GOVERNOR CHAMBERLAIN'S MESSAGE TO THE LEGISLATURE

He Urges a Short Session, Reforms in Taxation, Legislation for Criminals and Explains Open River and Public Land Situation.

"Gentlemen of the Senate and House of Representatives: In compliance with section 2 of article V of the constitution of Oregon, which provides that the governor "shall, from time to time, give to the legislative assembly information touching the condition of the state, and recommend such measures as he shall deem to be expedient," it becomes my duty to address you in relation to the several institutions of the state, and to suggest such legislation for your consideration as my experience as executive leads me to believe will be conducive to the best interests of the state.

State Finances.

The report of the treasurer shows an excellent condition of the public funds. It should be particularly gratifying to you to note that while on October 1, 1902, there was in the hands of the treasurer of the irreducible school fund unloaned $729,425.42, there was only $200,261.24 at the close of the last fiscal year. This has been reduced materially since that time. The amount of interest distributed to the several counties of the last apportionment was $239,439.20, the largest in the history of the state. The principal of the fund is $4,604,261.27, and its proper investment in interest bearing securities requires and receives the earnest attention of the state land board.

The principal of the Agricultural college fund amounts to $193,772.51, and that of the university to $103,415.36. Only $15,282.45 of the former and $15,975.38 of the latter is on hand and unloaned. On the 3d day of May, 1904, Mrs. A. R. Burbank, executrix of the last will and testament of her late husband, Hon. A. R. Burbank, forwarded to the governor, secretary of state and state treasurer the sum of $2,190.87 and a deed to certain lands in Yamhill, Lincoln and Multnomah counties, estimated to be worth about $10,020. This generous legacy was directed to be invested in interest bearing securities, the revenue derived therefrom to be used for the Orphans' home at Salem and Portland. It would be a gracious act on the part of your body to recognize by concurrent resolution your appreciation, as representatives of the people, of this splendid legacy to the unfortunate orphans of the state, thanking Mrs. Burbank for the fidelity shown by her in carrying out the wishes of her late husband.

The treasurer's report is complete in all its details, and shows with great particularity the financial condition and standing of the state.

Swamp Land Warrants.

On September 30, 1902, interest bearing warrants were outstanding, which had been issued in repayment for swamp lands theretofore sold by the state and to which the state could not convey title, amounting to $38,940.08 of principal, on which the interest accumulated and unpaid to April 1, 1903, amounted approximately to $19,013.42. Of the principal $30,925.28 bears interest at the rate of eight per cent per annum, and $8,014.70 at six per cent per annum. Since that time payments have been made on that portion of these warrants which bears the larger rate of interest, out of moneys realized from the sale of swamp lands, whilst the principal of the indebtedness, which bears six per cent per annum, has been increased because of repayments for other swamp lands, to which no title could be conveyed. Reference to the report of the treasurer discloses that at the end of the last fiscal year there were outstanding warrants on account of swamp lands amounting to $44,203.89 of principal and $15,957.10 of interest. Of the principal $14,925.38 bears interest at eight per cent per annum, and $29,278.51 at six per cent per annum. There is no fund out of which these warrants can be paid except as moneys are realized from the sale of swamp lands, and so little of this remains to the state that the interest on the indebtedness is barely kept down by the sales thereof.

An appropriation should be made for the payment of these warrants and your earnest attention is called to the matter, for as a business proposition the state ought no longer to be compelled to pay this enormous interest charge.

Scalp Bounty Indebtedness.

In addition to this, at the last session of the legislature, claims for repayment of two thirds of the bounty paid by the several counties of the state under the scalp bounty law of 1901, had been presented and remained unpaid, amounting to $24,298.66. An appropriation was then made to meet this indebtedness, but it was included in a bill which appropriated large sums for other and distinct purposes. This bill was vetoed because violative of section 20, article IV of the constitution, and not because of any objection to the particular item now under discussion.

This indebtedness has been increased by the presentation of other claims for repayment and now amounts to $35,881.31, and provision should be made by appropriate legislation for its payment.

State Taxation.

The experience of the last legislature should be a warning to this not to attempt too much in the way of amending statutes passed upon the subject of taxation. A general amendatory statute hastily passed then necessitated the convening of the legislature in special session to cure defects that invalidated the same.

