

VOLUME V.

Adjutant General, Biennial Report, 1920.
Treasurer of State, Biennial Report, 1920.
Apiarist, Annual Reports, 1919 and 1920.
Dairy and Food Department, Annual Reports, 1919 and 1920.
Mine Inspectors, Biennial Report, 1920.
Fish and Game Department, Biennial Report, 1920.
Historical Society, Biennial Report, 1920.
Weather and Crops, Annual Reports, 1919 and 1920.
Dental Examiners, Biennial Report, 1920.

State of Iowa
1921

BIENNIAL MESSAGE

OF

WILLIAM L. HARDING

GOVERNOR OF IOWA

TO THE

Thirty-ninth General Assembly in Joint Session

DES MOINES, JANUARY 11, 1921

INCLUDING BIENNIAL BUDGET

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GOVERNOR'S BIENNIAL MESSAGE

WM. L. HARDING, GOVERNOR.

Members of the Senate and House of the Thirty-ninth General Assembly:

By constitutional provision, there is a mandate to the Chief Executive of the State on this occasion to direct his remarks to the subject—"The Condition of the State."

By virtue of the place, which I have occupied during the past four eventful years, I feel that I am somewhat informed on this subject.

In addressing you, a coordinate branch of the government, at this time, I realize and understand the tasks that lie just before you, and also how important your work will be to the future development of the State and to all her people.

Further, I am mindful that personally I pass now from this stage of activity. Henceforth, I am citizen and not servant. Fourteen years ago this January, I first became a member of the Iowa House of Representatives. Since that time, there has been no moment that I have not held some office of trust for the people of the State. These years have been a pleasure and growth to me, and at times I venture the hope that the State may have benefited. This I know, there has been honest purpose to serve and a priceless heritage is ours, which coming in the early forties of our lives, gives ample opportunity for yet further service in the ranks.

The State and Nation just now are in a period of reconstruction, following the great world war. Iowa and her people should not be discouraged. In truth, we ought to be very optimistic. I know that of late there has been much singing of the song of discontent, and even in some quarters they sing the song of hate. All this is wrong. The call of the hour is for the grace of good cheer, hope and confidence in our fellow creatures. Opportunity for real living and achievement was never brighter for our people than at this hour.

Iowa is not poor in money, nor are her people in the grip of poverty. There is more wealth now in the State than ever before,

and this wealth is, and will increase continually. The moral tone of the people and educational advantages are at their zenith in the State's history. This is the hour for confidence, the extension of the helping hand and a word of good cheer.

The State does not need more government. Rather, it can get along with much less government at the top. It is quite apparent there is need for both the State and Federal powers to realize that localized government is most wholesome, and that the machinery, as first constructed, should be utilized and coordinated to present day conditions and needs.

My views of the tasks, which lie before you, as legislators, in relation to "the condition of the State" can be summarized as follows:

First—Completion of the work of code revision.

Second—Make provision for the Constitutional Convention.

Third—Make the necessary appropriations.

Fourth—Provide an educational program.

Fifth—Make provision to utilize long standing local government agencies and decrease State machinery wherever there is duplication.

Sixth—Assist and encourage the development of State industries, both old and new.

Seventh—Provide for better marketing facilities for the products of the farm.

Eighth—Provide for better transportation facilities for the products of the State to the markets of the world.

Ninth—Provide means for more uniform distribution of labor.

Tenth—Provide for adequate home building and means for families to acquire ownership of their homes.

Eleventh—Make provision to remove whatever industrial handicap the soldier and sailor of the late war was placed under, because of his service to the country.

Twelve—Revise tax laws so as to increase revenues and more equitably distribute the burdens thereunder.

CODE REVISION.

About 90% of the work of every regular legislative session is code revision. Your task at this time is increased somewhat. However, I am of the opinion, that code revision in the regular session will not be insurmountable, if you divide the work into, say three parts:

First—Appropriations.

Second—New legislative matter.

Third—Code revision.

Appropriations naturally are separate and distinct from the other work and have always been so considered and treated. New legislation should confine itself to subjects upon which the State has not previously spoken in the form of statute. Under code revision, opportunity will be offered for all those who desire to propose amendments to the existing or suggested laws. By proceeding first and at once with the substantive law, in which there is, or should be little change proposed, the whole task can be performed with comparative ease. If, on the other hand, you proceed now with the regular session work, as is the custom, amending the laws very largely, the work of the Code Commission will fall for naught, and much of the expense incurred will be wasted. The work of the Code Commission has been quite thorough and ought to assist in expediting the work that is laid before you.

CONSTITUTIONAL CONVENTION.

Section 3 of Article 10 of the Constitution of the State provides for the submitting of the question of a Convention to revise or amend the Constitution once every ten years, to the electorate. Such submission was had at the last general election. A majority of the votes cast on the subject was in favor of the holding of the Convention.

This General Assembly is, therefore, charged with the duty of providing ways and means for an election by the people, of such delegate convention. Ample time should be had, after the law for the selection of the delegates is effective, to give the people opportunity to acquaint themselves with the work that will confront the delegates to this Convention.

FEDERAL ACT.

On the 3rd day of September, 1920, I accepted on behalf of the State, the Federal Act providing for industrial rehabilitation in the following manner:

"To The Federal Board For Vocational Education, Washington, D. C.

Since the Legislature of this State does not meet in regular session before December 31, I, W. L. Harding, Governor of the State of Iowa, in accordance with the authority vested in me by the Federal

Act providing for the promotion of vocational rehabilitation of persons disabled in industry or otherwise, and their return to civil employment, approved June 2, 1920, do hereby accept all the provisions of the said Federal Act for the State of Iowa and do hereby—

1. Empower and direct the State Board of Vocational Education to cooperate as provided in the said Federal Act with the Federal Board for Vocational Education in the administration of the provisions of the said Federal Act.

2. Direct, in order that the State may take advantage of the Federal funds available from the Federal Act, that a plan for cooperation in carrying out the provisions of the Federal Act be formulated between the State Board for Vocational Education and the State Workmen's Compensation Board, the said plan to be effective when approved by me.

3. Authorize, in so far as the legal power rests in me the State Board for Vocational Education to use State funds or other funds available for vocational rehabilitation in matching Federal funds available to the State of Iowa.

