President Matt. D. Cooney then presented Governor Dan Turner who delivered the following message:

GOVERNOR TURNER’S MESSAGE

*To the Senate and House Members of the Forty-fifth. General Assembly:*

 The Constitution of our State requires that the Chief Executive “shall communicate by message to the General Assembly at every regular session the condition of the State and recommend such matters as he shall deem expedient.”

 The reports of the various departments of State are now printed and will be placed on your desks. These reports will be of value to you in determining future policies in relation to these departments.

ECONOMY

 In the fifteen years preceding 1931 the cost of government in Iowa had more than doubled. Since 1900 it had increased five-fold. With this thought in mind two years ago I set forth the necessity of drastic tax reduction.

 The program of economy is now well under way. Taxes in 1932 were reduced $10,000,000.00 as compared with 1931. In 1933, under the levies made in 1932, there will be a further reduction in the tax bill of another $10,000,000.00 thus making a total reduction of $20,000,000.00 during the past two years. These figures are conservative. In my opinion more than $10,000,000.00 reduction can be made for this year by repealing immediately mandatory taxes and reducing salaries so that the benefit can be had in the tax paying year of 1933.

 By following out this program of economy this record of $20,000,000.00 reduction in taxes can be more than duplicated during the next two years.

 I would recommend to your careful and thoughtful scrutiny the report of the Committee on Reduction of Governmental Expenditures. This committee, over a period of more than a year and a half, have through investigation and earnest study, rendered this valuable report which will be helpful to you in carrying out the economy program outlined above.

CONSOLIDATIONS

 In my Message two years ago I called the attention of the Forty-fourth General Assembly to the necessity of consolidation of departments. Many consolidations can be effected without impairing the efficiency of government. Further reductions in the cost of State government can be obtained in thus reducing personnel.

 In addition to the various consolidations that can be effected, the inspection forces can be materially reduced.

 The inspectors should be located in specified territory to save mileage expense.

 In working out consolidations with the view of reducing expenses, care should be taken that too much power is not reposed in the Executive Department of State. It should be our constant effort to keep the government close to the people and it would be unwise in my opinion to concentrate too much power in the hands of one man.

BUDGET REPORT

 There has been placed on your desks the report of the Budget Director.

 If the bill be enacted as presented by the Director it will be necessary to levy a tax of $7,249,256.00 per annum representing a millage levy of 7.9 mills on the present taxable value of $924,653,308.00 of all the property of the State. However, in my opinion you will discover upon consideration of this report that substantial reductions can be made in addition to those therein recommended.

MANDATORY TAX REDUCTION

 A mandatory tax reduction law should be enacted, based on the principle of the Elliott-Clark bill.

TAX REVISION

 In addition to tax reduction and fully as imperative is the necessity of tax revision to insure equalization of the tax burden. Even the spokesmen of big business agree now that there should be material tax reduction. If they were sincere in wanting full justice done they would join with us in the endeavor to incorporate in the laws a tax based on the principle of ability to pay. Such at ax would reach both individuals and corporations who under the present laws are escaping their share of the burden of taxes. There is no justice in our present system of taxation that forces the farmers of Iowa to pay 67 per cent of the taxes levied for state purposes, although they constitute only 39 per cent of the population of the state and have less than 25 per cent of its income. There can no longer be any excuse for the continuance of a system where more than 90 per cent of the revenue comes from visible property. The interests interposing objection to an Income Tax should no longer be allowed to dictate or influence needed legislation. It is enough to say that farms, homes and other visible property now carry 95 per cent of the tax burden while invisible property representing approximately 45 per cent of the wealth of the State pays only 5 per cent of the taxes and earning ability and income make no contribution whatever to the cost of government.

 In this connection I call your attention to the condition of the State Treasury. The revenue has been greatly decreased through the inability of a large number of our citizens to pay their taxes.

 It will be necessary for the General Assembly to promptly consider this matter and provide revenue from indirect sources to meet the emergency.

 It was apparent two years ago and it is vital now.

