

State of Iowa

GOVERNOR 1929

INAUGURAL ADDRESS

OF

JOHN HAMMILL

GOVERNOR OF IOWA

TO THE

Forty-third General Assembly

Des Moines, Iowa, January 17, 1929

Published by
THE STATE OF IOWA
Des Moines

GOVERNOR'S INAUGURAL ADDRESS

JOHN HAMMILL, GOVERNOR

*Mr. President, Mr. Speaker, Senators and Representatives of the
Forty-third General Assembly, Ladies and Gentlemen:*

In your presence I have just taken a solemn oath as Governor for the third time that I will support, obey and defend the Constitution of the United States, and the Constitution of this State. That I will discharge the duties of my office with fidelity. This public ceremony has the sanction of established usage, which had its beginning no doubt in the thought that the incoming executive should be impressed with the seriousness of his responsibility, and that the people should at the same time be imbued with a sense of affectionate interest in their government. It does not need the pomp of this formality, however, to make me appreciate the duties that I am assuming toward all the people of the State. Prominent in my mind is a sense of anxiety lest my very fallible judgment lead me into acts that may prove harmful to the best interests of my state and its people. Surely no one in my present position could do aught but highly resolve that his every faculty and effort should be devoted to their welfare. May God give me strength and wisdom to carry out that resolution.

May I not, my fellow citizens, express the thought that I am not alone assuming a solemn responsibility for the third time today? I am entering into a covenant with you. My part of the covenant has been spoken, my promise given. But this is a government of the people, not merely a government of their elected servants, and you, as well as I, have entered into this solemn engagement. It is a duty of every citizen to support, obey and defend the Constitution of the Nation and the Constitution of the State. If I swear to enforce the laws of the State, you, on your part, are equally obliged to obey the laws, and to support and sustain your public officials in their efforts to execute them. Our responsibility is mutual and we must both be faithful if we want to retain and enjoy unimpaired the blessings of our Democratic form of government.

We cannot too often renew our faith in the righteousness of the rule of the people. Our whole governmental structure, national and local, is founded on the principle that the will of the people is supreme. Jefferson expressed it that only the people truly know what the people need; that those who can take care of themselves are wise and practical enough to help care for state and nation; and that the only way to enforce laws is that the laws shall voluntarily be made by those who are to observe them. The people therefore are the rulers. Unless we have faith in their honesty and good sense, we shall be doubting the efficacy of our form of government. If I have been elevated temporarily to a position of authority, I am mindful of the fact that I have been elevated by you and that my duty is to carry out your wishes.

The Constitution of our State says, "The governor shall see that all the laws are faithfully executed." It is, therefore, not for him to elect which laws shall be executed. His sworn duty is to execute all the laws and no blame can attach to him if he enforces his oath of office. He can only be held culpable if he executes certain of the laws and ignores the rest. Here, too, his duty is identical with that of every good citizen. There can be no strength or security in our Constitution if citizens undertake to live up to the laws they approve, and flout those they do not like. Domestic tranquility is submerged by such a course, and the resultant internal strife and dissension will cause true patriotism to wane and progress to halt.

Under our form of government, our public servants are chosen in the turmoil and passion of party strife. Partisanship runs high during our elections and tolerance for the views of our political opponents sinks to a low ebb. This is deplorable because it promotes narrowness and political bigotry. When the election is over it is at least time for sober sense to return, and the heat of the partisan should be submerged in the patriotism of the citizen.

The majority of the people has decided upon the personnel of the government, and it is the government of all the people, not of any one party. There should be ungrudging acquiescence in the popular will, politics should be laid aside and all should unite to promote the general welfare. Good citizens of whatever party will therefore unite in aiding and supporting their government officials. It is my hope that partisan distrust and illwill

may be replaced with confidence in one another, and that we may work together harmoniously in achieving the destiny of the State we love which is our home.

That Iowa has a great destiny, let no one doubt. It is now almost eighty-two years since she was admitted to the sisterhood of States. We may profitably glance back over the record of those eight decades to see whence she came and how far she has traveled. Looking backward is a useless gesture if it means nothing except worshipping the past, but it is useful if it reveals to us the progress that has been made and spurs us on to renewed effort.

Our population has increased from 102,388 in 1846 to 2,419,927 in 1925, a gain of approximately 22.63 per cent. Our assessed valuation of \$539,737,596 in 1900 has grown more than eight fold to a total of \$4,407,649,584 in 1928. Sometimes we become impatient that the growth has not been faster and yet this is surely a consistent gain. This retrospect should renew our faith in our State and reassure us that Iowa is moving steadily forward in material development.

LESS LAWS

On the making of many laws there seems no end. Our country suffers from legislative "indigestion," if we may employ the term. "Less Laws" might well be our motto with profit to our State.

It has been a maxim of the Legislature that each member is entitled to one legislative measure. A crowding of our statutes is the inevitable result.

Equal stress on statutory repeals would insure a stricter observance of the laws that should survive.

ECONOMY

Economy should be our keynote. To that, we should dedicate ourselves if we follow the example and precepts of our forefathers. America, on its economic side, needs, above all else, to return to the simple living and high thinking of another day if we are not to journey the path of luxurious living leading to the same inevitable decay that awaited other nations drunk with material success.

The frugality and simplicity that characterized our forefathers as they painfully created this State and nation from the wilder-

ness of their day, teach in no uncertain terms the necessity of sacrifice to success. We shall never suffer for foregoing the pleasures that now teem on every hand. All the lessons of history teach that nations have perished when debauched with success.

Economy, then, in finance, may well be our watchword as we establish the policy of our State for the two years immediately ahead. Some individuals will argue that such parsimony can never bring success. Their policy is not found written, however, in the platform of either of the political parties in this State, and this would indicate rather clearly that it does not command the confidence of large groups of our population. On the other hand, each platform does pledge the strictest economy in governmental affairs consistent with the proper conduct of the affairs of the State, and this may reasonably be interpreted into a mandate not to spend unnecessarily on any hand, and to curtail wherever that shall be prudently possible.

Such seems fairly to be the obligation of both the great parties in this State today.

AGRICULTURE

The condition of agriculture has aroused the solicitude and engaged the thoughtful attention of public authorities in both State and Nation. In Iowa the Department of Agriculture has exerted itself in many ways to alleviate unfortunate conditions and lend support to the industry. Every agency of communication has been commandeered to spread information that might be helpful in increasing productivity and in marketing the output to the best advantage to the farmers. Experiment stations have been established and laboratories introduced for the purpose of studying all forms of plant and animal diseases, the origin, habits and the best methods of destroying all sorts of insect pests.

The studies of soil adaptability, fertilization, preparation, cultivation, harvesting and marketing have all been sponsored and encouraged throughout the State in a most helpful way. The dairy business has received marked consideration by both the Department of Agriculture and the State College of Agriculture and Mechanic Arts, to the end that the dairy herds may yield the maximum of production freed from the menace of communicable diseases. With an evident eagerness for enlightenment and growing interest in their problems, the farmers themselves

are giving agriculture a new importance. There has been a decided increase in both production and value of crops. There is observable a growing tendency for the farmers to get together to work out their own problems. In any sphere of life self-helpfulness is the surest means of achieving success. On this bit of homely wisdom the farmers need no instruction. No class surpasses them in industry, self-reliance and the general understanding of their business. In the get-together movement there have grown up a number of useful organizations. Their influence is so widespread and their methods so practical and effective that the beneficial results of their activities entitle them to our grateful acknowledgment. The agricultural societies have made a useful contribution. Recently they have been exceedingly prosperous and their better and more varied exhibits have naturally attracted large attendance. The displays made by them are highly stimulating to efforts for higher standards.

A most remarkable feature of our farm life has been the development of the great Iowa State Fair at the State capital. It has grown to such proportions as to attract national attention. The success has been attained with little public support. Embodying as it does the very finest example of the endeavor of the farmers to adjust themselves to their own requirements for economical and social improvement, ample facilities should be supplied as encouragement and reward of their enterprise. The Iowa State College has worked in close harmony with the development of agriculture. It is needless to pay tribute to this great College for its remarkable achievement in the field of scientific agriculture.

I believe that the time is at hand when sound economic policies should prevail and that theory must go into the discard, and that there must be an elevation and stabilization of prices governing agricultural products and by-products. Realizing that standards of living and comfort on the farm have lagged behind other sections of the community, not for ten years but for twenty years, it is an obvious obligation on the government to see all sections advance together, and so far as it has any influence in the matter, to find a solution of the economic problem which would bring contentment to 30,000,000 people. This would be the greatest service that could come to man.

In order to bring this about, there must be created by the national government, a Federal Farm Board, with authority and

resources, to which must be assigned the duty to create a form of control of stabilization corporations for the purpose of handling the farm surplus and to assist cooperatives and other existing marketing agencies and pools. This is an obligation on the whole country, not an obligation on part of the country.

