INAUGURAL ADDRESS

OF

LESLIE M. SHAW

FIFTEENTH GOVERNOR

OF THE

STATE OF IOWA,

DELIVERED THURSDAY, JANUARY 13, 1898.

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On Tuesday, January 12, 1898, the two houses of the general assembly assembled in joint convention, as required by the constitution, for the purpose of canvassing the votes for governor and lieutenant-governor cast at the general election held on the second day of November, A. D. 1897. The canvass showing that Leslie M. Shaw, of the city of Denison in the county of Crawford, and James C. Milliman, of the town of Logan in the county of Harrison, had been duly elected to the offices of governor and lieutenant-governor respectively, formal declaration thereof was made.

On Thursday, January 13, 1898, at 2 o'clock in the afternoon, the governor of the state, accompanied by Mrs. Theodore P. Shonts, of Chicago, Ill., his daughter, the governor-elect, accompanied by Mrs. Shaw, the lieutenant-governor and the lieutenant-governor-elect, accompanied by the state officers and the staff of the governor, were escorted by a joint committee of the two houses, Companies A and H of the Third Regiment, I. N. G., and the Lincoln Hussars, of Des Moines, from the Savery house to the State house, and into the presence of the general assembly in joint convention assembled, in the rotunda. Here the officers, having taken the seats assigned them on the platform, the ceremonies attendant upon the inauguration were begun by the lieutenant-governor, as president of the joint convention, calling the convention to order and introducing the Reverend J. T. Crippen, of Marion, Linn county, who offered prayer Thereupon the chief justice, Honorable Horace E. Deemer, administered the oath of office to Leslie Mortier Shaw, as governor, and afterwards to James Cutler Milliman as lieutenant-governor. The new governor then delivered the address found on the pages following. At its conclusion the joint convention dissolved. The exercises were preceded and followed by, and interspersed with, music by the Carroll band of Carroll, and the Apollo club of Des Moines.

INAUGURAL ADDRESS.

Senators and Representatives, and Fellow-Citizens:

In assuming the duties of the office to which the suffrages of a great commonwealth have called me, I am not unmindful of the honor conferred, nor of the responsibility imposed. The people of Iowa have been kind without measure, and it remains for me faithfully to observe the oath just taken in your presence. As I approach the task I can but ask your kind consideration and your prayers that He, on whom I must rely, will vouchsafe both grace and wisdom to avoid the more serious mistakes and save the people from the unhappy consequences of such errors as I may commit.

It is a matter worthy of note that our industrial and financial skies are brightening. After the experience of unrest, distrust, doubt, fear, disaster, and much of ruin, through which we have passed, no thoughtful mind questions the truth of the proposition that we are entering upon a period of improved conditions.

STANDARD OF VALUE.

The human family learns slowly. It required thousands of years to teach monotheism to one nation. The lids above the seething pots of earth had rattled for centuries before man even discovered steam power, and for many years thereafter the world remained in comparative ignorance of the power of steam. Both earth and sky have been charged with electricity from the dawn of creation. Men stood conscious of its existence, in dread of its manifestations, but in ignorance of its nature. With equally laggard steps the world has moved toward, but has hesitated to embrace, a single standard of value. Nearly everything—cattle, tobacco, iron, leather, shells, copper, silver, gold—has been tried as standards, but not until recent years has the subject been given that careful and scientific investigation necessary to the establishment of a national and international uniformity of standard, so essential to the highest and best financial condition. Gradually, but irretraceably, has

civilization advanced, and the time is not far distant when no one, in my judgment, will so much as consider a double standard.

The family was originally the unit of civilization. Each man was more or less an Ishmaelite. He moved whither he liked, lived as he pleased, and defended himself as far as he was able. He had little, if any, intercourse with those about him, and needed no standard of value. What little trafficking he may have found convenient was effected by the exchange of commodities. Subsequently several families joined together for mutual convenience and protection, fortified a castle, defended it, but remained isolated and independent.