That the laws of the state bearing upon this subject are badly out of joint and sadly in need of revision goes without saying. There is a general lack of system in them taken as a whole, but it is questionable if harmony could be restored if the whole time of this session were devoted to an attempt to bring order out of chaos.

It is possible that if a tax commission were appointed to gather data, and frame a law to be reported two years hence, beneficial results might be attained. This course has been pursued in other states with partial success, and it might be well to give it a trial here. Much property escapes its just proportion of taxation, and this is particularly true in the case of personal property and money, and improvements on real property. This is susceptible of demonstration beyond any doubt. The summaries of the assessment rolls of the various counties for 1903 as filed in the office of the secretary of state, show that the value of improvements on deeded and undeeded lands was $9,405,462 and on town and city lots was $31,192,221, or a total assessed valuation of all improvements $40,597,683. The risks written by fire insurance companies on property situated within the state for the year ending December, 1903, amounted to $395,531,484.84. It is safe to say that more than 80 per cent of this insurance is upon improvements upon real property. When it is remembered that a very large part of these improvements carry no insurance, and that property is usually insured for only about half its value, it will be seen at a glance what an enormous valuation on this class of property alone escapes taxation. The assessed value of money for the same year was $1,375,970. If any one is interested enough in the subject to give it passing consideration, he will ascertain from an examination of the last reports to the comptroller of currency made by the national banks of the state, that there are many single banking institutions that have on deposit amounts largely in excess of the total assessment on money. Again, a reference to the abstract of the assessment rolls from 1893 to 1903 discloses that money was assessed in 1893 at $3,136,987, and in 1903 at $1,375,970, a decrease of $1,761,017, while the total assessed valuation of all property for 1893 was $168,083,905, and in 1903 only $173,554,888, an increase in 10 years of only $5,470,983. Every one knows that this is not a faithful index of the growth in wealth in our state in 10 years. What is the result of this failure upon the part of county officials to assess the property of the state and to properly equalize the assessments when made? The state has rapidly grown in wealth and population since 1893, and in the next few years will grow with greater rapidity. With an increase of population, the number of inmates in the eleemosynary and penal institutions of the state increases in the same or a greater proportion, while the expense of maintaining them constantly increases in volume. The assessment of the state remaining substantially the same, as has been the case during the last 10 years, the rate to be levied for state purposes continues to increase, and the burden on those classes of property which are visible and continue to be assessed from year to year becomes heavier and harder to bear.

It is the condition here outlined which makes the levy for state purposes appear larger than it ought to be, and the attention of the legislature is respectfully called to it in the hope that some plan may be devised now that in the next two years may result in a measure of general relief from conditions which are inequitable, oppressive and unjust.

Lands Escape Taxation.

There are many thousands of acres of land in the state which have never been placed upon the assessment rolls, and which have in consequence escaped taxation. This may have happened through many causes, but mainly for two reasons: First, because grantees from the government, federal and state, have purposely withheld their deeds from record; second, because assessors, through lack of present ownership books, fail to find all the property in their respective counties. It is questionable if under our laws, an assessor or sheriff can assess and collect taxes on property for several years antedating their terms of office. Laws conferring this power upon assessors have been sustained by the courts of other states, and I recommend the matter to your earnest attention, and predict that with a law in force authorizing the assessment of property that has escaped taxation for any number of years back, the revenues of the state will be very materially increased.

Taxation for state purposes ought to be divorced as far as possible from that for county and municipal purposes. To that end, in many states, methods have been successfully resorted to for relieving real as well as personal property from taxation to meet the expenses of the administration of the affairs of the state. At the last regular session of the legislature, progress was made in the right direction by the passage of the inheritance tax law and the corporation license law. There may be inequalities in these that will need adjustment, but the general purposes of both are most excellent. During the 16 months the inheritance tax law has been in force, $6,626.93 has been paid into the state treasury thereunder, while under the latter law $191,615.87 has been collected. These amounts are likely to increase each year as the state grows in population. In addition to the amounts thus realized, insurance companies during the year 1903 paid $7,363.21 license fees and $38,026.19 taxes on the net premiums collected, and for 1904 $7,310.51 license fees. The tax for the latter year will not be due until March 1st next. Of the license fees collected 40 per cent is paid to the secretary of state as fees under section 3724 Bellinger and Cotton's code, while only 60 per cent thereof is paid into the treasury.

