

# GOVERNOR PIERCE DELIVERS MESSAGE

(Continued from page 3)

burden of taxation and not as an excuse for increasing that burden by new and additional expenditures of state money.

As a further means of relieving real property of its present unbearable load of taxation, and without intending to invite new expenditures, I call attention to the fact that one-third of the standing timber in Oregon is in forest reserves and is thus non-taxable. As this timber passes into private ownership and is marketed it should bear a severance tax that has some relation to its true value.

## Precedent Is Cited

Other states have long imposed severance taxes on natural resource wealth as it is converted into private wealth. In fact, a severance tax on timber, even where in private ownership, is recognized to be the fairest tax both to the owner of the timber and to the state as a source of revenue. Unless the state acts, our people will some day awaken to the fact that timber, our greatest natural resource, has been largely depleted, leaving bonded indebtedness in millions still unpaid without the timber against which the bonds were issued having contributed its fair share toward the retirement of the bonds. This applies not alone to state bonds but to the bonds of all those municipalities in the timbered areas, such as counties, school and port districts, where large bonded indebtedness has been created without adequate provision for the retirement of the bonds as the timber is removed.

I am advised that recent investigation has disclosed a bad state

of affairs with reference to sinking fund provisions in the various taxing units of the state. In some instances, bonds have been issued without regard to making the maturities time with the useful life of the improvement. This is resulting, in some counties where the chief resources are timber, in the timber being cut at a rate that will result in default on the bonds when they mature unless provision is made either to refund the bonds on a shorter term basis or to adequately tax the timber as it is being removed and put the proceeds in a sinking fund.

## Assessors Need Supervision

In fact, on this whole question I am of the opinion that the state could to advantage exercise some form of supervisory power over the financial affairs of the various taxing units. Municipalities and other taxing units should not be permitted to impair the credit and good financial name of the state by running riot with excessive bond issues, making no provision for the payment of the same when due. The principle should control, that no bonds should be issued for a longer time than the useful life of the improvement for which the bond is created. And sinking funds should be maintained in order to make certain that no default will ever occur in the bonds of any Oregon municipality.

I ask the legislature to revise the assessment laws of the state and give the tax commissioner the right to supervise county assessments. At the present time there is widespread discrepancy in the assessment of property in different counties. In one county sheep are assessed at \$2, the same kind of sheep in another county at \$5, and in another county at \$8, and it is notorious that large stocks of merchandise in various parts of the state have escaped their just share of taxation through lack of control of the state tax commissioner over lax and inefficient local assessors. The state tax commission should have full authority to compel the same proportionate assessment on the same kind of property in every county in the state.

## Insurance Laws Violated

By an equitable valuation of all property millions of dollars can be added to the present assessment roll without raising the just assessment on farms, homes and livestock. In keeping with my policy that new sources of revenue shall not serve as an excuse for additional expenditure in any department of state government, I recommend that if you approve my plan for increasing the values on the tax roll that at the same time you provide that those institutions and departments which derive their income from millage taxes shall take from this source no larger sum during the next two years than they received in 1922. Any excess thus collected should go toward reduction of the general property tax.

I am advised that extensive insurance is written in this state by companies that have not complied with the laws of Oregon with the result that premiums on such business are escaping taxation in this state. I recommend a law that will either halt this practice or that will reach and tax operations by non-resident companies.

I am deeply concerned over the state of our highway program.

Six years ago Oregon had no state bonds except a small issue of \$340,000 of rural credit bonds. Today, with the exception of South Dakota, Oregon is the heaviest bonded state in the union when wealth and population are considered, and the bonded indebtedness of South Dakota will be exceeded by Oregon when the rest of the state bonds already authorized are issued, as will be necessary to complete the existing road construction and carry out the provisions of the soldiers' bonus act.

## Paid Highway Board Urged

A Wall street journal, Commerce and Finance, in its issue of October 18 last, stated, "The total amount of bonds issued in the United States for highway construction is \$367,000,000." When we contemplate that this is the total issue in all the states and then think that Oregon, the 36th state in wealth and population, has issued one-tenth of all the highway bonds in the United States, well may property owners be concerned with the future.

I am forced to the opinion that instead of having an unpaid highway commission giving part time to this gigantic business, unless a consolidation of state departments and commissions places the highway program under other supervision, it would be marked economy for the state to have a commission of three members who will devote their entire time to the highway work under the direction of the governor and receive reasonable compensation for their services. Under that plan the governor would not only be responsible to the people for the acts of the highway commission and the entire department, but the way would be paved to save considerable sums of money.

