President Kraschel then presented Governor Clyde L. Herring who delivered the following message:

GOVERNOR HERRING’S MESSAGE

*To the Senate and House of the Forty-sixth General Assembly of Iowa:*

Two years ago I came before you at a time when the tide of adversity was running high; when our country had fallen upon evil days; when men of courage had all but lost hope. Today the sun is again shining and hope and confidence fill the hearts and souls of men.

If we but take measure of our possessions in spirit and in opportunity, we will find much that was not ours two years ago. One of the priceless things of life is the human tendency to forget evil and pain and want, while at the same time remembering that which is good. It is fortunate for humanity that we thus forget and thus remember. Of the two, I think, perhaps, the ability to forget is the most essential to happiness, but it is sometimes necessary that we give thought to the past that we may rightly judge the present.

That you may look upon today in the knowledge of yesterday, I wish to read briefly from the opening paragraphs of my message to you two years ago. I then said:

“You are met as the 45th General Assembly of Iowa in one of the darkest hours of our history. This session transcends in importance those of previous years for reasons which are distressingly plain. Our principal basic industry is prostrate. With corn selling in a typical Iowa county at twelve cents a bushel, oats at eight cents a bushel, hogs at two cents and cattle at one to four cents a pound, our farmers are not realizing production costs. Bank failures, actions in foreclosure of rural and urban homes, and of stocks of merchants, constitute a large part of the business of our courts. Few of our industries are operating at a profit, and in many of them operations are stopped. Men and women eagerly seeking the opportunity to earn their living can find no work. Despair is in the heart of the debtor, and mute appeal for help in the faces of our heavily burdened citizens.”

As I repeat this paragraph today, it does not seem possible that the statements therein could be true; that corn sold for ten or twelve cents, oats for eight cents, hogs for two cents and cattle for four cents and less; that banks were failing everywhere; that mortgages were in course of foreclosure in all our courts; that men despaired and that hope had fled, and yet every statement was then true, but true no longer.

We have not scaled the heights, nor are we wholly out of the shadow into the sunlight, nor is full accomplishment as yet ours, but we are steadfastly marching forward. Our forces are united, marching in even step. They are confident, they are hopeful.

The constitution of Iowa requires that I submit for your consideration a report covering the state’s activities during the preceding two years, together with my recommendations for present legislation. This is a duty I gladly accept. It is right that today, after two years of stewardship, \_\_\_ should report to you in your capacity as directors of a great corporation comprising the two and one-half million citizens who constitute the ownership of this great state of ours.

To make such a report in detail in this message would require an unreasonable amount of time, and I shall, therefore, give you but a brief summary to be followed by a complete and detailed report which will be printed and placed upon your desks. I shall also reserve until a later date, my recommendations for future legislation. When these recommendations are submitted to you, they will be neither indefinite nor uncertain, but will be as clear and as specific as I am able to marshal thoughts into words.

As I have just said—when this administration came into power two years ago, the people of Iowa were facing destruction from the greatest financial catastrophe ever endured by any people. Our backs were bowed to the storm. We were in full retreat. Our commanders were inert, hesitant, uncertain. They gave no marching orders. Their very unwillingness to act was accepted by the people as inability to act, and as men lost confidence in their leaders, they lost hope for themselves. They saw the breakdown of an economic system. Their homes were going from them by foreclosure. The savings of a lifetime were cruelly taken as bank after bank closed its doors.

Men gathered in public places and along our highways, determined to secure justice by force. The very integrity of our government was in danger. The time for words and opiates had passed—action alone could restore order and confidence.

The greatest menace as I stood before you upon this platform two years ago was the foreclosure of mortgages against the farms and homes of our people. There was no law under which such foreclosures could be prevented, or even delayed. I had no definite authority to act, but it is sometimes necessary in the service of humanity that those in power go farther than to abide merely by the letter of the law. There is, of course, always danger in going beyond granted authority, but if justice can be preserved only by instant and decisive action, I believe that no public official should waiver or hesitate. So believing, I immediately issued a proclamation banning further foreclosures. That proclamation, perhaps, had no legal basis upon which to rest, but it did have the earnest, wholehearted approval of the people of Iowa, and so approved, it became as powerful as law itself.