The taxes realized from these three sources show what is possible to be done for purposes of state other than by levying a tax upon the assessed valuation of the property of the state. But a step further should be taken to reach a class of property that practically escapes taxation. I refer to the taxation of the franchises of express, telephone, telegraph, Pullman car, and other similar public service companies. Different methods of taxation for these corporations have been resorted to in the several states, but from an examination of a number of statutes, it is impossible to deduce any general principle for adoption. The secretary of state, who has given the subject much thought, suggests in his biennial report that a tax upon the gross earnings of these corporations might be the simplest form of taxation. I heartily join with him in the recommendation that an act be passed at this session to compel these companies, owning valuable privileges and operating at a large profit, to pay a fair proportion of the expenses of government. A tax upon the gross earnings, as in the case of insurance companies, would, as suggested by the secretary of state, in all probability be the simplest and best method of taxation.

Public Schools.

The public schools are in most excellent condition, and their standard should be maintained at all hazards. To them the great majority of our people must look for the education of their children, and statistics show that far the largest number of the school population of the state attend these schools. Taxes for their support are ungrudgingly paid by our citizens of all classes and creeds, and every effort should be made to maintain them throughout the whole school year. In many of the rural districts, especially in those which are thinly settled, schools cannot be maintained for more than three months in the year, and greater efforts should be made to lengthen these terms.

A heavy tax is imposed on the patrons of the school by the large number of books used, and some of those ought to be eliminated. It were better that a few books on a less number of subjects be mastered by the pupils than that they have confused ideas upon a variety of subjects from a great variety of books. I think it safe to say that those who graduate from the highest grades of the public schools at this time are not as thorough in first principles as were those who graduated from these same schools when there were fewer and more thorough training in those books which were used. An ex-member of the New York board of education recently, in discussing the question of the course of study in that city, said:

"A reader of our present course of study would be led to think that pupils of today, in order to be able to do all that is there laid down are far in advance of those of a decade or two ago, and that public school graduates of former days could bear no comparison with those of the present time.

"But what are the real facts of the case? Business men who employ our graduates tell us that they are sadly lacking in the simplest and most commonplace things, that their knowledge is superficial and inaccurate, that they lack the perseverance and application which habits of thoroughness and concentration would foster. Why is this.

"Our system, aiming to do too many things, must necessarily fail in their accomplishments. None but the most capable pupils can do all the work laid down. The large majority, thus accustomed to falling far short of the standard, become indifferent or discouraged. For, instead of repeating a term's work and doing it well, they are promoted to make room for others. In time all attempts to do the required work properly become utterly hopeless—yet the child must go on.

"Trying to do many things, attempting the impossible, so that nothing can be really thoroughly or well done, will be sure to have ill effects in a moral sense, too. In many cases the wrong thus done to individuals can never be repaired. Are we not creating a race of mental dyspeptics, superficial in character? Why are children not permitted to remain at the elementary work until they have thoroughly mastered it before being advanced to higher grades? Let us have more elementary classes, if need be.

"The most sanguine, the most enthusiastic advocates of the radical changes made in the curriculum within recent years admit that the present course of study is too crowded. Why not cut out the non-essentials and give the child an opportunity to acquire a more thorough knowledge of the essentials? A step is being taken in this direction, but nothing short of a complete change will remedy the evil.

"Education should give pupils the working tools, the ability for future self help. If our schools do not give this they fail in their purpose. If the child finds himself advanced to the upper grades without being able even to add, subtract, multiply and divide with rapidity and accuracy, and to read fluently and comprehensively, when and where will he make up the deficiency? But this is quite a common occurrence. Students of high grades blunder in the simplest figuring, spell poorly and fail to take in the meaning of what they read, so that they are as a rule unable to obtain information from the printed page by their own efforts."

There is great force in what is here said, and steps should be taken now looking to such a reduction in the number of text books in the public schools that when a pupil finishes the highest established grades it can be safely assumed he has thoroughly mastered every subject taught therein.

State Schools.

The reports of these two institutions of learning are before you, and I invite your careful attention to them and the recommendations therein made. Both are doing most excellent work, and I think it safe to say that while other states are much more liberal in making appropriations in the cause of higher education, these two institutions keep pace with all others. The graduates from them, wherever they go and in whatever they engage, make excellent records and reflect credit upon their instructors as well as upon the state.

The state can well afford to be generous in all that makes for better citizenship, but that liberality should not be so lavish as to encourage habits of official extravagance.