4. I hereby appoint as custodian for said Federal appropriations the State Treasurer who shall receive and provide for the proper custody and disbursement of all money paid to the State from the said Federal appropriations.

Dated at Des Moines, Iowa, this 3rd day of September, 1920."

This is a matter which comes before you for further action.

PARDONS, COMMUTATIONS AND REMISSION OF FINES.

It is a constitutional provision that I report to you every case of reprieve, commutation and pardon granted and all remissions of fines and forfeitures. Such report is herewith presented, and in a summary way is as follows:

I have referred to the Board of Parole, nineteen applications in life cases for investigation and recommendation. In ten cases the Board of Parole recommended commutation of sentence, in seven cases the recommendation was against clemency; all of these recommendations were approved; one recommendation for commutation of sentence was disapproved and one case was withdrawn by the applicant. Prior to 1919, I referred one application for pardon to the Board, in which commutation was recommended and granted in 1919.

I have granted pardons in five cases, in which the sentence was imprisonment in the County jail. I have granted sixty-three suspensions of sentence, on recommendation of the Board of Parole and upon recommendation of the proper County officials, twenty-one from County jails.

I have restored to citizenship, twenty-four paroled men, and upon recommendation of the Board of Parole, four-hundred sixty-two. There were also fourteen commutations of sentence upon recommendation of the Board of Parole. I have remitted fines in thirteen cases.

TAXATION.

From an examination of the budget report, which is required by statute to be filed, and which is hereto attached and made a part of this Biennial Message, you will find that the askings are very much in excess of what has been appropriated in the years gone by. The largest askings come from our State educational institutions.

The increase, which the Board of Education asks for the succeeding biennial period, is \$6,133,097.00. At first, this seems to be a staggering amount and it is large. However, education is worth all it costs and it is a prime duty of the State to furnish adequate facilities to take care of all who may knock at the door for admission.

The Board of Education of the State and the heads of these educational institutions are conservative men, who have a profound interest in the future of the State, and I can assure you that these askings have not come in a haphazard way, but have been the result of careful and earnest study.

On February 10, 1917, as Governor of the State, I submitted a special message to the then Thirty-eighth General Assembly. At that time I called attention to the state of the Treasury. It showed that there was cash on hand January 1, 1917 in the amount of \$116,247.00 and that the revenues available up to June 30, 1917, including this cash, were \$4,239,447.00.

This report also showed that there had already been appropriated by former legislatures, subject to warrant for the same six months' period, the sum of \$5,724,958.00. This left a deficit, June 30, 1917, of \$1,486,511.00. On December 1, 1920, there was on hand in the Treasury of the State \$7,590,704.24. Of this amount \$4,251,784.52 belonged to the road fund. There was, therefore, on December 1, 1920, in the general fund of the State Treasury, \$3,338,919.72.

On December 1, 1920, the books of the Auditor and Treasurer showed that there had been appropriated and subject to warrant, from that period up to July 1, 1921, the sum of \$14,710,088.89.

It also was disclosed by their records that the money on hand December 1, 1920, and the receipts that will be available, amount to \$15,056,254.24, the receipts having been estimated below what, in all probability, will be available to the State Treasury before July 1, 1921. This leaves a balance of \$346,165.35 in the State Treasury July 1, 1921 that has not been appropriated.

In other words, on July 1, 1917, shortly after the United States entered into the war, the Treasury showed a deficit of \$1,486,511.00 and on July 1, 1921 will show a balance of \$346,165.35.

This means that during this four year period, we have paid a deficit and accumulated a balance totaling \$1,832,676.35.

Also, there are three funds in the schedule hereto attached, which have been appropriated but which will not be used, amounting to \$715,000.00. They are:

Military	\$650,000.00
Provisional contingent	\$ 40,000.00
Retrenchment and Reform Committee	\$ 25,000.00

With this fund added to the deficit, which was in the Treasury July 1, 1917, and the balance that will be on hand July 1, 1921, there is a total amount of \$2,547,676.00. This amount represents what has been made up and saved during the past three years out of the general levy and taxes that have been collected for all State purposes.

The Legislature in 1917 authorized a One Million Dollar appropriation. This was made available for various war purposes. Of this amount, \$56,000.00 was set aside for secret service work, and \$25,000.00 for aid to returned soldiers. \$309,563.11 of this Million Dollar fund was expended, as by the statute provided, for support, transportation, physical examination, etc., of the men furnished by the State of Iowa to the Federal government. This amount should be paid back to the State by the Federal government. The Bill has been filed with the War Department. This leaves a balance in cash of \$609,186.22, that was credited to the Temple of Justice fund, as by the Thirty-eighth General Assembly provided.

I am attaching hereto and making a part of this Message, the report of the State Accountant, showing the receipts and disbursements for the period from December 1, 1920 to July 1, 1921.

The information, which is herein disclosed, makes it possible to meet the growing demands and needs of the State in a wholesome way, without increasing the levy above what it has been made during the past three years.

This statement is based upon the belief that the prices the State is required to pay for its commodities, the same as individuals, will be reduced and the further fact that the State will receive added revenues from other sources, which are available, and that there can be savings made in some of the Departments.

REVISION OF TAX LAWS.

The government is supported through taxation. These taxes should be spread equally among all the people. Certain tax changes, in my judgment, would be beneficial in reaching the desired result.

In my last Biennial Message, I recommended the following:

"Under the present arrangement, the Executive Council sits as an equalizing board. They are clothed with authority now to equalize between Counties, but cannot equalize as between individuals.

"I suggest that you consider the advisability of widening the scope of the power of the Executive Council, as a board of equalization so that they may have power to equalize as between individuals.

"I further suggest, that you consider the advisability of making the County Auditor also the County Assessor and placing this officer, as such assessor, under the Executive Council when acting as a board of equalization, authorizing conference of all these County Assessors with the Executive Council once each year. With the Executive Council having added power, the Auditor as County Assessor with power over the township assessor, it would be possible to bring about greater equality in taxation matters."

I recommend that the State adopt the policy of a direct inheritance tax, as a further means of equalization—this tax to be on amounts, say of \$25,000.00 and over, the tax being graduated as the amount increases.

I recommend that personal property taxes be abolished and an income tax be levied on incomes of over \$4,000.00—this tax to be graduated as the income increases.

