

Message of
ARTHUR J. WEAVER



INAUGURAL ADDRESS

Delivered to The

SENATORS AND REPRESENTATIVES:

In pursuance of the provisions of Sec. 7, Art. 4, of the state Constitution, I have the honor to submit the following as my message to this Legislature. Permit me first to acknowledge the obligation I owe to the people of my native state for the opportunity for service which comes to me as Governor of Nebraska. In common with you as the chosen representatives of the people, I have a just pride in her splendid progress and present position as a state.

At the threshold of my administration, with a sense of my responsibility, I pledge you and the splendid citizenship which we represent, my full co-operation, my earnest efforts, and whatever ability I possess, not only to maintain this enviable position but to advance her progress in every sound and constructive way.

I also acknowledge the privilege of appearing on this occasion with the distinguished retiring Governor of this state, the Honorable Adam McMullen. He has served Nebraska ably, honestly and creditably as her chief executive for four years. I am sure that I express your feelings when I voice the wish that Governor McMullen and his good and gracious wife may continue to be blessed with good health and happiness, and the appreciation of their fellow citizens, as just rewards for their honorable public service. I include Mrs. McMullen for the reason that having known her intimately for many years I fully appreciate the fact that the wife of a Governor can do much to lighten the load he carries, smooth the path which he travels, and graciously join him in the welcome which a Governor and his family should give to the citizens of Nebraska when they come to the Capitol.

Governor McMullen has ably reviewed the record of his administration, detailed much valuable information for your guidance, and given you his recommendations as to state policies. I am sure that this important message not only deserves but will have your earnest consideration.

It is my pleasure now, as well as my privilege, to present to you my views as to important problems which demand your attention. Because of the importance of some of these I have discussed them at some length, and for that reason have been unable to include in this message a presentation of other matters which may require a special message at a later date. If I find that such are imperative I shall exercise this Constitutional right.

Four major questions were issues in the state campaign, the Code Law, Good Roads, the Intangible Tax, and the Bank Guarantee, which I shall present in the order named:

The Code Law

One of the essential planks in my platform as a Primary candidate for Governor was the repeal of the general administrative provisions of the present Code law. I accepted my nomination as an approval of my position. Later at the Republican State Convention I stated my position fully and frankly, and in order that there may be no misunderstanding as to the Republican position, I incorporate, as a part of this message, the Code platform plank adopted by the Convention, on which I squarely stand:

THE REPUBLICAN CONVENTION DECLARATION:

"We favor bringing the executive department of our state government into full harmony with the new constitution. We do not propose to return to the 'Board System' in general use before the adoption of the Administrative Code in 1919. Neither do we propose to follow the proposal of the last democratic governor to increase the number of departments under the governor and increase the governor's power.

"The present Code Law was adopted before the changes in the state constitution in 1920. The work of the Constitutional Convention made several important changes in the state constitution with reference to the executive department. The constitutional office of state tax commissioner was created. An executive budget was established and provision was made for more effective use of all elective state officers. A reorganization of the executive department in the light of these amendments to the state constitution and of the experience had under the present organization will further simplify our state government.

"We therefore propose a substitution for the general administrative provisions of the present Code, appropriate legislation for shaping a new organization of the state executive department based upon the following principles:

"A. All law enforcing agencies of the state shall be under the control and direction of the governor.

"B. All budget supervision and control shall be under the governor, as required by the constitution.

C. Separable administrative functions, now vested in the governor under the Code, which do not involve law enforcement or budget building or budget control, if any duplication exists between the functions of constitutional officers, other than the governor, and the functions of the code organization, shall be transferred to such other constitutional officers with fixed responsibility in them for the functions so transferred.

"D. In the organization of the executive department full use shall be made of all constitutional officers. No new executive departments shall be created. Existing departments under the governor shall be consolidated and the number reduced.

"E. Executive responsibility shall be fixed and definite, and all duplication avoided.

"F. The budget policy of the state should be further strengthened. We favor combining in the office of tax commissioner, under the direction of the governor, both the supervision of the tax laws and the state budget, thus placing in the same office both sides of the state's ledger, namely, income which is represented by taxes on the one hand, and expenditures of state funds, on the other.

"G. The repeal of all present statutes inconsistent herewith."

The position of the Republican party in this state for the first time since the enactment of the Code, has been clearly defined, with specific pledges to the people. In previous platforms general pledges, which we have a right to assume were also in good faith, but which have not been redeemed, were made for the elimination of duplication existing in the executive branch of the state government.

Because of my election as Governor and the approval of the Republican position on this question, the members of our party as well as the people of the state, regardless of their political affiliations, have a right to expect that this pledge be carried out in good faith. I believe that the people of the state understand my position on this question, but in order that there may be no misunderstanding as to the specific defects of the dual system of government which I regard as cumbersome, expensive, and indefensible, as well as the specific remedy which should be applied, I shall restate my position briefly and as supplemental to the party platform on this subject:

Sec. 1, Article 4, of the State Constitution provides as follows:

"The executive officers of the state shall be the Governor, Lieutenant Governor, Secretary of the State, Auditor of Public Accounts, Commissioner of Public Lands and Buildings, Treasurer, Attorney General, Superintendent of Public Instruction, and the heads of such other executive departments as may be established by law. The Legislature may provide for the placing of the above named officers as heads over such departments of government as it may by law create."

