Inaugural Message

of

DOUGLAS McKAY

Governor of Oregon

to the

Forty-fifth Biennial Legislative Assembly

January 10, 1949

SALEM, OREGON
Mr. President; Mr. Speaker; Members of the Forty-fifth Legislative Assembly of the State of Oregon:

We meet today without the aid and counsel of able and distinguished men on whom the people of Oregon had relied to guide state affairs through this period, men who, in the natural course of events would have ably and patriotically met the problems we, you and I, are now called upon to solve to the best of our ability.

This has been brought about by one of the saddest tragedies in the entire history of the state. Capable guiding hands and loyal hearts have been stilled in death, and it is now our duty and obligation, in the full measure of which we are capable, to carry on in such a manner as will add most to the prosperity and welfare of our people.

I enter upon the duties of my high office most humbly and with a prayer that I may render service that will be good—good for the individual, good for the state as a whole. And at the same time, I have confidence, yes, a firm conviction, that together we can meet the obligations that are properly ours, and furnish a solution to the vexing problems that confront us.

Every state administration faces serious problems. Every state administration in the future will face them as they have in the past. They are constant in any government, and constitute a challenge that must and will be met. The degree of success we attain in meeting this challenge will be the yardstick by which our public service will be measured.

While our state constitution creates three separate and distinct branches of government—the legislative, the executive and the judicial—it also requires that the Governor shall from time to time “give to the legislative assembly information touching the condition of the state, and recommend such measures as he shall judge to be expedient.”

It is not my intention to attempt to cover in this message all State matters that I deem of importance. I have been able to familiarize myself with the general provisions of the budget as submitted, and will comment thereon, but have not had time to study the details that make up the total. As Governor, I will have the opportunity to work in an official capacity with the many state divisions. Prior to making these contacts, I would hesitate to touch upon some subjects that I may present to you in later communications.

I want to impress upon every one of you the importance of as short a session as possible. This can be accomplished only by direct and definite action on the major matters before you, and I urge that from One
today on every effort be made to handle the work as expeditiously as possible. At the same time, I recognize that the job must be thoroughly done, and that it would be a neglect of duty and a failure to properly meet responsibility if adjournment were taken without disposing of all important issues.

STATE FINANCES

The budget you have before you contemplates the expenditure through state agencies of all types, both self-sustaining and on appropriation basis, of considerably more than half a million dollars for every day of the year. It has only been some fifty odd years since the state first saw its expenses reach the then staggering figure of one million dollars for an entire year.

This graphically illustrates the fact that with our tremendous growth in population we have also had a tremendous enlargement of state problems. I want to take this opportunity to caution you as to our possibilities in regard to expenditures, and to further call your attention to the fact that there has been a dangerous growth in local taxation in recent years. The public is demanding more and more public services, but we face financial limitations that call for economies of administration wherever they can be applied without injuring essential public service.

Much has been said and will be said in regard to the so-called surplus of some fifty-million dollars. A better understanding of this picture can be gained if it is realized that this large sum would pay the overall expenses of the State of Oregon for only about three months.

For a number of years the state has diverted money that was formerly considered as exclusively State funds, to local schools, counties and cities. And I believe quite properly. But again I want to caution you—this source of revenue for the various subdivisions of the state government is fast reaching the point of complete exhaustion, if it has not already reached that point.

A BALANCED BUDGET

I believe it is possible to balance the budget for the coming biennium. By legislative action, future receipts from the corporation excise tax can be made available for meeting the present deficit or any appropriation purposes. I recommend that this action be taken.

This power of the legislature also applies to the future income tax funds, and it may be that similar action should be taken in regard to this act, applied only to such sums as are available after present obligations relating to the school fund have been met. It will also be neces-
sary that the provision for discount of income tax in accordance with the amount in the surplus, be eliminated.

It has been authoritatively ruled that the existing surplus can be used only for relief of property taxes. It has been my hope that this money be used only for some purpose that will be of lasting benefit to the state. A substantial amount is needed at once for permanent construction at the state schools and the various institutions. This need should be met, and I urge your consideration of a building program, to be advanced as rapidly as justified by need and sound business considerations. It seems probable that such a program would be approved by the voters, outside the six percent limitation, thus making funds from the surplus available for this purpose.