 Objection has been made to any method of taxation based on ability to pay on the theory that revenue coming from such sources would not be replacement taxes. There is no merit to this contention. Such taxes can be made iron-clad replacement taxes by providing in the law that hereafter there shall be no millage levy for State purposes. All revenue to carry on the State government shall be obtained from indirect sources and when the element of justice obtains in taxation, not only will revenue be provided other than direct taxes to carry the cost of State government, but there should be in addition, money to allocate to the school districts over the State and thus lighten the school tax.

 The public utilities whom you will find represented here by a group of shrewd lobbyists and the manufacturers’ associations and certain individuals with large incomes will interpose objection to any legislation involving a plan that will compel them to pay their share of the cost of government. A wise and honest legislator will refuse to be influenced by these agents of special privilege. Every interest is entitled to a square deal; none are entitled to special privilege.

TAX EXEMPT SECURITIES

 The list of tax exempt securities should be greatly shortened or entirely eliminated.

CHAIN STORES

 Something over a year ago the Supreme Court of the United States handed down a decision making it possible for States to tax chain stores. This session of the legislature should not adjourn without providing a law taxing these large chain organizations. This law should be in the nature of a graduated tax—the separate units of the large chains paying more in proportion than the units of the small chains.

TAX SALES

 The law providing for tax sales and extra penalties should be revised. It is necessary to have some plan that will require payment of taxes at stated periods, but the present rule and penalty is too severe. The law in relation to tax and scavenger sales is very rigid. It should be revised to met the emergency situations comparable to the present one.

AUDIT OF THE STATE INSTITUTIONS

 I would commend to your attention the report of the Board of Audit set up in the last legislature to investigate and audit the accounts of the institutions under the State Board ofControl and the State Board of Education. You will learn that the schools under the State Board of Education expended more than $21,800,000.00 during the biennium. This is too much. The amount of money spent is entirely out of line with present conditions. Approximately $14,600,000.00 was contributed by the State, $777,000.00 was contributed by the Federal Government and over $6,400,000.00 was obtained from tuition fees, dormitory and dining services and other sources.

 Under the present method this latter amount of $6,400,000.00 was expended without legislative appropriation and without any control by the Legislature. I believe that this situation should be corrected so that all cash received by the Institutions (except Federal appropriations and restricted gifts) will be transmitted to the State Treasurer and disbursed to the several institutions in accordance with the minimum needs of each Institution as determined and appropriated by the General Assembly.

 While it is necessary that the several educational institutions have sufficient working capital on hand at all times to function properly, I believe that excessive accumulation of funds beyond an amount sufficient for that purpose is unwarranted. This is especially noteworthy of the State University which, on June 30, 1932, had expendable funds on hand in the form of cash, securities, accounts and inventories in excess of $1,000,000.00.

 The business methods of the University have been the cause of grave concern to all thoughtful citizens and new plans should be devised that will eliminate extravagance and encourage sound business administration in this great institution.

 The expenditures of Institutions under the Board of Education and Board of Control should be under the direction and control of the State Board of Audit.

PUBLIC UTILITY ASSESSMENTS

 The Board of Assessment and Review should be commended for making a substantial increase in the assessed valuation of public utility property this year to the amount of eleven million dollars. However when we learn that the “book values” of the assets of these companies are over three times as much as the assessed value and that these utilities have bonds outstanding totaling more than twice the assessed value, it is apparent that there should be further and definite increase in the assessed valuations placed on these properties.

 It is true that many of these utility properties are more or less inflated but the bonded debt, which generally represents about half the amount fixed as “book value,” should be a fair criterion to go by as to the value of these properties. Sixty per cent is generally the percentage taken in assessing property in this State. If the utilities were assessed on 60 per cent of their value the present assessment on these properties would be more than doubled and these assessed values would then be in line with the valuations placed on other properties in the State.

TELEPHONE

 Two years ago in my message to the Legislature I made this statement in regard to the large telephone companies:

 “There is no provision in law giving either the State or municipalities within the State authority to stand between the people and the large telephone and telegraph companies now operating within the State, in the vital question of establishing fair rates for service. Eight years ago the Governor of the State in his biennial message called attention to the monopoly enjoyed by these large telephone utilities and the necessity of protection for the people, but his sound advice went unheeded. The situation is even more acute now.

