were first tremors . . . "

"Consequently, the state should provide facilities for not less than 1200 prisoners by June 30, 1948 and should so plan its institutional lay-out as to permit expansion up to 1600 prisoners by 1952."

"In a state like Oregon, prison population is now reaching a point where the first step in this diversified institution program could well be taken; hence, it is recommended that the state establish an intermediate institution, between the boys' training school and the penitentiary. This institution should be planned and the program established with the objective in mind of retraining and rehabilitating the younger and more hopeful cases. It is common practice in certain other states to set up institutions of this kind for the age group from eighteen to thirty . . .":

Mr. McGee makes many interesting and informative observations in his report as well as timely recommendations.

In view of the urgency of new buildings and improvements at other institutions during this coming biennium and in view of the further fact that the recommended year for completion of the intermediary institution was set at 1948, no recommendation was included in the institution was set at 1948, no recommendation was included in the budget for this biennium. I do suggest, however, for your earnest consideration its inclusion in the budget of two years hence.

Aside from the contributions such a separate institution would make toward the rehabilitation of hundreds of our young first offenders, we must not overlook the economy involved from rehabilitation which would result from the fact that it costs but \$60 per year for supervised parole as against \$332 per year for penitentiary incarceration.

JOB SECURITY AND RETIREMENT PLAN

Loyal, faithful and efficient state employees are certainly entitled to the benefits of job security and retirement pay or social security. They do not enjoy the benefits of unemployment compensation.

Such legislation may not be timely at this session. Veterans' rights and their future employment should be fully protected. However, should there be passed a measure, properly drawn, containing desirable features, and one which provided certain employer discretionary power and veteran protection, I should feel disposed to approve it.

NATIONAL CEMETERY

Congress and the War Department have manifested an interest in establishing a national cemetery in Portland, Oregon, which would likely be the only one to be located in the Pacific Northwest.

I recommend appropriate legislative action at this session necessary to activate such a program. Donations of land should be contingent upon evidence of definite plan on the part of the federal government. This program in question approval and support of the State Board of Control.

OTHER MATTERS

I wish to call attention to a very effective Industrial Accident prevention program that is applying dividends; to suggest consideration for the desirability of increasing the permitted legal reserve of the Industrial Accident Commission from \$4,500,000 to \$7,500,000 and the establishment of a "second injury" fund as a

just protection to employers and yet not placing in jeopardy the interest of the employee. This is am better of much importance in connection with the employment of returning veterans who have been injured in battle.

Also, may i call to you attention toe desirability of establishing a department of archives in conjunction with the ORegon State library.

LIQUOR PURCHASE

During the recent political campaign we heard and read certain statements, innuendoes, and accusations concerning the purchase by the states of WASHINGTON and Oregon of certain liquor stocks and merchandise. This matter developed in the state of Washington prior to the November election as a result of the release of a certain audit in that state. Nevertheless, the good name of the state of Oregon was involved.

I appointed as member of the Liquor Control Commission men of character and reputation. THE administrator is a man of high standing and unquestioned integrity. THEIR reputations are involved.

I respectfully ask for a legislative investigation. I do not mean a cursory examination. I mean thorough, sweeping and complete audit and investigation. THE members of the commission are entitled to no less. The people of Oregon are entitled to no less.

I suggest that by proper resolution the President of the Senate be authorized and directed to appoint two of its members, to be confirmed by the Senate, and that the Speaker of the House be authorized and directed to appoint three of its members, to be confirmed by the House, such appointed and approved members to constitute a legislative investigating committee; further that such committee be authorized and directed to employ the services of a recognized, competent and reliable auditing firm and that a reasonable amount be appropriated from the revenues of the Oregon Liquor Control Commission for the purpose of such audit and examination.

Obviously, the examination should and I am sure will be conducted on an impartial, unprejudiced, nonpolitical basis and a report by the committee should be made forthwith.

CONCLUSION

World events are occurring with such great rapidity that it is more than difficult to predict that the morrow may hold . . . or bring forth.