By degrees, through epochs more or less defined, we have advanced past the clan, the tribe, the feudal system, the state, to the federation of states, and are possibly nearing the time when the nations of earth shall be bound together, not by treaties terminating at fixed periods, but by perpetual union. Whatever may be our dream, or our hope, or our fear, we have reached the time when international commerce is of recognized importance. We have learned by experience the convenience and practical necessity of the same standard of value in all countries. We have learned that the laws of trade and the laws of convenience are, in matters temporal, supreme. Seldom has the law-making power assumed the initiative with favorable results, and every attempt to circumvent commercial necessity has precipitated disaster. The great body of English and American civil law is not the result of the inventive genius of statesmen, but it stands a monument to the adaptive versatility of the Anglo-Saxon business mind. That which trade and commerce have found necessary, or most convenient, has been perpetuated by legislative enactment and judicial decision. It has been found necessary to guard against harmful tendencies, and to erect many safeguards against the encroachments of business and financial enterprise, "lest one good custom should corrupt the world," but business necessity has become the test of expediency. Any proposed violation of principles and conditions which experience has proven needful, has ever wrought sad havoc along all industrial lines. Recent history furnishes the best proof of this statement. It would seem, from the sufferings through which we have so lately passed, that no one able to commiserate the homeless, the helpless, the friendless, and the destitute will again attempt to revolutionize the single gold standard, the beneficent effects of which have been enjoyed since January, 1879.

When the exchange value of all foreign coins in the currency of our country, and the exchange value of our money in all foreign ports, can be ascertained by simple mathematical computation, based solely upon the relative weight of each standard coin, the greatest possible inducement to both domestic and foreign commerce is secured. This is now an accomplished fact in all gold standard countries. The merchant from silver or bimetallic states must watch the market quotations of silver, as well as of the commodities in which he proposes to operate, and the possible fluctuation of his own money is sufficient to exclude him from all competitive enterprises. The people, not only of Iowa but of the entire nation, are to be congratulated that they have at last learned the necessity of a single standard, and the supreme convenience, at least, of making that standard gold. They have also learned the necessity of maintaining the parity with gold of each and every kind of money now circulating, or that may be created, for in finance, as well as in mathematics, "things equal to the same thing are equal to each other." When each form of our money is directly or indirectly redeemable or readily exchangeable at par for gold it passes current under all flags, beneath every sky, and in all ports. Anything short of this is an embargo on American commerce.

CURRENCY REFORM.

It seems to be conceded by business men, and statesmen as well, that our national currency system needs reformation. The various plans devised, and formulated and recommended, all tend in the same direction with greater or less abruptness. It is urged that the country will not consent to the retirement of the greenbacks and the issuance of any form of money in lieu thereof. This may be true, but if true it proves the existence of an ill-advised prejudice. Concede the necessity of maintaining the parity of each form of currency with gold, and the necessity of some modification of the present system is apparent. That the gold standard should be maintained was the verdict of 1896 by a million majority. The fact of notice that the case will be retried in 1900 will not justify a delay in placing the country on a safe financial basis. To do this demands the best and most stable form of paper currency. No one presumes to recommend a contraction of the currency. No one would limit us to the use of gold as a medium of exchange. All that is claimed, and all that inheres in the verdict of 1896,

is that the value of each dollar of United States currency, whether of coin or of paper, shall be the equivalent of 25.8 grains of standard gold.

The government now assumes the responsibility of maintaining the parity of the greenbacks, and for the protection thereof redeems the same in gold on demand. A hundred millions of gold is retained in the United States treasury for the sole purpose of maintaining this parity.

All have seen the evils of this condition. The government, as soon as the reserve dropped below the admitted danger limit, was compelled to borrow gold and thereby increased the national debt. If the national banks were empowered to issue currency to the full value of the bonds deposited for their security, with a reduction in the tax upon their circulation sufficient to make it profitable, and then made directly or indirectly responsible for the maintenance of the parity of this circulation and the redemption thereof in gold, it is difficult to conceive how the credit of the nation could be imperiled, whatever might become of the banks. If they were unable to protect their issue, the government would sell bonds to obtain the gold with which to make redemption, but it would sell the bonds owned by the banks and on deposit in the treasury, and the national debt would not be increased. Now, to maintain the parity of the greenbacks, the government is compelled at every threatened invasion of our credit to sell government bonds, but having none on hand it issues more and increases the public debt. Which is preferable? Each form of currency is supported by the government's credit. We are now banking at government's peril. We would then bank at the peril of the banks themselves, and the circulation would be maintained as stable as gold. Our paper currency in either instance would rest upon the market value of a government bond.