The notion that the only economical solution for the American farmer's difficulties lies in his paying an assessment to cover the losses on contracts which he proposes to make with the Chicago packers, indicates a very feeble basis for the industry of farming. If the whole of its future depends upon this sort of notion, it is a decadent industry beyond all recovery. In other words, the solution of the problems of the industry rest upon a far wider basis than this.

INLAND WATERWAYS

We recognize the importance of the national movement for the improvement of inland waterways and that we have in them a carrier of importance. The development of water-borne traffic offers a potent solution of our freight cost problem. River crossing points furnish terminals at which raw products of the farm, particularly grain, may be concentrated before heavy freight charges have accrued.

In connection with the development of our inland waterways, storage facilities should be established under government ownership or control at terminal water ports where grain and other products could be stored and warehouse receipts issued under government registration which would be available as collateral for money borrowed, thereby furnishing bank assets which would be readily rediscounted in the open money market.

This class of paper could be marketed if need be in the Federal Reserve Bank of the District or elsewhere as such a class of paper would be easily marketed at a low rate of discount. This plan would afford the farmer an opportunity to realize immediately upon his crop, retaining an advantage of any increase in price; the bank would invest its money in a loan of the most liquid character, and a better level of prices would be maintained; speculation curtailed, and distribution regulated in accordance with supply and demand.

I am of the opinion that these elevators should be established preferably under national ownership, since such storage facilities would aid materially in developing waterway transportation.

TARIFF

I believe in the judicious adjustment of our tariff to furnish the same measure of protection to the products of the farm, including all of their by-products, as other industries are enjoying.

In the last ten or twelve years, we have been manufacturing in this country a vast amount of commercial alcohol. Prior to that time, a large part of this was manufactured out of corn, and every bushel of corn is the equivalent of 2 1/2 gallons of manufactured alcohol. What is the situation now? We are manufacturing practically all commercial alcohol out of black strap molasses imported from Cuba and the Carribean Sea countries almost duty free.

In 1926, 276 million gallons of imported molasses was manufactured into alcohol, which is the equivalent of 43 million bushels of corn. There was imported 50 million gallons of black strap molasses to be fed to cattle, which is in direct competition with corn, being the equivalent of 8 million bushels of corn.

In 1927 we imported 5 million bushels of corn from Argentine and in 1926 we exported only a little over 23 million bushels of corn.

Of the total corn raised in this country, approximately 2 3/4 billion bushels annually, only about 15% goes upon the market, the balance being fed on the farms, and with an importation the equivalent of 56 million bushels, either by way of black strap molasses or direct importation of corn, and with a surplus for exportation of only 23 million bushels, it does not take a very great economist to know how this surplus of corn can be successfully disposed of in this country if we will raise the tariff rate so as to protect the American farmer from this competition.

At the present time 10 gallons of 40% cream comes into this country under a duty of \$1.98. This amount of 40% cream contains 33 pounds of butter fat, reducing the tariff per pound of butter fat to 6 cents; and if this cream were churned into butter it would make 41 1/4 pounds of butter, which under the present tariff of 12 cents per pound, would yield a revenue by way of tariff of \$4.94, instead of \$1.98 as it does now in fact. This you will see, places the whole milk and cream industry in a very unfavorable position, and the advantage is in favor of our Canadian neighbors to the north and against the Iowa farmers.

I give you these two instances as glaring examples of what can

be done for the agricultural interests of this country by wise and effective tariff legislation.

There are other fields in which the tariff can be made effective in the interests of the American farmer, in addition to the two examples I have just pointed out but time precludes me from going into those in detail; and I have cited these instances as illustrating the importance of action upon the part of those who are interested in agriculture and who really represent the agricultural field.

While the American farmer has been enjoying some of the benefits of a protective tariff, the facts are that the protective tariff with reference to the agricultural industry is not comparable to the protection that has been given many other industries in this country through tariff legislation.

I not only direct this situation to the membership of this General Assembly but to those who represent the great farm interests and commend to our Legislators in Congress the prompt consideration of this problem, being careful to avoid sectionalism.

FREIGHT RATES

All rates are made without reflecting costs. Iowa is a victim of this method. Rate structure should be made to play to the hand of Iowa factories and farmers rather than against them as now.

Some people think that a preferential freight rate will make our factories pay a high price for material and labor here. It is much misunderstood.

Markets must be developed close to the farm. This cannot come as long as it is cheaper to ship raw material than the finished product.

Diminish the spread between the producer and the consumer by restoring the commodity rates that the Hepburn Act abolished.

The restoration of those rates would add to the price received by the farmer on bulky commodities precisely as cheaper water transportation would afford. These rates can be restored at the present session of Congress, while accretion in selling price by water transportation cannot be brought about immediately; the farmer in his present situation should not be compelled to await relief.

CREDIT

There should be Executive action, which will once more make farm paper a liquid asset. The explanation is that as matters now stand no one buys a farm because he prefers investing his money in something that is liquid. The net result of the present attitude of the Federal Reserve Bank is to drive the money of the Iowa depositor to the market where the seller on the installment plan can have the paper he obtains from the farmer carried while the farmer himself cannot obtain credit for the simple reason that his bank cannot handle his paper through the Federal Reserve Bank.

The Iowa Farm of today is just as valuable from the standpoint of productiveness and the standpoint of dividend-earning as it has ever been, and the real value of farm lands in Iowa, as security, is as great today as it has ever been.

One of the greatest difficulties with the agricultural situation, and one of the most depressing agencies with reference to the matter of farm values, has been the inflexibility of the system of credits prescribed by the Federal Reserve Banks of this country, which has been reflected in all of the farmers' transactions with the banks located in the agricultural districts of the Nation.

It is impossible for the farmer in his ordinary farm operations to be financed upon a system of credit of from ninety to one hundred and twenty days, which is the limit of time permitted by the present rules of the Federal Reserve Banks. The mould for financing agriculture cannot be the same as the mould for financing a manufacturing concern, which can make its turn-over in from sixty to one hundred and twenty days. There must, therefore, be given to the banks of the agricultural sections of the country a right to take the paper of the farmer, or person engaged in agriculture, for such a length of time as will enable the farmer to market his products and collect therefor. And, unless this is done by the Federal Reserve Bank, it is a failure as an agency to assist the agricultural districts of the country.

The local banking situation can never be changed with reference to taking the paper of the agriculturist unless the rules of the Federal Reserve Bank, which is their clearing house agency, are changed so as to permit the paper of the agriculturist to be rediscounted with the Federal Reserve Bank upon the longer basis of time.

A proper readjustment of the system of credit, as effecting

the business of the farmer generally, will materially assist in curing the financial ills of the farmers located in the agricultural sections, and substantially assist in remedying the difficulties of the banks located throughout the agricultural centers of the country.

The present situation, in the matter of farm credits in the agricultural districts of this country, prevents the bankers, operating in those districts, from taking the very deposits of the district and assisting the people who make the deposits in the banks located in the agricultural sections of the country. A system which prevents that, and makes that impossible, is wrong, and is harmful and must be remedied in order to give to the agricultural sections of the country the same opportunity that is now enjoyed by the manufacturing centers of the Nation.

To fail to do this means that deposits of the agricultural sections are not only being denied to the agriculturists of this country in their financing, but will be taken by the Federal Reserve Banks and used in the financing of the manufacturing centers.

The mere statement of the proposition shows the gross injustice of it, and a realization of the situation should call for legislation which will compel the Federal Reserve Banks to establish a system of rules which will give to the agricultural districts the same opportunity, in the utilization of their deposits for credit, that is now given to the manufacturing districts of the country.

The practical operation of the present system of credits in the agricultural sections of the country, is to give to the stock gamblers of the country the use of the deposits of the agricultural districts, and the orgy of excess speculation, which has been carried on in the last six months in the stock exchanges of this country, has been in a very material degree financed from the deposits of the agricultural sections of the country.

This is wrong and should not be. These deposits from the agricultural field must be preserved, if possible, for the financing of the agricultural enterprises. A failure to do this is a failure to give to Agriculture that to which she is entitled in the matter of her own financing.

PRODUCTS AND BY-PRODUCTS

There should be encouragement in the consumption of our agricultural products and by-products, and the demand therefor would

automatically increase the price thereof. This stimulation could be accomplished through exploitation in export circles, advantageous exchange rates and national advertising.

In furtherance of this idea I would particularly recommend the dissemination of information relative to the supply, location and possible uses of present neglected products of the grain belt. We have corn stalks, straw, beans and numberless by-products, or partial by-products of farming, the uses of which are but partly developed, and we are convinced that we have many other valuable feeds that could be used in conjunction with the utilization of our grass lands, and I advocate the fullest possible publicity and support for the development of their uses.

SELF-HELP

Farming as an industry has made a great change in the last thirty years. Formerly, it was self-supporting; now it is so diversified that it actually represents several branches of specialized endeavor and requires careful financial management to make both ends meet. Formerly, farming was simple and required little capital to operate; now with the addition of the telephone, radio, automobile and other power-driven, labor-saving devices, the ultimate overhead is increased and requires considerable thought on the part of the prospective owner.