These are indeed critical times . . . times of great uncertainty . . . times which truly try men's souls.

Let us find courage and unity in the stirring, matchless record of our heroic sons . . . out there at this very hour fighting and dying on every front.

May the blessings of heaven attend us --- and guide us in our every deed and action --- as we work together for victory . . . as we work together for a lasting peace throughout the world . . . as we work together for a bigger and better Oregon . . . and greater opportunity for all our people.

EARL SNELL

Governor's Message, 1947

Source: LEGISLATIVE MESSAGE OF EARL SNELL GOVERNOR OF OREGON TO THE FORTY-FOURTH BIENNIAL LEGISLATIVE ASSEMBLY JANUARY 13, 1947 SALEM, OREGON

Mr. President; Mr. Speaker; Members of the forty-fourth Legislative Assembly of the great state of Oregon:

This is the first peacetime assemblage of the Oregon State Legislature since 1941. During the last two biennial sessions we were gravely concerned with problems of defense, the state guard and selective service, Oregon's performance was outstanding in the nation.

Indeed, the record of the deeds and accomplishments to those brave lads who went forth to battle from Oregon is one that will long stand in the annals of history. Among others, we need but reflect upon the heroic deeds of the far-famous Oregon units of the 41st Division whose battle-scarred colors and standards were returned to this proud state only a few months ago. Not only did they establish all-time records in combat, but their bravery, tact and determination were credited with ringing about the turning point in phases of the battle of the Pacific. Indeed their glorious performance reflects the thoroughness and efficiency of the training of the Oregon National Guard and stands out as a monumental tribute to that valiant soldier and leader, the late Major-General George A. White, his staff, his officers and men. Such, ladies and gentlemen, is but an example of the bravery and determination recorded by many other units to which Oregon boys were attached; including Navy, Marine and Air Corps, and, on battlefields throughout the world.

On the home front we established records of production which were the envy of the entire nation and which were reviewed by other countries in utter amazement. Oregon set the pace in the purchase of war bonds and likewise established national records on the financial front.

POSTWAR AND VETERANS

During these wartime sessions of the Legislature we were also planning for peace.

In 1943 I recommended the creating of a Postwar Readjustment and Development Committee. The Legislature enacted the measure. The contributions of this committee to the state and its political subdivisions in connection with postwar problems and planning are well known to all of you.

Also did I recommend certain measures designed to offer opportunity and assistance to our returning veterans. These you recall included loan privileges, educational assistance, veteran's preference and the creation of a separate Department of Veterans' Affairs. The legislature also enacted those measures. You will recall that those recommendations were made and adopted prior to the enactment of the Federal G. I. Bill of Rights. Certain of those measures were by necessity referred to the people. They were subsequently approved by the grateful citizens of this state. Never at any time was there thought of reward or compensation --- just opportunity.

As of December 31, 1946, the Department of Veterans' Affairs had received a total of 513 loan applications, 362 of which were granted for a total amount of \$793,695.00. Eleven hundred and thirty-four applications for educational assistance were received, 1,123 of which were approved.

INCREASE LOAN

A few amendments to these measures may be in order but particularly do I recommend a substantial increase in the amount the state may loan to a veteran for the purchase of a home or a farm.

HOUSING

Housing is a problem of real concern to the returning veteran. It is a problem national in scope and application, brought about by limited construction of homes in the '30's and virtually and absolute embargo on any type of home construction during wartime. The difficulties lay in the shortage of materials,

equipment and supplies and in some instances a shortage of skilled labor. We have heard many reasons advanced but let us not forget that at the outbreak of war all of the mighty resources of this great country were marshaled behind one common goal --- production. Those vast resources were organized by the giants of industry and the best brains in the land; there was unity of purpose on every hand. It was a program backed by limitless billions upon billions of dollars; and yet it took us two years to get under full production.