Section 27, Article 4, provides as follows:

"No executive state office other than herein provided shall be created except by a two-thirds majority of all members elected to the Senate and House of Representatives."

These constitutional provisions were approved by an overwhelming vote of the people in 1920. The Code law was enacted in 1919. Under the foregoing constitutional provisions, the latest expression of the people as to the executive branch, we have a right to assume that it was the intention of the people to utilize the state officers as far as possible for the transaction of the public business. They are all constituted executive officers and, outside of law enforcement and the administration of the budget, mere administration duties in the interest of economy could as well be assigned to one of these state officers as to the other, except where there are special reasons for committing certain duties to one official in preference to another because of the nature of his official position.

The principle of the Code law is responsible government, with fixed responsibility in the state official charged with certain administrative duties. I agree that this is sound, but contend that the State Treasurer, State Auditor, the Secretary of State, and other state officers, exemplify this same principle as fully in the discharge of duties which for many years have been committed to them by the Legislature, as we would concede the soundness of the same principle when applied to other duties committed to the Governor. We have a right to assume that the people intended the elective state officers to perform a real part in public administration. There is no cause for debate as to the merits or demerits of a strictly short ballot form of government. We do not have this system in Nebraska.

Therefore, as Republicans and Democrats desiring to make fully effective the new Constitution of the state, as well as to carry out the mandate of the people as expressed in the last election, we should agree on the sensible and business-like program of reducing the number of Departments of government to the minimum, of the consolidation of others, of the elimination of useless bureaus and divisions, and of committing to elective state officers in preference to Code appointees, such mere administrative duties, as:

1. The collection of the gasoline tax, amounting annually to approximately four million dollars, which with the gasoline inspection fee should be remitted direct each month by licensed operators to the State Treasurer. This would result in abolishing a bureau which should never have been created.

2. The registration of motor vehicles which should be returned to the Secretary of State where it formerly was administered, or to the State Treasurer who receives the license money.

3. Recording of vital statistics, being merely a record of births and deaths, from the Department of Public Welfare to the Secretary of State.

4. Supervision of the Capitol building to the Commissioner of Public Lands and Buildings, as long as this office is continued which I recommend should be abolished. A constitutional amendment to secure this result should be submitted to the people. This office was indispensable in administering the public lands in the early day, and has been well administered. Now we have no more use for it than we have for hedge fences in eastern Nebraska. Both have fully served their purpose. The duties of this office could well be committed to the State Treasurer.

5. The activities of the Code Finance Department which I regard as a duplication of the work charged upon the Auditor by the Constitution, except the Budget administration and the Purchasing Department. The Budget should function under the Tax Commissioner who is an appointee of the Governor, and the Purchasing Agent should function directly under the Governor.

In the transfer of the finance accounting to the Auditor, two requirements of the Code law are worthy of retention and should be imposed on the Auditor. They are the quarterly estimates by expending agencies and the encumbering of funds to meet the obligation of the state before any such is assumed. The quarterly estimates are not effective until they are approved by the Governor, and not state money can be paid out which is not covered by the quarterly estimates. This gives the Governor control over expenditures in all Departments for which he is responsible. This same rule applies to all contracts for expenditure.

The law could be improved, in transferring this Department to the Auditor, by extending these safeguards to all expending agencies of the state. Such provisions would conform to the constitutional provision which charges the Governor with efficient and economical administration of the state's business.

The retention of the Finance Department has been urged on the ground that it is the "eye of the Governor". The "eye of the Governor" could, however, see as clearly through the records of the Auditor's office furnished him under mandatory provisions of the law as under the existing duplicated agency.

6. Fish and game activities, which, with forestry could well be committed to the State Park Board, reorganized under a proper title on a bi-partisan basis, with the same safeguards as to expenditure under the Budget as now imposed by law on such agencies as the Board of University Regents and the Normal Board. These activities, protective and constructive in nature, should be divorced entirely from political administration. The co-ordination recommended is logical in view of the fact that every park is a bird sanctuary and a refuge of wild life, and duplication now exists in that the Fish and Game Department is planting trees and establishing park areas adjacent to the lakes owned by the state. The annual increase in fish and game license receipts shows a wholesome interest on the part of our people in outdoor life, the protection of wild life, and the preservation and establishment of recreational places. These funds should be used solely for the triple development herein referred to. Under this plan these agencies should be self-supporting.

7. Direction of the Bureau of Securities, which Department no longer has duties enough to justify a separate existence.

The work of this Department, which I have already consolidated until legislative action under the Insurance Commissioner, is partly accounting and partly law. The Bureau should be in the Auditor's office with provision for assistance from the Attorney General, or under the Attorney General with provision for assistance from the Auditor's office in handling audits.

8. Child Welfare activities. This work could be handled by the State Superintendent of Public Instruction with present organization more effectively and with less expense. There is no reason for having this work in the hands of partisan agencies.

9. That part of the general State Library at the Capitol, exclusive of law and general reference, should be consolidated, to avoid duplication, with the University Library. Work now being done in the matter of the travelling library could readily be handled with student help at the University. This would not affect the law library or mean the removal of standard reference works needed in such a library.

10. Supervision over the Racing Commission, which should be transferred from the Welfare Department to the State Board of Agriculture.