I recommend a campaign of education among the farming communities, encouraging their own self-help. Among this list I cite the following:

1. Better preparation of the quality of their grain before any attempt is made to market it and the feeding of the poorer qualities of grain on the farm.
2. Introduction of intelligible bookkeeping systems for the farmer's use, showing cost of production for his different products.
3. Improvement of farm storage facilities so that grain and other products may be held in good condition for the best marketing opportunities.
4. Encouragement of purchases of farm lands now owned by uninterested owners, such as insurance companies and farm loan corporations, by parties who would operate and develop the land for the benefit of the community. This will stabilize and even increase the values of the entire land holdings in the agricultural sections. An encouragement of individual farm ownership and

the establishing of a normal interchange of farm property is of extreme importance. There should be some method devised of preventing the destruction of farm land values through forced sales in times of depression.

It may not be possible to round out a complete program or come to a decision on all issues involved at one session of Congress, but legislation for the correction of the farmers' economic troubles should be had.

Tariff revision for the protection of agricultural products; the improvement of inland waterway transportation; and the creation of a Federal Farm Board, as recognized by Mr. Hoover, are essential. It is not expected that a cure-all of self-evident soundness will come from Congress as by a miracle.

We have had farm distress for approximately eight years. We do not expect an ideal bill. Few original bills are of such a character. If these subjects which are apparent, are covered, it will be a start in the right direction. Lack of action for years is one of the most unfortunate pages in the history of a great country. People who think are getting out of patience with those who are responsible for this delay.

A study of the history of farm legislation will convince any fair-minded man that more than one side is responsible for its postponement. Every year many farmers are giving up.

Let us forget the politics involved in this great problem and treat it as honest, sincere men, with one thought in mind and that is, service to this great group who are engaged in agriculture.

One of the basic principles of our American government has ever been the assurance, if possible, to every citizen, of equal opportunities to avail himself of the benefits of his citizenship in the United States. That a state of affairs has developed under which that portion of the population engaged in agriculture is handicapped as compared with other great elements of our population is indisputable.

The whole aim of all legislation and efforts toward improved agricultural conditions should be to give to the farmer the same measure of opportunity which is afforded the people generally. This means a stabilization of farm prices on a level high enough to make agriculture attractive to those engaged in this pursuit. To say that this cannot be done is to deny to the farmer his just share of the benefits of our government.

The task before the American people is the establishment of a

workable farm relief, based upon sound economics. This can be assisted by cheaper transportation, development of our waterways, control of our rivers, simplification of our government, and protection of American industry and American labor.

BANKING

The object of our banking laws is primarily to protect the banks and the public from loss by promoting efficient banking. A candid study of the operations of these State Bank Guaranty Acts has shown them in the first instance to have mislead the public, and ultimately to have proven failures, tending to demoralize state banking, in the end accentuating rather than preventing losses to depositors. Several objections to a bank guaranty law may be summarized as follows:

(a) In all bank guaranty laws so far enacted, a maximum annual assessment has been fixed in order to prevent destruction of the system during any severe period of depression. Experience has shown that assessments against the remaining banks sufficient to pay all deposits upon closing of failed institutions would impair the capital stock of the remaining banks to such an extent that they would all close. As a result depositors of failed institutions are not paid upon the failure of banks, and hence, the so-called bank guaranty laws do not pay deposits.

(b) The future strength of our banking system must depend upon the development of sound, conservative banking, and discrimination on the part of the public which will encourage such banking. Bank guaranty laws tend to retard the process of strengthening the banking system by strict regulation, vigilant public opinion and strict requirements with regard to the ability of organizers and the minima of capitalization. A bank guaranty law tends to put all banks on the same plane and there is no special incentive for maintaining the reputation and prestige of a banking institution by careful, conservative banking. In fact, the bank which would depart most from conservative banking practice and assume the greatest speculative risks would be the popular bank and the one enjoying the largest volume of business. Integrity, financial ability and responsibility form the very essentials of banking, and any effort to supplant such with a bank guaranty law can only invite final disaster.

No one who has the welfare of the people of Iowa at heart and

who understands sound economic principles, would for one moment champion the unsound bank guaranty theory which has been so detrimental and destructive to the finances and welfare of the people of states where the experiment has been tried. I say unhesitatingly that it has failed everywhere and that there has not been a single exception. It is absolutely unsound. Public business cannot be conducted on unsound business principles and succeed any more than the individual's business that is conducted upon unsound business principles.

We must beware of unsound banking regulations that are proposed by those who are not qualified, but who are politicians and primarily by those politicians who have the bank guaranty system in mind for political advancement. The more sound and sensible thing to do is to rid politics of the bank guaranty idea, for the bank guaranty without politics is like a child without a mother. The idea was conceived in politics. It has been nurtured by politics and can survive only on the bounty of politics.

The bank guaranty act in the last remaining state where it has been tried has collapsed as every other bank guaranty system has and cannot be saved unless the taxpayers come to the rescue and provide tax funds to pay the deficit.

In my Inaugural Address on the question of banking, delivered to the Forty-second General Assembly, I made certain recommendations which were not adopted in the closing days of the session, and I again call your attention to that part of my address relating to the subject of banking and ask your careful consideration thereof.

As an extension and development of my suggestions of two years ago, I would commend to your attention this further thought: that if the National Banking Department could join with our State Banking Department in establishing regional headquarters looking toward the maintenance of permanent resident examiners and in the joint office of whom regional credit files could be built up on all borrowers of National and State banks in Iowa, and those credit files made accessible to both National and State Examiners to ferret out and check all duplicate borrowers, this would, in my opinion, be a forward step for still more efficient bank examinations and for still greater protection to the banks themselves and their depositors.

I would also submit for your consideration an idea that may

seem perhaps looking into the future, but which to me seems practical, and a coming one, and that is this:

That the great banking profession of this State needs this one thing more at least to complete its professional character. If banking in this State is established and regulated by the Government, why should not that same Government prohibit loans being made from the bank's assets except by executive officials of the bank under proper authority from the Board of Directors, and why shouldn't that same Government provide that any bank executive authorized to make loans shall be licensed by the Government through its banking department and that license revocable for proper cause, the same as licenses are revoked for members of any other profession established and regulated by law?

Let us remember that proper experience, proper financial ability, proper business integrity, on the part of the banker, has, does now, and always will, safe-guard the depositors' funds. The essential thing, the paramount necessity is that Legislative action should enhance rather than nullify the necessity for such, as all of the banking experiences in the country in all of these years have demonstrated the soundness of this contention and the futility and the danger of banking sedatives.

TAXATION

The State owes a duty not only to keep expenditures within the reasonable ability of the people to pay, but to make the imposition of taxes as nearly uniform as possible. The special report on taxation, which will be made to this General Assembly, brings out the following essential facts:

That in the assessment of property for purposes of taxation the inequality of assessments range all the way from five per cent to ten per cent of the sale value, to more than one hundred per cent of the sale value. In the rural districts the extreme spread is from about ten per cent to one hundred per cent of the sale value; in the cities and towns of the State the inequality of assessments is even greater. On an average over the State, property of all classes is being assessed at approximately fifty per cent of its actual market value.

Judged from the standpoint of earnings of property subject to taxation, the inequality of the general present property tax is even greater than when considered from the point of view of

assessments as noted above. In general, the property tax in Iowa as administered at the present time represents a tax on property which ranges all the way from five to ten per cent of the net earnings to more than the entire earnings. The investigation shows that in some extreme cases the property tax not only absorbs all of the earnings but in addition must be paid partly out of the capital. The present property tax represents an extremely heavy average tax representing about twenty-five per cent of the income in the case of farm lands.

Agriculture suffers under a severe inequality, and will continue to do so as long as the general property tax remains the mainstay of state and local taxation. Everybody recognizes that this condition must be changed, through some extension of the system of classified property taxation, or other new methods of raising revenue, or through the state assuming larger proportions of the cost of local highway and school expenditures. Somebody must come forward to bear a larger share of the farmer's tax burden. Farsighted business men and industrialists in urban chambers of commerce may recognize that by driving out the farmers and drying up the agricultural resources of the locality through unfair taxation they are undermining local business prosperity, and such men will be open-minded toward proposals for greater equalization.

The present system of assessing property in Iowa in its main lines was enacted into a law in 1853, when land was sold at a very low price per acre, and corporations were practically unknown in the state.

What is needed is a modern system of taxation, especially along the lines of more efficient administration. The facts are, practically no public official is employed for the one important purpose of seeing that property is equitably assessed for the purpose of taxation. It would seem that the first essential in a modern tax system is provision for a permanent State Tax Board, which, in my opinion, would add very little, if any additional cost when we bear in mind the fact that very much of the work now performed by the State Treasurer, State Auditor, and Executive Council would necessarily be taken over by the suggested State Tax Board.

The reports of the Special Tax Committees of 1912 and 1923 contain revenue bills which will be very helpful in carrying out the suggestions herein.

The situation has become critical. It challenges your best thought. It calls for wise and courageous action. I submit it as a problem for your thoughtful and earnest consideration.