 “These quasi-public, franchise privileged corporations should be subjected to regulations in law that will insure the consumers of the service furnished, fair rates based on an intelligent survey of operation costs and capital invested.”

 “In any instance wherein individuals or corporations hold control of public necessities it is the imperative duty of the State to establish regulation thereof. No method other than State control has been devised giving assurance of protection against exorbitant rates levied by unfettered monopoly.”

HIGHWAYS

 I think it is my duty to call your attention to the diminishing collections and receipts from the gasoline tax and motor vehicle license fees in the primary road funds. These receipts have already been greatly reduced and if present conditions do not improve, the outlook is for continued reduction in the revenues of this department.

 It should be kept constantly in mind that there is a moral obligation to pay the bonded indebtedness from these funds so that it shall never become a tax on property and no action should be taken that would imperil the funds to the extent of throwing this burden on the farms and homes of the people.

IOWA COAL

 Every effort should be used in administration and where possible through legislation to encourage the use of Iowa products by Iowa people. Consider the second industry of the State—coal. Over 8,000 Iowa citizens, the majority of them heads of families, depend on mining coal for their livelihood and we should encourage this industry and strive to bring this business back to the 1910 basis when 18,000 men were mining coal in Iowa. Tax spending bodies would render a substantial service to the State by using Iowa coal and in addition to encouraging this industry they can be assured that it means economy, for the reason that Iowa coal furnishes more heat units per dollar of cost than other coal.

 “The more Iowa coal used the more men employed—these miners in turn buy Iowa farm and manufactured products. They patronize the retailers, who are the customers of the wholesalers. Thus, we see forcibly illustrated the value of patronizing our own industries. A more striking example in this respect could not be given.”

PRISON LABOR

 The Federal Act relating to prison labor known as the Hawes-Cooper Law, signed by the President of the United States, January 19, 1929, and which becomes effective January 19, 1934, provides in part as follows:

 “All goods, wares and merchandise manufactured, produced, or mined, wholly or in part, by convicts and prisoners, \* \* \* or in any penal or reformatory institution, \* \* \* transported into any State, \* \* \* and remaining therein for use, consumption, sale or storage, shall upon arrival and delivery in such State, \* \* \* be subject to operation and effect of the laws of such State, \* \* \* to the same extent and in the same manner as though such goods, wares, and merchandise had been manufactured, produced, or mined in such State, \* \* \* and shall not be exempt therefrom by reason of being introduced in the original package.”

 Under the provisions of this law there is no probability of finding any firm willing to contract for the labor or goods produced in our Iowa institutions. There are three contracts now in effect, one of these terminating February 1 and the other two July 1 of the present year.

 Over nine hundred inmates of our institutions are now engaged upon these contracts and unless some means for their employment be found prior to the termination of these contracts, they will have to remain in idleness. This is a most serious condition and one that should be taken into consideration by the Legislature. I feel it is my duty to again call to the attention of the Legislature the possibilities arising because of this Federal statute.

 We are now about to face actual results because of our past inactivity. While the idleness of a large group of prisoners is a serious condition to face, yet an equally serious one confronts our Iowa manufacturers whose wares come in competition with prison labor in that our laws as they now are written would leave our State an open field for the introduction of prison-made goods from other States inasmuch as these goods could freely come into the State and could be handled the same as though they had been produced under the terms of our Iowa statutes.

 Attention to this is again called in the hope that some remedy may be found both as a means to prevent the idleness of our own inmates and also as a protection to our Iowa manufacturers engaged in the making of goods similar to that which is introduced from prisons of other states.

CHILD WELFARE

 During the past two years conferences have been held for the purpose of coordinating the efforts of several character building and child welfare agencies. Stress has been placed on child welfare work. Patriotic women engaged in this splendid work are rendering constructive service to our State.