I suggest a careful examination of the demands of these institutions for the ensuing two years, and an appropriation sufficient to make their work most effective.

Normal Schools.

In my first message to the legislature I recommended the abolishment of at least two of the normal schools of the state. Instead of heeding this recommendation a bill was passed but vetoed by me creating an additional one. If those already established are to remain as fixed and permanent institutions, it is the duty of the state to improve the service which these schools now render to the people by confining appropriations for their support to their legitimate work of training teachers. There is increasing demand for thoroughly trained teachers. The work of normal schools could be made far more effective for this purpose by eliminating all preparatory work, and concentrating the labors of their faculties upon a purely professional course of study. There is no economy in taking the time of a state normal school faculty for teaching pupils in grades that are already provided for in the common schools.

An important educational reform could be accomplished by the adoption of a uniform course of study for all the normal schools of the state, so that persons fitting themselves for teaching could receive the same credit and recognition for work done in any one of them and have better standing at home or abroad. By placing all the normal schools under a single board of regents with a uniform course of study for all, and basing appropriations upon the number of qualified students satisfactorily completing a full year's work in the prescribed course, the state would obviate the manifest injustice and inequalities in the present system.

Oregon Soldiers' Home.

The affairs of the home were never in better condition than at present. Too much credit cannot be given the commandant and his excellent corps of assistants for the excellence of their work, and the old soldiers and sailors are themselves to be congratulated upon the fact that, though many of them are sufferers from the infirmities of old age, wounds and disease, all show a disposition to cheerfully abide by the rules and regulations adopted for the preservation of discipline and the conduct of the home.

Since my incumbency the barracks building which was commenced under the preceding administration has been completed and equipped, and a new and sufficient water supply has been installed. The last appropriation made for the maintenance of the home was based upon an average of from 80 to 90 inmates. The completion of the new barracks opened the way to admit all whose applications were on file and who had not been able to gain admission because of lack of room. Although it was feared that deficit would be created in the maintenance fund by taking in all those whose applications were on file, I instructed the commandant to admit them in any event. This was done, and the membership at the close of the fiscal year was 132, yet so carefully have the funds been handled that there is no deficit in this fund.

Some of the old soldiers at the home have wives living, yet because of infirmities occasioned by exposure and wounds received in defense of their country they are compelled to seek an asylum at the home and separate themselves from the companions of their younger and better days. Some provision ought to be made for the construction of small but comfortable cottages on the grounds of the home so that these old veterans may have the companionship of their wives in their declining years. This would not cost the state a very large sum, and surely the services which have been rendered by those who would be blessed and benefited thereby merit the expenditure which is here suggested.

I call your attention to the report of the commandant for information in detail as to the conduct of the home.

Game and Forestry Warden.

With the small appropriation allowed him for game protection the present warden has done most excellent work. If he failed to patrol the entire state it is because of the inadequacy of the fund at his disposal for the employment of deputies but an examination of his report will show a greater number of prosecutions and convictions than were ever had in the same length of time.

In order fully to protect the game, more money must be provided, and the warden suggests a means of raising a revenue without exacting it from the taxpayers. The recommendations embodied in his report are worthy of your very careful consideration.

Board of Health.

This board has done excellent work since its creation for the protection of the public health. What was to have been expected has happened wherever it has called attention to unsanitary conditions in the different portions of the state. Demands made by it for the betterment of unsanitary conditions are usually met by protests, but these demands invariably result in good.

The offices of dairy and food commissioner and state veterinarian ought to be placed directly under the control of the state board of health. In no other way can these departments, which ought to act in entire harmony, be brought together. As it is, I fear there is a disposition on the part of each to act independently of the others.

I call your attention to the reports of these departments for a detailed account of the work done by each.

Board of Agriculture.