INHERITANCE TAX

A situation has arisen in connection with the inheritance tax which should be corrected. There are many estates running back to the first enactment of the inheritance tax statute in which no inheritance tax has been collected and in a number none can ever be collected. In many instances all of the interested parties in the estate are deceased or removed from the State, and the property may have changed hands many times. Nevertheless, a cloud appears upon the title for the tax against this property and the Treasurer of State must look to the innocent purchaser for the tax and interest. The injustice of such a procedure is apparent.

A definite date should be fixed and all estates which came into existence prior to that date should be expunged from the records and the lien or cloud upon the title for the tax released. This should not affect estates now in process of compromise nor estates in which the tax has been deferred pending a life estate and in which the life tenant is still living. Neither should it permit any refunds on estates of this class where the tax has already been paid.

REORGANIZATION OF COUNTY GOVERNMENT

In the present generation, American business practices have been revised to meet new conditions. As the volume of business has increased, new methods have been introduced to eliminate waste, to avoid duplication, to save time, and to reduce overhead expenses. The volume of public expenditures has increased and in many respects the practices in county government based on state laws, are practically the same now as they were a generation ago. Lacking the "make-it-pay" incentive of private business, county government is trying to handle 1928 business with a 1900 model.

In the first place, the tax levies in the entire State for the main county operating funds for administrative purposes have increased from \$5,500,000 in 1914 to \$10,200,000 in 1927, or almost doubled, which is a matter for concern to the taxpayers.

Property owners complain more and more at the increasing burden of paying taxes. So in justice to these citizens, it is high time

that a survey be made of our form of county government to ascertain whether or not the most possible service for the tax dollar is being given.

We believe that many remedies can be applied which will afford considerable savings to the taxpayers. Iowa counties are not alone in this, for county government all over the country has been characterized as "The Dark Continent of American Politics". In the last few years, surveys have been made in a number of states to reorganize county administration on an up-to-date and more business-like basis. Notable among these have been the reports on the county governments in Virginia and North Carolina which have pointed out numerous possibilities for improving county services.

One of the reasons for the above shortcoming is because many county laws were drafted to fit the needs of small counties which are wholly unsuitable for the requirements of the larger counties.

We believe that all of the above mentioned defects can be largely remedied by careful study and discussion by persons familiar with the problems who can devise remedies which may be translated into laws. It is obvious that this proposal to carefully analyze the entire county situation would prove better than the present patch-work method by which each session of the Legislature ventures to tinker with legislation to repair defects in county statutes.

I recommend that a Committee on Reorganization of County Government be created to analyze the present structure of county government in Iowa and to draft measures and make suggestions looking toward greater economy in county affairs; and that this Committee be composed of representatives from the Legislature, the County Officers' Association, the departments of political science in the State University and the State College, as well as public spirited citizens.

The work of this committee need not entail the expenditure of any large sum for technical assistance as this may be obtained from the representatives of the State Auditor's Division of County Accounting, Budget Director's office, and the departments of political science in the State Universities, who are thoroughly familiar with these problems and are in a position to devise remedies. By reason of the fact that county government is pretty well standardized all over the United States, much information can be obtained from the surveys already made in other states.

This commission should approach the problem without any tinge

of political interest. It should disregard entirely the pecuniary incentives of any set of public officers or private interests. It should endeavor to apply only the most successful practices of modern business modified to the peculiar requirements of public affairs.

PRIMARY ROADS

As has been suggested in the biennial message, the administration and financial features of our primary road laws are complete. Slight revisions may be necessary in some of the details of these laws, but no major enactment is required.

CONTROL OF PRIMARY ROAD TRAFFIC

Steps should be taken toward the controlling of traffic on the primary roads. The building of paved roads means a more constant and heavy flow of traffic and in increasing volume. Trucks and busses in larger numbers and size will appear. The State must protect its investment in these highways. Definite load limits well within the safe carrying capacity of the roads should be specified and enforced. Traffic on these roads should be regulated and supervised to the end that the lives and property of the careful, law-abiding travelers will be protected as against the acts of the reckless, lawless and incompetent. This regulation of traffic on primary roads should be made the duty of the State highway commission, and suitable facility provided therefor.

FREE BRIDGES

In the inaugural address to the 42nd General Assembly, I recommended a plan and program for the purchasing of existing toll bridges or the building of free bridges over our boundary streams. This problem has not yet been solved. I am therefore again calling it to your attention. The toll bridge should go. We have passed the time when the public needs to look to private capital to provide the connecting links between our primary roads and those of our neighboring states separated from us by the Mississippi and Missouri Rivers. It is recommended that this matter receive your thoughtful consideration.

SECONDARY ROADS

So far as the administration and financing of our highways is concerned, the one big problem remaining is that of our secondary roads. We have 96,555 miles of secondary road—a mileage so vast that it is beyond our comprehension. These roads are now classified as county roads (11,831 miles) and township roads (84,724 miles). Many miles of these roads now carry sufficient traffic to warrant their permanent grading, bridging and surfacing with gravel. On many other miles the traffic is so infrequent and inconsequential as to warrant little or no expenditure of public funds thereon.

Some progress has been made in the improvement of these highways. The records show that 3,900 miles of county roads and 3,500 miles of township roads are surfaced with gravel. Some of these gravel roads are good. Many of them are of doubtful or indifferent quality, the gravel surfacing having been poorly constructed on poorly graded or ungraded roads, and not properly maintained.

We must make greater progress with the improvement of the secondary roads if we are to keep pace with the necessities of our farm-to-market and farm-to-farm travel. We should improve a larger mileage of these roads each year and the improvements should be co-ordinated so that improvements in different parts of a county and in different counties will fit into a comprehensive whole. We should get away from the practice of spending our funds for patchwork improvements. Secondary road improvements should supplement the primary roads by providing necessary connecting links through territory not served by primary roads, and should form laterals and feeders connecting with primary roads, rather than paralleling these highways. Definite funds should be provided for construction work so that a definite amount of construction work will be done each year. Roads once built should be maintained in the best manner practicable.

We are now raising annually, \$17,865,000 for secondary roads, as follows:

County bridge fund.....	\$ 4,945,000
County road funds.....	3,659,000
Township road funds.....	5,261,000
Gasoline tax (11-3 cents).....	4,000,000
Total annually.....	\$17,865,000

These funds should be sufficient for our secondary road needs.

What we need is system in the expenditure of the funds we have, rather than an increase of funds.

Two years ago I recommended "That the control of the township roads be vested in the County Board of Supervisors." This recommendation is renewed at this time. Perhaps no place in our highway administrative machine is there more inefficiency and lost motion than in our township road organization. This is no criticism of the township road officials, either as individuals or officials. It is a criticism of the system under which these officials work.

This transfer of township road work to the County Board of Supervisors should be accomplished in the simplest possible manner and without disturbing local township road finances except to transfer their levy and control to the county board.

The use of the county bridge fund should be extended so as to make such portion of this fund as may not be required for bridge and culvert work, available for road construction work on county roads. Some counties have a surplus in their bridge fund but are unable to meet their reasonable needs for roads from their road funds. A more flexible law with respect to the use of the bridge fund will provide the relief these counties need without an increase in the authorized levies.

The proceeds of the one and one-third cents gasoline tax, amounting approximately to \$4,000,000 a year, now going to the secondary roads, and the net proceeds of the motor bus and truck ton mileage tax, amounting to about \$80,000 per year, should be reserved in entirety for use in definite construction projects on the secondary roads. These funds are now being used for either construction or maintenance work on county and township roads either in addition to or replacement of local funds. The result is that these gas tax funds can easily disappear with no tangible results to show therefor.

The counties should be required to set aside at least an equal amount from local tax funds for construction purposes. There would thus be built up an annual construction fund of \$8,160,000 as follows:

From state funds.....	\$ 4,080,000
From county funds.....	4,080,000
Total annually.....	\$ 8,160,000

The counties should be permitted to anticipate these annual construction funds by voting county bond issues as provided in

Chapter 242 of the Code. This law should be re-written and the primary road features thereof eliminated. Heretofore the counties' credit has to a large extent been exhausted by the issuance of county bonds for primary roads. This condition will be relieved under the State bond act. The issuance of county bonds for primary roads will be stopped. County bonds heretofore issued will be called in and paid off rapidly. This will release the counties' credit for use on the secondary roads.

Secondary road improvement projects should be subject to the approval of the State highway commission in order that there may be continuity of construction, due consideration of necessary connecting links, and a comprehensive review of the whole program.

Suitable provision should be made for additions to the county road system, so that important township roads can be added to the county system for improvement as the funds are available, or when traffic conditions justify, might be improved from the construction funds I have suggested.

With these modifications of our secondary road laws we should be able to complete the grading, bridging and graveling of 800 to 1,000 miles of secondary roads per year with current funds and without the levy of any additional taxes. If any counties anticipate funds for this work, the work should be speeded up to the extent of the funds thus made immediately available. In ten years' time we should have 25,000 miles of good surfaced road in this State.