The housing question while national in scope does present certain opportunities for local assistance. Oregon has been active and Oregon has gotten results, particularly in connection with our schools of height learning. Let not this session of the Legislature overlook any opportunity to be of further assistance in alleviating this problem which is really acute and serious. Local communities have very definite responsibilities which in many instances have been fully recognized. They too, can make certain contributions, even though at the time they may seem relatively minor in contemplation of the broad, over-all nation-wide problem. UNITED NATIONS ORGANIZATION

Although this Legislature will be concerned primarily with peacetime problems, we cannot dismiss completely from mind the fact that peace has not yet been officially declared. We cannot overlook the fact that doubt and suspicion and misunderstanding as between nations still exist. WE cannot forget that in some parts civil war is raging.

The United Nations Organization offers great promise. Let Oregon, along with all states of this great Union, support its ideals and principles with all the resources at our command. It must succeed. Otherwise civilization itself is placed in jeopardy. To perfect such an organization demands time and patience. But until other nations manifest the same enthusiasm for agreement and understanding looking toward the same peace --- until the United Nations Organization offers definite assurance --- let not state and nation be too hasty in withdrawing troops and in scrapping our defenses as many both here and abroad would have us do. Indeed Oregon is as much concerned as any state in the Union. In some respects that concern surpasses many others.

FREE PASS

I desire also to suggest that this Assembly by resolution or memorial urge strongly the importance of a free press and its close relationship to the all-important question of world peace.

With God's help let us make certain that this time there shall be lasting peace. There can be. There must be. And, I firmly believe, there will be.

MANY PROBLEMS

There will be many problems presented to this session of the Legislature to be sure. Yet those problems are no more numerous nor of greater magnitude than those presented to several Legislative sessions of the past. I am sure that the membership agrees that there seems no valid reason why the Forty-fourth Legislature should establish some sort of unpleasant record for being in session the greatest number of days in Oregon Legislative history.

FINANCES AND BUDGET

One of the most important questions --- if not the most important --- confronting this session of the Legislature is that of taxes, finance, and budgets.

WE have presented for your consideration a balanced budget. There has been no indiscriminate slashing.

Requests submitted by the various departments of state government totaled \$50,000,000.00. I am using even numbers for ease of following. Total appropriations for the last biennium equaled \$30,000,000.00. Therefore, requests for the ensuing biennium exceeded the 1945 appropriations by \$20,000,000.00. These increased requests reflect a laudable ambition on the part of the executives and administrators of the various state departments and institutions to improve the state's services and facilities to the greatest degree possible, to the end that Oregon's care, service, and opportunities presented shall be second to none. I endorse that ambition. Yet I realize full well that we shall never reach the apex. No state or commonwealth will ever arrive at the status of absolute perfection.

Also there will always be numerous demands for financing of new projects, new programs and additional fields of service.

How far shall we go? How far can we go?

NO DEFICITS

It seems to me that the state's position in this regard is very similar to that of the typical American home.

The obvious fact remains that we must live within our income, increase that income, or, go in debt.

AS far as the power and influence of the Executive Department may extend, there will be no deficits.

I am confident that the Legislative members are in full accord with that policy.

TAX SURVEY

At the 1945 session of the Legislature I recommended that

“ provision be made for engaging the services of a nationally recognized firm of tax experts for the purpose of a complete survey, examination and analysis of all phases of our tax structure and report to the Legislature with recommendations as to the most attractive, advantageous and equitable tax system consistently possible for Oregon to devise.”

Although legislation is finally enacted did not conform with that recommendation, provision was made for the creation of a Tax Study Committee. It was a good committee and a hard-working committee. Members thereof in the order specified by the resolution were:

Honorable Howard C. Belton

Honorable Earl T. Newbry

Honorable Eugene E. Marsh

Honorable Giles L. French

George K. Aiken

Charles V. Galloway

Earl Fisher

Coe A. McKenna

William Howes

Kelley Loe

Harvey N. Black

George. C. Huggins

Judge Carl W. Chambers, Chairman

Mr. S. J. Barrick was selected as Executive Secretary and Director of Research.