I further recommend that under fair safeguards, vacant, idle, real property should be more heavily impressed by the assessor, for the burden all such property imposes in retarding commercial progress.

GASOLINE INSPECTION.

The neighbor States about us, require that gasoline before being sold in the State, be tested. Such is not the case in Iowa. For this, it is reported to me, that there is dumped into our State and sold, a large amount of this product that is inferior.

I recommend, therefore, that you make it the duty of the Oil Inspector to inspect gasoline. A small charge can be made for this work to the distributor. The people of the State will be benefited in a better grade of gasoline.

STATE INSTITUTIONS.

The Thirty-eighth General Assembly appropriated, for the purchase of land and industries under the management of the Board of Control, for the biennial period, \$160,000.00 for the Men's Reformatory at Anamosa, and \$75,000.00 for the State Penitentiary at Fort Madison. Of these amounts appropriated, \$158,142.08 was expended for farm land and live stock at the Men's Reformatory, and \$60,239.50 for land at the State Penitentiary.

There is a crying need for more land at several of the institutions under the management of the Board of Control. The land which the State owns at these institutions, which totals eleven thousand, eight-hundred twenty-nine acres, and valued at \$3,350,725.00, is all producing revenue for the State.

The State owns eight-hundred acres that was purchased near Clive for the purpose of a custodial farm. This farm has not been developed as it was originally intended, and I, therefore, recommend that you authorize that this land be sold and the money used to purchase other lands near our penal institutions. It is not economical or satisfactory to try to transport inmates from either the Reformatory or Penitentiary to this farm and attempt to operate same.

I want to recommend that the State be liberal in the purchase of farm lands adjacent to these various institutions, for in so doing you increase the holdings of the State, and at the same time make it possible for these institutions to be self supporting.

The farms of the State, under the management of the Board of Control, earned during the last biennial period, \$351,324.66. The total amount of products from the farms, orchards and gardens, since the last biennial report, is:

Farm products	\$ 602,975.79
Poultry yards	18,070.16
Live stock	217,463.05
Dressed meat	117,535.45
Garden products	187,143.47
Orchards and miscellaneous	110,184.73
Total	\$1,253,372.65

This represents a profit to the State, after all expenses have been cared for, of \$351,324.66, or approximately a return of \$30.00 per acre for the biennium. Besides this profit in money, it furnishes wholesome employment for these people, which, after all, is the best return which the State can receive.

The State has at these institutions, two commercial industries—the chair and furniture industry, located at the State Penitentiary, and the cooperage industry at the Men's Reformatory, both of which during this biennial period, have been great revenue producers for the State.

The chair industry has turned out 168,604 chairs and the net sales were \$777,491.22. This industry has earned in profits and reserves, since the last report and for the biennial period, \$375,777.24, which represents over 246% of the invested capital. The chair factory provided employment for over two hundred prisoners. They received for their services, in addition to the cost of their maintenance, \$38,134.32. These wages earned are placed to the individual credit of the prisoner in a local savings bank, to be paid to them upon their release or sent to dependent relatives upon satisfactory proof.

At the cooperage industry, the sales for the biennial period were \$334,652.93. The profits and reserves earned during the period were \$62,818.16. From forty to forty-five prisoners are required for this work. They received in wages \$8,001.84.

The total net profits from these various State institutions, amount to \$789,920.06. The average increase of the principal commodities purchased for the various State Institutions for the biennial period ending June 30, 1920, as compared with biennial period ending June 30, 1918, is 52%. Freight rates since June 25, 1918 have increased 68%.

From these percentages of increase, it, therefore, behooves the State to produce the largest possible amount on the farms adjacent to these institutions, for in doing so freight charges are eliminated,

as well as the increased cost that is attached to commodities, and with these facts in mind, it seems but good business for the State to provide amply with land, so that the management can conduct these institutions in an economic way.

TRANSPORTATION.

Under the present economic status of our State, adequate transportation facilities are an absolute necessity, if we are to be as prosperous as our resources and location warrant. During the past year and a half, millions of dollars have been lost by the producers of Iowa, due to the fact that we have had inadequate transportation facilities. There are two phases to this question of transportation that ought to receive the attention of this legislature.

First, you should see to it that the rights of the State, in reference to control over intra-state rail transportation, are not taken away.

Second, you should make an appropriation to the Railroad Commission, or some other authority within the State, with power to spend money within and without the State, to develop natural waterway transportation to the ocean.

The Great Lakes and St. Lawrence and the Mississippi River should both be opened for water navigation to the ocean. At the present time, some of the sister States are making appropriation for the purpose of assisting in a program for the proper development by the United States and Canada of the Great Lakes-St. Lawrence waterway.

This project, engineers estimate, will cost in the neighborhood of three hundred million dollars, one-half of this expense to be borne by the United States government. This water transportation will reduce the freight charge on Iowa products to the Atlantic seaboard and foreign markets from nine cents to fourteen cents per hundred-weight, and at the same time, afford the Iowa producer ability to compete on an equal freight basis for the market, which rightfully belongs to him in this and foreign countries.

I, therefore, recommend that this legislature appropriate, at least, \$10,000.00 a year for the next biennium to the Railroad Commission, or some other authority, said money to be used to assist in developing water transportation, which will save the people of the State on out-going and in-coming freight, millions of dollars every year. This matter will be presented to you in more detail during the session.

HIGHWAYS.

Heretofore the Legislature has at each session been confronted with the difficult problem of revising the road laws and reorganizing the highway work in order to provide for the very rapidly increasing highway traffic occasioned by the motor vehicle. This problem has now been solved. Iowa now has road laws second to no other State in the Union. These laws are elastic enough to provide for the construction in any County of that type of road necessary to meet the traffic conditions in that County.

Under these laws, roads ranging all the way from well graded and drained earth roads to the higher type pavements can and are being built. Ample means are provided for financing the construction of roads in any County at as rapid a rate as the economic conditions will permit. Thus, in those portions of the State where roads have not been built to finished grade, the law authorizes constructing the roads to finished grade, providing the necessary drainage, and the elimination of danger at railroad crossings. In those portions of the State, where gravel is readily available and where traffic is such that a gravel surfacing would constitute a substantial improvement, the law authorizes the construction of gravel surfaces. In those portions of the State, which desire to proceed with the construction of pavement on the primary system, the law authorizes such work to proceed and provides a ready means of financing.