## Roosevelt Highway Favored

In six years the state highway commission has spent the almost unbelievable sum of nearly \$40,000,000 derived from the sale of state bonds, several million dollars from the national government and several million dollars from the counties. Under the present constitution we are allowed to issue only \$40,379,996 in bonds. I am informed that it will require practically the entire issue to complete existing contracts. There has not been kept in reserve the full two and one-half million dollars authorized for the Roosevelt highway. There will be nearly two million dollars of interest to meet each year. Bonds are coming due. Recently completed highways are now demanding repair and replacement. Macadam construction is waiting. Many links in the main highway are yet to be completed. The Roosevelt highway voted by the people in good faith must have consideration. The government is now offering to appropriate large sums of money for road work in Oregon, providing the state shall match them.

It all brings to our attention the absolute necessity of husbanding our resources to provide an adequate revenue for the charges already fixed against that highway fund. I therefore recommend that the old quarter mill road tax be retained for the road funds, that the tax on gasoline be increased and that any adjustments that may be made in the present automobile law do not reduce revenue. If any changes are made in the license law, I recom-

mend that the fees on high-priced cars be increased.

The market road law has proven its merit. Cities and farmers have been mutually benefited. I have often made the statement that "if this law is kept on the statute books for 10 years Oregon will be unequalled in the nation for good market roads." At the end of that period there will be no bonds to liquidate because the roads will have been paid for as they have been built. I recommend that the present law be altered to provide the county court with full and complete authority over all money derived under the market road fund, the roads to be built according to plans and specifications furnished by the state highway department.

## Producer Unfairly Treated

A few days ago I was on my farm. I watched a beautiful pen of white-faced steers, grain fed, ready for market, and as I watched them I thought, you are worth about \$50 each on the present market. If I were to count the taxes on the land from which you have eaten the grass, and the taxes on the land from which you have eaten the hay, and the taxes paid upon yourselves and your mother, then there is standing against each of you approximately \$15 taxes. Each steer has actually cost this farm \$75. When your hide is cut up and made into harness and shoes, and you are cut up into steaks and roasts, then you will cost \$150 each. The railroad that takes you to market fixes the freight rate and makes a profit, the packer that prepares you for the market fixes the price and makes a profit, the retailer fixes the price and makes a profit, the hotel keeper, the harness maker all fix the price so that they will make a profit. The farmer is the only one in the long, long line from the producer to the actual consumer who asks the world to fix a price on his product and he is the only one who fails to make a legitimate profit. Only 10 per cent is allowed in this instance to the one who produces, 90 per cent taken by those who can and do dictate the price. Slowly in places, rapidly in other places, the producers are being financially ruined by the present marketing system. I do not even want to think of state owned packing plants and warehouses for distribution of farm products, but I do want to warn the business world that the producers must have better treatment and a fair chance for existence.

## Farm Mortgages Staggering

Eight years ago from this platform Governor Withycombe delivered his inaugural address and in that address said, "The farms of Oregon are mortgaged for approximately \$22,000,000." Today Oregon farms are mortgaged for approximately \$100,000,000. Why have the farm mortgages more than quadrupled in eight years? I can hear many people say "bad management." Rather it has been due to the failure, yes, the downright inability of producers during the late years to balance their annual budgets. Unless that situation is remedied, the country is threatened with a breakdown in the morale of its farming element—the backbone of the nation. It will require time and active endeavor to improve existing marketing methods, but we can accomplish an early reduction in the producer's share of the state tax, which, in the country, is nearly one-half the whole tax, and we can spread a portion of the present tax burden on incomes and forms of business that, though infinitely better able to do so, are not now bearing their fair share of the cost of state government.

Among the growers of grain and hay there is much dissatisfaction with the enforcement of the grain inspection law. When I introduced this measure in the senate some years ago, I little dreamed that it would grow into the large department that it has. I remembered saying to the senate that it would become self-sustaining, and I wish to call the attention of the legislature to the fact that it is now self-sustaining. It never should have been put under the public service commission, with which it does not harmonize.

## Market Agent Needed

I know that the time is not propitious for any new state activities. I also clearly remember that the market commission bill was defeated two years ago. Notwithstanding all these facts, I believe that this legislature should, by law, create a state market agent, and place the grain inspection department now with the public service commission under the state market agent, such state market agent to work directly under the control and guidance of the governor.

The law creating the state market agent should provide that every purchase of grain made by exporters should at the close of each day's business be reported to the state market agent. Failure to do so should be punished by fine. The state market agent could then publish, over his official signature, the exact price in Portland every day.