A few weeks later you adopted a moratorium law, effective until March first of this year. It should, and doubtless will, be extended, for our highest courts passing upon this and similar laws, have upheld them and experience has proven their effectiveness.

There is a grave question as to whether, if the Executive had held back and temporized, pleading lack of authority, and had the General Assembly delayed or refused to act because of contention that contract rights were being invaded, whether our people, normally the most law abiding people in the world, would have peacefully accepted continued evictions from their homes.

When banks were closing daily, and frightened people were bringing about their own destruction by precipitate runs upon solvent banks, you met that situation to the fullest extent legally possible, by enactment of Senate File 111.

In the twelve days between January first, 1933, and the convening of the General Assembly, thirteen of the 643 state banks then operating were compelled to close their doors, and thirty per cent of the remainder of the banks were forced to appeal to local authorities for the declaration of a holiday in order to avoid receivership.

When Senate File 111 was passed, approximately one hundred thirty-five banks came immediately within its protection. When the national moratorium was declared, 625 additional state banks, savings banks and trust companies came under the provisions of Senate File 111.

You did not hesitate when you faced that grave crisis, nor will you hesitate when there shall later come before you legislation denounced by some who, fearing loss of position, make loud protests to frighten the timid, nor will you be misled by selfish interests, but rather will you think of the nearly two and one half million citizens out on the Iowa acres and in the towns and cities, striving to carry on, relying upon you, their representatives, to enact such legislation as will be of benefit to the state as a whole.

However peaceful, however good intentioned a people may be, human experience has proven the necessity of some form of government. Men must be restrained by law if they shall best progress. Men must be protected by law if the rights of the individual shall be preserved against greed. And all law must recognize that human rights rise far above property rights.

Guided by these motives, many of you have faithfully and efficiently served the people of Iowa in the two sessions since I became Governor. I am certain the ambition which then led you to forget self, and labor for all the people, will again guide and control.

Two short but eventful years ago, our state government was in a condition of chaotic ineffectiveness. Records indicating ample cash on hand were soon found to be wholly unreliable, as will be disclosed by the detailed financial statement to be supplied you. But thirty-seven per cent of the cash claimed available in the state treasury was in reality available. Records indicating ample cash on hand were thus found to be wholly unreliable. Apparent solvency was established by inclusion of items later revealed to be utterly worthless. With the state credit at the lowest ebb in its history, with expenditures during the year 1932 far in excess of receipts, it was necessary early in 1933 to stamp warrants “Not Paid for Want of Funds,” and before this deficit could be paid from receipts, and expenditures brought in balance with the revenue, more than twelve and one half millions of stamped warrants had been issued.

Today ninety-four per cent of the amount upon the Treasurer’s statement is liquid and on hand.

Within these past two years the budget has been balanced, the deficit has been eliminated and not a dollar in stamped warrants against the State of Iowa is outstanding.

That we did not stumble in the dark is proven by the condition of our treasury today. Never before in our history has state credit stood higher. Never before have state obligations been more promptly met, and never before were state expenditures more nearly in keeping with state income.

Although a budget law had been long discussed by previous administrations, the law in effect two years ago was incomplete and ineffective. Information relative to the state’s financial operations could be obtained only by long and tedious search among public records of eight different state agencies, all vested with power to contract obligations and to certify payment for same. There was no central agency responsible for all accounting and all expenditures. A balanced budget was a figment of hopeful imagination, for no one could be sure he had the information essential to right determination.

Confronted by the economic chaos then prevailing, I recommended for your consideration a budget and financial control law.

The Budget and Finance Control Act, which you enacted, is justifying itself each day. It is saving the tax payers vast sums of money each year. It is a law that any state may be proud to have upon its statute books. By its terms all state expenditures are coordinated. Each hand knows exactly what the other hand is doing. Duplication and waste and inefficiency are prevented, and always the Governor is able to hold expenditures down to revenue.

At the Special Session you gave consideration to the needs of the older people of our state, the fathers and mothers who in their day of activity made possible the heritage we now call our own. You saw misfortune bearing down with frightful force upon those who once cheerfully bore the burdens you now bear. Then they stood erect, they were strong, they were proud. They could face the world and battle for their own.