We have now been operating under the primary road law for two years. Due to the extremely difficult conditions following the war, it has not been possible to proceed with construction work as rapidly as some may have desired, or as the finances available would permit. This period has, however, been used to good advantage, in that a large amount of preliminary work has been accomplished.

A primary road system consisting of 6500 miles has been designated and established, connecting every County Seat and every important market center of the State. Definite projects have been outlined for the improvement of 3380 miles, or approximately 50 per cent of this system.

Twenty-seven Counties have voted, authorizing the Board of Supervisors to proceed with the hard surfacing of the primary road system. Thirteen Counties have authorized the issuance of bonds, amounting to approximately \$18,500,000. The results in these Counties demonstrate the wisdom of the Legislature in providing a law under the terms of which any County that wishes to do so, can

proceed with hard surfacing its primary road system, and can issue bonds for the financing of the work as rapidly as construction can be accomplished.

Detailed surveys have been made for the improvement of 2600 miles, or forty per cent of the primary system. Construction contracts have been let for the improvement of 1100 miles, or one-sixth of the system. The amount involved in these contracts is \$12,600,000.

During 1920, the following work was constructed :

Paving	47 miles
Graveling	110 miles
Constructing to finished grade.....	410 miles

All Federal Aid funds have been obligated as rapidly as they became available, by signed project agreements between the Secretary of Agriculture and the Highway Commission. Up to December 1, 1920, \$6,293,839.98 of Federal money had been so obligated, which is over one million dollars more than the amount, which must be obligated by July 1, 1921, in order to prevent such funds from reverting to the government. There is not the slightest chance that Iowa will lose any road funds allotted to her by the Federal Government.

Conditions now are such that the State should go ahead confidently with its program of road construction. Industrial conditions are undergoing a readjustment. Many plants have shut down and thousands of men are out of employment. It will take industry some time to adjust itself to the new conditions. In the meantime, the State should proceed with its road improvement as rapidly as possible. This work is financed. The funds are available to carry it forward without straining our credit and without further inflation. By proceeding with the work at this time, employment will be offered to a large number of men now idle, and the general condition of the State will be benefited.

The most important highway legislation that can be undertaken by this General Assembly, is that relating to the elimination of danger at railroad crossings. Almost every day the press carries a notice of some new railroad crossing accident at which the lives of one or more people have been snuffed out. Unless some means is found to speed up the elimination of danger at railroad crossings, tens of thousands of people will be killed at the railroad grade cross-

ing before there is any material reduction in the number of grade crossings on our highways. In legislation of this nature, provision should be made for a fair and equitable distribution of the cost of the improvements, between the public and the railroad company.

The experience of two years operation under the primary road law indicates that a few changes or amendments should be made. The bonds authorized have a maximum interest rate of five per cent. Under the financial conditions of the past two years, these bonds could not be sold at face value, and it was illegal to sell them at less. It is suggested that the maximum interest rate be increased to six per cent, leaving it to the good judgment of the Boards of Supervisors to fix the interest rate at less than that amount, if, under the financial conditions existing at the time, the bonds are offered for sale, they can be sold at a lower interest rate.

Due to the fact that in a majority of the Counties the work being done on the primary road system consists of building the roads to finished grade, there will for the next several years be a surplus in the primary road fund. It is suggested that the laws be changed so that this surplus may be made available for expenditure through the purchase by the State of primary road bonds issued by any County. These bonds can later be placed on the market where the funds are required to meet the current expenses for road work. It is possible in this way to finance the bonds that will be offered for sale during the next few years without the creation of a floating bonded indebtedness. The State will get five per cent interest on such bonds, while only two per cent interest is received for funds on deposit.

Under the present law, the support fund of the Commission consists of two and one-half per cent of the motor license fees. The support fund of the Motor Vehicle Department consists of three and one-half per cent of the motor license fees. It has developed that the support fund of the Motor Vehicle Department is in excess of the requirement, and the support fund of the Highway Commission is not sufficient to meet its requirements with the vastly increased amount of work that must be done. It is suggested that these percentages be reversed.

The law requires that contractors give a surety bond for one hundred per cent of the amount of their contracts. Under these requirements, it will cost the State from \$150,000.00 to \$300,000.00 annually for such contract bonds. The interests of the State and of the various Counties can be amply protected at much less expense.

More ample provisions should be made for financing the bridge and culvert work on the primary road system. Under the present law, this work is payable by the counties from the county bridge funds. In building portions of the primary system to finished grade, the bridge and culvert work is quite expensive, often running considerably in excess of the cost of the grading and drainage work. As a general rule, it is not possible for the Counties to finance this work from current funds, the result being that they must issue bonds. This would not be a hardship were it not due to the fact that a number of the Counties have already reached their limit of bonded indebtedness.

The statute provides that a County cannot go in debt in excess of one and one-fourth per cent of its assessed valuation. Under the primary road law, it is provided that any County may incur an indebtedness through the issuance of bonds for road work, up to three per cent of its assessed valuation. It is recommended that the Counties be authorized to incur an indebtedness for bridge and culvert work on the primary road system up to three per cent of their assessed valuation. Such a provision would release the annual county bridge funds for the ordinary bridge and culvert work on the county and township road systems, and would at the same time permit the grading and draining of the primary system to proceed without interruption.

The primary road system, as now constituted, does not extend within the limits of a city. Within a town, any road or street which is an extension of the primary road system, may be hard surfaced, under the primary road law. It is suggested that this provision be extended to apply to extensions of the primary road system through the outlying districts of cities. It is often impractical for a city or town to finance the construction of a pavement in outlying portions of the municipality where property values will not stand the assessment. Such roads invariably carry very heavy traffic, the result being that they are usually in bad condition. This suggestion for the hard surfacing of extensions of the primary road system in the outlying districts of cities will provide a means for relieving a difficult situation.

I have been in quite close contact with the Highway Commission and their efficient corps of Engineers and helpers, in the many difficult problems they have had to meet during the past two years. The work has been well and carefully performed. Under the system, as now arranged, the State will get good honest roads at reasonable cost.

INDUSTRIES.

One of the prime duties of government is to see to it that advantages and opportunities are available in largest possible measure to its citizens. If we, as a State, are to keep pace industrially with our sister States, it becomes our obligation to develop constantly already existing industries and be on the alert for new ones.