Probably no factor has been more potent than the annual fairs conducted under the auspices of the state board of agriculture for improving the product of field and farm and the herds and flocks of the state. Not only the products of the soil, but the livestock as well from Oregon entered into successful competition with all comers at the recent exposition in St. Louis. This was a source of great gratification to our people, in view of the fact that this state was barely known to many of the exhibitors there. Keen competition at the Oregon state fair the past few years has been largely instrumental in bringing about these results, and the legislature cannot do too much in the way of giving encouragement to this important institution. Appeal will be made to you to relieve the state board of the difficulties which beset it. The president has addressed a communication to each of you, calling attention to the needs of the board, and I call your special attention to his address, as well as to the report of the board. It must be remembered that the indebtedness now existing against the board is one of long standing, and that although the last two fairs have been conducted at a profit, these profits have not been available to apply on the indebtedness because of the necessity of keeping up improvements, putting in a water system and making other betterments. The mortgage indebtedness mentioned in the report of the board is one due the irreducible school fund, and really amounts to a transfer from one department of government to another. There should be no hesitation about making the appropriation to meet this and such other demands as are absolutely necessary to place the board in a position to successfully carry out the purposes of its creation.

Child Labor.

A law was passed at the last session of the legislature regulating the employment of children and appointing a board of inspectors of child labor to carry out the provisions of the act, to serve without compensation. There was not even an appropriation made to defray the actual expense incurred in the work necessarily devolving upon them. Notwithstanding this fact, they have been most diligent in the performance of their duties, and are entitled to the hearty commendation of their fellow citizens for their zeal in this most important branch of the public service.

There can be no rugged, robust citizenship unless the health and morals of the youth are carefully safeguarded. Experience teaches us all that the necessities of the poor employe as well as the greed of the rich employer in various industrial enterprises, are merciless in their demands, and without restrictive legislation rigidly enforced, boys and girls barely in their teens are kept at work day and night in defiance of the laws of health and of humanity. I call particular attention to the report of the inspectors, and earnestly recommend that the amendments to the law as proposed by them be adopted at this session. The amendments are simple, but if adopted will give the inspectors greater power and broader discretion than they now have, and will materially aid them in carrying out the purpose of the law.

A small appropriation ought to be made to defray the expenses of the board.

The Fishing Industry.

The report of the master fish warden shows in detail the transactions of the department of fisheries for the past two years, and shows the condition of the industry at the present time.

The recommendations made by him should receive your very careful consideration.

There is such a diversity of opinion among those engaged in fishing, packing and canning as to what legislation, if any, is most needed for the promotion and protection of the industry in this state, that it is impossible for one not thoroughly acquainted with the subject in all its details to make any specific recommendations. The conflict between the upper and lower river fishermen and packers seems irrepressible and irreconcilable, and besides there is a lack of uniformity between the laws of Washington and Oregon, and these conditions add to the difficulty of arriving at a proper conclusion as to what is best to be done in relation to a most important industry.

Under these circumstances, I suggest the appointment of a commission composed of men in no way connected with the business of fishing to take evidence, collect data, examine our own laws and those of Washington with instructions to prepare a law and the result of their investigations, all to be presented for the consideration of the next legislature. It is my candid opinion that unless this is done, nothing will ever be accomplished in the way of salmon propagation and protection.

Labor Commissioner.

Demand has been made in certain quarters for a repeal of the act creating the bureau of labor statistics and inspector of factories and workshops. The demand should be ignored. Already 32 states have enacted laws providing for the collection of statistics of labor by means of original investigation and in addition to these, the federal bureau of the census, the department of commerce and that of the agricultural department are engaged in the collection and publication of labor statistics. These bureaus have been largely responsible for much legislation having for its purpose the protection of the health of the laboring classes generally and of the lives and limbs of those engaged in hazardous occupations.

The first report of the present commissioner of labor is replete with useful information. It points out many instances where his timely intercession has resulted in the adoption of safeguards against injury to employes, and contains many suggestions for the betterment of the condition of those who earn their bread by the sweat of their brows. It also contains valuable statistics covering every class of employment. I call particular attention to his report, and suggest that you give it your careful attention.

Penitentiary.

Many changes have been made in the penitentiary since the last session of the legislature, all of which have been conducive to bettering the condition of the inmates, without any relaxation in the discipline. Prior to the completion of a common dining hall, the prisoners were fed in their cells, and those who could afford it were permitted to have coal oil stoves and to cook whatsoever they could afford to buy in addition to the prison regimen. With the installation of a new superintendent this system has been entirely abolished, and all prisoners eat in a large dining room, partake of the same prison fare and are cleaner, and the general health and discipline better than ever before. Flogging has been entirely abolished, and other punishments less brutal installed without in the least disturbing, but on the contrary strengthening, the respect of the prisoners for those in charge.