AN ELASTIC CURRENCY NECESSARY.

In some way our currency must be made elastic. Recent experience ought to evidence the necessity of authority somewhere for an emergency issue. It has been demonstrated in the last five years that a very little scare engenders a disposition on the part of the people to hoard. This proved to be as contagious as the disease germs of Asia, and as ruinous to trade and commerce. The only way that the government, under existing laws, can now increase its circulation is by borrowing upon an increased issue of bonds, which results in anything but the removal of the conditions rendering the expedient necessary. The government assumes to do a banking business upon credit rather than assets, and her board of directors are subject to sudden and capricious change, and are elected, not always because of peculiar fitness for this particular branch of business, but with various tendencies and predilections and pledged to represent the sentiments of widely diversified constituents, wise or otherwise. When such a board confronts a condition of imminent peril, they may well be expected to debate each proposed measure of relief until the country goes to ruin, or is saved by the patriotism and self-sacrifice of those whose interests are more vitally at stake. Somewhere, with some power, there must be lodged authority to relieve against a sudden mania for hoarding. An authority of this kind in recent years might have averted the disaster. It may not be so important where this authority is lodged as that it be lodged where it can be quietly exercised as occasion demands, without extra session of congress or special legislative enactment. The mere publication of its exercise would, in many instances, prove sufficient to increase the apprehension which rendered the expedient necessary. The most natural and reasonable repository would be with those institutions whose self-preservation would lead to the safe, conservative, and judicious exercise thereof.

Should either one of the several plans for currency reform now proposed be adopted, it would go far towards rendering a panic, such as we have recently seen, at least a remote possibility. The merest flurry, the gathering clouds ever discernible, would be protected against, and the country would never know that a threatened danger had been warded off, for it should be borne in mind that the public has its attention drawn to these matters only when the storm breaks.

It has been urged that to increase the powers of national banks would result in a contraction of the currency to the prejudice of the people. Those who fear this result lose sight of the law of supply and demand, and the equally potent influence of competition. It is safe to suppose the banks would increase their issue as long as it proved profitable so to do, and it would prove profitable so long as there was a demand for it. Capital would be attracted to banking channels so long as it could be made to yield a moderate dividend. The interest derived by the bank upon its deposit of bonds would assist and very soon result in a material reduction of rates of interest to those who

might require accommodation; and trade, manufacture, and every industry would be stimulated thereby. We can safely allow experience to be our teacher in this as well as in other matters. Amid the currency famine of 1893 the government was powerless to relieve, but the national banks purchased bonds at exorbitant premiums and increased the circulation $34,000,000. Now that threatened repudiation is past, and the people have returned their hoardings to channels of trade, the banks are literally gorged with money, notwithstanding an increase in business, as shown by clearing-house reports, of more than 60 per cent; and these same banks are now retiring their circulation at the rate of $3,000,000 per month. The government tax renders it unprofitable to maintain their issue in idleness.

Other facts, known to all, but overlooked by many, must be ever kept prominent if one would wisely solve the problem. Money is not consumed by its use. There is a limit beyond which money cannot be absorbed, and idle money profits no one. It is the running stream and not the stagnant pool that turns our wheels and floats our commerce.

Let no one understand this to be an argument in favor of an immediate retirement of the greenbacks It is intended only as an argument in favor of maintaining, at all hazards, the single gold standard, with an abundant issue of both gold and silver coin, and an elastic paper currency, every dollar of which shall be redeemable or convertible, either directly or indirectly, at par with gold. The dangers of our multiplied forms of paper money have necessarily been but slightly referred to.

LIMITATIONS INCIDENT TO OUR TIMES.

It is not likely, however, that we shall very soon, if ever, see as prosperous times as those that followed the resumption of specie payment, which was the practical application of the single gold standard. It may not be amiss to note a few changes in conditions. At the resumption of specie payment we had large areas of as good land as the sun ever shown upon, either subject to homestead entry or for sale at nominal prices. These are now exhausted. No one will again be able to purchase at less than $5 per acre and in fifteen years see it advance to $40. Complain as we will, these opportunities are gone. The department store is fast superseding the ordinary retailer. True, it has brought the merchandise of earth within reach of

the consumer at the lowest possible cost. The factory has taken the place of the shop. Aggregated capital has supplanted the man of small means. Corporations are more than a match for the individual in very many departments. Nearly every industry is now prosecuted on gigantic proportions, and amid such intense competition as to render the probability of success for the man of limited resources decidedly remote.