The report of this committee is on your desk. You may not agree with all of its recommendations. I do not. Neither was there unanimity of opinion among the members themselves on all phases of the report.

The fact remains, however, that it does present a worthwhile analysis of Oregon's tax structure and of the broad subject of taxation generally. The analyses, recommendations and statements of policy are worthy of your careful study and consideration.

Furthermore, the statistics and information contained in the report will be of great benefit in the deliberations of the members of this and other sessions.

I desire to commend the members of this committee on their loyal, faithful and conscientious service to the state in fulfilling the responsibilities and obligations placed upon them by the provisions of the legislative resolution. Credit also is due Mr. Barrick and a score of others who made valuable contributions during the course of the study and compilation of the final report.

Many have inquired why did not the committee recommend a sales tax, either selective or general; why not a repeal of the income tax; why not elimination of the provision which permits deduction from state income tax of the amount of federal income tax paid? And, on and on. In that connection the report must speak for itself but I am confident that no member of the committee was of the opinion that any recommendation as to taxes would meet the approval of all segments of society.

BUDGET AND TAXES

I desire to submit that the budgetary recommendations, if adopted, should carry us through the 1947-49 biennium without a deficit and without the aid of additional revenues.

The amount of \$50,000,000 representing the original requests was reduced by the Budget Division to \$40,000,000 in round numbers. That figure still represents an increase of \$10,000,000 over the amount appropriated last biennium. The increase is reflected in higher costs of merchandise, equipment, and supplies; in increased salaries, the state's share of retirement pay, civil service, and certain other additions and increases allocated in the budget.

The greatest portion of the ten million dollar cut in requested funds was represented by reductions of capital outlay requests.

As you know, the last Legislature passed a ten million dollar building program for state institutions and our schools of higher learning. The measure subsequently was approved by the people. Three millions additional were appropriated by the Legislature. Also, provision was made some time ago for the construction of a state office building in Salem. While the plans and specification have been prepared for practically all buildings under that program yet due to economic conditions, shortages of supplies and the urgent need for veterans' housing, the construction program has scarcely even started. And, although the extreme urgency and necessity are recognized by all who are familiar with existing conditions, I doubt seriously if it will be possible to complete the program during 1947 and 1948. Hence, the capital outlay eliminations seemed entirely justified.

The available revenue for appropriation for this biennium totals \$35,000,000, which is \$4,000,000 more than available during the last biennium. Subtracting the 35 million from the 40 million approved in the budget, and adding thereto the amount of deficiency appropriations, leaves a balance to be raised --- again all in round numbers --- of \$6,000,000.

UTILIZE PRESENT FUNDS

This budget deficit can be met by an amendment to the corporate excise tax law which would place those monies in the general fund. There are funds sufficient at the present time to balance the budget as submitted and leave a slight surplus.

I recommend such action.

FUTURE REVENUES NEEDED

If in the future the state is to meet the increased demands, the urgency of expanded facilities, the necessity for adequate salaries for its employees, state school support, and the higher costs for merchandise, equipment and supplies, some additional revenues for budget balancing in the future must be provided.

I recommend that this Honorable Body adopt the procedure suggested for balancing the budget for the next biennium and that it then proceed to give careful and deliberate consideration to the question of needed revenues for meeting obvious future requirements.

REFER TO PEOPLE

Furthermore, I recommend that any new major tax proposal be referred to the people at a special election called specifically for that purpose and that purpose alone; unless of course the Legislature in its wisdom determines that other measures emanating from this session, and to be referred, are of such importance as to demand a place on the special election ballot.

STATE'S CONDITION

Section XI of Article V of the Constitution of Oregon provides that the Governor shall "give the Legislative Assembly information touching the condition of the state. . . ."

It would require much time to report in detail, therefore, I shall condense the report and sketch briefly the highlights.

BONDED INDEBTEDNESS

Oregon's financial position is excellent.