The activities listed above are illustrative of administrative duties which would tend to simplify the executive branch with the resulting

reduction in expense. The sole exception as to these duties being merely administrative, is found in the dual character of the fish and game laws where law enforcement is necessary in the administration of these activities. This, however, is really in the nature of special law enforcement and could well be retained by the co-ordinated agency proposed. If the Legislature determines otherwise the enforcement of game laws could be put under the State Sheriff, or at least could receive great assistance from this office.

Banking and Public Works

As heretofore set forth in my public statements, I recommend the creation of a Board on Banking and an Advisory Council on Public Works, the latter to consist of Constitutional Officers.

Banking administration should be placed on the high plane of business administration, free from political control and interference. This important branch could well be administered by a bi-partisan Board of six members, consisting of bankers and business men, representing both agriculture and industry, or by a Board of Constitutional officers and citizens of special training and experience.

I submit for your earnest consideration the advisability of placing in the hands of such a Board the full administration of our banking laws. The appointment of the Bank Commissioner, removable for cause, should be for a term of at least five years. The examining and supervisory force should be adequate and well paid.

With such a Board, a majority determination would mean a two-thirds vote, which would be an additional assurance as to policies and appointees.

In such administration we need to accomplish two things: First, to get the composite judgment of the best minds the state possesses, and second, to obtain that degree of publicity of our situation which will enable the citizens of the state to form an intelligent judgment both of existing conditions and of the remedies which will be proposed.

I hold the firm conviction that had there been such an administrative body, or a Board of Constitutional officers, instead of the one-man administration under the Code, our unfortunate banking situation would not have become so acute.

In the matter of Public Works, I recommend, for the reasons set forth in my presentation of the road problem, the formation of an Advisory Council of Constitutional officers, and to this extent this Department under the Code law should be modified.

In relation to the Code revision herein outlined and involved in the repeal of the general provisions of the Code, I desire to emphasize the thought that duplication consists not only in administrative duties, but in the fact that several separate departments set up by the Legislature are administering duties under appointive heads which could be well assumed by the constitutional officers. There exists a duplication in the administrative force, where and whenever one official can do the work of two or more.

Unless we call a halt in the creation of new departments, we are not only nullifying the plain intent of our constitutional provisions but we are adding to the cost of government in this state. The only justification for the creation of any new agencies is the regular and legal creation of such additional activity under Sec. 27, Art. 4. Unless new departments of government can justify under this two-thirds requirement of the new Constitution, they should not be created. Otherwise there is no end to governmental agencies.

The essence of the Code law and any policy adopted under it is contained in the general provision of the Act. Under these general provisions the administrative authority is committed entirely to the Governor. This I oppose under a Constitution which provides for eight elective state officers. I believe it sound, common sense and good business, to make these elective state officers a real factor in administration. This would bring harmony and co-operation, with resulting economies.

No one opposes the consolidation of many state agencies which has been effected in recent years, and which culminated in the passage of the Code law. This part of the Code law is commendable, and further consolidation of existing bureaus and divisions should be made where there can be helpful co-ordination.

No one wants to repeal necessary laws touching important subjects, whether incorporated in the Code or outside of it. Many of these, in fact nearly all of them, have been laws passed before the Code system was adopted. It is the administrative feature, giving us a one-man government which is the essence of the law and which represents a new policy, to which I am opposed and which should be repealed. Too frequently it results in abuse of power, neglect, and additional officers and employees, dictated by political expediency.

Law Should Permit Governor to Appoint Constitutional Officers

An additional safeguard and economy could be effected by a general provision giving the Governor authority to place at the head of any department or departmental activity, which the Legislature

entrusts to his administration, a Constitutional officer of the state. Such discretion reposed in the Governor, would frequently make available a Constitutional officer in administration of matters, for which, by training, temperament and general qualifications, he was peculiarly fitted.

I emphasize the importance of this change for I regard it as fundamental that wherever we can reduce the number of expending agencies with which the Legislature has to deal, and limit them as far as possible to the elective state officers, who must answer directly to the people, we will do much to curtail the amount of appropriations which in the final analysis determine the cost of our state government.

I am not a pessimist, but the mounting cost of government in recent years, from the nation to the smallest political sub-division, is alarming to all thoughtful citizens. Taxes which absorb a large part of the income of property amount at least to its partial confiscation. The ownership of property must not become a mockery, but must continue to be the traditional assurance and inspiration to the home builder and the home owner. The personal rights of the citizen and of his property, are the essential foundations of government in this country, and they should not be impaired by the excess weight which dreamers and faddists would add to the superstructure. We have too much government, too many laws, and too many officers.

The danger of unrestricted authority in administration, is that the creation of a division too frequently results in a large bureau or state department.

In concluding this discussion as to the Code law, I call your attention to the first paragraph of the Code resolutions of the Republican State Convention, which is unmistakable as to its meaning:

“We favor bringing the executive department of our state government into full harmony with the new Constitution.”

I have every confidence that this Legislature will use its great opportunity to make effective the foregoing pledge which is basically sound, and which the members of both parties in this body can approve. If you do this you will make a real contribution to Nebraska in simplifying its government, in making it more responsive to the will of the people, and in continuing it as our servant and not as our master.