Business is also conducted on very small margins. The surplus eggs of Iowa are handled and disposed of in the markets of the world at a profit of less than a cent per dozen. This is of infinite value both to the producer and to the consumer, but is an absolute bar to the egg merchant who proposes to handle less than a million dozens per annum. The manufacturer of domestics confronts a market controlled by an eighth of a cent per yard. The producer of flour has been compelled to reconstruct his mill every five years, or retire from the field, and his output competes for the tenth of a cent. A certain factory in Iowa sells over $100,000 worth of cog wheels per annum in an adjoining state, and is able to do this because the Iowa factory does such an extensive business, and has such extraordinary facilities, that it can lay them down at the consumer's plant for the fraction of a cent per pound less than they can be made in smaller quantities. The same principle pervades all lines of business. It is idle to complain. These conditions belong to our civilization and are here to stay. They are neither an unmixed good nor an unmixed evil. Great fortunes have been made and many fortunes lost.

To avoid the possibility of a fortune being made it is sometimes proposed that the government shall take control of every industry which has proven profitable. Others are content to rail at the existing order of things, and we hear it sometimes from the pulpit, now and then from the platform, frequently from the stump, and very often from the street corner. It is the part of wisdom to prepare the citizen to meet these conditions, unpromising though they be, for meet them he must. This generation has produced them; the next must confront them, and in some respects it is illy prepared. We have sympathized, and pitied, and wept over, and discouraged, and enervated to an alarming extent. We are more in need, just now, of men who can face facts than of those who can promulgate theories. There was never such a demand as at present for men who can do something better than others. Never were

such rewards offered for real merit. Never was mere physical power comparatively so cheap, nor high grade practical intelligence better rewarded.

It is estimated that steam costs per horse-power about $100 per annum. He who can do only what a steam engine can must expect low wages, and no power of legislation will grant adequate relief. Changes in our civilization cannot be prohibited by law, nor vetoed by executive authority. Substantial protection of our industries against the homeless and hopeless laborers of Europe alleviates. The suppression of child labor, enforced sanitation, and kindred efforts all tend to abate the hardships. The abolition of trusts and monopolies would relieve, but must not be expected to cure. Encouraging laborers to oppose every measure desired by their employers never has proven helpful, and each effort to array class against class has been abortive of good.

ONE PARTIAL REMEDY.

How shall we prepare the citizen to meet existing conditions? Educate him—make a thinker of him. Protect him from heresies by teaching him logic; teach him mathematics, language, history, philosophy, mental and moral science. He may become a producer of something either rare or useful. The producer of an industry that employs ten men is as helpful to the state as the producer of the wheat that feeds them. The producer of an improvement in the method of making butter renders better service than he who merely puts this method into operation; and he who in turn produces the better article, by thus making use of the product of the other's mind, adds more to human happiness than he who produces only rejected goods. Begone forever the cant that he alone renders service who performs manual labor, or that the foundations of our government rest upon muscle rather than mind. Muscle is cheap; the rivers are full of it, the winds laden with it, the very clouds surcharged with it, but mind is scarce everywhere and brings a high price in the American market. It will require an article of a little higher grade, however, to meet the demands of the twentieth century, than has been merchantable in the nineteenth. The best product of the prairie is not corn, but men; and the quarter section that produces a thinking man, full fledged in all his powers, may well be held to have performed its mission. Be far removed also the disposition to discourage! Every child should be expected to rise above his environments, whatever

they may have been. Many will fail, but none should ever hear the suggestion from parent or teacher, from pulpit or stump, that he cannot rise. The father who is a dispenser of hope in his household renders better service to the state than the mere dispenser of bread. Labor, capital, and intelligence are jointly essential and ever interdependent. Neither can say to the other, "I have no need of thee." Each should have the fostering care of the state and the hearty co-operation of the citizen.

EDUCATIONAL OBSERVATIONS.