MAIN ISSUE—ECONOMIC

 No step should be taken that will weaken the laws that have been set up to control the liquor traffic in this State. What we need is enforcement of the present laws—not abrogation or revision of same. It would be a grave error for our State to take a backward step in relation to the liquor evil at this time. Our country is in the midst of the most serious crisis in history. For Legislative Assemblies now to spend their time in seeking ways and means of destroying the laws controlling the liquor traffic instead of addressing themselves to the serious and vital problems of unemployment; low prices; stagnation in business and all the other issues growing out of the depression, would be to acklowledge our incompetency to meet the problems that are imminent and severe. Our every thought should be given to measures and methods that will grant to every citizen the inalienable privilege of employment; that will restore farm prices to a decent level; reduce the cost of government and in general solve the problems of depression.

 To waste time and energy in this great crisis in seeking methods of expediency in relation to the liquor question is a travesty on the intelligence of the people and an acknowledgment that we are unworthy of the heritage bequeathed us by our Fathers.

LAW ENFORCEMENT

 Vital to the continued existence of our government is the strict enforcement of law. Every move made should keep this fact in view and impress on our constituency the merit of law observance and stern necessity of law enforcement.

PRIMARY LAW

 Periodically attempts are made to repeal the Primary Law. This, in my opinion, would be a grave mistake. It is the method that has been worked out whereby every citizen has a part in the selection of public officers. It is the best method so far devised. The caucus system gave to organized minority groups the power to make the nominations in both major parties. Under the caucus system bribery and corruption were rampant and under that system there was a constant temptation on the part of many citizens to neglect their duty, and too much power was placed in the hand of the professional politicians.

 No system has even been devised that is perfect but the Primary System is undoubtedly a great improvement on the caucus and convention system. The forces that are organized to destroy it are influenced by motives of self-interest and a desire to demand special privilege for themselves.

FARM MORTGAGE FORECLOSURES

 Iowa farm mortgages have been foreclosed at an alarming rate in recent months. The Court decisions granting preference in the appointment of a receiver to the mortgagee who first begins foreclosure, without regard to the priority of the lien of the mortgages on the land, have resulted in a race between mortgagees to be the first to begin foreclosure and thus benefit by the preference in the appointment of a receiver. Holders of first mortgages justify foreclosure upon the ground that it is necessary to protect and perfect their lien upon the crops by first demanding the appointment of a receiver.

 Large (eastern) insurance and loan companies have overworked this excuse. This is obvious when it is found certain of these companies are regularly lenient with the farmer with a thin equity and just as regularly insistent upon foreclosure upon the slightest default against the farmer with a substantial equity, when the mortgagee can make a profit upon resale as soon as a sheriff’s deed issues. The practice of the Joint Stock Land Banks in this and all other respects bas been ruthless and destructive to the farm owner. The aggregate result of these practices has been to put honest, deserving farmers out of their homes with vicious deficiency judgments hanging over their heads and to glut the land market with Iowa farms at forced sales.

 It is vital that this Legislature revise the mortgage foreclosure law to protect the land and home owner in the present emergency. Such revision among other things should lengthen the time required to get a sheriff’s deed provided the borrower applies one-half the crop to the payment of interest and taxes. It should fix the right to rents and profits in some manner which does not encourage foreclosure by rewarding the mortgagee who first forecloses with a priority in the appointment of a receiver for the rentals of the farm.

 In viewing the general situation I lay it down as a fair principle that the borrower should not have the mortgage on his home foreclosed when he is in position to pay the landlord’s share of the crop to go toward the payment of interest and taxes.

UNEMPLOYMENT

 The unemployment situation continues to challenge the attention of all generous minded and thoughtful people. In some of the counties of our State the situation has become serious. Nearly two years ago I organized an Employment Committee and this State Committee set up Employment Committees in all the counties of the State. In recent months we have reorganized this State Employment Committee and now have an Executive Committee called the Emergency and Relief Committee consisting of five members to function with the different counties and cities of the State.

 The so-called “poor laws” of this State are antiquated and are not sufficient to meet adequately the present situation.

 The last Congress of the United States, under the Emergency Act of 1932, created what is known as the Reconstruction Finance Corporation, and made provision for advancements to states and loans to counties and municipalities for relief of unemployment and the destitute as a result thereof.