They then asked no favors other than the right to work and by their labor maintain their homes and feed and clothe and educate you, their children. As you turned from the past to the present you saw long lines of the aged, the handicapped, waiting and praying for protection. And you saw in that line, men and women once possessed of means, and who, through no fault of their own, were now unable to protect themselves. As you looked upon those men and women you thought they still possessed some claims upon humanity. So remembering and mindful of the claims age has upon youth, you adopted an Old Age Assistance Law.

I recognize the imperfections of this law. You were burdened with many important and difficult problems which demanded immediate action. That law, as well as many other laws, was the outgrowth of imperative, immediate necessity. It was hastily drawn, but it is justified because it establishes in Iowa the principle of old age assistance. I am sure you will give thought to the present law and by such necessary amendments make it the effective measure intended by those who passed it.

For more than half a century our laws of taxation stood almost unchanged. Real estate by its very nature could not escape, for it could not be hidden, and burden after burden was heaped upon a small per cent of our citizens, who, through industry, thrift, and economy had become owners of farms and homes.

Those who had borne such burdens as well as those who had studied the difficult subject of taxation, had been long convinced that some remedy must be found. To that end you spent earnest, anxious weeks, and finally there came before me for approval, one of the best, if not the best, laws upon taxation to be found in all this nation. In that law you provided for three types of taxation—a sales tax, an income tax, and a corporation tax. We have operated under that law less than a year, but in every way it has proven your wisdom in its enactment.

The revenue from all sources collected by the Sales Tax Department for a period of approximately six months, is five and one half million dollars. Receipts and anticipated receipts from this tax replacement measure are replacing the 1934 state levy of more than six millions and are cancelling the last half of the previous year’s state levy of more than three millions of dollars. Receipts from this measure have had much to do with the financial condition of the state treasury. There must be permitted no diversion of the revenue from this measure to other than the purposes originally intended and contained in the law itself when enacted.

Amendments deemed necessary by actual experience will be submitted for your consideration, but in its essence that law stands today unchallenged. It is no longer a theory. It has supplied the cash necessary to match federal appropriations for relief to our citizens, and without this measure additional burdens of taxation would have been forced upon every farm and home in Iowa. Based upon observation and experience I say to you that never before in the history of our state have so many millions of dollars been paid into the state treasury provided by so just and equitable a distribution of the levy. The Three Point Tax Replacement measure which you so wisely enacted a year ago stands as a credit to every member who voted for it.

At your regular session two years ago, you approached the subject of intoxicating liquor, always difficult, always dangerous. At that time you enacted the so-called beer law. A year ago you rewrote that law. We have now had nearly two years’ experience in the handling of beer under the law thus written. I am not satisfied with the results achieved and I am sure you are not satisfied. That law must be rewritten.

When the Eighteenth Amendment was repealed, it became necessary to determine the course to be followed in this state, not only as to beer, but as to hard liquor as well. At the regular session two years ago, you authorized the appointment of a committee of nine and directed them to carefully study the various methods of liquor control.

In compliance, and with your approval, this committee of nine was named—men experienced in legislation, in law, in business and in social welfare. This committee made an intelligent and exhaustive study of the entire subject of liquor control and submitted for your consideration a clear cut report, endorsing and recommending the state liquor store system. Following this recommendation thus submitted, you framed an act providing for state liquor stores, and that act became law. A Liquor Control Commission was created and that Commission has been operating during the past ten months.

The General Assembly provided an appropriation of $500,000 to be used in establishing the Liquor Commission and its stores. Fifty-seven stores have been opened. Each one of them is now being conducted at a profit. There has been some complaint that prices charged were higher than in adjoining states. This may or may not be true. Whether or not they are higher, it is the policy of the administration to maintain such prices as will guarantee that not a dollar of the tax payers’ money shall be used in the operation of these stores.

Today I am glad to report that the $500,000 appropriated is in the state treasury intact, and that, therefore, not a dollar collected as a tax is today invested in the administration of the liquor control law.