Our public schoo' system is justly the subject of admiration. It has accomplished much, and we do well to foster it. It is not without weaknesses, however. The city and town graded school may fulfill its mission with some measure of completeness, but the country district school, in my judgment, fails somewhat to meet requirements. The common observation of men in middle life justifies the statement that children leave the rural school at a much earlier age than formerly. A generation ago algebra and geometry were quite frequently taught in rural schools. The old time schoolmaster is superseded by those once supposed to be children, and to render their employment practicable the attendance of pupils who have reached an age when the value of an education is appreciated is prohibited. Iowa wisely maintains a magnificent university within the reach of the high school graduate, but she has made no provision for the country boy and girl to prepare to enter it. Its annual support costs the state in round numbers, $100,000 outside of permanent improvements, and in it she is able to assist far less than 1 per cent of the young people of the state, and none from the farm without preparatory assistance in some way unprovided for by the state. Within a half century at least two years have been added to the average college curriculum and fully as much dropped from the more important branches as actually taught in the country schools, thus ever widening the gap between the rural school and the college, and the pupil is left to bridge it as best he may. At no time is a young man or woman so illy prepared for self-support as while fitting for college. The state ought to provide liberal things for all her educational institutions, but ought also to provide some means to assist the country pupil to take advantage thereof. The town and city graded school is designed solely for those who enter it in infancy and remain continuously. It necessarily offers poor encouragement for the country pupil who may be

behind in some branches, though perhaps fully abreast in those which tend to make thinking men. It will take the greater part of a year to get graded, and he might about as well miss a year as to lose a term. It requires an unusual thirst for knowledge to keep a boy in school to a girl of his own age, or to consent to be graded in a town school with boys several years his junior.

There are great possibilities in the rural population of Iowa. No inconsiderable number of the industrious thinkers of earth have come from the farm. The rising generation of Iowa ought, and surely will, carry westward the laurels now held by the middle states. It has always been the first rural born generation of men that has given a state her reputation. Nowhere is there such indomitable courage, such incessant industry, and such constant hope as among those who follow the pioneer and transform the wilderness into a garden with villas, and the children of these men and women have always been heard from. With such a generation now of practical school age, shall Iowa neglect them? Motives of patriotism, as well as of philanthropy, ought to secure for them as good opportunities as are furnished their town and city cousins.

NORMAL SCHOOLS.

Iowa has but one normal school. The operative department is sustained by an annual appropriation of $20,000, and in this most excellent institution the state is able to educate less than 2 per cent of her more than 6,000 teachers. It is generally conceded that the state should add several more schools of like grade. Private enterprise has sought to supply that which the state is too poor to furnish. Thus we find different localities, from patriotic and philanthropic principles, competing in a field so large that the state is admittedly unable to occupy it. Might it not be both safe and wise, at least until such time as the state shall be able to provide additional schools, to allow graduates from normal departments, of officially approved grade and standing, in schools and colleges maintained by the contributions of our people, the same rights and privileges, including the same class of certificates, as are awarded graduates from this one state institution? To protect against superficial work the institutions applying for these special privileges ought to be required to conform their course of study to that prescribed by a state board created for the purpose, and this board should, by annual visitation, see that the requisite scholarship is maintained. A great impetus would thus be given to the preparation of teachers, and the state would reap the benefits with no outlay of money. Unless for some unexplained reason it is thought preferable to prepare teachers at public expense, the state ought to place no premium upon the small per cent of work she is able to perform. Until she shall have facilities for the preparation of all teachers needed, she ought to place no bounty upon the product of her solitary institution. It can certainly be no loss to the state to award private enterprise all possible encouragement.

THE DAIRY INTEREST.

Iowa is an agricultural state and will remain one. Not exclusively agricultural, but predominatingly so. Of this fact we are assured, and with it we are content. Those who have read the current report of the dairy commissioner, must have been impressed with the remarkable development and wonderful possibilities of the dairy interest in Iowa. It is difficult to conceive what might be accomplished by the people of our state, were this great industry adequately developed. It should receive the fostering care of the legislature.

There is but one material from which butter and cheese can be made. The very terms themselves should be as sacred from infringement as a copyright. Nothing but butter and cheese made from the product of the cow should be allowed in the markets in such garb as to permit of deception. Any wholesome product of lard, tallow, or oil should find an open market, but its color or absence of color should protect the purchaser from the possibility of mistaking it for what it is not. This most wise provision of our own law should be urged upon the attention of the people of every state and country likely to afford us a market.