The prison itself has been much improved from a sanitary standpoint, and the quarters of the officers and guards as well as the cells and corridors have been placed in better condition than ever before. There still remains some work necessary to be done for the prevention of filth diseases, and this is in course at this time. The plumbing is old and decayed, and this is particularly true as regards the south wing of the prison. Escaping sewer gas constantly threatens the health of the institution and to guard against it modern plumbing and ventilation of the cells and corridors must soon be installed.

The appropriation made for the payment of the guards and employes at the last session of the legislature was on the basis of a small increase in pay per month for the wall guards, and this was rendered absolutely necessary by the higher cost of living and the small pay received by them. Notwithstanding this and a large increase in the number of prisoners over former years, a reference to the report of the superintendent, which gives a detailed statement of the expenditures for the past two years, will show that the cost of maintenance per capita of prison population does not exceed that of former years. The recommendation made by me in my last message that a law be passed requiring the execution within the prison walls of prisoners condemned to death was adopted, and already there has been one execution there and others are soon to follow. This law will, I am sure, be most beneficial in its results.

Employment of Convicts.

On the 1st day of February, 1899, the then executive executed a contract with Loewenberg & Going company, a corporation, pursuant to "An act providing for the employment of the convicts in the state penitentiary," approved February 23, 1895, whereby he leased to said corporation the labor of 100 convicts from January 1, 1899, to July 29, 1905, for the sum of 35 cents per day for each convict, and such further number at the same price per man as said corporation might require, for the manufacture within the prison walls "of stoves, castings and such other commodities of like nature as it may deem expedient."

The corporation pays $2,000 per annum as rental for the foundry plant, and this lease expires at the same time as the contract for the labor of the prisoners.

The report of the superintendent shows in detail the earnings of the convicts under the contract with said corporation, and I respectfully refer the legislature to that report for fuller information. It will be noted that both the contract for the labor of the prisoners and the lease of the foundry plant expire July 29, 1905, and some action should be taken by you in reference to the matter. The state owns the plant, with the possible exception of some of the patterns, about which there may be a question, and at one time unsuccessfully attempted to operate the foundry. If you should determine that these contracts should not be renewed at their expiration, some provision should be made by law for disposing of the entire outfit used in the manufacture of stoves.

I suggest the appointment of a committee to inquire and report as to the propriety of renewing the present contract, and if renewal is deemed advisable, what changes, if any, should be made in the terms thereof. The price paid for the labor of the convicts seems small, but it is frequently overlooked that the great majority of them are at all times wholly unskilled in the work, and by the time their services begin to be of some value, their terms expire and new men take their places. My investigations into the subject lead me to believe that our convict labor comes less in competition with free labor, in Oregon, at least, under the present system, than in any other form of employment.

Work of some kind must be provided for the prisoners. This is demanded from the standpoint of humanity, as well as necessity. To permit them to remain idle in the prison enclosure, and to congregate and converse with each other, would mean constant plotting for escape, and would endanger the lives of the guards and the property of the state. To keep them confined in their cells would soon necessitate the transfer of many of them to the asylum and others to the hospital. I trust, therefore, that the consideration of this important question will be taken up by you early in the session, to the end that a proper solution be arrived at.

Road Building.

At the last session of the legislature $2,500, in addition to $749.83 unexpended under a prior law, was appropriated for the improvement of certain roads leading from the penitentiary to the several state institutions. After consultation with the superintendent it was decided to improve and rebuild the road leading to the reform school, a distance of four or five miles. The work was done principally by convicts, though a few teams were hired from farmers in the neighborhood of the road. The amount appropriated was insufficient to finish this piece of road by top-dressing with crushed rock and rolling the same in order to make the same first-class in every particular. But it is conceded to be one of the cheapest and best constructed pieces of road in the state, and the attention of the legislature is particularly called to it. It is to be hoped that as many of the members of the legislature as can posibly do so will ride out and inspect this work.

Employment of Convicts.