In the eighty-eight years since Iowa became a state, every possible method of liquor control has at one time or another been tried in this state. We have run the gamut from the sale of whiskey along with groceries, to the wide open and uncontrolled saloon, and from the controlled mulct saloon to prohibition. Not in all these experiments has a satisfactory solution been found.

The open saloon violated every element of decency, and offered daily insult to those who entertained the belief that human beings were more important than money profits. Prohibition, however justified as a theory, failed in actual practice and has been overwhelmingly repudiated in this country. Both prohibition and the saloon have been weighed in the balance and found wanting. Opportunity for private profit from liquor sales has been the uncontrollable agency for their destruction. The saloon keeper was there for but one purpose—to make money. To make big money he felt it necessary to violate the law, however liberal that law may have been.

If required to close at ten o’clock, he found a way to circumvent the law. Although denied the privilege of selling to minors and habitual drunkards, he, nevertheless, sold to them. If required to close on certain days, he apparently did close, but in fact continued to sell. Every restriction that had a tendency to reduce his profits was looked upon by him as unreasonable and, therefore, to be avoided and nullified.

Because he violated the law, he must have protection against the law thus violated. Money alone could give him that protection, and he carried bribe money in every pocket. Out of his operations an era of graft and corruption arose, more shameful than may be elsewhere found in human experience, save during the days of prohibition.

The people finally arose in their wrath and drove the saloon from our land, substituting prohibition in its stead. But prohibition did not calm human desire for liquor. Men still demanded the right to have liquor and would not be denied, law or no law. Immediately there developed in this country the most astounding era of crime our nation has ever experienced. The little bootlegger was brushed aside and there stood in his place a towering giant, so formidable in fact as to menace and endanger our very national life. He did not carry a few bottles of moonshine down dark alleys. He became a general with an army at his command, and that force was an army in all but name. Those who marched with their leader were not called soldiers, they were called gangsters.

Their rule was not based upon law or reason or justice. Reason, justice and law were trampled under foot with disdainful disregard. The sawed off shot gun and the sub-machine gun took the place of law and order. Rival gangsters fought to the death. The one-way ride became a well known institution. Bribery and corruption flourished as never before, even in the days of the saloon. The entire situation became a national scandal so nauseating that the people refused to longer endure it, and prohibition was swept aside.

At once it was necessary to determine upon a course whereby the evils of the past could be avoided in the future. To accomplish that purpose, it was necessary to know the deep seated cause of failure. It was unnecessary to search in order to find the real evil in both prohibition and the saloon. That evil, and the very thing which destroyed both, was private profit. The saloon violated law and decency for profit. The rum runner and the gangster looked upon human life as of no consequence when private profits were being interferred with.

Our present system has no place and no provision for private profit. If profit accompanies our operations it is for all the people of our state.

For less than a year our state stores have been in operation. They are clean, orderly places of business. Incentive to make illegal sales is wanting for there is personal profit to no one by so doing. Anyone, man or woman, may enter these stores without embarrassment. Our principal continuing trouble is still the bootlegger.

As he plied his trade when we had saloons, as he grew and became powerful under prohibition, so he continued after our stores were established. Our greatest obstacle to successful operation of our state stores has been, and still is, the beer parlors, joints and shacks which greet the eye upon every side. Once we have, by high license, limitation as to number and location, and non-political control, conquered these places, I firmly believe most of our present difficulties as to liquor control will cease. The setting up of this vast experiment has not been without its disappointments, but considering the size of the undertaking, I am convinced when the detailed audit of liquor control operations is placed before you, you will agree there is nothing to be seriously criticized.

Iowa, proud and resourceful, has ever been able to provide for its own. It is always the duty of, first, the local community, next the state, and then the nation, to care for those really in want.

Early in 1933 it became apparent that not without great hardship and perhaps danger could we continue to meet the demands caused by unemployment and other misfortunes. An appeal was made to the Federal Government for assistance in proportion to that which was being given to other states, and as a result of that appeal the Federal Government has, in the past year and a half, sent twenty-nine millions of dollars in cash into Iowa to help care for those in need. Under appointment by the Governor a state relief organization, composed of one representative from each district, was established. Also by Executive appointment committees were established in each county of the state.