During my campaign for election, I advocated the raising of exemptions for income taxpayers and repeal of the withholding tax. The voters took action on the income tax exemptions at the November election. It is my belief that the withholding tax provisions are unreasonable and impossible of enforcement. Care should be taken in regard to action on this law, to avoid further confusion by making any contemplated repeal effective at a proper date. I also recommend for your consideration exemption from income tax of unusual medical expense; also life insurance premiums up to $250 annually.

**NATURAL RESOURCES**

It is my earnest hope that during my administration, the State of Oregon will undertake a farsighted and comprehensive program for the conservation, control and full utilization of our greatest single resource: Water—the foundation of the future industrial, agricultural and recreational empire of the Northwest.

Water has the dual capacity of being man’s friend or his enemy. Sweeping in unharnessed floods, as in the Columbia and Willamette Valleys, damaging millions of acres of some of the most fertile soil on earth, it has taken a tragic toll in life and property. Harnessed to provide electric power, diverted to feed thirsty acres of potential farm land, conserved in watersheds to keep forests perpetually green and to maintain the habitat of our game, protected against pollution to restore streams abundant with fish—water can be man’s most versatile and effective servant.

Oregon has millions of kilowatts of potential hydroelectric power. The Pacific Northwest has 47 percent of the potential of the Nation. This is the backbone of our industrial future.

The seriousness of our present power situation is well known to you. With the greatest hydroelectric possibilities of any section of the

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world, we face a critical shortage that may last for as much as ten years, and is almost certain to continue for the next five years. Industrial development is being hampered by the present shortage. Certainly, we should do everything possible to cure the present shortage and to develop hydroelectric resources equal to our opportunities of the future.

The United States Soil Conservation Service estimates that the great Columbia flood of last spring removed 80,500,000 tons of top soil from the State of Oregon. It is authoritatively estimated that 3,600,000 acres of Oregon land are in critical condition from soil erosion, and that another 4,600,000 acres are being eroded rapidly. Immediate steps to halt this erosion is a responsibility we owe to the future generations of Oregon.

The restoration of our watersheds, flood control, irrigation of the vast potential farm lands of our state, and the restoration of underground water levels that nourish our present fertile acres of farm land is the only secure foundation on which to build the future of our agricultural economy.

Conservation measures must be the corner stone of a program for the development of our resources of fish and game.

There are today a multiplicity of agencies, each working earnestly and faithfully, but sometimes in divergent directions, but all concerned with the resource of water and its utilization in the development of the state. I regard as one of the most earnestly needed of all the programs concerned with the future of our state, the coordination and the integration of all these agencies into a cooperative effort to create a comprehensive program that covers all phases of these problems.

It is my intention in the near future to call together representatives of the state agencies concerned, including the Department of Forestry, the Department of Agriculture, the Fish and Game Commissions, the Hydroelectric Commission and various other state agencies. These representatives will constitute a Governor's advisory board, with responsibility to take initial steps to coordinate their individual programs, but without sacrificing their individual administrations. I have outlined the objectives of my administration in this particular in order that I might invite your cooperation, and in order that it may be considered in connection with the proposed legislation touching upon these matters.

With particular reference to fish and game, I wish to call attention to the reports of the Legislative Interim Committee. These reports contain many valuable suggestions from men intimately familiar with fish and game problems. The reports suggest, among other things, a large increase in license fees. I urge that you do not make hunting and
fishing so costly that it can be enjoyed only by people of means. It must be kept within the reach of all, even if the program requires some help from the general fund. This can well be justified because of the tremendous value of fish and game resources to the state as a whole and its important value in connection with tourist travel. Many other states have found it necessary to supplement budgets by appropriations from the general funds of the state.

ROADS AND HIGHWAYS

Improved highways are daily becoming more and more vital to Oregon's economy. Lumbering and agriculture, our two largest industries, depend on highway transportation. Every industry, every individual in Oregon, has a personal and direct interest in the development of a sound program of road building that will modernize our highway system at the earliest possible date.

The last legislative assembly by Senate Joint Resolution No. 9 created an interim committee of members of the legislature to make an investigation of the system, construction and revenue needs, and report back to you. This report is before you and merits your thoughtful consideration.

The committee held fourteen regional meetings, in every section of the state. Highway users of every type, from the private passenger car owner to the largest commercial operators, as well as representatives of counties and cities, industry, labor and agriculture appeared at these meetings and expressed their views freely. The meetings were so conducted that much first-hand information was obtained, and it is my belief that the committee did a thorough and conscientious job. This is especially true of the chairman, Hon. Ralph T. Moore, who has devoted months to this work, and whose leadership has been of great value.