Good Roads

I believe it is the deliberate judgment of the people of our state that the improvement of our roads is a sound public policy. The good roads movement, here as elsewhere, has been an educational one. A large electorate like that of our state, would not agree as to all details of a program of such importance and far-reaching consequences. The Senators and Representatives assembled here would not agree as to all the details, but the vast majority of our people, and I believe practically all of the members of the Legislature, can agree as to these essentials:

1. That there is a necessity and real demand for good roads.
2. That they should be built, as fast as we can afford them.
3. That they should be of varying type and character so as to meet the demands of the traffic which they must carry. This would provide pavement where pavement is indispensable. It would provide gravel roads where gravel roads answer the purpose and it would provide dirt roads where they are economical.
4. That the expense of building and maintenance should come largely from the users of the roads, this being in accordance with the principle of a tax based on special benefits. This principle can be made fully effective in Nebraska under the clause of our new constitution which provides for taxes other than property taxes and which is based on the justice of taxes for any special privilege or benefit exercised in the community. Under this constitutional authority the legislature should impose adequate taxes on commercial trucks and busses. In establishing a fair basis for this taxation consideration should be given to such factors as weight, capacity, gross revenues and mileage.
5. That there should be an equitable distribution of road funds and road building to all parts of the state as provided by the present law. This recognizes the necessity of main lines and feeders of varying capacity and quality, so that there will be suitable service to the state as a whole. There must be co-ordination throughout the state. Omaha, Lincoln, and many other commercial centers are great and important cities because Nebraska is great. These cities are advancing their own best interests when they take a broad view as to the building of good roads in the interior sections. Much of the trade and wealth of the state flows into and through these gateways. The present system for distributing road funds, based on area, post road mileage and population, is fair and desirable, and should be continued as a basis for all road funds. The improved highways leading to the most distant boundaries of Nebraska, are only a continuation of the paved city streets. Therefore, every part of Nebraska must be served

equitably in the construction, maintenance and general administration of public roads.

Central Authority

6. There must be central authority in the state, as to both construction and maintenance, and also authority in the counties within the sphere of their reserved right, so that there will be co-ordination, efficiency and economy. Generally speaking, we have this central authority and these protected rights for both the state and local subdivisions. The results attest the justice and merits of the present law.

Pay As We Go

7. That we are committed to the principle that there shall be no vast expenditure of public moneys at any one time; that we believe in the policy that we should pay as we go, under the fixed policy represented by a constitutional provision which was in force for forty-five years under the old Constitution and reaffirmed under the new, wherein the state cannot incur a bonded indebtedness, except \$100,000. This has been our policy on road construction so far. It is a good policy to continue. It has been our policy in the building of our new capitol. The people of Nebraska are intelligent, have vision and are willing to provide within reason for the future of this great commonwealth. On the other hand there is a great latitude given local subdivisions, such as counties, cities and school districts, as to bond issues, thus emphasizing the American doctrine of local self-government, where the local need and local benefits are apparent.

The authority reposed in local subdivisions referred to, will enable counties to install pavement to meet unusual conditions on bottom or sandy lands, and their distributive share of road funds in such cases could be applied on the present basis, for such purpose, as it accrued. The question of any pavement at this time would continue to be a matter for local determination, and would not in any way divert funds to which other communities are entitled for the completion of the present highway system. Furthermore, any local paving, locally determined and paid for, should not interfere with the present gravel program, which should be completed under the present law as fast as it can be expeditiously carried out, and without diversion of funds for any purpose whatever.

Council of Constitutional Officers Would Be Helpful

8. That we have ample machinery in Nebraska for road administration, that we do not need more public officials to administer our state affairs, and that as long as our governors, as they have done

so, recognize that an important branch of the state's business like the Department of Public Works, is non-political in character, and should be administered solely as a great business undertaking, we need no new agencies of administration. However, I am firmly convinced that it would be of great advantage to both the Department of Public Works and to the Governor in the administration of this activity, to have the advice and counsel of a Board of Constitutional officers in the consideration of important policies of the Department, both as to projects and expenditures. The records of such a council should be kept as a public record open to the inspection of the public as to the collective judgment of its members. I therefore recommend that such a council be authorized.

Gasoline Tax—Farm to Market Roads

The people of Nebraska have endorsed the principle of paying for the construction and maintenance of highways by means of the two-cent gasoline tax and this should be continued for the purposes for which it is now applied. If it is necessary to provide additional funds for a farm-to-market highway system, or for meeting Federal Aid, this condition should be met with an additional gasoline tax rather than a property tax.

I am opposed to building state roads either by bond issues or property taxes. Any increase in the gasoline tax should go to the counties for farm-to-market systems.

This system represents the immediate and primary need of our state. No state can have all the roads it wants or needs in any year or in several years.

The next step in a practical program for an agricultural state like ours is to secure the farm-to-elevator roads. These will supplement the state and federal highway system, and our road program will not be complete until we build them. The wisdom of such a system is based on the fundamental principle that every transportation system, whether railway, waterway, or highway, to attain the greatest efficiency and economy, must consist of main lines and feeders. Furthermore, the farmer would then be enabled to sell and deliver his products on the market of his choice.

We are fast completing the system of main highways. We must now, in good faith, and in order to realize the full use of our investment, make provision for county farm-to-market highways. When the rural population of a state is unable to use state and federal highways

during long periods of adverse weather conditions, it is not getting the benefit of what it has helped to pay for, and the isolation should be removed by legislation providing such farm-to-market roads. For surfacing these as well as our state roads, Nebraska is particularly fortunate since the Platte and other river valleys furnish, at reasonable cost, every part of the state with an inexhaustible supply of the finest gravel. It is an ideal surface material, practically as indestructible as the granite of the mountains from which it comes. When we contrast our road building material with that of other states, we realize our good fortune and understand why they are compelled to pave more extensively. Gravel roads in Nebraska are extremely practical because of the nature of our soil binder, and because we secure a maximum amount of all-weather roads at a minimum cost.