What to do with the convicts of the state has been a serious question not only here but elsewhere, and it is one which is easier for the theorist to solve than for the practical man of affairs who comes in actual contact with existing conditions. Various expedients have been resorted to in the hope that the product of their labor may compete as little as possible with that of free men. Before becoming intimately acquainted with the kind and character of men confined in the penitentiary in this state I inclined to the opinion that all or nearly all of the convicts might be utilized upon the public highways, and under certain conditions, limitations and restrictions this might be feasible. In some of the states it has been tried, particularly in the south, but only with partial success. There, those serving sentences for crime are of an entirely different type of criminal from those incarcerated in the western prisons. They are not of the desperate or dangerous class, but in many instances men who fare as well if not better within the prison walls than they do on the outside, and are not anxious to leave even when their terms have expired. The consequence is that even with a small number of guards and insecure places to house the prisoners at night at long distances from the prisons, there are few attempts at escape. With us, it is safe to say, that a small percentage of those in the penitentiary could be entrusted outside the walls without a strong force of well-armed guards and steel portable cells in which to confine them when not at work. A much larger percentage of them are sullen, desperate and dangerous men, who would not hesitate to take life, if the chances were anywhere even for successfully eluding the guards.

I suggested to the last session of the legislature that the proper steps be taken for securing comprehensive data on this subject as a basis for the enactment of a law adapted to the conditions in this state, but no action was taken in the premises. The subject is one fraught with many difficulties and dangers, and radical legislation should never be ventured upon without thorough investigation and consideration. I have thought it would be wise to appropriate a sum of money as was done two years ago for the improvement of some of the roads in the neighborhood of the state capitol, utilizing as far as possible convict labor in conjunction with such facilities as the county authorities would furnish. In this way an object lesson can be supplied for future guidance. In addition to this, a law might be passed providing for utilizing some of the convicts upon the public roads on the requisition of any county desiring them, the cost would not be great, and the results would fully compensate for the outlay. To send a large number of convicts far from the penitentiary would necessitate the construction of portable steel cells where they could be safely confined when not at work, and an appropriation would have to be made for that purpose. To minimize the danger of escape, double time might be given to each prisoner for faithful service while so engaged.

A measure framed along these lines when given a fair trial would test the availability of prison labor on the public highways, and if found feasible and profitable it could be extended to meet conditions as occasion may require.

Criminal Insane.

There are now confined in the insane asylum about 15 insane convicts, who have been transferred from the penitentiary from time to time within the past 30 years. Two at least of these were serving life sentences for murder in the second degree, whilst nearly all of them are hardened criminals. There are serious objections from a sentimental as well as practical standpoint to removing the criminal insane to an institution designed for the civil insane, unless some arrangement can be made for their entire isolation from the latter and at the same time so safeguard them as to prevent escape. Humanity dictates that they receive at the hands of the authorities such treatment as is most likely to restore mental equilibrium, and it is impossible to accord this within the walls of the prison without employing physicians and attendants skilled in mental disorders. The small number of convicts thus afflicted will not justify this additional burden upon the taxpayers. The time may come as the population of the state increases when a convict asylum within the prison enclosure may become a necessity, but for the present sufficient money should be appropriated to fit up, with regulation cells to guard against escape and to secure isolation, a portion of one of the wings and enclosures of the asylum.

This suggestion is concurred in by the superintendents of the asylum and penitentiary.

Youthful Criminals.

One of the saddest things to reflect upon in connection with prison life is the large number of youths ranging in years from 16 to 25. As will be seen by reference to the report of the superintendent, 106 out of 322 prisoners, or about 32 per cent are under 25 years of age, and about 12 per cent are under 20 years of age. It is safe to say that in most of these cases the prisoners are serving first terms. About 10 per cent of all the inmates are wholly illiterate, whilst a much larger percentage can do little more than read and write, and this percentage will hold good for the youthful as well as the older convicts. I realize that the first purpose of punishment for crime is the protection of society, but there is no reason why strenuous effort should not be made to reclaim at least the younger criminal classes and if possible restore them to useful citizenship. There are two factors which can be made most potent to this end, and these are mental and moral training. The chaplain of the prison ought to be paid a salary commensurate with the service rendered by him, required to devote all his time to the welfare of the prisoners and to maintain a school in the prison chapel or some convenient room within the walls for the benefit of the youths and the illiterate class at such hours as these prisoners can be spared to him without impairment of the discipline of the institution.

The policy has been to permit ministers of different denominations to hold services in the prison chapel, and nothing should be done to interfere with this plan. If, therefore, a prison chaplain is employed, he should be under the direct supervision of the superintendent and subject to the same control as other officers and employes of the prison.

If the suggestions here made are favorably acted upon much good will, I am sure, be observable in the disappearance of second-term men among the younger criminals.

Other State Institutions.

