

Gov. Thayer's Inaugural.

Gentlemen of the Legislative Assembly:

The people of the State of Oregon at the last general election, as shown by your publication, chose me Governor of the State for the ensuing term of four years.

The convention of the party that gave me the nomination for that important and honorable position, adopted a platform in which, among other things, it was declared, "That a simple government honestly and economically administered, confined in its operations to the administration of justice and the preservation of the public peace, was the only safeguard against abuse of power." That it was the supremacy in regard to its reserved authority; to vindicate its jurisdiction against encroachments from any source whatever; that taxation should be equal and uniform; and that rigorous laws should be enacted for the management and preservation of the various funds belonging to the State.

Upon accepting the nomination, I gave my indorsement to that platform, and I am assured that the convention that elected me will faithfully support the Constitution. That indorsement and pledge I shall adhere to, and to the best of my ability maintain during my official term.

A plain citizen's government, devoid of all pageantry and ostentation, is in accordance with the design of the founders of our system, and the best adapted to our condition of affairs.

Grandeur and nobility may be a necessary concomitant of royalty, but they have no legitimate place in our polity, and should never gain a foothold there through any heretical and pernicious custom.

Economy in the management of the affairs of government is a vital principle, and one which should be maintained in all its applications, especially in those which relate to the public treasury, as the vice and demoralization which result from extravagance.

It was stated more than eighteen hundred years ago by a distinguished writer of that age, "That a waste of the public wealth is the most lasting of public afflictions." "That the treasury which is drained by extravagance must be refilled by crime." It is the duty of every citizen to see that the public wealth is not dissipated, and that the public treasury is not exhausted.

I am aware of the difficulty in securing a just and equitable mode of taxation, and am unable to recommend any plan of taxation, beyond what is here suggested, but I have such confidence in the wisdom and intelligence of your honorable body, that I believe you will be able to satisfactorily adjust it.

I hardly deem it necessary to urge upon you the importance of preserving the various funds granted to the State, and to which it became entitled, upon its admission into the Union. The strict observance of such duty upon the part of those entrusted with their management, should require no advocacy; they are a legitimate inheritance, a valuable birthright, not descended, however, as an absolute property, but limited in trust for the use and benefit of ourselves and posterity.

Any waste, abuse or neglect of these funds upon our part, would certainly entail upon us the merited censure of those who come after us. They should be administered with the greatest care and protected by the strictest and strongest safeguards, and I earnestly recommend that you diligently inquire into their management and condition, and report to the people, as soon as you may be able, the result of your investigation.

It is essential to the welfare of a State that it have a well defined code of laws that afford an adequate remedy for every civil injury and provide suitable and proper punishment in the case of public offenses, and that those laws be administered with impartiality and justice. A State vested with certain powers is obligated to maintain them. It is not a mere license to exercise at discretion, but the imposition of a duty which should be punctiliously performed. The dignity of a State would be compromised by a failure to assert its rightful authority.

Certain specified powers have been delegated by the Constitution of the United States, and reserved to the States, those not so delegated or prohibited by it to the States respectively, or to the people. We should cheerfully submit to the exercise on the part of the United States of the delegated powers enumerated in that instrument, and aid to the best of our ability in maintaining the laws made in pursuance thereof; but should at the same time firmly insist upon the right of the State to exercise the same sovereign authority with respect to its residual powers, as it would have if no such instrument existed. These views are logical deductions drawn from the express terms of the organic law and should be upheld, not only because the voice of the people, speaking through their representatives, has so declared, but more particularly for the reason that when the bounds of authority are once passed, power is set at large, there is no defined line to its exercise, but it is subject to the will and caprice of those who administer it. Lines, angles, surface and monuments are all obliterated. The fundamental law no longer controls it, and the government becomes an anarchy.

"A people," said James Madison, "who are so happy as to possess the inestimable blessing of a free and defined constitution cannot be too watchful against the introduction, nor too critical in tracing the consequences of new principles and new constructions that may remove the land marks of power."