TAXATION

Our Intangible Tax Problem

No tax system yet devised has brought a permanent solution of the tax problem, nor one universally satisfactory to the people. New taxation methods as well as the old ones, serve only as a guide to progress. One of the chief reasons for assembling our State Constitutional Convention in 1919 was that changed social and economic conditions required a new tax system. The investigations of that Convention fully sustained the belief that our laws were archaic and inadequate, and disclosed that nine-tenths of intangible property was escaping taxation.

A new revenue provision was submitted by that Convention to the people and approved by them. This Constitutional provision is not only just and sound, but progressive. In fact it opens the way, as I shall herein point out, for a solution of the intangible tax problem referred to, which still presses for solution.

Let us bear in mind that the old Constitutional status as it affected both tangible and intangible property in this state, can be fully restored by the repeal of the intangible tax law. This action on the part of the Legislature would not, in my opinion, be a solution of our problem. It would be an ignoble confession of our inability to progress and would herald a retreat to a former position which was admittedly unjust as well as untenable.

Under the authority given to the Legislature to tax intangibles in any way thought best, which right still exists even to the restoration of the old system in its entirety, the Legislature attempted

to bring intangible property out of hiding by providing a preferential rate. The first basis was one-fourth of the tax rate on tangible property. The next was a flat mill rate lower than that on any other property in the state, which lower rate in many of the states has been used successfully and represents a fixed and permanent policy as to the taxation of intangibles. The experience with this plan in Nebraska has not been satisfactory. Intangible property has not been placed on our tax rolls in sufficient amount to justify continuation of the present low preferential rate.

With this fact established we must deal anew with this problem. Under the old Constitution the tax provision for equality of treatment resulted actually in inequality of treatment. The reason for this was that intangible property such as moneys, stocks, bonds and other evidences of the indebtedness had a fixed value, which became the actual tax basis. On the other hand, tangible property such as farm lands, other real estate and chattels, required an appraisalment for tax purposes, and a practice has obtained which during the history of the state has fixed a tax valuation on such property which was less than its actual value. In recent railroad tax cases it was determined by the United States court that this system still obtains and that tangible property in Nebraska is valued for tax purposes at not to exceed 75% of its actual value.

Under such a taxing system therefore, as that in vogue under the old Constitution, which produced an actual inequality adverse to intangible property, this kind of property went into hiding and in many cases silent assent was given to the evasion of all assessment of such property.

Under the present low preferential rate, and especially because of the decisions of the United States Supreme Court as to the taxation of banks, coupled with the conviction of the owners of farm lands that the system is inequitable, intangible property has continued to remain in hiding.

To correct this situation by the enactment of taxing laws as to intangible property, with a resulting public consciousness that our tax laws are not discriminatory to any form of property, is one of the problems of this Legislature. In solving this problem we must recognize the fundamental truth that intangible property, being readily transferable from one locality to another by mere assignment or checking account, will naturally gravitate from a community which has a high tax rate to one with a lower rate, or leave the state en-

tirely. This demoralizes business and operates adversely to the interests of the state as a whole.

Intangible Tax Rate Should Equal Farm Land Basis

The issue therefore which confronts us in view of the unjust provisions of the old Constitution and the unsatisfactory experiment of laws so far passed under the new is whether we can adopt a basis for taxing intangible property in Nebraska which answers all the requirements of fairness; which will be accepted by our people generally as such; and back of which we can marshal a public opinion in its support and at the same time retain a uniformity of the intangible tax rate throughout the state. I have held the firm conviction ever since the Constitutional Convention that in view of the admitted fact that there is no last word in taxation this question could be well solved by taxing intangibles on a mill basis which shall not be less than the average mill tax burden actually born by our farm lands, which form of property comprises the largest single unit of taxable property in the State. I firmly believe that such a system would bring general public approval; would marshal public opinion in its support; that owners of intangible property would accept the principle invoked as just and equitable. This approval would come because of a realization that for the first time in the history of the state we based our action on the necessity and desirability of intangible property assuming a tax rate commensurate with the farm land basis.

In measuring the relative equities between tangible and intangible property, we must bear in mind that the benefits from the expenditures of tax money do not accrue to the owners of intangible property to the same extent that they do to the owners of other property, such other property receiving the direct benefits of schools, roads, and other improvements. We must also bear in mind that most intangible property has its exact equivalent in tangible property, which is taxed. A typical illustration is the chattel mortgage. The owner of the chattel mortgage really owns an interest in chattel property represented by his lien. The owner of the tangible chattel pays full tax and the owner of the intangible property represented by the chattel mortgage, pays whatever tax is levied on such property.

Therefore, to the extent that intangible property is an evidence of an interest in tangible property located in Nebraska, we have double taxation. However, many of our citizens are requiring intangible property, the counterpart of which is located outside of Nebraska, and the owners of such intangible property should be willing to pay their just share of the cost of government in the state which nurtures and protects them.

Wherefore, I hope that you will agree with me that a tax rate on intangible property which is the equivalent of the tax rate on our basic property value—farm lands—is not only just but desirable as an equitable solution of this question.