As a nation, we have fallen far short of meeting our needs for highway transportation. Oregon is no exception. Due to our great influx of people, it is probable that our situation is more critical than is the case in most other states. I doubt that our program would have kept pace with our needs if there had been no war. Now we must plan to make up for that period of practically no construction, in addition to meeting fast multiplying future needs.

This urgent need for modernization, together with greatly increased costs, make it apparent that we must spend more money on our highways. If roads such as we need, and hope to have soon, are to be built, then it is clear that gas taxes or registration fees, and possibly both, must be increased.

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TRAFFIC SAFETY

Oregon's outstanding traffic safety program should be continued and advanced in every possible manner. National recognition has been accorded this state many times for this work, and with our greatly increased traffic it is of greater importance each year. Make Oregon's highways the safest in the nation.

MOTOR TRANSPORTATION ACT

A large number of amendments to the motor transportation act passed by the last legislature will be before this session. Available records indicate that this act, instead of bringing about an increase in state highway revenues, has yielded lesser amounts than the act formerly in effect.

The new act represents a conscientious effort to bring about equitable charges for commercial use of the public roads, streets and highways. It was passed only after some six years study by three different interim committees, and at the time of passage was generally approved by both industry and the highway department.

Many low mileage vehicles were placed under state permit, and it has developed that in many instances their fees do not justify collection and auditing, and fall far short of the flat fees they originally paid. There is also a large amount of non-productive detail work required from the operators that can be eliminated.

Another most important matter to consider in this connection is the fact that in the adoption of the present act our registration fee was thrown so far out of line with the fee in the state of Idaho that authorities in that state have discontinued previously existing reciprocal relations with Oregon. This has been a source of considerable confusion, expense and trouble, and in the adoption of a new act I urge that its bearing on reciprocal relations with adjoining states be one of the major considerations.

A large degree of motor vehicle reciprocity has been attained in the nation through years of effort on the part of people who believe that the setting up of state lines as trade and social barriers is un-American and detrimental to the public interest, and I believe it to be vital that no ground be lost in this forward move. Oregon has always been a leader in this program.

FORESTRY PROGRAM

Very little in the way of new legislation is needed to support Oregon’s outstanding forestry program. I am convinced that our state leads the nation in its advanced and forward looking policy of
forest land management, as well as in research and other factors that make up the complete program.

The state now has some six hundred thousand acres of forest land. The people have voted bonds for reforestation and the industry is being taxed through a 1947 legislative measure for research in wood chemistry and other new and rapidly progressing developments that are vital to the lumber industry.

Probably nothing that comes before you will have the important bearing on Oregon’s economic future that the forestry program carries. We can all be eternally grateful that the heaviest burden of lumber production did not reach this state until many others had been cut over and laid waste, and that the example of what happened elsewhere reached us in time to cause the adoption of measures that will assure Oregon a lumber industry that will be permanent.

Undoubtedly more land will be placed under state management each year, and it is reasonable to suppose that a large amount of it will reach this status from the excessive cutting of the past few years. There are some matters regarding the management of these lands that call for future attention and in regard to which I am convinced some constructive work can be done that will be of lasting benefit. However, I am told that this can be accomplished under existing laws, and that no new legislation will be necessary.

I urge you at all times to consider the great value of the forestry program and do everything possible to continue and advance it.

STATE INSTITUTIONS

It seems to me that there has been much thoughtless and unjustified criticism of Oregon state institutions. We hear little of the wonderful work that has been done—the thousands of mentally and physically ill people who have been cured and returned to a normal life and a gainful occupation.

At the same time, the physical plant and equipment at these institutions have never been either modern or adequate to meet the demands placed upon them. Buildings recently completed, and under construction, will be of important help. They are by no means sufficient to meet the moral responsibilities of the state, and a long-range program of modernization is imperatively needed. It is easy to postpone such a program under the pressure of all the things that need to be done throughout the state organization. Our moral obligations to the wards of the state do not permit procrastination and delay. Appropriate action should be taken at this session.

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HIGHER EDUCATION

The needs of our educational institutions must be recognized and met in any constructive building program. These needs are clear, due both to our increased population and to the fact that construction was completely halted during the war years.