Every county in the State should be required to expend its secondary road funds with the idea in mind of developing a complete farm to market road system, meeting the needs of all of the community. A wisely directed expenditure of the funds now available, averaging as they do more than \$18,000,000 annually, would speedily give Iowa a secondary road system far better than can ever be attained under present laws.

Administration of the expenditure of secondary road funds should be kept as close at home as possible, but there should be no laxity permitted in the handling of funds, or waste through the retention of now obsolete units of authority.

The Extra Session of the 42nd General Assembly authorized the appointment of a Commission to study our secondary road conditions and report thereon to this Session of the Legislature. This work has been performed by the Commission in a very effi-

cient manner and their recommendations will be submitted to you for your consideration.

PUBLIC IMPROVEMENTS

We are entering upon an era of constructive activity. Prior to this biennium there had been a long continued period of suspended development of State owned properties. This regrettable situation was the result of unavoidable conditions. Many of the public properties had fallen into a condition of inadequacy. For a long time no provision was made for the normal expansion needed to meet constantly increasing requirements for service.

In the budget I have sought to afford a measure of relief by making ample provision for repairs, extensions and new buildings, in the institutions under the supervision of the Board of Control and the State Board of Education.

JUDICIAL OFFICE BUILDING

Iowa has been going forward in its building program in connection with its educational, charitable, penal and other institutions, making greater advancement in connection therewith.

However, during the period of the development of these institutions, we have been somewhat unmindful of the crowded condition that has developed in the increased business of the State and the necessity for additional office space.

To this end a Judicial Office Building would be of advantage and would best serve the people of our State. By the construction of such a building, the following departments of state government could be housed in the new building:

1. Supreme Court, including Court Room, large consultation room, office quarters for nine Judges of the Supreme Court, Court Reporters, Clerk of the Court, etc.
2. Attorney General of the State.
3. Railway Commission.
4. Commerce Council.
5. Industrial Commission.
6. Board of Parole.
7. Law Library, reading room, stack room of 300,000 volume capacity, special rooms, etc.

- 8. General State Library, reading room, stack room of 400,000 volume capacity, special rooms, etc.
- 9. Smaller Medical Library.

The removal of the Law Library from the Capitol Building would permit of the space vacated, being divided into three (3) floors of Administration Offices, or Committee rooms, with a combined area of 13,320 square feet. Vacated rooms of other departments added to this would furnish expansion for many years to come and would permit those State departments now housed in inadequate quarters being moved into the Capitol Building proper. The removal of the State Library from the Historical Building would provide much needed room for expansion in these departments.

It is not alone a question of added space but the protection of library property valued at \$1,000,000.00; much of which under no circumstances could ever be replaced, and good business judgment dictates that it should be in a fire-proof building.

A building of this character could be financed by one and one-half mill levy, collectible one-half mill each year for a period of three years, thus averting any hardship and furnishing a means of financing this much needed project.

One only needs to examine the library in its present state to be impressed with the fact that it is deteriorating because the conditions surrounding the storage and keeping are not adequate for the preserving of a library of the value and magnitude as now possessed by the State.

PRISONERS AT THE PENITENTIARIES

The inmates of our prisons are well fed, clothed, housed and entertained, but the expense is very high to the taxpayer. Some of the prisoners are engaged in productive industry, such as road building and farming.

All of our prisons are congested. We need additional prison space. In the Reformatory at Anamosa a group of a hundred or more inmates is sleeping in the corridor outside of the cells. Enough guards cannot be placed in the room to prevent unmentionable crimes. To relieve this situation an additional cell house at Anamosa should be constructed.

The parole and pardon power should be used only after careful investigation, then the man without money or influential friends

will have a substantial basis for hope. No longer should it be generally understood that the first requisite for parole or pardon is the employment of lawyers with influence in the proper quarters.

The man who carries a gun when committing a felony should be treated as a potential murderer. We should memorialize Congress for a law forbidding the unregulated inter-state shipment of pistols. Crime is on the increase. There are men who make it their business and who are in and out of prison many times. To care for these offenders in New York, a man convicted of four felonies is automatically sentenced to prison for life. The number of paroles that any one man can have is limited. This law, known as the Baumes Law, is a great success.

Recognizing the principle that the prisoner in our institutions must be employed, the Board of Control under the authority vested in it by the Legislature, has established industries whose profits totaled during the past two years, the sum of \$470,950.66. During that period the prisoners working in the industries have been paid \$253,705.38, a combined total of profits amounting to \$724,656.04. A great deal of the money earned by the prisoners is sent home to their families. During the month of November there were over a thousand prisoners employed in the three large industries, who would receive during the next biennial period, wages amounting to approximately \$260,000.00. The estimated net profit to the State for the biennial period would be approximately \$500,000.00.

However, to continue with the industries now organized and producing the revenue, the laws pertaining to prison labor as they now exist, must be amended. Otherwise, we will have from seven hundred to nine hundred idle men in our institutions and instead of earning money for their families and assisting toward their maintenance, thus reducing taxes, it will be necessary to increase taxes to care for that number of prisoners. Nine hundred idle convicts would necessitate the employment of an additional number of guards. Contrast the difference from any standpoint of the situation in the Iowa prisons and compare with that of any other State in the Union. The National Association of Prisons praises the Iowa condition as being the best in any State in the Union. The estimated profits of the industries now in operation can be placed at \$650,000.00 during the biennium, if continued as now organized, the greatest portion of which can be used toward the support of the penal institutions, thus reducing

taxes. On June 30, 1928, the State had invested in industries, such as buildings, machinery and equipment the sum of \$1,070,619.00, which item had accumulated from the profits of the industries in addition to the amount which has been expended for other purposes.

The men confined in these institutions must be employed. It is a question of an institution or a mad house. By proper employment you will have the former, without employment the latter. Men in the institutions must be employed to a certain extent in the production of articles for State use and should refrain from competition with free labor as much as possible. To secure this result requires earnest and constructive study. The law as it now exists restricting the continued employment of prison labor and the conduct of the industries in the institutions, should be repealed.

These institutions are under the direction of the Board of Control. The Board has been very efficient, not alone in the conduct of the industries in these institutions, but also in the management of all the institutions under their direction. Business methods and efficiency have been controlling in all of their efforts in connection with Iowa's state institutions. The farms are well managed and we have some of the finest herds of cattle that can be found in any state.

COUNTY HOMES

There is a general movement in most of the states to better the conditions of that most unfortunate group of citizens, the dependent poor. The last Legislature appointed a committee from its membership to investigate this subject. I bespeak for it your careful consideration. I believe the authority of the State over our County Homes should be enlarged. Efforts to make the lives and living conditions of these unfortunates more wholesome should be encouraged.

PURCHASING AGENT

The movement for centralized purchasing in State Government is gaining momentum as shown by its adoption in many of our states. Centralized purchasing is an important factor in State government.

Thirty-six, or three-fourths of all the states, purchase supplies

for state departments or state institutions, or both, through a central agency.

This remarkable development is largely the product of the last decade. Prior to 1913 only seven states maintained a purchasing agency. Since 1913, twenty-eight states have adopted centralized purchasing and of these, eighteen have fallen in line in the past five years.

The present extent of centralized state purchasing can be attributed to the demand of the tax-payers that the principles of centralized authority, rigid control of expenditures, and definite qualifications for office, found essential in industry, be applied to the business of government. Where it has been given a fair test, it has demonstrated to the satisfaction of the tax-payers to be sound in principle.

The spread of centralized purchasing in state government in the past decade has been phenomenal. But there is still a great deal to accomplish before the maximum benefits will be realized. Thirteen states still purchase supplies under a decentralized plan; six have centralized purchasing only for the state institutions; in six others purchases are only partially centralized; the majority of systems require extensive refinement to make them comparable in efficiency with the most modern industrial purchasing agency.

Politics will never be entirely eliminated from governmental administration. But a more widespread acquaintance on the part of the voter with the necessity for its divorcement from administration will do much to lessen the insidious influence of politics upon governmental buying. A greater knowledge of the working of state purchasing, a keener appreciation of the handicaps under which it at present operates, and a fuller realization of its economic possibilities are demanded of the voter if we are to realize the greatest dividends from our investment in state government.

Iowa needs one purchasing department for the State, under one head. I recommend that the centralized purchasing power of our State be extended to include all departments, thus centralizing the responsibility for all State purchasing.

LEGISLATIVE COUNCIL

1. There should be a Legislative Council to have charge of the matter of titles to bills, coordinations, statutes, phrasing, and all

matters calculated to harmonize and give consistency and accuracy both to titles and statutes.

2. The Courts are frequently meeting questions involving the accuracy and sufficiency of titles to bills. It frequently occurs that more than one subject is included in the title, which is in violation of the Constitution, sometimes too much is left in the title to implication, or what may be said to be germane to the principal object of the measure.

Greater clarity and accuracy in the titles to bills would save litigation and avoid many troublesome and serious questions.

GOVERNMENT AND BUSINESS

The people of Egypt suffered when there was a famine. In America, people suffer when there is a surplus.