I regard it as desirable from another angle. If we treat these two items of property on a basis of equality, our citizens will not have any inducement for investing in outside intangibles rather than in farm lands in their own state. The result would be that we would encourage ownership and development by our own people of our own resources.

I earnestly urge upon the Legislature that we should not concede failure as to a solution of our intangible tax problem until we have tried placing intangible property on a basis of equality with the largest single item of our tangible resources.

The average rate of taxation on farm lands in Nebraska is readily determinable and I recommend a change in our tax laws on this basis, taking into account the face value of intangibles at one hundred per cent, and farm values at seventy-five per cent.

The alternative is a tax on the income of intangibles, fully authorized by the new Constitution of Nebraska.

Inheritance Taxes

I recommend amendment of our laws dealing with inheritance taxes to the end that the state may obtain the maximum benefits of deductions from federal estate taxes to the amount of inheritance taxes paid to the state as provided by federal laws. This will not increase the amount of inheritance taxes paid by our citizens, but will add to the revenues of Nebraska.

Administration of Tax Laws.

I recommend for your consideration any laws necessary to strengthen the administrative agencies charged with the enforcement of the state tax laws. An examination of our present administrative provisions convinces me that these laws, on the whole, are ample to secure full and fair assessment of all property. However, I have asked the Tax Commissioner of this State to submit to the Governor any recommendations as to needed provisions for the improvement of

the agencies of administration and the processes thereunder. When this report is received it will be transmitted to your honorable body for your consideration.

Equalization in taxation demands not only fair and equitable classification and assessment of property, but also exaction from all our citizens of their full share of the cost of government contemplated by our Constitution and our laws.

As Governor I shall co-operate with all our tax officials in securing effective administration.

Because of the form of our real estate tax receipts listing state and county taxes as a single item, I recommend that the taxes of these separate subdivisions of government be listed on our tax receipts as separate items, the same as school and other taxes are listed separately. This will enable the electorate to know exactly the amount of taxes accruing from each subdivision of government. In addition it will fix responsibility.

State Banks and The Guarantee Fund.

Both the Republican and Democratic State platforms declared in opposition to the repeal or weakening of the Bank Guarantee law. Regardless of either the merits or defects of the law, and the Guarantee system thereunder, general assent as to its need and usefulness has been given by our people for more than seventeen years. Undoubtedly the protective purposes and features of this agency accepted by the people until recently as adequate have served as a great stabilizing influence in both the banking and other business of the state, and especially during the adverse financial conditions of recent years. During this trying period the benefit to all business was so apparent that I feel sure that the business of the state could well have afforded and would have been willing to have generously contributed to sustain the Guarantee Fund, had its solvency been then threatened. In view therefore of the expressed opinion of both political parties in this state and of the recognized benefits which have already accrued, we should seek only legislation pertaining thereto which aims to strengthen and protect the Bank Guarantee system. Our joint efforts in this public endeavor should be undertaken in spirit entirely free from partisan bias, and for the sole purpose of serving the state and its people.

When the facts relating to the public business present a grave problem requiring solution, such facts should be stated fully and frankly. I therefore respectfully call your attention to the fact that the Guarantee Fund, as nearly as I can ascertain, has present and prospective liabilities above present assets of from sixteen to twenty million dollars; that the present income from assessments on banks is approximately one and one-half million dollars; that most of these liabilities either are, or soon will be, reduced to judgment, and the judgments will draw interest at seven per cent, which on a basis of twenty million dollars makes an annual interest charge of one-million four-hundred-thousand dollars; that with any appreciable reduction in this income either from further bank failures, nationalization of some of the present state banks, or seasonable declines in deposits, the income will meet the interest charge only, and no funds will be available to pay the principal; that under such a situation the Guarantee Fund cannot afford protection for present depositors against any future losses.

Confronted with these facts, the first decision which the state must make is whether these outstanding claims shall be repudiated or redeemed. Legally the state of Nebraska is not obligated for these claims, and many of our citizens may contend that the state is not under a moral obligation to assume the payment of deposits in failed banks. However, the fact remains that the state did establish a Guarantee Fund for the protection of depositors; that the state has operated that fund; that it has licensed the banks coming within the scope of this protection; that it has examined the banks by agencies of the state and if the claims are not paid it will remain a fact that the processes established by the state and operated by the state for the protection of depositors, have failed. The failure is a state failure. The failure does not result in present legal and collectible obligations, but if the claims are not paid, it is, nevertheless, a failure confessed by the state.

In addition conceding that there is no legal liability, I feel sure that the great majority of our people recognize a moral obligation as to some form of redemption, and especially when we take into consideration that Nebraska for more than seventeen years, without dissent, has permitted the public to believe that the protection to depositors amounted to a State Guarantee.

If the Legislature, representing the people of the state, desires to avoid the inference which logically comes from the unchallenged facts above set forth, and concludes that the future interest of the state required that the money should be repaid, and that the state should adopt a policy of redemption rather than repudiation, we

are confronted with the necessity of other decisions. These I briefly enumerate:

1. We should make effective the plain intent of the Guarantee law which provides for the payment of principal only, and all interest on outstanding obligations should be stopped.

The necessity for the elimination of interest is apparent when we consider that if a ten-year program were to be adopted as a basis for redemption, the interest item alone at seven per cent would be more than fourteen million dollars on the principal obligation of twenty million. If on the other hand we eliminate the interest item which was never contemplated because of the plain working of the law, and which it may be said that up to this time, because of the added load, has prevented the payment of the principal to many depositors, all funds could be applied on the principal and the load substantially cut in two.