Total bonded indebtedness from original issues of over 87 million dollars has been reduced to less than 16 millions. Highway bonds from a high of over 51 millions, no total only four million dollars. Veterans state-aid bonds total less than ten millions with equal offsetting assets.

STATE DEPARTMENTS

All state departments are in a sound and healthy condition. Although in some instances understaffed and handling the greatest volume of business in history, the departments have been rendering outstanding service. Much credit is due the many able and capable administrators in state service.

The state institutions under the Board of Control are overcrowded, in need of repairs and new buildings, added facilities, and additional trained personnel. Yet I believe they are rendering better service to their patients and charges than at any time in the state's history. Both Mr. Farrell and Mr. Scott have taken a very keen interest in the state's institutions and are devoting much time to institutional problems. Much credit is due them for the progress that has been made. Oregon is fortunate in having the benefit of the knowledge, experience, and ability of such men as Mr. Farrell and Mr. Scott.

OREGON'S FUTURE BRIGHT

Oregon's economic future is exceedingly bright.

New industries are locating in Oregon by the score. Exploration and research, both public and private, are progressing daily, looking to further development of our natural resources and industrial opportunity. Lumber, agriculture, dairying, fishing, and others have registered peak incomes. At the close of 1946, statistics disclosed the largest number of employed workers ever recorded on the peacetime records of the Unemployment Compensation Commission.

Millions of dollars of private capital are ready for new construction and expansion. A tremendous program for development of the Columbia Basin and the Pacific Northwest has been authorized. This includes irrigation, navigation, flood control, and power development. Included also is the Willamette River multiple-purpose project. This legislature and the people generally should make every possible contribution toward expediting the work on these projects. They will be of untold benefit to our state, the Pacific Northwest and, for that matter, the nation at large.

It is gratifying to note the progress that is being made as a result of cooperative effort in the design and location of dams together with added facilities to protect the natural propagation of fish, and industry so important to our state and the Pacific Northwest.

FORESTRY

On August 25, 1945, I appointed a Special Forestry Committee, representative of a cross-section of interests, and charged them with the responsibility of making a complete survey and analysis of Oregon's forestry program, but with particular emphasis on the Tillamook burn, fire prevention, and reforestation.

Members of that committee were:

Judge H. D. Kerkman
Tom B. Purcell
Morton Tompkins
H. J. Andrews
George T. Gerlinger
J. F. Daggett
E. B. Tanner
Claude Ballard
Kenny Davis
C. L. Jamison

Michael Bigley, a graduate of the school of Forestry of the University of Washington, forestry consultant, and formerly with the United States Forest Service was selected as Executive Secretary.

Indeed, the committee did make a thorough study, survey, and analysis of the problem. The very comprehensive report is on your desk. The committee finished its work May 18, 1946.

With the exception of the suggested program for the Tillamook burn virtually all of the recommendations have been put into practice. Some became operative prior to the filing of the report.

TILLAMOOK BURN

There are some 300,000 acres in the Tillamook burn. The state owns approximately 165,000. I recommend that the state acquire the remaining 135,000 acres and that this area be made a state forest.

The rehabilitation of this area imposes a long range program. Fire protection paths or corridors must be made. Acres and acres of snags must be removed. Surveys to determine the kind of trees to plant in various areas must be made. Finally then actual plantings must take place.

COSTS HIGH

Estimates of cost range from five to twenty millions of dollars. Figures furnished me by the Forestry Department indicate that the cost will approximate six million dollars including purchase price. There should be additional funds for general fire prevention and forestry work as well as surplus emergency funds.

TEN-YEAR PROGRAM

My recommendation is for a ten-year program.

I recommend that a law be enacted levying a 20-cent-per-thousand excise or service tax on all stumps or timber cut in the state of Oregon, and such monies so raised be placed in a special fund to be used primarily for the rehabilitation of the Tillamook burn but also in the development of fire prevention and suppression programs and the promotion and advancement of the forest industry generally including wood waste research.