The State's primary industry is farming. From this source we produce original wealth, and so long as this is the fact, we hold the key of prosperity.

We must keep in mind, however, that we cannot afford to allow the soil to be robbed of its fertility. In this connection let me remind you, the State as a whole is vitally interested, and I am persuaded that the time has arrived when the land tenancy problems should be considered by the legislature of the State.

Improvement of live stock should be fostered and helped, for this industry is truly correlated to that of farming. New manufacturing industries should be encouraged in the State, for I believe the ideal situation is to have the factory along side the farm. Every unnecessary hauling of freight, is an economic waste and must be paid for either by the producer or consumer.

The canning industry has been neglected as one of the industries of the State, and is capable of great revenue to our people.

Geologists of standing, inform me that there are possibilities of oil in certain localities in the State. Nebraska has offered a bonus to the one who discovers a commercial well. I suggest that you give this matter attention.

MARKETING.

The place of importance in our industrial and economic life occupied by the farmer, is well known and generally conceded. Unstable and fluctuating prices for farm products are not only harmful to the farmer, but to all the people of the country.

If we, somehow, can stabilize farm product prices and assure the farmer that he can have a market, where the law of supply and demand will be in operation all the time, we will have accomplished a permanent advancement for the country.

The first requirement, as I view the matter, in the solution of the marketing problem of the country, is definite information about supply and demand. So far Iowa has done little or nothing along

this line. We ought to know more about where there is demand for our products; when this demand is at its height, and how best to get the products to this market. This information ought to be gathered by the State and disseminated among the people.

Second, there ought to be a marketing bureau, whose business it would be to find new markets and assist in bringing the producer and consumer closer together.

Third, the law of the State ought to be amended to allow and regulate cooperative marketing by the producers.

I feel that there are grave national problems awaiting solution, depending very largely upon what is done to maintain and increase the efficient production of our farmers, and to distribute these products so that the farmer will be assured, without too much hazard, of a reasonable profit.

This nation is young in years, but even so, considerably more than a majority of the people live in cities and towns. In the eastern part of the United States, there are literally thousands of abandoned farms. *These farms have been worn out and discarded.

This nation can ill afford to get in a situation where it will not produce enough food for the people within the country, nor can it afford to get to the place where it will not have a surplus for export trade.

At the present time, manufacturing is being done largely in the east. The farmers of foreign countries are closer in freight charges to our market, than are the people of Iowa. The Iowa farmer sells independent and alone in competition with those who are thoroughly organized.

Under this condition the State, as well as the individual, suffers. Iowa cannot afford to allow her agricultural interests to go down, or even to decrease.

You, as legislators, can afford to spend time and study on this great problem of production, marketing and distribution, and at least, you should make a start toward solution.

LABOR DISTRIBUTION.

Iowa is not only the greatest agricultural State in the Union but is fast assuming magnificent proportions in manufactures. During 1914 the output of our factories amounted to three hundred ten millions of dollars; for the year 1919, these products exceeded seven hundred millions of dollars. While a part of this value of produc-

tion increase can undoubtedly be attributed to general price changes, however, that there was a most remarkable actual increase, is proven by the number of persons employed in production. This average number of persons so employed increased by approximately 17,000 for the same period.

It is well known that employment in Agriculture is seasonal, but it is not so generally recognized that nearly all lines of manufacture have their busy and dull seasons, thus bringing a continual change in the number of persons employed. This means that while during practically the entire year a number of employees are engaged regularly, a considerable number must drift from job to job, according to the class of industry. For instance, for 1919 fifty-five canning and preserving plants employed 409 persons during February and 5,341 in September. Ninety-five brick and clay plants had 973 employees in January, and 2,796 in September. Six hundred thirty printing plants employed 700 more persons in December than in January. The Confectioners employed 400 more persons in September, October and November than in January and February. Thirteen food preparation plants employed over 4,000 persons during January, September and October, but only 2,740 during March. Three thousand two hundred and six manufacturing establishments of all kinds report 55,080 persons employed in actual production during their week of smallest employment, and 100,048 during their week of largest employment, showing a drift for all reasons, and of which seasonal employment is by far the largest, of 43.8 per cent of the maximum employment. This drift is about 5 per cent greater than the average year, the difference being undoubtedly due to readjustments, both of industry and of wage earners following the war.

In this drifting, the worker must hunt for the next job, while an employer in need of this particular skill, is hunting for someone to fill the job. This means economic loss to both employer and employee and means to the State a lessened production.

Not all loss can be avoided but by a proper functioning on the part of the State, in a well organized employment service, there can be a direction and distribution of labor that will eliminate the greater part of it. No private agency can ever succeed. Employers' agencies must always be more or less restricted to their own needs. Trade Union agencies are restricted to the needs of their own membership, while the fee agency is benefited by frequent changes of employees from job to job, which in the end cultivates drifting habits or workers rather than regularity of service—the goal of State wel-

fare. Nor can they ever be an effective inter-community exchange that will direct a surplus of labor from locality to locality, or industry to industry, according to needs and requirements.

What the State can do in this work, is made plain by the record of the State Free Employment Bureau, which directed for the biennial period, July 1, 1918, to July 1, 1920, a total of \$157,109 men and women to jobs and of which 120,405 were actually placed. That this number is not wholly due to the activities during the war, is indicated by the figures for the last year of 49,001 directed and 35,561 placed.

That this class of service reaches all needs, is shown by the farm placements, which were 25.1 per cent of all actual placements, while at the same time it has rendered service to practically every industry and vocation of the State.

If this service is to continue, some definite provisions must be made. At the close of the war, fourteen offices were in operation under a cooperative arrangement with the United States Free Employment Service. The State's end of the finances were derived from the regular statutory provision designating one chief clerk and the regular provisions for printing and incidental expenses, as provided for other State Departments.

In addition, under the recommendations of the State Council of Defense, practically \$19,000.00 was used out of the war emergency funds, placed at the disposal of the Governor. In addition, the Thirty-eighth General Assembly appropriated \$6,000.00 to continue the State's end of the expense until July 1, 1919. No provision having been made for the continuance of this service by the State, beyond July 1st, except the employment of a chief clerk with incidental expenses, and the appropriations of the United States Employment Service having dropped to a minimum, all of the employment service was at that date centered in the Des Moines State office, with several cities of the State cooperating through organizations of employers and employees, who were not willing to permit the service to cease.

