

IRRIGATION BOND INTEREST PAYMENTS CHANGES ASKED

ENFORCEMENT DRY LAWS NEED SUPPORT OF ALL

(Continued from page one.)

to reduce the loss to the lowest possible minimum.

Expressing sympathy for the loss suffered by Astoria in the recent fire, Governor Pierce suggested that any financial aid should be given by direct appropriation, and not diverting money from other needed funds.

The governor's message in part follows:

I wish to express to the people of Oregon my sincere gratitude for the significant vote of confidence in the recent election. I fully realize the almost staggering responsibility of my position. I will do my best to justify the confidence reposed in me. As I look over election returns I realize that I received, on the 7th of November last, as many republican votes as I did democratic votes. I therefore, declare myself the people's governor, and I ask the continued support and friendship of the people of Oregon, without reference to past affiliations, political or social.

I have no intention of building a political machine. I shall call around me, to fill positions, those in whom I have confidence and I shall remove them from office without fear or one single thought of the future if I find they do not live up to my expectations. I shall give every ounce of devotion I have to the interests of this state, fearlessly working, as I see the light, to make Oregon a bigger, grander state in the greatest galaxy of states that the world has ever known. I will return the commission, in four years, as clean and untarnished as I receive it today.

Coming as I do from the farm into the turmoil of the state government, I believe the paramount question before this legislative body is reduction and redistribution of the burden of state taxes. We must not wreck the state government or too seriously handicap any of its necessary activities. I suggest that in your appropriations you constantly ask yourself the question, "Can we afford it?" I promise you and the people, that as a member of the board of control, I will as far as my power lies save every dollar that can be legitimately saved in the management of state institutions, and I ask you to keep in mind the same principle of economy in your duty as state legislators.

Property in Oregon assessed at little more than a billion dollars can not continue to bear a collection of nine and one-half million dollars, as it did in 1922, for state activities. As long as these trying times continue it is essential that we eliminate all unnecessary expenditures.

Legislatures of which I have been a member have for many years in good faith endeavored to consolidate the state departments only to meet with opposition from those specially interested. The time has come when the interests of the few must give way to the welfare of the many and I earnestly recommend that a law of wide scope be enacted consolidating many commissions and departments and abolishing others altogether. By enactment of such a law hordes of state agents and inspectors and special deputies who are traveling the state over, year in and year out, will be disposed of and a conservative, efficient method of handling the business of the state be substituted for the present costly and haphazard system. The best possible government is a simple government economically administered.

Three of our state commissions, which now require large sums from the state treasury for their maintenance, should be self-supporting.

Corporation Tax

With but slight readjustment of its rates, the state industrial accident commission can derive all of its funds from the industries to which it renders so valuable a service in giving exemption from litigation, and prompt and adequate benefits for injuries and death to workmen and their dependents. Likewise, the public service commission should be supported from fees paid by the public utilities that come within its jurisdiction. Stability of revenues is afforded to these utilities by the public service commission, as has been demonstrated during the trying times following the war and it is but just that a fair return in the way of compensation for the actual cost of supervising their affairs should be paid by the utilities to the state treasury, thus relieving the general taxpayers of what is otherwise a large burden. Indeed, the time will come, as I said in my campaign, when all public service corporations will be taxed on their gross earnings, rather than on their general property, as is done in California and other progressive states.

The department of fisheries is costing the state large sums of money. I believe such an industry should be at least self-sustaining. In some states it is a source of public revenue.

No doubt the tourist associations have been of great benefit to the state, but in this hour of stress and need I believe appropriations for such purposes should be omitted.

There should be no appropriations this session for state buildings.

I recommend that you carefully scrutinize all appropriations for farms. The state fair is an institution of great value and it must be maintained. It should, however, be as nearly self-sustaining as possible. Our farming communities derive needed benefits from county fairs, but perhaps existing provisions for their maintenance will be found sufficient without additional appropriations.

The experiment stations have been of much benefit. The smutless wheat developed at the Moro station will save farmers thousands of dollars. The blightless pear from the Talent station will revolutionize the pear industry. The work of the stations is too far reaching to mention in detail, but I wish to assure all it is valuable. We must not, however, increase the number of stations.

The extension work of the Oregon Agricultural college, and the University of Oregon, should be maintained; but I have no doubt a saving can be made.

In the present stressful times we can suspend the continuing exhibition of Oregon products in Portland and thereby save \$20,000 during the current biennium.

I oppose any increase of salaries.