2. That no policy in the solution of this question should be invoked which will destroy the state banking system. Any program which adds materially to the load the banks are carrying, or imposes too great a load, in their effort to overcome the adverse conditions, will bring further bank failures. This would aggravate, rather than help the situation, and in addition will seriously affect the general business conditions of the state.

3. While we are in process of liquidation for the past, we must not overlook the necessity of making suitable provisions for present depositors. Any program which leaves the Guarantee Fund depleted and unable to take care of current liabilities, is not a present Guarantee Fund. It is of primary importance that we restore absolutely and definitely, the confidence of our people in a state banking system, which because of the great resources of Nebraska and the character of our people, is inherently sound.

It logically follows therefore that we should draw a clear line of division between our program for liquidating past obligations and our program for the future. Justice to the splendid state banking institutions which have helped build Nebraska, and which must continue as indispensable factors in the state's growth and progress, demands that they must not be called upon for all the funds sufficient to simultaneously liquidate past obligations and build a fund for present and future needs. This position is sustained by the fact that the state banks of Nebraska have already paid, in their efforts for the protection of their depositors, an amount almost equal to

the capital of all state banks, and that a continuation of such a load threatens the whole system.

Ways and Means For Redemption Fund.

It must follow therefore that it will be necessary to find a new source of funds to care for some part of the liquidation of liabilities now existing. Present property taxes are higher than they should be, and we cannot in justice adopt a policy which will increase the property taxes on homes, farms, and other tangible property. Our citizenship, however, in general is enjoying a prosperity which enables it to indulge in a substantial amount of luxury. Those of our citizens who are in a position to indulge in these luxuries not infrequently belong to groups which do not pay property taxes. Their income depends largely if not entirely, upon sound banking institutions and general prosperity of the state. It would not be a handicap to the state, nor to the welfare of our people, as a whole, if at the time luxuries are indulged in, the members of our social order who are privileged to maintain this standard of living be called upon to pay some form of luxury tax which can be applied to the liquidation of these obligations.

This form of taxation is not only a means of revenue in many of our states as a regular source of income, but is justified by the decision of our people in the adoption of our new Constitution where specific provision was made for imposing "Taxes other than property taxes." Among such taxes and in vogue in many states and of general application, is the income-tax, as well as many forms of sales tax. For the purpose of meeting the serious problem which now confronts us, of saving many of our citizens from financial ruin and of redeeming the good name of our state as well as reviving business and stabilizing banking, which will come from the adoption of a policy of redemption, it might be more advisable to reach directly the luxury situation if such a program obtains support from the citizens of the state.

The alternative to the luxury sales herein proposed would be a general income tax.

Another Source For Redemption—Prompt Liquidation of Failed Banks.

As another means for redemption are the assets of failed banks now in the hands of the Guarantee Fund Commission or in receiverships, there should be efficient and prompt liquidation of all such property. The more expeditious this liquidation can be made, consistent

with sound business practice and without unnecessary loss or impairment of the assets, the more effective will be our restoration of confidence in our banking situation. Any large expenditure incurred in handling these assets over a long period of time will in the end impose an additional tax on all the people of the state. It is axiomatic in business that losses should be determined and the assets promptly applied to the liquidation.

State Banks Must Contribute and Co-operate to the Extent of Their Ability.

Taking into account a new source of funds from luxury taxes and a realization on the assets of failed banks, we do not suggest that the banks shall not be called upon to do their full share in meeting the obligations of the banking system. The state bankers must, and I feel sure that they will, be willing to co-operate in redeeming the good name of a great state banking system, as well as the good name of the state. Nothing could be more disastrous than to have bankers of the state subscribe to a policy of either indifference or hostility. The seriousness of this problem and the highest interests of Nebraska require that all bankers, national as well as state, join in a whole-hearted effort to bring about a sound and beneficial solution of our bank problem. A failure to solve this problem will result in injury to the entire banking system of Nebraska as well as to all business.

Banking Foundation Must Be Strengthened.

In the light of our experience it is worth our while to consider some of the essentials which we now know are indispensable and which must be adhered to as the fundamentals of sound banking. These are:

1. Competent and honest management.
2. Adequate capital for the transaction of business.
3. Guarantee of solvency which under our system is intended to be covered by the stockholder's liability. This double liability must be made effective by making it accrue immediately when a bank fails and by other protective laws.
4. The building up of adequate surplus in all banks to meet any reasonable contingency. The new South Dakota law which requires the deposit of securities with the state by banks as units as an additional guarantee of solvency should be given

investigation and consideration in your deliberations.

5. Complete banking supervision free from political maneuvering or dictation, with adequate power, reasonably exercised. As set forth in my discussion of the Code law in this message, "this important branch could well be administered by a bi-partisan Board of six members, consisting of bankers and businessmen, representing both agricultural and industry, or by a Board of Constitutional officers and citizens of special training and experience. I submit for your earnest consideration the advisability of placing in the hands of such a Board the full administration of our banking laws. The appointment of the Bank Commissioner, removable for cause, should be for a term of at least five years. The examining and supervisory force should be adequate and well paid. With such a Board, a majority determination would mean a two-thirds vote, which would be additional assurance as to policies and appointees."