The reports of the superintendents of the asylum, reform school and the schools for the blind and deaf mutes are complete in detail and faithfully account for the moneys appropriated for their maintenance, and truly point out the needs of these several institutions.

In company with the other members of the several boards of trustees I have frequently visited them all, and take pleasure in saying to you that they are all under excellent management. Each member of your body should take occasion to visit them during the session and be prepared to pass upon the recommendations of the superintendents from personal inspection.

Oregon National Guard.

The National Guard of this state has reached the highest state of proficiency. The act of congress approved January 21, 1903, for promoting the efficiency of the militia has done much to bring about this result, but the high character and standing of the officers and men composing the guard have played the most important part therein. Representing as they do every trade and calling of our commercial and industrial life, they may safely be relied upon to perform any duty assigned to them by state or nation. A well-disciplined militia is the reserve force for national defense, and under the present system of holding annual encampments in conjunction with the regular troops and under command of well-drilled army officers there is no reason why the guard of the several states should not equal, if they do not excel, the regulars in the art of war. The Oregon troops gave most excellent accounts of themselves in the Spanish-American war, and the record which they made is and should be a source of pride to our people.

The adjutant-general, who takes great pride in and devotes his whole time to the interests of the guard, has submitted his report, showing in detail the receipts and expenditures of this branch of the public service, and I call your particular attention thereto as well as to the recommendations which he makes for its improvements.

Indian War Veterans.

The appropriation made at the last session of the legislature for the payment of the amounts due the volunteers who served in the Indian wars of 1855-56 was insufficient for that purpose. Claims were paid as they were presented until the appropriation was exhausted. Many have been presented since, and to pay them all will require an additional appropriation of about $40,000.

These brave old pioneers have waited long to have justice done them by the state for faithful and efficient service rendered in "times that tried men's souls." They are rapidly passing away, and if anything is to be done for them it ought to be done now, else it will be too late. Their claims ought to be paid, and the amount appropriated for this purpose should be certified to our senators and representatives with the request that they urge congress to reimburse the state therefor.

State Printing.

At the last session of the legislature $50,000 was appropriated for public printing, paper and binding. This has been exhausted. At the close of the fiscal year there was a deficit of $7,980.72, and this will be increased to about $16,000 before the end of the biennial term, and covers paper and binding as well as printing. There are two ways by which this enormous expense may be reduced—first, a lower table of fees should be fixed by law now, to take effect at the termination of the present incumbent's term (this will, of course, not afford present, but future relief); second, much of the printing now required to be done could be lopped off without in any way impairing the public service. This latter course will afford immediate as well as future relief against this exorbitant charge.

It must not be forgotten that the schedule of fees charged by the state printer was fixed more than 20 years ago, and it is a well-known fact that since that time, though there has been no reduction in the wages paid to printers, there has been a decline in the cost of work necessary to be done because of improved machinery and changed conditions.

I earnestly call your attention to this matter, and suggest that some legislation be had at this session to reduce the expense of this department of state.

Health Offices.

Health offices are maintained at Astoria, Gardiner, Marshfield and Yaquina bay, at an annual expense of $2,700. This might with propriety be saved to the state by doing away with these stations. The United States maintains a quarantine station at Astoria, in charge of a capable physician, and I have assurances that if the stations at the other points named are abolished they will likewise be placed under federal control. I renew my recommendations of two years ago for the abolishment of the state quarantine service at the points named, because I feel that their establishment and maintenance along the coast comes more properly within the jurisdiction and control of the federal authorities.

Public Lands.

Upon assuming my duties of the executive office I at once turned my attention to the rectification, so far as possible, of the abuses which have grown out of the methods in vogue for disposing of the public lands, and I feel safe in saying that my efforts in this direction have been measurably successful.

The offices of state land agent and clerk of the state land board have been practically consolidated within the last two years, and the state land agent has done nothing during this administration that is not to be found of record in the office of the clerk of the state land board. Arrangements are now in progress to have the former move into the office of the latter and rearrange the remnants of records that were found there two years ago so that it will be possible from an inspection of the records to ascertain at a glance the present status of every acre of public land in the state.

The state land agent and clerk of the state land board have devoted much of their time to straightening out the tangle into which the records of both offices have become involved because of the lack of unity of action between the two. This task was carefully begun under the administration of [illegible] Morrow, and has been [illegible] persistently followed up [illegible]

(Continued [illegible])