On the basis of a six billion board-foot cut per year such a tax would yield \$1,200,000.00 per year or twelve million dollars during the ten-year period.

The industry would benefit in tax savings under this program. Federal tax deductions would average 35 per cent. State income tax because of legal implication and present difficulty in assessment with resultant small collections.

BASIC SCHOOL SUPPORT

At the general election last November the people of this state approved an initiative measure providing for a basic school support fund.

The thirty million dollars necessary to finance the program during the next biennium have been provided in the financial and budget program as submitted and discussed hereinbefore.

EQUALIZATION FORMULA

The Legislature has the responsibility of providing the equalizing apportionment formula and the placing of responsibility for administration of the act. The law provides for annual apportionment and distribution in a manner that will "equalize educational opportunities and conserve and improve the standards of public elementary and secondary education throughout the state." Care should be exercised in bringing about the fairest and most beneficial distribution possible. A combination of per capita membership and teacher allocation together with equalization features has much in its favor.

HANDICAPPED CHILDREN LAW

The basic school support fund is in lieu of both the 2-mill elementary school tax and the state school support fund. I recommend that the handicapped children's law and financing also be brought under the provisions of the basic support law.

State support for our schools is timely. The greatest possible benefits under the basic school support fund depend to the considerable degree upon apportionment and administration.

TOURIST INDUSTRY

I have long been a strong advocate of programs looking to the promotion and development of the tourist industry.

In my message to the Legislature in 1945 I stated that the annual income from the tourist industry was estimated at fifty million dollars and that the amount should be doubled. Very likely we attained that goal in 1946. And, with very little organized effort. Now let's double it again. WE can do it. Ladies and gentlemen, the tourist industry is a big industry. It has tremendous possibilities and potentialities.

SUPPORT PROGRAMS

We must increase and expand our facilities and accommodations.

Let us give full support to advertising programs, host schools, park and highway improvement, historical marking programs, stream purification, Keep Oregon Green, and general conservation programs.

GAME AND FISH

The State Game and Fish Commissions are undertaking ambitious programs of propagation. This is important and necessary not only as a tourist attraction but also for the pleasure and recreation of our own citizens. The Game Commission is adding a number of enforcement officers under the State Police in the interest of further conservation of our wild life resources.

YEAR-ROUND INDUSTRY

No longer is the tourist business just a summer industry. It is now a year-round industry. We must place greater emphasis on fall and winter travel; develop and improve more winter roads and resorts. With little effort Oregon can become the winter wonderland for the tourist and vacationist. Already do we have such reputation for the summer traveler.

TRAFFIC SAFETY

Any discussion of highway travel immediately brings to mid the terrific toll of death and destruction taken annually on our streets and highways. It is laterally appalling. It must be checked. Here in Oregon there were 478 deaths and more than 60,000 accidents on our streets and highways last year.

AS you know the administration of highway safety programs is lodged in the office of the Secretary of State. Undoubtedly that office will have proposals to offer. Let me urge you to give all possible support to programs calling for increased emphasis on enforcement of traffic laws, on safety education and engineering. This flagrant killing must cease. Oregon can and should point the way. I am sure we all recognize the need for additional traffic enforcement officers. And bear in mind that members of the State Police did not participate in the general salary increase for state employees. Their salary schedule is set by law.

TRADE BARRIERS AND UNIFORMITY

Another matter under the subject of highways is the paragraph on Trade Barriers which appeared in my legislative address of 1945.

That paragraph reads as follows”

“I have always been a strong advocate of uniform motor vehicle laws throughout our nation. Bottlenecks and trade barriers at state lines should not exist. To impede progress, development, and reasonable free flow of commodities and commerce will ultimately react to the detriment of all phases of our economy --- business, industry, agriculture and labor alike. This Legislature should determine this matter on the basis of what is best for Oregon --- its economy and its welfare.”

CITY-COUNTY AID

I endorse the policy of city and county participation in certain state funds.