A State necessarily imposes various burdens upon its people. Of these, taxes are ordinarily the most onerous and the most difficult to adjust. The rule that all taxes must be equal and uniform was dictated by natural justice, and yet has never been, nor probably ever will be, effectually enforced. It can be carried out only by including in the tax list all the property in the State subject to taxation and affixing thereto a correct valuation, such a result ought to be approximated as far as possible; property rights should be protected by law, and no proportionate expense of maintaining the law. Our success in securing a uniformity of taxation depends very much upon the efficiency of the assessors of the various counties, and the discretion and firmness of the county boards of equalization. Whether it will ever be accomplished, I am not at all certain, our mode of assessment, is not, at all certain. The value of the taxable property in the State as shown by the assessment roll is evidently very much less than its actual value. This might indicate a neglect of duty in making the assessment, though it is in part doubtless owing to a fault of the law. Taxation for State purposes under the present system is liable to be unequal. Valuations are fixed in different counties and the assessors of the same county by its local officers, who have no opportunity of other counties, whose opinions are liable to be influenced by their interests in favor of low estimates, and there is no supervisory authority over the subject. But it is very doubtful whether the system can be improved so as to remedy the difficulty. A State board of equalization has been tried and wholly failed

to give satisfaction, and I doubt very much whether an institution of that character can be practically maintained. A change of some of the provisions of the law, would, in my judgment, operate beneficially. The Legislature at its session in 1874 passed an act changing the clause in relation to deducting indebtedness. It provided that the assessor should deduct indebtedness within the State to the amount of one thousand dollars, and no more. But it failed to become a law upon the ground that it attempted to amend an act by reference to its title only. I am satisfied that the authority to deduct indebtedness, as provided by the existing law, is productive of mischievous effects. Frequently valuable property, having a fixed value except taxation. Landed estates, when purchased in part upon credit, are seldom taxed at all, the assessor's valuation being no more than the amount of indebtedness, and if any taxes are realized on account of the property they must be obtained from creditors who may be residing in remote parts of the State. In many instances fictitious indebtedness is resorted to and deducted from the valuation. The device of exchanging promissory notes has been employed often. In my judgment all tangible property should be assessed at its full value in cash, and no deductions allowed on account of indebtedness. In assessing notes, accounts, and other choses in action, indebtedness might be properly deducted, and debts secured by mortgages or other specific charge, upon real or personal property for the purchase price thereof, to the amount of the assessed value of the property, ought, perhaps, to be exempted from taxation. I also desire in this connection to call your special attention to the subject of requiring foreign capitalists, companies and corporations doing business in this State, to contribute to the support of the State government. They are protected by its laws and should assist in maintaining them. The residents of other States and countries who make a business of loaning money to people in this State should pay taxes on the amount of funds so loaned, the same as though those funds were owned here; the amount could be ascertained very easily; the resident agents could be required to give statements of the amounts to the proper assessor. But foreign parties engaged in many kinds of business in the State cannot be assessed in this manner, as they employ no capital or property which could be made the basis of assessment. Foreign banks, express and brokerage corporations by charter 24, miscellaneous laws as published in 1874, are subject to the payment of certain taxes, licenses and stamp duties. Various provisions of different acts relating to foreign corporations are there collected. They embrace different subjects. Some of them have been held invalid by the courts, and are inoperative as a whole. It would be desirable to pass a new act providing the terms and conditions upon which foreign corporations may transact business in this State and require as one of those conditions the payment of a sum in gross, or in case the business transacted be the loaning of money, then the payment of a tax upon the capital employed in the particular business as before suggested.

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Any waste, abuse or neglect of these funds upon our part, would certainly entail upon us the merited censure of those who come after us. They should be administered with the greatest care and protected by the strictest and strongest safeguards, and I earnestly recommend that you diligently inquire into their management and condition, and report to the people, as soon as you may be able, the result of your investigation.

It is a result, in my opinion, not attributed to any one department of the Government alone, or to one political party; but which, if not corrected by this act, it is certain that an attempted investigation, would prove an unprofitable investigation.

If we avoid in the future, the course which has led to the embarrassment, we shall have performed our duty.

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