The entire expense of this organization has been borne by the Federal Government. Not one penny of the Iowa tax payers’ money has gone to the support of this relief program other than the three millions appropriated by the General Assembly. This state appropriation of three millions will be exhausted when the February allocation is made. From this statement it will be seen that the state has advanced three millions of dollars to obtain twenty-nine millions from the Federal Government.

There has been added from the regular charity funds of the various counties during this period a total of two and one-half millions of dollars. In addition, millions of pounds of various commodities have been supplied as direct relief. We have received literally many carloads of beef, butter, lard, eggs, cheese, and flour. This has all been distributed by these county committees—men and women who were selected because of their interest in their less fortunate neighbors, and who have served without compensation.

In January, 1933, there were thirty-eight thousand families upon relief. This declined to twenty-six thousand in December of 1933, due largely to the Civil Works Program which took many thousands off the direct relief rolls. In January, 1934, due to this same cause, C. W. A. works, there were but twenty-two thousand upon the relief rolls. When the Civil Works Program ended the list of those upon relief rose rapidly, and largely due to the drought, has continued to rise, until in November it totaled fifty-six thousand families.

We are assured by the President that a new program is forthcoming. He has declared that men must be put to work, and that direct relief, which is a form of dole, must end. We are prepared immediately to cooperate with the new program.

Last February, at the request of the President, I called on technical and professional leaders of Iowa to assist in a thorough study of our national resources. Following the President’s request I appointed a State Planning Board, composed of men and women from throughout the state. They were drafted from our state departments, our colleges, and our universities, from our agricultural, industrial, and other industries.

They have unselfishly donated time and energy to the success of the Iowa State Planning Board. By legislative enactment the Iowa State Planning Board should be given the dignity of a division of state activity. A planning report has been completed, and has been accepted in Washington as the outstanding state report submitted. Copies of this report will be given to each member of the Forty-sixth General Assembly. As a result of this report, we are prepared for the new four billion dollar reemployment program. The surveys have been made, the projects have been assembled, and are now in the hands of federal authorities. While we do not have details as to this new program, we are hopeful that it will comply with the President’s announcement and will transfer from direct relief to a work program all of our employables.

It must be borne in mind that no work program will absorb all of those upon relief. Twenty-five per cent of those upon relief are for one cause or another unemployable.

Through cooperation with the Farm Credit Administration approximately one hundred and twenty millions of dollars of federal money has been loaned in refinancing Iowa farms. In cooperation with the Farm Credit Administration I established the Iowa Farm Debt Advisory Council, composed of twenty men representing both debtor and creditor, and to cooperate with them, local committees of five in each county of the state. The state is divided into ten districts. Each district has a full-time district coordinator, and the entire expense of this Iowa Farm Debt Activity is borne by the Federal Government. Thousands of threatened foreclosures have been averted through the efforts of this Farm Debt Council.

I cannot close this message without offering real encouragement in our battle against the forces of depression and want. We have not ascended the heights but we are on the upgrade, climbing higher each day. Depressions may come upon a people with all the devastating, terrifying suddenness of a declaration of war between great nations, but no treaty of peace can bring them to an end. The forces of depression wage their war without proclamation. It has no leaders. It follows no rules of warfare. It is no respector of persons. It crushes high and low alike. The powerful may fall before its onward sweep as well as the weak.

For over five years our nation has been in its devastating pathway. For three of those five years little was done save to watch and hope. Then a new order prevailed and an army was marshaled against the unseen but powerful enemy. It was necessary to forge new weapons. New and untried methods of warfare had to be evolved. That army had to be trained, experienced leaders sought out, fear driven from the minds of men, and courage and hope restored.

That army is in command. We are all in the service. Victory is before the men and women of this state and nation who constitute this army enlisted against the depression. Not today nor yet tomorrow may we sing a final song of victory, but that great day is fast approaching. As true soldiers, let us have faith. As good soldiers, let us be brave. As brave men and faithful men, let us gird on our armor and go forth determined to restore to mankind the indestructible, the God given privilege of earning our bread in the sweat of our brow.