These arrangements continued in some of the localities until the early part of the year, 1920, when there was no apparent relief coming from either the State or Federal government. In consequence of which, all of the offices were discontinued, except the one at Des Moines, which is now being maintained by the chief clerk of the employment service, one placement officer furnished through the Gov-

ernor's office, and two women placement officers provided for by the United States Employment Service, the Federal Department furnishing the major part of office supplies and franking privilege, the State providing the telephone service.

Under this arrangement, as an indication of the further value of the service, from July 1, 1920, to January 1, 1921, 1,479 men on a monthly basis were actually placed on the farms; 2,592 harvest hands, corn huskers and like labor were placed. In addition to this, forty-eight boys were placed, making a total placement on the farms of the State, since July 1st, of men and boys of 4,119, this being approximately 50 per cent of the business of the office for the period.

With proper provisions for a systematic organization of this service, the work that has been done is only a minimum of what can be accomplished in the interest of every element of society in Iowa. Just at this time, there is a considerable surplus of labor, but as international monetary exchange improves and all of our industrial interests come to a reasonable, normal basis, there must inevitably be a great shortage of labor. This shortage cannot be avoided because there has been permanently withdrawn from the productive industries of the world, some twenty to twenty-five million people.

Besides, the conditions as indicated from all reports from continental countries, is that millions of the children growing up, because of famine and disease, incident to the war, can never grow into fully developed men and women either mentally or physically, thus meaning less productive power on their part.

Under these circumstances, every ounce of available labor should be used. There should be no opportunity for loss because of a willing man being compelled to spent time in the hunting of a job, nor an employer having a job being compelled to wait until some appears for it. Nor should either of these factors in industry be compelled to pay a tribute to any source for a service of such vital importance to the State in maintaining its industries at the peak of production.

This Bureau, properly functioning, even with some assistance that may within the next several years be secured through the Federal service under any form of cooperative arrangement, will require from the State a sum equal to at least \$25,000.00 for salaries, rentals and other incidental expenses.

LAW ENFORCEMENT.

Article 4, Section 9, of the Constitution of the State, provides—"The Governor shall take care that the laws of the State are faithfully executed."

It is proper that this power be vested in the Governor, for it was originally intended that he be the Chief Executive of the State. Further, by the Constitution he is made the Commander-in-chief of the army and navy. He has granted to him the power to call in every Peace Officer and to deputize citizens when necessity demands.

During these past years, we have wandered far from the Constitution, and if its provisions have not been violated, they have been ignored.

There has been an effort made to transfer the constitutional provision—"to see to it that the laws are faithfully executed" from the office of Governor to that of Attorney General. The net result of this effort has been chaos and failure. The "lawyer" for the State has been converted into a detective, and at great expense to the taxpayers.

I say this without disparagement to any individual, but suggest that the State is an area too large for one man to successfully cover.

I suggest that we take invoice of law enforcing machinery, now and for a long time past existing in this State, and see if this cannot be coordinated and used by the State as the Constitution contemplated and provides.

In every County within the State, there is a Sheriff elected by the people and Deputies, one or more, appointed, the duties of which are well defined by the statute. Cities of certain size have police officers, towns have one or more marshals, and the townships have constables.

Crime is well and thoroughly organized. There is a certain class of men, who keep their existence through crime and consorting with criminals. The business of these men is to steal, plunder and murder. They know their kind and are acquainted with the abode of each other. They have a language of their own, and secret means of communication. There is a close corporation and for private gain.

Law enforcement is largely an incident pursued with vigor only when crime becomes rampant. The State has no adequate organization, nor has it made provision for any. Each of the officers named herein is left unto himself, and in his isolated place, works as best he can in his small way. Through no fault of his own, he is bounded and limited to a certain territory. He has no connection with his neighbor officer, nor authority, nor responsibility. His adversary, the criminal, possesses a high powered machine, capable of

great speed, but the officer must overcome space with only the fittings with which nature equipped him.

The average citizen has come to believe that violation of law is little of his concern, unless, perchance, his own property or life is endangered, and then he is sorely peeved because the handicapped, isolated, underpaid officer has not been able to successfully cope with organized, cunning, high trained criminals.

With the advent of the automobile as a means of travel on the highways and with great speed, the work of the police in the city, in regulating the traffic, has been more than doubled.

The auto, owned in great numbers by the citizens of the State, and the great difficulty of identification, has furnished a new and profitable field for the thief. Unquenched thirsts of citizens, though contrary to the Constitution and the statutes, and the scarcity of certain beverages, has made bootlegging very profitable.

All these and more changes have come in these last few years, and been laid as a task to the Peace Officer, so that his work has been greatly increased.

Is it any wonder then, that without additional help and unorganized, there should be a lagging in efficiency? The remedy, I suggest, grows out of the experiences of the past four years as your Chief Executive. Your Governor has been limited by statutes and handicapped by divided authority. However, a sufficient showing has been made, which points the way to greater success.

With but few State men cooperating with local officials, some \$740,000.00 past due auto license fees were collected for the State during the past year, in a very short time. With two men and cooperation with local officers, some hundreds of stolen cars have been recovered, and seventeen men sent to the penitentiaries to serve sentences. With three or four men and cooperation with the local officers and the Bankers Association, some forty bank burglars have been sent, or are on the way, to the penitentiary to serve time.

I, therefore, submit that to accomplish law enforcement and eliminate crime, you do the following things:

1st. Authorize the Governor, with the force already provided, to create a State photograph and finger print system.

2nd. Authorize and make it the duty of every Sheriff and Chief of Police in the State to "mug" and finger print every criminal of certain class or type that is arrested.

3rd. Provide for the State to furnish copies of these, with proper information for identification, to every Sheriff and Chief of Police in the State.

4th. Authorize the Governor, with the force under him, to organize and coordinate all the Peace Officers of the State into a unit, to battle against crime and criminals.

5th. Authorize the Governor, at his discretion, to extend the authority of any or all Peace Officers to any of the limits within the State.

6th. Authorize the Governor to mobilize these officers in crime emergencies.

7th. Extend the authority of the Governor in the offering of rewards, and permit Peace Officers to receive rewards.