Probably in no field, for which appropriations will be made, can it be said as truly that the money spent is an investment in Oregon's future. In a large measure, the standards of our educational system will be the standards of our public and civic leadership in the years to come. It should be recognized, however, that the tax resources of Oregon are not equal to those of some other states, and that the natural generosity of the people toward the needs of education contemplate a careful scrutiny of the appropriations requested. We can achieve our objectives and stay within the limit of our means only by concentrating our available resources upon the essential elements of educational training that are directly productive of good leadership and citizenship.

OLD AGE ASSISTANCE

The Old Age Assistance Act, approved by the people in November, although faulty in its construction, was a clear expression by the voters of their direction that our senior citizens in need be granted a minimum of $50 per month. In my judgment, $50 a month is little enough. The increase is recognized in the budget before you. It will, of course, be necessary that consideration be given to the requirements of the Federal Social Security Act in order to retain matching federal funds.

The state's obligation in this connection goes beyond the money available under the Knox law from the profits of the liquor commission. Old age assistance should be based upon need, and not upon anticipated profits from the sale of liquor. It is my recommendation that receipts under the liquor control act be placed in the general fund, and that appropriations for old age assistance be made, as are other general fund appropriations, without limitation as to receipts from any particular source.

STATE SALARIES

During the past few years, and particularly since the passage of the civil service law, there has been a substantial increase in state salaries, but a satisfactory solution of this problem has not been reached. The state must pay salaries comparable to industry if it is to attract and retain the services of men and women capable of handling its business efficiently.
It is hoped that this Legislature will be able to make a more thorough study of this problem than has been possible in the past. I suggest that actual departmental payrolls and other conditions of employment be studied either by a special committee, or the sub-committee of the Ways and Means, assigned to the budgets of the various departments.

The state employees are entitled to a thorough review of their recommendations, and any action taken should be based on a full knowledge of the subject.

**MILK CONTROL**

In 1943 enforcement of the milk control act was placed in the hands of the Director of Agriculture. The methods previously employed were deemed unsatisfactory.

Handling of this work does not integrate itself in a satisfactory manner with the duties of the department. I recommend that you give this matter careful consideration. There are a number of alternatives, and it is my belief that removal of milk control from the Director of Agriculture will be in the best interests of the state, and enable that department to better perform its many other important duties.

**INDUSTRIAL SAFETY PROGRAM**

The program of the State Industrial Accident Commission for the prevention of industrial accidents is paying gratifying dividends. Management and labor are to be commended for their increasing participation and cooperation. This program should be continued and should be expanded, as this can be accomplished on a practical and effective basis.

Benefit payments under the Industrial Accident Commission are not realistic in relation to present living costs and should be increased. At the same time, adjustments should be made to remove existing inequalities between various classes of injuries.

Benefits paid under the Unemployment Compensation Commission deserve careful and sympathetic review.

**DAYLIGHT SAVING**

Every year the question of daylight saving is before us in some form or other. In 1948 the State of California adopted a daylight saving plan as a power conservation measure, and many cities in Oregon and Washington took similar action, but for a shorter period. In itself, it is not a question of great importance, but partial adoption creates a great deal of confusion and inconvenience.

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This assembly will probably have contact during the session with Legislative groups from Washington and California. The possibility of partial adoption could be removed if the Legislatures of the three Pacific Coast States would agree on some uniform act, either providing for adoption of a daylight saving plan, or prohibiting it.

UNNECESSARY PUBLICATIONS

There are a number of voluminous printed reports from state departments on your desks. Some of these have real value and may well be a help in your legislative work. But there are many reports from various departments, in many instances required by law, that appear to me to serve no useful purpose. I question also the justification for a number of other state documents and publications issued in printed form. Mounting costs of paper and labor have caused some of these to become an unjustified burden. I believe this situation calls for a careful study and action on your part, and amendments to remove mandatory requirements of publication, where value does not justify their cost. As Governor, I will give the subject continued study toward substantial economies.

CONCLUSION

I am deeply grateful to the people of Oregon for the opportunity they have given me to serve my native state. It is an honor that carries heavy responsibilities, and to the meeting of these responsibilities I will devote full time, and conscientious effort. I assure you that you will have my complete cooperation, and that it is my desire to keep a close contact and have a clear understanding of our joint problems as the session progresses.

May our efforts justify the confidence that has been placed in us by the people of Oregon.