The state market agent should have authority to inspect any or all books of any business house for the purpose of ascertaining the amount of grain purchased, as well as the price thereof. The state market agent should be authorized to afford all possible

assistance to cooperative marketing. He should have the right and authority to issue bulletins from time to time, not only giving the actual price paid, but giving instruction to the producers as to how to better prepare their products for market, pointing out as far as possible where better markets may be obtained. The fund derived from grain and hay inspection will be ample to maintain the department.

## Rural Progress Necessary

I do not want to be considered as one preaching the cause of the country against the city; I think I can envision as well as anyone the possibilities of great industrial development in the seaport cities of Oregon. Portland can become a city of a million people within the lifetime of many now living. Our water power may be developed so that this state may become one of the great industrial centers of the world. Our unsurpassed forests may be cut off and the timber manufactured into lumber, we may grow prosperous and wealthy, but we may, unless we remedy conditions at that time by buying our food and clothing in Asia, South America, and from the islands of the sea, and we may see the beautiful dairy herds of Oregon, the pride of many a home, driven from the state by its greatest competitor, the coconut cow. That kind of development took place in England when the industrial revolution set in something like a century ago. When the great war came, England was importing 75 per cent of her foodstuffs from overseas. The German submarine would have starved England to death had it not been for the valiant sons of America who caught the wavering banner of civilization and bore it to victory on Argonne's shell-swept slopes.

We should not develop such a civilization here, allow our fields to be abandoned and permit future generations to be at the mercy of a foreign submarine. The problem is not, as is sometimes stated, to get the city man to the country but to keep the young men and young women now growing up in the country from going to the city. Every legitimate endeavor should be exerted to make country life attractive enough to stop the present alarming exodus from the farm.

## Irrigation Interest Guaranteed

Some years ago the people of Oregon passed a constitutional amendment giving the state of Oregon the right to guarantee interest on bonds issued by irrigation and drainage districts for a period not exceeding five years and placing this great power in the hands of the state superintendent of banks, the state engineer and attorney general. Under this constitutional provision bonds have been guaranteed by the state in many districts over a period of from one to five years. The commission holds that when the state has guaranteed the interest the state is obliged to issue its bonds to pay the interest on the bonds of the irrigation and drainage districts. The total amount of the interest the state has thus guaranteed is \$1,400,000. The interest upon these bonds issued by the state is then to be paid by the district, but it is a fact well known that some districts are likely to fail to pay from taxes collected within the district the interest coming due upon bonds issued by the state. The only way to meet the prospective loss to the state will be by taxation. There will be no question confronting the incoming administration more serious than whether the state had better continue to guarantee the interest on bonds of irrigation districts after the time has expired for which interest has already been guaranteed, hoping for the recovery of agricultural conditions, or shall the state refuse to guarantee further, accept the loss, and allow the matter to go by default?

A deal is about to be closed in which an irrigation district proposes to sell its 6 per cent bonds for 83 cents on the dollar, the state to guarantee interest for five years. Should the state guarantee that interest? It is a question that can only be answered after a most careful and searching investigation.

## Amendment Requested

I ask the president of the senate and the speaker of the house to appoint the ablest men, the

best financiers in the senate and house on their irrigation committees and I ask the committees to meet in joint session, examine all of the records, summon witnesses, search out the facts and make a report to me as governor and to the people of the state of Oregon so that I may have something to guide me when the state is called upon to act after you have returned to your respective homes! The hour is too critical and the situation too dangerous to issue more bonds to pay interest on irrigation and drainage bonds that the various districts issue, without advice and counsel. The board that passes on these bonds should be reconstructed. The governor and the state treasurer should be members of the board. I ask you to submit a constitutional amendment to the people to be voted on at the next regular election so amending the present constitution that the governor and the state treasurer will be members of the commission that guarantees interest on irrigation bonds.

I believe in the workmen's compensation law. It has been of great benefit to the state, and I am opposed to any material change that would affect the honest operation of the law as it stands. Any law that returns 92 per cent or more of the money collected for the purpose for which it was collected is a successful and beneficial law.

The narcotic evil is a growing menace. This legislative assembly should pass a drastic law to enable officials to cope with those who are vending drugs.