8th. Specifically authorize the Governor to organize local voluntary vigilante committees to cooperate with local officials—first, to prevent crime, and second, to catch criminals.

9th. Add a license fee of, say \$1.00 per car throughout the State, three-fourths of this amount to go to cities where the car owner resides, and the balance to go into a State fund to regulate traffic and capture auto thieves.

This plan, if followed, will spur the local officers to action in an effective way; will create an efficient organization; will make it more difficult for criminals to escape; will lessen crime; will arouse local interest, and with all, will be a great money saver to the people.

HOME FINANCING.

There is, in the books somewhere, an ancient axiom—"A man's home is his castle."

The latest statistics inform us that only forty per cent of the families of America own their own castle (home). Sixty per cent of the families of this new country, carved out of a wilderness covered with virgin timber, are scarcely more permanently domiciled than the Arab of old.

We spend billions for armies and navies to frighten and beat back foreign foes. We requisition equal billions to dredge rivers and harbors; build public highways and public building, but it seems there is no dollar available to the humble citizens, male and female, who mate in response to nature's call within their breast, to build a home and reproduce their kind.

The sacred institutions of America will never go down to defeat from an outside foe, but unless some legislative body in this country arouses from its lethargy, to the importance of the family being anchored in its own home, there is possibility of an internal foe with power to haul down the flag.

I have written in former messages on this housing subject quite fully, and by this reference, make these former statements a part of this message.

Many schemes are being proposed to take care of the general housing shortage that exists at this time. Some suggest exemption from taxation for a period of years as a means to encourage the building of homes. This, in my judgment, falls far short of the purpose to be desired, and at best is only a makeshift.

As I view the matter, the thing to be desired is to encourage and actually help families to own their own homes.

The gap the average family in the State is unable to bridge, is between the modest amount they can accumulate and what can be carried by a first mortgage. Or in other words, the amount that is represented by the second mortgage.

What the State could well afford to do, is to make certain funds available for this purpose—say, a small percentage of savings bank deposits and insurance company reserves. Other securities, the investment over which the State has placed restrictions, will, no doubt, suggest themselves to your minds.

The State could, to the great advantage of all the people, create a fund by a millage tax to be loaned for this purpose, or the credit of the State could be used and bonds sold, and the whole matter be made self supporting.

If you say this requires a Constitutional amendment, then I say, propose an amendment to the Constitution and submit it to a vote of the people.

It is estimated by those in a position to know, that there is a shortage of from 35,000 to 50,000 homes in the State. This means that at least that number of families are poorly housed, crowded in dark, unsanitary places, and further, paying exorbitant rents.

The State is paying much of this in prisons or jails, or asylums, or hospital expense. More of the bill is paid in depleted man power, and still more in depleted motherhood efficiency.

After the harm occurs, the State pays in money the part of the bill that can be settled in dollars, and the balance the State pays in retarded progress.

"The condition of the State" is such that this problem should find solution at your hands at this time. Every time you encourage a family to proceed toward owning a home, you have

increased the wealth of the State; increased the income of the State; stabilized the people of the State, and written an insurance policy for the security of the flag.

The home is one of the four cornerstones on which our government was founded. If the home dwelling is owned by the family occupying it, it will be defended. Your duty and opportunity is to preserve to America this cornerstone.

EDUCATIONAL PROGRAM.

The largest, the most important, the most potential public institution in the State is that of education. The attitude which the men and women of the State, ten and fifteen years from this date, are going to assume toward life, is being shaped very largely today by the twenty-five thousand and more teachers in the public schools. We no longer boast in this State that education is free. It is the law now that education is compulsory.

Recently there has been throughout the nation a great awakening on the subject of education for the masses. In this awakening, Iowa now leads all the States of the Union. This leadership is due largely to men and women in the teaching profession in the State, who, although underpaid, have dedicated their lives to the cause of the State and nation. Iowa's school situation is approximately as follows:

Enrollment in colleges.....	15,644
High Schools	63,217
Rural Schools	194,854
Grade Schools	271,854
Total.....	545,569

The population of the State, according to the last census, is 2,403,630. School population is estimated at five to twenty-one, so that the school population of the State is 683,188. 80% of the school population of the State is enrolled in some educational institution. Of this 80% of the school population, 2% is enrolled in colleges, 9% in High Schools, 29% in rural schools, and 40% in grade schools. 23% of the total population of the State is enrolled in some one of the schools of the State. The best conception of an educated person today, is one whose mind is trained to enjoy and appreciate the best things of life, whose

hands are trained to do some useful labor well, whose body is symmetrically developed, whose heart is attuned to the noblest impulses and whose patriotism is grounded on the fundamentals of our form of government.

The Iowa educational program should strive to bring this standard to every citizen of the State.

The first and most vital factor in an educational system, is a trained teacher. Janitors, buildings, grounds and equipment are necessary, but without the teacher, there can be no school and no education. There is, and will be, a shortage of trained teachers for the rural schools, unless you, as legislators, make provision.

You ought to provide for at least three normal schools in the State, and limit them to the training of teachers for the rural schools. One such school would help, if it shall be your judgment that three at one time is too large an undertaking. This legislature, in my judgment, ought not to adjourn without launching this program for the State.

Makeshifts for this prime necessity for trained teachers for the rural schools would be to develop junior colleges in centers and encourage them to offer special teacher's training courses for rural teachers, and further, to encourage the teacher training departments in colleges that already have departments of education. Additional helps to remedy the teacher shortage will be:

Adequate compensation for the teacher and County Superintendent.

Make teaching a profession.

Encourage and authorize the district, wherever possible, to provide housing for the teacher.

Hire the teacher for a twelve months' period and pay them accordingly.

Permit and encourage the hiring of the teacher for a period longer than one year.

And further, it should be the law of the State, that whoever teaches in school or college, of whatever kind or character, be certificated, and that before any person can teach within the confines of the State, that they be an American citizen.

There is room for economy in school construction in the State. Last year there was built, one consolidated High School for each day of the school year. For this there were millions of dollars spent. A State architect, trained in modern school construction, could save thousands of dollars and produce more efficient buildings.

The Department of Education has been a powerful factor in the wonderful advancement that has been made by the State educationally. The present incumbent of the office and his predecessor are nationally recognized as leaders. The Department of Education has been handicapped in the past by small appropriations. I plead with you to provide help and means so that the Department can lead for all the nation. It means much to a State to be able to boast the least illiteracy in the country and to be known as leader in education.