What is called overproduction fills our storehouses. Factories close down. Men walk the streets and starve, not because there is too little but because there seems too much. Supply overruns demand. A seeming surplus spells disaster to producers everywhere.

Civilization may appropriately ask itself how far either supply or demand may be controlled. It may also ask how far our troubles may be attributed to overproduction or underconsumption.

Governmental restriction in America is not yet ready for consideration, although the Interstate Commerce clause of the Constitution may finally be found the key.

So much for supply. There is almost no limit to our wants. Purchasing power has been thus far the only limit on American demand. Unemployment at times has meant a decline of five billion dollars in the capacity of the American people to buy. No one wants this. No one profits by its operation. Factories want work. Laborers desire employment. Merchants wish to clear their shelves.

Meanwhile the vicious cycle is increased in its downward plunge by the lack of purchasing power of the ever broadening groups who find themselves without opportunity for employment of any kind. With their pockets bare they enter upon a starvation existence that very greatly prolongs the period within which the surplus materials may be consumed and the wheels of industry again begin to whirl.

Such conditions constitute a tragedy and a travesty upon the organizing genius of American business men.

There is much to indicate that the expansion of capital facilities

at appropriate periods may furnish a means of regulating in substantial measure the variations in demand.

With an annual expenditure of seven billions upon construction, America is in a position to stabilize prosperity to a most remarkable extent. Public authority spends more than a billion and a half. With this we are here primarily concerned. Private business will soon follow such practical demonstration as government may make since the great commercial interests of the country have the most vital stake. This may apply not alone to construction but to the renewal and extension of capital facilities of every sort. It is the recommendation of the one who has received the overwhelming mandate of the American people to guide and guard their progress in the next four years that a construction reserve may prudently be accumulated in time of plenty against the lean year that is to come.

This involves simply the provision of the necessary funds or credit to be released when indexes shall indicate the need and such designation of projects as may commend itself to the authority concerned.

No infringement of legislative prerogatives is involved since no project may be carried out except as the legislature may direct although the rapidity of the construction program within defined limits may be accelerated or retarded to synchronize with the national and local need. Creation of such a construction reserve is one of the best forms of insurance against the panics of our past. It may not be a cure-all but it certainly will alleviate our ills. In some measure it is possible to do for employment what the Federal Reserve System has done for finance and with equal advantage to the country as a whole.

Picture the approach of an economic crisis with unemployment threatening on every hand. The release of three billions in construction contracts by public and quasi public authority would remedy or ameliorate the situation in the twinkling of an eye. Federal indexes are already becoming available that remove the problem from the domain of speculation or opinion and place the need upon a basis of simple facts.

No centralization of authority is proposed but merely the creation of a condition by concerted action that shall make possible a remedy that will appeal persuasively to all. Follow the flow of those three billions to the contractor, to the laborer, to the material men, to the factory, to the factory employees, to the merchants, to

the farmer. It goes like the house that Jack built and unemployment is at an end.

These views of the way in which the states and other public authority may cooperate with the Federal Government in controlling in some measure construction work for the common good are presented to you as a portion of Mr. Hoover's program for stabilizing the prosperity of the United States.

If this project is to reach its maximum efficiency, there must be cooperation between Federal, State and Municipal governments in accordance with the proposals outlined at the time of the Unemployment Conference in 1922. Neither ruthless competition nor blighting monopoly with its inevitable public control is the goal of America. Cooperation is the keynote of the new economic day. Cooperation implies individual units that spell incentive to achieve.

Organization for prosperity is the next lesson that America may teach the nations of the world.

SURVEY OF IOWA'S WEALTH

An agricultural and industrial survey of Iowa would be of advantage. Iowa has become discredited during the past few years in the minds of many people of the United States and is considered broke and in a bad way financially through misleading statements made by various people, some of whom have been residents of the State of Iowa.

We have almost talked ourselves out of credit. To offset this misleading propaganda, it is necessary that steps be taken to inform the United States that Iowa is not broke, nor is its citizenship discouraged or broken in spirit, but is standing up and coming back, stronger than ever, because of the adversities that have been suffered, perhaps more severely than in many other states.

Before Iowa can be properly advertised to the world, it is necessary to have gathered together and compiled in one place, accurate data and statistics of all kinds within the State. Much of this information has been compiled by various Departments of the State and many private individuals but it needs a central headquarters to gather all of the information together and to search out and seek additional information necessary to present a complete picture of Iowa today.

With this accomplishment we would have the basic facts upon

which to present, through advertising and other media, Iowa as a land of unlimited natural resources and boundless opportunities. This will be so convincing as to entirely change the present opinions of our State.

To the end that this survey may be completed, I recommend that \$10,000.00 per year for two years be appropriated and that this survey be conducted and carried forward under the supervision and direction of the Engineering Division of the Iowa State College at Ames.

BUDGET DIRECTOR

The Budget Department is an important one in the administration of the State's affairs. It has been on trial in Iowa in the hands of a special department for a short period. There is already growing up in this Department, a tendency to overlap other departments, particularly the Auditing Department of our State, which is resulting in some unnecessary duplication in an office that from its very nature ought to be free from any conditions of this type or character.

The office itself ought to be a model of efficiency as an example to all other offices.

As the Governor is responsible for the public expenditure of moneys and must cooperate with you and others in providing the necessary revenue for the purpose of carrying forward an intelligent program, the Budget Department should of necessity be very closely associated with the Governor's office.

In my judgment, this Department would be more efficient if the Budget Director were made a Budget Secretary to the Governor, as distinguished from a separate and distinct department. This thought, in my judgment, is worthy of your earnest and sincere consideration at this time when we are about to commence a policy under a new Director.

LAW ENFORCEMENT

The responsibility of law enforcement rests in no small degree with the individual citizen. It is the duty of the citizen not only to observe the law himself but to assist and encourage the observance of law by others. Again, a conscientious use of the ballot in the selection of officials who are known to be of unim-

peachable character and who possess the desire and courage to enforce the laws is absolutely vital. It is equally important that all appointive officers charged with the enforcement of the laws shall be selected on the basis of fitness, known integrity and character and never on the basis of political expediency or as a reward for political assistance rendered. This is the crux of the matter as applied to the enforcement of the Eighteenth Amendment. Public officials must be chosen who are themselves law abiding and who possess the disposition to perform their duties honestly without fear or favor, and the public must sympathetically back their officials in the performance of their duties.

Much has been said with reference to the enforcement of the Eighteenth Amendment and the sooner the citizenship of this State and Nation realize that the traffic in intoxicating liquors is at an end the more easy will be the question of the enforcement of law as against the bootlegger.

Under the provisions of the Volstead Act each state had the responsibility placed upon it of co-operating in the enforcement of the Eighteenth Amendment and Iowa is pledged to this program by legislative enactment. The enforcement of this law, nationally, should be taken from the Revenue Department where it no longer belongs and placed under the supervision of the Attorney General, to the end that the whole law enforcing power of the Nation may be exerted in an effort to give to the enforcement of this law a fair trial.

Remember there must be two persons, at least, in order to make a bootlegger. Give prohibition a chance. The liquor traffic has had its day.

THE KELLOGG TREATY

The outlawry of war as provided by the Kellogg Treaty receives my hearty endorsement and I believe the unqualified approval and support of the people in general. The horrible tragedy of recourse to warfare to settle disputes between or among nations should never, hereafter, come to pass. Speed the day when it will be universally considered an inexcusable and unpardonable crime for a nation to resort to conquest for purposes of aggrandizement or aggressively to make war against another nation as a method of forcing a settlement of any international controversy.

STATE DEPARTMENT OF HEALTH

There is a growing recognition that good health is the greatest asset that an individual may possess, and that the health of its citizens is a necessary concern of the State. There is also a rapidly growing appreciation that many diseases can be prevented; that the health of many persons may be promoted, and that it is possible to extend the average duration of life for at least another ten years.

To bring such desired results to pass, requires not only competent practitioners of the healing art, but the active work of well organized and efficiently administered departments of health—both state and local.

Your State Department of Health should be so organized that it will be able to render efficient service along each of the several well recognized lines of public health work. This is not possible in connection with an organization which does not have adequate provision made, for carrying on the several types of work, usually delegated to such a department and as required by law.

The average annual appropriation to the State Department of Health for public health work is only about two and one-half cents per capita. The average for the State Departments of Health in the Union is almost nine cents. The commissioner informs me that even if we add the portion of appropriations made to other departments or organizations, which may be utilized by cooperation and coordination for strictly public health work, the total will still be only about one-half the average appropriation made to the State Health Departments of the country.

The greatest present needs of the department pertains to work in communicable diseases, child hygiene and inspection service in connection with the enforcement of the acts pertaining to the licensing of the members of the several "professions affecting the public health."

With proper general supervision on the part of the State Health Department and the desired organization of local health work, it will be possible to prevent more than half of our present cases of communicable diseases. By the very nature of such diseases, the State has a real interest in preventing their spread from community to community. The department needs a division of communicable diseases with a director and a field man who may be

sent from place to place as necessary, to investigate the sources of epidemics and advise with local authorities on their control.