## Prominent Men Blamed

I have been saddened many times by finding that prominent men of this state behind closed doors are breaking the prohibition law. I ask for a higher sense of moral duty and for an awakening of the public conscience. We must one and all determine to drive liquor from our midst by making it so hard for the bootlegger to thrive that he will be glad to leave our state and take with him his nefarious business. Liquor venders cannot do business alone. I ask you for assistance in a continued effort to enforce the law. I do not want a state constabulary, but I do want sufficient police agents to eliminate as far as possible violation of the

prohibition act. I also ask that one-half of all fines collected through enforcement of the state prohibition and narcotic laws be turned into a special fund, such fund to be used in enforcing the laws.

We should enact a law prohibiting the selling or leasing of land in Oregon to the Mongolian and Malay. European and Asiatic civilization can not amalgamate, and we can not and must not submit to the peaceful penetration of the Japanese or other Mongolian races.

The alfalfa weevil, a dangerous parasite, has entered Oregon's boundaries. I recommend an appropriation of \$5000 annually for two years to provide a quarantine the appropriation to be used by the state board of horticulture.

I am a firm believer in the free public schools, but the present burden of taxation in this state compels me to ask every school board and all boards of regents to practice the strictest economy.

## Bonus Law Needs Remedying

No mortgage company could long remain solvent that loaned 75 per cent of value upon real property, as the soldiers' bonus act requires. Fluctuations in values will in many cases more than absorb the 25 per cent margin. Moreover, some men have taken advantage of the needs of ex-soldiers. Hence, I can see nothing but a certain amount of loss to Oregon from the soldiers' bonus law. I call upon everyone who has charge of the enforcement of this law to see that the loss is reduced to the lowest possible minimum.

At the present time there are no funds available for the reconstruction of state buildings destroyed by fire. I recommend that a sinking fund be provided for that purpose.

The law compels relatives of patients in the state hospitals for the insane, and in the state tuberculosis sanitarium, to pay for their care and keep if they are financially able. I shall see that the law is enforced.

One of Oregon's finest and most prosperous cities, Astoria, narrowly escaped total destruction recently in the state's most ravaging fire. The heart of the state bleeds for the crippled city. If the legislature decides to give financial aid to Astoria, I believe it

should be done by direct appropriation and not by diverting money from other needed funds.

There have been many serious errors in the work of past legislatures by reason of the ancient method employed in engrossing and enrolling bills. The cost of session of this work was \$8346.50. Section 2680 of the code should be amended so that a printed bill only would be used on final passage. This change would avoid mistakes which lead to litigation and save at least \$5000 this session in legislative expense.

## Item Vetos Hinted

The present motor license law was hastily drawn at a special session. It includes some glaring defects and provisions dividing authority with the result that administration is in many cases impossible. It should be carefully revised at this session.

There is a widespread demand for the reduction of the hunter's license. It should be given careful consideration.

I ask the ways and means committee in drawing appropriate bills to fully itemize each bill so that I can, if I deem it necessary, veto items that appear to me unnecessary.

I do not intend to encroach upon the prerogatives of the legislature. Firmly do I believe the two departments of government should function independently. I have pointed to some conditions that I believe should be treated by law. It is your province to prepare and pass measures embodying matters on which the people have so clearly spoken. I am ready at any time to help you, either individually or collectively, and I offer you the fullest measure of cooperation.

The people are expecting much of this legislature and many of those expectations will become disappointments unless the executive and legislative branches carry out their respective duties in harmony. I am sure that you know full well how intensely the people are thinking. I know you are ready and willing to bury personal and party ambitions and all differences for the common good.

Classified Ads in The Statesman Bring Results

# LADIES! DARKEN YOUR GRAY HAIR

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The use of sage and sulphur for restoring faded, gray hair to its natural color dates back to grandmother's time. She used it to keep her hair beautifully dark, glossy and attractive. Whenever her hair took on that dull, faded or streaked appearance, this simple mixture was applied with wonderful effect.

But brewing at home is messy and out-of-date. Nowadays, by asking at any drug store for a bottle of "Wyeth's Sage and Sulphur Compound," you will get this famous old preparation, improved by the addition of other ingredients, which can be depended upon to restore natural color and beauty to the hair.

A well-known downtown druggist says it darkens the hair so naturally and evenly that nobody can tell it has been applied. You simply dampen a sponge or soft brush with it and draw this through your hair, taking one strand at a time. By morning the gray hair disappears, and after another application or two it becomes beautifully dark and glossy.—Adv.

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32 inch Zephyr Gingham, yard	23c
60 inch Mercerized Table Damask, yard	59c
70 inch Mercerized Table Damask, yard	88c
Pequot Sheets, 81x90 each	\$1.59
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Children's Black Ribbed Hose for Boys and Girls, pair	15c
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