If the eradication of tuberculosis will be of assistance to the industry, and helpful in finding a market for the product, then this disease should be exterminated. Let it be known everywhere that Iowa butter is made from pure cream, and is wholly free from disease germs, and the prairies of our state present an Eldorado unsurpassed.

An industry that is likely to occupy any appreciable per cent of our farming area, and afford employment to any considerable number of our people, is worthy of every encouragement, including both the prohibition of fraudulent imitation at home

and abroad, and a national protective tariff. One consideration quite generally lost sight of by our people is the fact that the dairyman's farm will be worth at the end of a decade $5 per acre more than that of his corn-farming neighbor.

MEMORIAL TO IOWA HEROES.

Within the past few years a monument, a beautiful granite shaft, has been erected by order of the general assembly, at considerable cost, to the memory of those who so nobly and at the peril of their lives took a conspicuous part in the tragedy of our civil war. It was constructed from patriotic motives and for patriotic purposes, and was expected, at the time of its erection, to be dedicated at no distant date. This ceremony, through some oversight or otherwise, has been neglected. I venture to suggest that the question is worthy of public consideration. The monument has been constructed, it will stand forever. No one now, or at any future time, will dare to lay it low, and in the coming years it will be priceless. It is educational in its character, and is calculated to impress itself and that for which it stands upon the hearts and lives of many million people. Shall it be dedicated to the principles of liberty and patriotic devotion, or stand a perpetual memorial to human misunderstandings?

HISTORICAL AND ART MUSEUM.

Iowa has a history. There is much associated with her territorial existence, as well as her subsequent statehood, of which our people may well be proud. There are two ways of perpetuating this record. One, and the least interesting, is to have it printed, bound in volumes, and placed on shelves. This is being done as a private enterprise, and the state can safely expect that the ambition of authors, and the promised gain therefrom to publishers, will do all that is needed in this direction. The second, the most interesting, and at the same time the most expensive and most permanent method is the preservation of historical relics, state papers, interstate and national correspondence, geological, zoological, mineralogical, art, and other collections.

This work has already assumed no mean proportions. It was commenced originally as a labor of love, and has been lately prosecuted with the aid of a nominal appropriation from the state. Very much of intrinsic and of far greater historic value has been secured, and is now the property of the state.

For the want of any suitable place it is now literally packed away in quarters entirely inadequate in the basement of the capitol. Assurances are not wanting that several private collections of great value, and of greater interest, can be secured without expense, conditioned only that the state arrange for their protection and exhibition where the public can be benefited thereby. If it be true that we are proud of our state and of its history; if the names of the pioneers who have builded cities, defended the honor of the flag, or occupied conspicuous positions in the councils of the nation are dear to us, should not the preservation of all that pertains thereto be a matter of public solicitude?

The last general assembly appropriated $25,000 with which to purchase grounds and erect an historical and art museum. An adjoining state, with less population, with $400,000,000 less taxable property, and with a state debt five times ours, has appropriated $450,000 for a like purpose. To pay this a special levy of one-tenth of a mill for seven years has been provided.

There are many things which the state, in view of its existing debt and insufficient revenues, cannot afford to do, and some others notwithstanding conditions which it cannot afford to omit. The son who has inherited a fortune is inexcusable if he neglect to erect a monument to his parents, even though he transcend for the time his current income. Will this generation be able to excuse itself to the next if it shall ignore its opportunity and permit to be turned into other channels the historic papers and relics now in the possession of men whose years give notice that they are not to remain long with us, or in the hands of the immediate descendants of those who have recently departed?

STATE FINANCES.

Iowa is fortunate above any of her adjoining sisters, and above nearly every state in the union in her financial condition. Much alarm has been expressed because of a small state debt. This should by all means be discharged at the earliest possible moment. Iowa has certainly seen more prosperity than most states, and owes it to herself, under ordinary conditions, to keep out of debt. And when a debt has been contracted, as at present, because of extraordinary circumstances, it ought to be paid as soon as possible, even at the expense of a slightly increased levy. Our people, in common with those of every

state and of every country and of every time, complain of high taxes, and it has become quite popular to attribute the excessive burden to mismanagement in state affairs.