Permit me to suggest that economy and efficiency will be brought into play, by making it possible for the Superintendent of Public Instruction to co-ordinate the local School Board activities of the State by conference in district meetings. Commercial bodies recognize the advantage of conference—why not then convene School Boards so that they may get a larger view and have touch with the outside world?

I submit to you that in your dealing with public education, in your capacity as legislators, you touch more vitally the future of the State and the happiness and contentment of the people, than in any other single way. The competition for leadership among the States is keen. However, we have the men and women and the means to maintain our honorable place and you are to say whether or not this place is to be maintained.

The National Educational Association has chosen Iowa as their place of meeting for July this year. This is a big undertaking for the teachers of the State. I suggest that you make an appropriation of \$25,000.00 to assist in this work.

SOLDIER'S RELIEF.

In my last Biennial Message, I called the attention of the legislature to the returned soldier and sailor, and recommended that—"Primarily, the State should see to it that the returned men, so far as it is humanly possible, re-enter the activities of life without handicap because of the war. By this I mean, he should be reinstated in society, equipped to take the place he would have occupied, had he not been called to the colors."

I desire now to reiterate this recommendation. These soldiers and sailors went freely. They fought, they won, and saved the cause of civilization. As a citizen of Iowa, I am indebted to these

men, and I want a chance, through the State, to pay. Money will not pay the debt, but it will, in a measure, remove the handicap these men were placed under in the economic world. The "stay at homes" made millions out of the war, and out of these profits they should make division with those who risked their all.

It is an honor debt, and you legislators are the arbiters. If you feel that you should not meet this question, in this capacity, at least pass it on to the people for vote.

STATE PARKS.

No State can be great or permanent, that does not give heed to the play of its people. No State can long endure, that does not cultivate in its people a love for nature in plant, tree, rock, stream, and all the great outdoors.

Our people throughout the State, are alive with interest and enthusiasm for the establishment of parks, so that they can play about and worship at nature's shrine.

The policy has been established to create these parks throughout the State. Already much progress has been made. I urge upon you, that this policy be continued and supported by liberal appropriations.

GOVERNMENT ECONOMY.

Of late there has been much loose talk about changes in the administration of State government. Agents, with a patent cure-all, appear in the State, at least, biennially with a new scheme, or schemes, to build over the State and practically run the government without either cost or friction. The only thing lacking usually with this type of "doctor" is votes enough to get into office.

It would be idle to say that there could not be improvement in the condition of the State's business, for in fact, there is scarcely an administration that does not bring about improvement somewhere.

Let me remind you, however, that during all the history of this State, the best men in the State in all lines have devoted their time, their energy, their ability and their patriotic devotion to building the system and form of government we now have. If you will look back over the list of the men, who have served Iowa, you will find a galaxy of names of which every son and daughter of the State can well be proud.

This government is the result of the earnest study and devotion of the best citizens that the people could find in the various communities to elect to office. Men, who are big enough and good enough to gain the confidence of the electorate and be chosen to office, do not, as a rule, figure all of government from the standpoint of seeing how few dollars they can possibly collect and spend. They, rather, are actuated by a desire to make government efficient, and at the same time convenient for those whom it serves.

The financial problems of the government are not dissimilar to those of the household. Most of us have had some experience with our own reforms in household economy. Who of you has not listened, with rising enthusiasm, to the boarding house spinster or bachelor, glowingly lecture on the budget system for the home affairs? Put into actual practice what you save by not buying wool, is more than exceeded by what you buy in cotton.

If in due humility a confession can be made, permit me to say, that four years ago, when I came into this place, I was confident that great saving could be accomplished by changes and consolidations in Departments, and I purposed then to do that very thing.

I have been in close contact almost daily with every Department in and for the State government, and I say to you frankly now many changes could be made; much re-arranging can be done, but if the activities that are being carried on are to be continued and as efficient as now, you will find that the savings from all the changes will be but negligible.

True, there are some overlappings in the activities, but when the real facts are understood, you will do as have your predecessors, continue the work.

I do not advocate that you create more positions or commissions, for I am persuaded that there are few, if any new activities, that the State can enter wherein there is not already a government agency that can be utilized.

For illustration, there is the activity to be performed by the so-called "Industrial Court." If you should decide to adopt this as a State policy, you can, with great saving to the State, use the already established and long standing courts.

The thing I do wish to emphasize, is that this government, which you find here and the various agencies thereof, did not accidentally happen. They are the product of brain, and character, and patriotism, equal with that which you bring to the service of the State.

Always there are those, who while seeking office, slur the employees of the State and make the charge that they loaf on the job and fatten off the public. I shall not discuss this matter further than to suggest that if you have doubt of the work performed by the State employees, you first make careful investigation, as I have, and second, that you visit the homes or places of abode of these same employees and see if you find evidence of opulence.

You will ascertain, as you tarry here and become acquainted, that the men and women, who do the work and keep the wheels of government going, are ordinary, honest, conscientious folks, always on the lookout for the best interests of the State.

I grant you that there may be in some of our sister States, need for change, but let me remind you that when these sister States have made all their changes, they will not have reduced in comparison with Iowa, for they but attempt what we did years ago when the Board of Control, the Executive Council and Board of Education were adopted. Through these three Departments, most of the State's taxes are expended, and they are expended in an economical and businesslike way.

Changes will be made by this legislature. You will make some reductions—you will make some additions. The sum total of it all will be, when you have finished, that a little progress will be made, and you will have discovered that what is, in government in Iowa, is the result of the best brain and the best heart that Iowa has been able to produce.

CONCLUSION.

In closing let me make acknowledgment of confidence bestowed by a gracious and good people.

These legislative halls and every office and corridor in this building, are filled with echoing memories that will sweeten as the years come and go.

The electorate of this great State permitted me to occupy the highest office in their gift, during the stirring and dramatic hours of the world's greatest conflict in bloody warfare. The matchless record of this State, in service and leadership, is a monument, more enduring than granite or bronze.

I crave only that hereon, in humble place, somewhere among the names of those who rendered service, my name may be carved.

IOWA STATE BUDGET

FOR

The Biennium Ending June 30, 1923

W. L. HARDING
Governor