It is generally conceded that the most constructive public health work can be done in connection with child hygiene. Every State Department of Health in the Union, except those of Iowa and Colorado, has a division of child hygiene. Your health department is required by law to do much that pertains to the health of children such as the registration of births; the supplying of material for the prevention of blindness and the control of the more common communicable diseases, most of which occur in childhood. Control of the communicable diseases of childhood cannot be accomplished by a division of communicable diseases alone. It requires the co-ordination of efforts of such a division and one of child hygiene. The department is able to do but little in child hygiene because of lack of organization and appropriation. There are also many other than the contagious diseases, that may be prevented and a great deal that may be accomplished in the promotion of better health. The department is in urgent need of a Division of Child Hygiene.

There are many violations of the acts which provide for the licensing of members of "professions affecting the public health." The department aims to correct as many of these as possible by endeavoring to persuade violators to discontinue illegal practices and to inform the public as to how they may, in part, protect themselves. There are, however, certain wilful violators of the law—most of whom are charlatans—preying on the public. At the present time the department has inspectors for barbering and cosmetology. It should also have at least two inspectors to aid in securing the necessary evidence in connection with violations of the law as it pertains to the other "professions affecting the public health."

It so happens that the amount of the fees paid into the State Treasury by members of the several professions, exceeds by more than \$10,000 a year, the amount expended in the administration of the licensing acts. It would appear proper to spend such portion of these unexpended receipts as may be necessary in aiding in the enforcement of the practice acts.

In this connection, it would appear advisable to create a fund for all receipts paid in by the professions which are licensed and that such be held in trust for expenditures in connection with the ten different examining boards concerned with the licensing

of these professions and the administration of the acts by the State Department of Health. If such funds should prove insufficient, the annual license renewal fees should be increased so as to secure the necessary revenue.

The division of sanitary engineering should be sufficiently strengthened so that it may be able to cope with the many complicated problems in connection with water supply, sewage disposal plants, stream pollution problems, etc. These require highly technical skill for their sound solution in an economical manner. Our streams should be kept from becoming so highly polluted as to be a menace to health and a deterrent to wholesome recreation in the correction of this problem, due consideration should, of course, be given to the interest of the tax payers and the fate of industries.

Three State departments, namely, health, labor and agriculture—are now concerned with the administration of "housing problems." Since the discontinuance of the position of "commissioner of housing," five years ago, the State Department of Health has been able to do but little along this line. It is desirable to have the housing law rewritten and to have the responsibility for its administration concentrated in some one State department.

Cancer is now the second highest cause of death in Iowa. In 1927, there were 2,689 deaths from cancer. More than 75 per cent of the deaths from cancer can be prevented. The State Department of Health should be in a position to conduct proper educational campaigns in that direction.

Veneral disease is altogether too common. It is estimated that there are about 16,000 patients continually undergoing treatment for venereal disease. Small outbreaks of one form or another of these diseases are of frequent occurrence. To combat this situation requires educational work by way of circulars, conferences, and lectures.

Local public health administration is conducted in a very inadequate and uneconomical manner. What is chiefly needed is a change in the law making it possible to form health units of sufficient size so as to permit the employment of a full-time health officer. Such a unit is the county.

The standards of qualification for entrance to the several "Professions affecting the public health," should be raised, if necessary, so as to assure the public of competent service.

A law should also be passed making it possible to revoke the

license of a member of a profession affecting the public health for "dishonorable conduct of a character likely to deceive and defraud the public."

The present law provides that only local health officers may be appointed to membership on the State Board of Health. The local positions change frequently. It is, however, desirable to have good men continue to serve on the State Board for a period of years. It is accordingly recommended that the law be changed making it possible for the physician, who is or has been, a local health officer, to be appointed to membership on the State Board.

The State Department of Health should become so well organized and so well supported that it will be able to meet the reasonable needs for public health work as it should be administered by the State.

OUR STATE EDUCATIONAL SYSTEM

In the matter of the institutions under the State Board of Education, distinct progress has been made during the Biennium now entering its last quarter. The Board was charged with the very important duty of filling two presidencies. It would appear that they have brought to this State two outstanding educators eminently qualified for constructive leadership in our State.

One of them succeeds the beloved pioneer educator—Homer H. Seerley—who has served this State from the day of his graduation to the present hour in the most helpful and distinctive fashion and who will continue to serve it until the day of his death, he having been by the Board made President Emeritus of the State Teachers' College for life.

The chief problem confronting the State Board of Education and the State of Iowa is to keep up with the ever increasing demand for higher education. The situation which now obtains was graphically brought out recently by one of the editorial writers of a great metropolitan newspaper. He pointed out that while independent colleges and universities could and were restricting the number of students whom they would admit, drastically, that state supported institutions could not do this. He estimated that a million young men and young women were now attending our various institutions of learning, whereas there were only fifty-eight thousand a decade or two ago. The great burden is now resting, and

will continue to rest more and more heavily on institutions supported by public taxation.

It is not the State of Iowa, so far as its Government is concerned, or the State Board of Education which is creating this demand for higher education—it is the people themselves. There was a time twenty years ago or more when public and private institutions of higher learning sought to induce students to go to college through the instrumentality of field agents. That time passed long since.

The problem now is how to adequately take care of those who are clamoring to come. The percentage of parents who are not ambitious to have their children receive the advantages of higher education is very small, and the age in which we live demands training. There soon will be no place in the world for a man or woman not trained to do well something the world wants done.

The State Board of Education, mindful of burdens of taxation, has sought to reduce their askings to the minimum. It might almost be said that the chances are they have asked for less than the people themselves will demand be furnished in the way of educational advantages for their children.

More and more these institutions are serving the people as a whole—more and more the Campus of a state institution is the entire State. These institutions render service directly and indirectly to almost every home. They no longer exist for a privileged few—they exist for everybody—they serve everybody.

The great hospital at Iowa City recently dedicated serves the entire State without entering into competition with the medical profession of the State. The extension service of the college at Ames is in close personal touch with every community in Iowa. That of the University, outside of the hospital service, is not as extensive, but is very valuable. The extension service of the State Teachers' College is reaching out helpfully to every school.

These institutions belong to the people and the people are willing to make great sacrifices to support them.

THE PUBLIC SCHOOLS

The public school system as a factor in the preparation of our youth for useful citizenship is of the greatest significance. The schools should furnish equal opportunity to all the children. Let it be borne in mind that no matter what the inherent qualities or inclinations of the child may be; whether he chooses to become

a mechanic, a business man, or lead a professional life, it is fundamental that his outlook regarding his responsibilities as a useful member in society is of paramount importance. There are essentials in training and courses of study that are needful to all alike. This the child must be made to recognize. The basic foundation of education including education in the high school, at least, affords this foundation which all should have preparatory to specialization for a vocation.

It should also be recognized by the public that all children are not fitted to become mechanics, or all doctors, or all lawyers, or all business men, or all farmers. This would not only be contrary to the possibilities of human achievement but it would be contrary to the interests of society. Individual moral obligation and the ability to do something well must go hand in hand. This, the school must take into account.

To bring about equalization of opportunity, the question of taxation enters into the solution of the problem. The organization of the school unit for purposes of administration should include a total taxing valuation sufficient to establish this equality of opportunity. Again, an unprejudiced attitude of the taxpayer will fall in with that type of school that will best give the children an equal chance for education. Coordination of the child's preparation to better meet life's responsibilities, and the best methods of establishing the most efficient school should be the objective of the school patron and the taxpayer. Anything less than the attainment of this end is selfish and foolish economy.

THE STATE'S OBLIGATION TO ITS CHILDREN

Under the present plan in this State we throw good, bad, and indifferent all into one hopper. The product that comes out of it is not always a finished, commendable, or desirable one. The grist is not always good citizenship.

Why not have two hoppers? One where we know the product will be of high quality and separate it from that which, if it is possible to make it good, at least it will not contaminate the other. Let us keep in mind that the first essential of a good citizen and the recognition thereof by the community is the ability to earn an honest living.

We, the State, are not doing that essential thing for those whom the State has under ward and immediate guardianship, those chil-

dren whom we class as neglected or deserted or unfortunate. We are beginning in their care and supervision at the wrong end. We need to incline the twig instead of attempting to incline the tree. Our efforts should be to train the youthful wards of the State to go out and earn a living for themselves and the families they should and probably will have. Instead of more penitentiaries and more asylums for the insane, we should have in this State at least two schools to educate the hands and the minds to special utilities and give each the training that will lead toward useful citizenship instead of permitting that lack of special training which as inevitably leads to discontent as discontent leads toward crime.

We have two so-called industrial schools in Iowa. Both are overshadowed with the penal or semi-penal stigma as concerns their usefulness. A girl, young, untraiped, and foolish, as young and unguarded girls are not unlikely to be, is utterly lost when the stigma of Mitchellville attaches itself to her as it does irrevocably. Yet, young girls for the most part are not immoral.

A young man who seeks employment hangs his head when he confesses that his schooling was had at the Industrial School at Eldora. Not only that, but he brings a big handicap against his success in getting the job.