The aggregate taxes collected for all purposes within the state is, in round numbers, $19,000,000. Of this only about 8 per cent goes to the state; 92 per cent is absorbed at home. Assuming that all railroad taxes are paid by residents of the state, and it swells our aggregate taxation to between $8 and $9 per capita, of which about 69 cents reaches the state treasury. Should the state levy be increased to 3 mills it would make a per capita difference of 2½ cents. To decrease the levy to 2½ mills would save 36 cents to the man whose annual tax is $50. To increase it to 3 mills would add 29 cents to his annual tax.

It has occurred to me that no one can very certainly tell to what extent our state tax can be decreased. It will be a matter of felicitation if it can be reduced to 2½ mills, but I am not prepared, at this time, to promise more than a good faith attempt. Taxes are too high only when an expenditure is made which is needless, or excessive. They are never too high when the affairs of state are economically administered, when no more departments are maintained than the demands of the state require, when no more improvements to state institutions are made than are necessary, and when all revenues are honestly collected and faithfully applied to the purposes for which they were designed.

I shall, indeed, be glad to see my adopted state return during my administration to the "pay-as-you-go" principle. There is little that we can bequeath our children more depressing in effect than debt. It is doubtful, however, if the state levy can be appreciably reduced; certainly not if the custom shall continue of annually lowering the assessed valuation of the property of the state. That this expedient for reducing taxes has been resorted to in the past is most apparent. In 1871 the cattle of the state bore an average assessment of $13.37. This has been gradually decreased until in 1895 it reached $4.96. Horses in 1874 were assessed at $42.67, and in 1897 at $11.81. The live stock in Iowa was assessed $19,000,000 less in 1897 than in 1889. A state levy of 2½ mills even upon this amount would have yielded $47,500 per annum. The assessed valuation of live stock has been reduced 27 per cent since 1893, other personal property 4½ per cent, and railroad property a fraction over 1 per cent. Assessed valuations must be maintained or

increased levies must follow. The expense of state administrations do not decrease simply because property is undervalued by the assessors. On the contrary, the expense of the state has grown constantly, and in some items rapidly. The number of inmates of all our state institutions has very materially increased, and in several has more than doubled since 1890.

Whatever may be the sequel of the next two years, it is a pleasure to succeed an administration against which no whisper of dishonesty has been heard, and one, as related to all matters of public duty, admittedly worthy of emulation.

BUSINESS METHODS IN STATE AFFAIRS.

Much has been said in some sections of the state, but none too much, about the application of business principles to state affairs. All this meets my most hearty approval. Will any forbid me the presumption that we are all, without regard to party, intensely interested in the success of this administration? I can assure you that I am, and to that end I desire the assistance of every good citizen. Permit me, then, to suggest that it will not evidence good business methods on the part of the public to either praise or blame every act of official discretion, for it is safe to assume they will be neither wholly good nor wholly bad. The prudent housewife only criticises particular items of maladministration, taking care to point out the specific errors complained of, that they may be corrected and not repeated, and thus exercises more influence in the affairs of her home than the common scold, who seeks to discover nothing worthy of her commendation, and is able to disclose nothing subject to censure. Should anything connected with the affairs of state within the purview of the executive department come to the knowledge of any citizen, calculated to cause a suspicion of evil, or should any discover wherein, in his opinion, the resources of the state are being extravagantly expended, it should be his duty, as it is my desire, to promptly report the same, with as much particularity as possible, to the administration, that it may be investigated and corrected if within my power; and otherwise that the attention of the legislature may be directed thereto and a speedy remedy recommended. In the absence of such particularized complaint, let us all indulge the happy presumption that the departments of state are being

fairly conserved; that the public servant is about as honest as the private individual; that the citizen is neither made greater nor less, better nor worse, simply by being called from private privilege to public duty; and that officials are generally wont to bring to the service of the state the same measure of integrity, industry, care, forethought, and economy that they have manifested in the humbler and more congenial walks of life.

L. M. SHAW.

January 13, 1898.

BIENNIAL REPORT

OF THE

AUDITOR OF STATE

TO THE

GOVERNOR OF IOWA,

JULY 1, 1897.

C. G. McCARTHY, Auditor of State

PRINTED BY ORDER OF THE GENERAL ASSEMBLY.

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F. R. CONAWAY, STATE PRINTER.
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