I believe there is money in the treasury sufficient to meet the requirements of this year and therefore recommend that you repeal the soldiers', sailors' and marines educational law.

No further appropriation should be made for the World War Veterans' State Aid commission and the commission should be abolished when money now on hand is expended.

Numerous state departments are maintaining branch offices. In every case possible the expense of branch offices should be eliminated.

This session should provide means of lifting at least one-half of the present state tax from farms and homes and to that end I recommend a graduated income tax. For purposes of simplicity in collection and enforcement I would reenact the federal law as the law of this state, with exemptions the same as in the federal law and making the rates such percentage of the federal rates as will raise four to five million dollars per annum. Enforcement of the act I would place in the hands of the state tax commissioner who can, I believe, through cooperation with the federal tax officials keep the costs of administration to a minimum. I can not emphasize too strongly that an income tax be treated as a means of redistributing and equalizing the present 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.

Other states have long imposed severance taxes on natural resources wealth as it is converted into private wealth.

Need Sinking Fund

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.

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 \$2.00, the same kind of sheep in another county at \$5.00, and in another county at \$8.00 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 commissioner should have full authority to compel the same proportionate assessment on the same kind of property in every county in the state.

By an equitable valuation of all property millions of dollars can be added to the present assessment roll without raising the just assessment on farm, homes and livestock.

Insurance Dodging

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 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.

I therefore recommend that the old quarter mill road tax be retained for the road funds, and 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 recommend 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 ten 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.

The Old Story

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 \$50.00 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 \$15.00 taxes. Each steer has actually cost this farm \$75.00. 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 those who consume you about \$500.00 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 ten per cent is allowed in this instance to the one who produces, ninety 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.

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 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.

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 remember 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.

Boost for Portland

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 life time 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 unpassed 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 be 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.

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.

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

Irrigation Bonds

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 prospective homes. The hour is too critical and the situa-

tion too dangerous to issue more bonds to pay interest on irrigation and drainage bonds that the various districts issue, without advice and counsel.

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 to 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.

Saddened by Liquor

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 can not 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.

School Economy

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.

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.

in the state was as a farm hand. In the intervening 40 years, however, he has been engaged in many activities, school teacher, lawyer, county clerk of Umatilla county, state senator and farmer.

He was born on a farm in Illinois in 1862, has parents being substantial citizens of their community. Settling in Umatilla county, Oregon in 1885, young Pierce started to work on a farm, and to increase his income in a small way he taught school. Later, in 1886, he was elected superintendent of schools of Umatilla county, and was re-elected in 1888. In 1890 he was elected county clerk of Umatilla county, and was re-elected in 1892.

He became state senator for the district embracing Union, Umatilla and Morrow counties in 1902. In 1916 he was elected state senator for Union and Walla Walla counties.

Pierce had been admitted to the bar in Oregon in 1895, and in 1896, to complete his legal education he took a course in Northwestern University law school at Chicago.

He has been president of the Tax Payers League of Oregon since its organization, and has been a regent of Oregon Agricultural college since 1905.

For several years he has operated a farm in the Grande Ronde valley, in eastern Oregon. In 1918 he was a candidate for governor on the democratic ticket.

He was married in the early nineties to Miss Laura Rudie, a daughter of pioneer parents. They have six children, five daughters and one son.

With Medford trade is Medford made.

"Cascarets" 10c

For Sluggish Liver or Constipated Bowels

Clean your bowels! Feel fine! When you feel sick, dizzy, upset, when your head is dull or aching, or your stomach is sour or gassy, just take one or two Cascarets to relieve constipation. No gripping—neat laxative-cathartic on earth for grown-ups and children. 10c a box. Taste like candy.

WALTER M. PIERCE.

Biography of New State Executive

Walter M. Pierce, who takes office as the seventeenth governor of the state of Oregon, came to Oregon as a young man in 1883, and his first work

SEE THIS NOW!

STRONGHEART
The wonder dog of "The First Cat"

Brawn of the North

COMEDY
ALICE JAY AT THE ORGAN

REVIEW

RIALTO

THURSDAY—"THE FACE IN THE FOG"

M. M. Dept. Store Sale

A BIG SUCCESS

The past few days have showed us just how the people believe in us—They have crowded, jammed our store; they have bought merchandise by the armload; they believe, they know we tell them the truth when we say we are cleaning out, that this stock will be sold down to the figures we have set by February 1st, inventory time. And we want you to believe this—we would not break faith with you. Come in and let us make good. If you have already attended this sale come in again.