The Training School for girls at Mitchellville, and the Training School for boys at Eldora have become synonyms for reformatories. Boys of twelve years are rarely immoral. They may be unmoral; especially when they have had no training except the street and no paternity except that which in itself is a handicap and no environment but the alleys. I have yet to see and know personally of an industrial school graduate who could go out and take on skilled employment that would bring skilled wages.

The Institutions at Toledo and Davenport, especially by purpose devoted to neglected and homeless children, have no equipment to turn out good citizens, basing good citizenship on the ability to earn a good living. The children get a grade school experience about of the class of the district school. They get nothing else (outside, of course, of moral training) that will put them in line for a skilled utility. Nowadays, the wage worker who expects skilled wages, must have skill.

The whole system needs to be reorganized. Turn the institutions at Eldora and Mitchellville into training schools, untouched or tainted with penalty. Have courses in agriculture that would tend to make farmers and farm managers out of the boys. Teach them

magnetos, modern trades of value which bring good pay. Train to domestic science; make high-class help out of the girls by courses in millinery, dressmaking, all of the lucrative possibilities. Half-days; from 7:00 A. M. to 1:00 P. M., literary studies, 1:00 P. M. to 4:00 P. M., actual work, after the manner of Cincinnati University. Among those so trained you would here and there find a genius.

Clean out the incorrigibles and place them in an institution so devoted. Separate the criminals from the incorrigibles and send them to reformatories, Anamosa and Rockwell City, for instance.

A useful citizen earning good pay is legal interest on \$50,000 to the State. A man who raises a family in Iowa earns and pays out close to \$50,000 in his active lifetime.

We have young men who are a liability of more than \$200,000 to the county and the State. Simply criminals. Hundreds of them in Iowa.

It pays to make an honest working citizen. Criminals spring mostly from the untrained; a man who can and does earn an honest good living rarely turns criminal. The youth trained to paying employment is not likely to go criminal, especially among the poor or those whom we call the poor. It costs less to train a good citizen than to protect society against a criminal.

The institutions for the care of the neglected children of the class that become wards of the State should be housed in cottages, each with its matron. They need that approach to home life. There is no use to argue that the inmates are better off in than out of the institutions. They are. Why not improve them more and inspire them with a desire and the hope that they may amount to something? In short, any antidote that will modify the inferiority complex that institutional life always creates and that it must inevitably create.

Why not, as far as possible, create the spirit of citizenship and hold out as an incentive the prospect of complete citizenship and a place in the sun.

To some all this may sound revolutionary. If that means turning over, let it go at that, for things in the methods of child care need revolutionizing.

It may be a bold proposition, but why not the industrial schools we have been turned over to such children so housed in cottages, and the building at Toledo or elsewhere be assigned to the housing and correction of incorrigibles and criminally inclined. That the Wood-

ward institution and that at Glenwood might be increased to care for defectives and feeble-minded, and the institution at Davenport might be increased to care for the normal minded children, instead of throwing those and the criminally minded in with the clean material for citizenship.

Why should not Iowa start making mechanics, farmers, blacksmiths, skilled workers, out of the wealth of material now being wasted and every dollar so expended would come back.

It would cost money. Universities cost money. Prisons cost money. A great system of training that would gather up and train to useful citizenship, the neglected and those denied opportunity by neglect would cost huge sums but it would pay dividends on every dollar.

Separate the ambitious, clean-minded, unfortunate, neglected boy or girl from the hopeless depraved, and give him or her a chance to become a useful, industrious and valuable citizen.

Many of those confined in the institutions at Eldora and Mitchellville are committed at an age when character has not yet been formed.

SOCIETY'S OBLIGATION TO PROTECT ITSELF

In one respect, Christmas, which we have just celebrated or rather the spirit of Christmas, is contrary to nature. Nature has no pity. Nature never forgives. Nature's law is the cruel law of the jungle, the survival of the fittest.

We are obedient to the highest instinct of humanity in salvaging all of our defectives. We are keeping them alive. We are bringing them to manhood and womanhood. We would not think of changing this one particle, but we would think of taking one additional step.

These people should not be allowed to become fathers and mothers. They should be segregated, allowed to live out their lives and make their living, but they should not be allowed to reproduce their kind. Unless we have the courage some day to meet this question and face it, we will be overwhelmed by the unfit. Stop it at its source by treating the cause and not the symptom.

The unfit ought not to be allowed to marry. They should be treated surgically so that they could not become parents outside of matrimony. The power to determine this imposes a vast responsibility but some day society will have to assume it.

Unfit is a broad term. It includes those who are afflicted with communicable diseases, taints of blood of any kind, and who are mentally and otherwise defective.

HONESTY

Honesty is the basis of right thought and action. It is vital not only to business but to legislation and to every social relation. In order for integrity to increase and become more general, there must be respect and appreciation for it. It should be spoken of as something that is not rare and seldom found but as a trait of character and habit of mind and action which is on the increase among most people. We need to quicken and clarify the thinking of people who, all too often, speak lightly about the motive, truthfulness and integrity of others. We need to give emphasis among people throughout the entire country to the fact that thought and attitude towards honesty ought to be fair, friendly, helpful and in keeping with the truth of the situation. Integrity is not vanishing and all of us ought to be emphatic in saying so. We need to come to a realization of the truth, that although we all approve the principle of right conduct, none of us are as affirmative as we might well be in our aid of increasing the general belief that honesty and good purpose are the prevailing motives of most people. Headlines often suggest that honesty, truth and integrity are virtues which are vanishing. The contrary is the rule. Most men, generally, in business and in the performance of their official duties are governed by honest motives and honest purposes, and you as leaders of the communities which you represent owe it to yourselves, to your constituents, and to the State to give evidence of this principle. Whatever will help establish this thought in the minds of the general public will insure a higher and better standard in business and in the administration of the affairs of the community, state and nation.

THE HOME AS A FACTOR IN THE MAKING OF OUR CITIZENSHIP

"In Cabins and Sod Houses" is a fascinating story of pioneer life in Iowa depicted by that venerable and much beloved Iowa Educator, Dr. Thomas H. Macbride. The description of a day in late autumn recounts the routine activities in a typical community. By way of comparison, the early settler in the state may

recall his own experiences with delight. "Morning dawned. All nature is beautiful. The sun, although on his retreating pathway through the sky, still warmed our fields. The stirring plow still rustled as it passed along. The loaded wagons, creaking, sought the sheds and cribs, while in their *homes* the busy women plied their arts accustomed." Every family had its own home, in many instances constructed of logs or the virgin sod, but generally neat and attractive as possible to make it. The community turned out en masse and built the school house in a day. We are told that the material used in the construction of the building consisted "of the soft brown of the oak, the rich purple of the walnut, and the pure white of the linden and the aspen." This educational institution served the purpose for every sort of gathering,—elections, lectures, conventions, festivals, debates, and it was the meeting place for church and Sunday School. The primitive school house was the civic center of the community. The home, the school and the church were institutions held in well-nigh sacred esteem in pioneer days. This is the rich legacy upon which our present home surroundings and conditions have been builded.

Today, how often the family has drifted away from the example of saving and frugality of pioneer days. It may safely be estimated that fifty per cent of our population live in rented houses or apartments where pride of ownership is practically *nil*.

Today, I know of no better slogan for our Commonwealth than "Every family in Iowa sheltered in its own home". I plead for the *average* American home. It is not the palaces of the rich or the shacks of the poor that furnish the "captains of industry" and the names of men and women prominent in letters, science and statesmanship.

Again, I am interested that every able-bodied and mentally capable citizen of our state shall have a worthwhile occupation, or employment at a job that will provide a sufficient wage that will enable him to own and maintain a home in accordance with a decent standard of living. This should be the *ambition* of every citizen. Then, let us inculcate habits of saving for a great purpose, viz., "every family living in its own home".

In the training of the children for useful living, the home must ever assume its share of responsibility with the school and the church, but the major portion of responsibility must fall on the home. Let us guard against every peril that threatens to undermine the home. Rome perished when most of her people became

homeless. It was Jacob Riis, who said, "Upon the home depends the vitality of our Republic".

It is important that our material resources be conserved. It is important that every laudable occupation shall be insured equality in profit sharing with every other occupation. It is important that problems of government be adjusted, rightly. But for what purpose? That we may have good schools, good churches, and good homes; upon the latter, especially, rests whatever is of most value and permanency in civic, social and economic life. Let us not forget what the past teaches us that the home is the foundation of civilization. As in pioneer days, the home, greater than any other agency must continue to exercise an uplifting and steadying influence upon our American methods and ideals of living.

The birthright of every child born in Iowa is the influence of Christian parents in a Christian home. With such a birthright we have a right to expect a citizenship which will contribute to the welfare of the State and the perpetuity of the Nation.

State of Iowa
1925

REPORT

GOVERNOR OF IOWA

Pardons, Suspensions and Commutations
of Sentences

Remissions of Fines

January 1, 1924, to December 31, 1924

THE GOVERNOR