AVIATION TAX AND AIRPORTS

A proposal has been advanced for increased tax on aviation gasoline, the monies derived therefrom to be distributed to the counties or cities. An examination of the record discloses that the proposal would produce a small amount of revenue and hardly sufficient to justify discrimination as between states with consequent losses to us. Uniformity in this regard is highly desirable. It might be in order for Oregon to appoint a legislative committee to meet with similar committees from our adjoining states for a discussion of this and related subjects.

The development of airports in our state, however, is a very important matter and should receive all possible encouragement.

URBAN PLANNING

I commend to you for careful study and appropriate action the recommendations contained in the report of the Special Committee on Rural Planning and Zoning.

This committee was composed of Dr. Orval Eaton, Dean Seeger, Frank Howard, Judge Nelson B. Higgs, F. L. Phipps, Herman Kehrli, Judge Grant Murphy, Honorable Paul L. Patterson, Honorable Max M. Landon, Ronald E. Jones, Kenneth H. Spies, Fred A. Cuthbert, A. D. Newman, Ray W. Gill, R. H. Baldock, Tom Watson, Frank Shull, Fred Miller, with the Honorable William Bowes, Commissioner of Public Works, Portland, as chairman.

The recommendations emanating from this committee were the result of a state-wide study and investigation followed by careful and deliberate consideration.

BOYS' CAMPS

During the past year officials in the Board of Control office together with the Superintendent of the Boys' Training School have been making a rather exhaustive study of my proposal to establish boys' camps for youthful offenders or delinquents not in the cc lass that are committed to school at Woodburn. I personally visited two such camps in California.

I urge all of you to read the very able report on juvenile delinquency and its control filed by the state-wide Juvenile Delinquency Committee.

It is well worth your while. Also there will be filed for you information and guidance a report from your own Legislative interim committee created at the 1945 session.

After studying and reviewing the various plans for the establishment of boys' camps, I arrived at the conclusion that the most desirable arrangement is one that provides for county or county-city ownership with the state participating in operational costs. Two or more counties might join in the establishment and operation of a boys' camp. Present facilities no longer in use such as C. C. C. camps might well be utilized. There should be a per capita ceiling on the amount of the state's participation and certain standards should be provided.

Such a program not only would contribute much toward the readjustment of boys leaning toward delinquency but should alleviate to a considerable degree the burden now placed on present state institutions and local facilities. After all, what's more important than the rehabilitation of our youth? Investment in the future of these boys is just good business. It is important to bring about adjustment to a useful place in society before the youngster's life pattern is formed; before it is too late and before he becomes a charge of the state for an indefinite period. I recommend the passage of a suitable enabling act.

INTERMEDIATE INSTITUTION

I desire also to renew a recommendation for the construction of an intermediate institution just as soon as the availability of materials and supplies and general economic conditions permit.

Such an institution for first offenders and for segregation purposes likewise can be considered as an investment. More than that, as our state continues to grow and increase in population, the time is rapidly approaching when expansion of present facilities must be made.

OREGON'S JAILS

Another Legislative interim committee from the last session was charged with the responsibility of making an inspection and report on Oregon's custodial institutions including county and city jails. The report will speak for itself but I predict that the information submitted, together with the report on local jails furnished as a result of a survey shocking to the membership of this Body as well as to the public generally.

The interim committee report undoubtedly will contain recommendations for improvement.

LABOR LEGISLATION

Reports are current that regulatory labor legislation to be referred to the people will be resented to this session of the State Legislature.

Public announcement has been made that Congress is now considering labor legislation. Most states undoubtedly will hesitate to take hasty action and particularly so in view of the nation-wide uniform features of Congressional acts.

All are agreed I am sure --- industry, management, labor, public officials, the people generally --- that there cannot be monopolies with arbitrary, dictatorial powers on the part of either business or labor, or, on the part of government itself. If so, democracy as such ceases to exist.

All are agreed also, I am sure, that jurisdictional disputes and certain secondary boycotts are utterly inexcusable and have done much to injure the cause of labor.