 The Executive Committee has worked diligently with the agents of the Reconstruction Finance Corporation, but because of our antiquated laws, has been unable to secure the aid which is necessary to alleviate conditions as they now exist. The principal legal difficulty arises in the fact that under our statutes counties can issue warrants only for the purpose of paying bills accrued, while under the Reconstruction Act of the Congress of the United States, the Reconstruction Finance Corporation can make loans only for the purposes of future relief.

 It is, therefore, imperative that our statutes be amended to permit counties to make loans from the Reconstruction Finance Corporation, with proper limitations, for future emergencies. By so doing, the counties of the State may procure loans from the Reconstruction Finance Corporation at a very low rate of interest until they are able to assume the obligations due the destitute and needy to the end that suffering may be alleviated or avoided. I offer this suggestion for your early and serious consideration.

 The State Committee will render any service possible to make connection between the counties that need help and the Federal Government. Certain rules must be complied with to obtain Government aid and restrictions are somewhat onerous but the State Emergency Committee has knowledge of the method that must be pursued and will cheerfully confer with any community that wishes to obtain a Government loan. In this connection it is necessary to keep in mind that these Federal funds come in the nature of loans and it is highly important in each community where unemployment obtains, for our generous citizens to make every effort to take care of the unemployed in their respective communities so that we will have the full knowledge that hungry and shelterless people are taken care of in our State during this severe emergency period. The Chairman of the State Executive Committee is Harry T. Rollins of Des Moines and the Secretary is A. L. Urick, Commissioner of Labor.

INVESTIGATION OF THE AUDITOR’S OFFICE

 You will have placed before you the report of the Commission appointed to investigate the affairs of the State Auditor’s Office last February. As a result of this investigation the State Auditor, J. W. Long, was suspended from office. The responsibility is now in your hands of deciding the question of impeachment of a public officer who has violated and betrayed a public trust. No force from without can ever destroy the institutions of liberty. Foreign aggression can never be powerful enough to destroy this government. Representative government will continue to exist and spread its blessings among the people as long as the citizens take an intelligent interest in the government and demand honesty and probity on the part of public officials. But a powerful enemy threatens us, when the canker of corruption exists within the Government itself—when citizens are resigned to the idea of graft and dishonesty on the part of those who have been placed in positions of trust.

YOUR RESPONSIBILITY

 Let us appraise the enemy forces threatening Democracy. Dishonesty in public office; lawlessness; confiscatory taxes; special privilege; concentration of wealth—these are the five major foes of representative government. Vanquish these opponents and the government is secure. Subdue these enemies and the problems, moral and economic, are solved.

 As we view the distress in this critical period of our country’s history is it too much to hope that we can have vouchsafed to our people the intelligence and moral courage needed to guarantee to frugal, industrious Americans the opportunity of employment; decent prices for their products; relief from oppressive taxes; economic independence and security under the laws? In this great undertaking, you as representatives of the people have an unparalleled opportunity and a deep responsibility. Our fathers and our forefathers in many a crisis of our country’s history proved competent to meet the problems of their day and generation. Our heritage came to us unimpaired. To preserve that heritage is the need of the hour, and to prove worthy of it, we cannot fail in this test.

COMMUNICATION FROM THE GOVERNOR

 The following communication was received from the Governor:

 MR. PRESIDENT, MR. SPEAKER, SENATORS AND REPRESENTATIVES OF THE FORTY-FIFTH GENERAL ASSEMBLY:

 I herewith transmit to you for such action as you may deem proper a certified copy of a Resolution of Congress, entitled,

 “Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.”

 Said Resolution is duly authenticated by the great seal of the United States and signed by the Secretary of State, Henry L. Stimson.

 The certified copy of said Resolution is herewith transmitted to the Lieutenant Governor of the State of Iowa, as President of the Senate, with the request that this Communication and a certified copy of said Resolution be made a part of the proceedings of this Joint Session, the Resolution, after it has been acted upon by the Senate and House in proper and legal form, to be filed in the office of the Secretary of State of Iowa. DAN W. TURNER, Governor.

 January 10, 1933.