Oregon's labor relations during recent years are reported to be the best in the nation. May that record long continue.

Rights, privileges, security, and fair and just treatment must be recognized by both management and labor. In the final analysis, doubt, suspicion, mistrust and miscomprehension must be cast aside in favor of a spirit of mutual cooperation, mutual helpfulness, and mutual understanding.

IN recent years labor in America has enjoyed the greatest uncontrolled freedom of action and organization perhaps ever enjoyed in this or any other country. The American people want it just that way --- the greatest freedom possible --- so long as our great democratic industrialized processes and the competitive free enterprise system continue to work properly and function efficiently. If they fail, we all know what the answer will be.

As far as the immediate future is concerned, retention of those uncontrolled freedoms of action rests largely with labor. The extent of restriction or the degree of regulation by Congress, or by the states in regular or special sessions of their respective Legislatures, rests nor necessarily with labor as such but largely upon the shoulders of those who are charged with major responsibilities

OTHER RECOMMENDATIONS

Time hardly permits detailed discussion of several other subjects important to the state and its people.

WORKER BENEFITS

Briefly, however, and without attempting to cover all of them, might I suggest that benefits to workers under both the Industrial Accident Commission and the Unemployment Compensation Commission can be and should be liberalized.

EXPERIENCE RATING

The Unemployment Compensation fund now totals \$70,000,000.00. Experience rating during 1946 represented a saving to employers of six million dollars. I recommend continuation of experience rating.

EMPLOYMENT SERVICE AND WIDOWS' PENSIONS

With the Employment service returned to the state and resultant coordination of activities, improved service to both employer and employee will ensue.

Widows' pensions under the Industrial Accident Commission should be increased.

REPORTS --- ACCIDENT PREVENTION

Except in certain instances employers under the Industrial Accident Commission should be permitted to file quarterly reports.

The Commission's accident prevention program has produced remarkable results. It should be expanded.

OLD AGE ASSISTANCE

Old age assistance payments in Oregon now average approximately \$45.00 exclusive of medical and dental care. The payments cannot be defined as lavish in view of present-day costs but it is a record of which Oregon can be justly proud. Amendments will be presented with reference to clarifying county participation provision and county hospitalization. The budget as presented shows and increase over the last biennium.

JUSTICE BRAND'S APPOINTMENT WAR CRIMES TRIBUNAL

Prior to the reading of this message perhaps, you will have read the public announcement of the appointment of Justice James T> Brand by the War Department to the War Crimes Tribunal in Germany.

This appointment now only is a distinct honor to Justice Brand but also is honored recognition of the type and character and ability of Oregon's Supreme Court. This appointment is a glowing tribute to Oregon.

A bill providing for an amendment to Chapter 296, Oregon Laws of 1941, to clarify any possible ambiguity as to certain public officials being called into active service will be offered to this Legislative Session.

I know that Justice Brand's appointment will be or has been received by your with great acclaim. IN view of the fact that the War Department orders specify that the court upon which he sits convenes on February 1st, 1947 in Germany and also that he must report in Washington, D. C. not later than January 20th, one week from today, it is respectfully suggested that passage of the proposed measure be expedited to the greatest extent consistently possible.

CONCLUSION

The constitution of the state of Oregon ordains that the powers of government shall be divided into three separate departments --- the Legislative, the Executive, including the administrative, and the Judicial.

Indeed, our founding fathers acted wisely and well.

Although as decreed by the fundamental law, our departments are separate and distinct, yet ours should be a joint effort in meeting and solving the problems with which we are confronted. To that end I pledge to you the utmost cooperation on the part of the executive office and all departments, boards and commissions under its jurisdiction.

There will be different ideas, different viewpoints, and different approaches to be sure. Yet underlying all these will be that one objective . . . that common goal . . . a bigger and better Oregon --- morally, materially and spiritually.

May the blessing of Heaven attend us and guide us in all our deliberations.