6. The opportunity, by proper protection of the state, for making a reasonable return on banking capital.

The above requirements are basic in restoring our banking system. This objective can be more readily secured where there is complete state power to deny state charters where not needed, power to effect consolidations, control of managing personnel and co-operation by the bankers themselves in district clearing-house organizations. Surplus must not be depleted by payments of dividends to stockholders before the surplus has been built up sufficiently to give reasonable guarantee to solvency and security. A reasonable limitation upon stockholders division of surplus or undivided profits in the form of dividends, should be imposed until the bank has reached a position of adequate surplus for protection of its business.

Bank Taxation.

Interwoven into this whole problem of shaping a sound banking policy for the state is the policy which the state itself adopts in the matter of taxation of bank capital. Under present federal law certain limitations are imposed. In dealing with our tax situation a basis of equality between national banks and state banks must be maintained. The efforts of recent legislatures to provide a separate bank classification have been rendered inoperative as a result of decisions of the Supreme Court of the United States. This federal law lies beyond our control and the fundamental and underlying principle involved and enunciated by the United States Supreme Court is

that banking capital shall be taxed on the same basis as other moneyed capital coming into competition with bank funds.

It follows therefore that our taxation of banking capital must be uniform with similar capital otherwise employed in the state. Real estate and other physical property owned by banks are not involved, for under the law these must be taxed as other real estate or other tangible property is taxed.

Because of the decisions of the United States court and especially because of the needs of our efforts to reconstruct, stabilize and restore our banking system, there ought to be no attempt to add unusual or excessive tax burdens on banking capital. any such excessive or unusual taxes would directly tend to overcome our efforts for restoration and in the end the cost of rehabilitation will be borne, either directly or indirectly by all forms of property.

In shaping a banking policy for the state I recommend that the Legislature adhere to the six fundamentals above outlined. The Republican party pledged the electorate that if entrusted with power it would devote its best efforts to strengthening the Bank Guarantee law and would oppose either the repeal or weakening thereof. That pledge was made in good faith. As a candidate for Governor I reiterated and pledged myself to uphold that platform promise. That pledge also was made in good faith. The Democratic party likewise and its candidate for Governor, made similar pledges to the people. We can all therefore, regardless of party, whole heartedly and unselfishly co-operate for strengthening our banking system, which is the most important problem confronting this Legislature.

In our consideration of this question let us keep before us the thought that Nebraska is just in her infancy; that the great future which lies before her must no be sullied by broken faith, even though the way is open for legal evasion. Furthermore, if this state is to develop commensurately with its wonderful resources, it must have a sound banking system. The foundations will be indestructible if built on the faith of the people as well as their material wealth.

For these reasons we may eliminate without further consideration any program of repeal of the Guarantee law. Our problem is not only one of protecting the law, but of strengthening it.

Some Fundamental Defects and Remedies.

In the consideration of this phase we may well ask what has

produced our present unfortunate situation. If we determine first the defects we then have a basis for determining the remedy.

The principle defects of our banking Guarantee law in the past have been three-fold:

1. Lack of adequate control of the banking business in such matters as granting charters indiscriminately and in many instances far in excess of the legitimate needs of the community. This has measurably been remedied by recent amendments, but too late to be fully effective. This provision of the law needs to be further strengthened by more effective administration. We should include, as a basis of solution, the concept that under present conditions with good roads and automobile traffic, a single bank in a small community has no monopoly. Ample competition is given by banks in neighboring communities.

2. Recent legislation although too late also to be fully effective, has given us assurance for the future by requiring the state to license individuals in the banking business. In the past many individuals wholly unfitted have engaged in banking with disastrous results. We should continue to strengthen the state's control in this respect.

3. The third great defect in our present system is that as interpreted, the State Guarantee includes too much. It was not the intention of the original Guarantee act that the state, in the event of bank failures, should pay interest on any deposits or claims therefor. The claims for interest pending adjustment have been one of the great factors in producing the present unfortunate situation.

Our remedy seems clear.

1. We must eliminate first any interest charge against the Guarantee Fund during the period of liquidation and payment.

2. The purpose of the Guarantee Fund is not to guarantee investments but to guarantee deposits. At what point, measured by interest return, and in what priority, the Guarantee should attach to these various types, will be an important element for present consideration. Basically it is bad business practice to guarantee that type of investment known as a time-deposit which bears an interest rate commensurate with government obligations. By this process we offer a premium for banks which are in a precarious condition soliciting and obtaining added deposits immediately preceding disaster. This practice is bad because it tends to increase the amounts

involved in bank failures and because it results in withholding capital from investment in those legitimate enterprises which promote the development of the state.

When we speak of strengthening the Bank Guarantee law, let us not promise more than we can perform and let us make adequate provision that what we do promise is promptly and fully performed. Legislation dealing with this important problem, one which affects so vitally the interest of all our people, must recognize that the foundation of a sound banking system consists of sound banking personnel with adequate capital, and honest and effective supervision. We cannot build a system on incompetent and dishonest bankers, inadequate capital, and insufficient supervision, no matter how varied or voluminous the promises may be. During the campaign I said, "Our present banking situation calls for sound thinking and can not be solved by the methods of the ancient medicine man."

Let it not be said of us that we did not comprehend the gravity of this problem and what its right solution means to Nebraska, nor that we did not undertake its solution with courage and determination. Knowing as I do the high character and ability of the members of this body, I have every confidence that the task confronting us is not insurmountable.

In your consideration of this grave and distressing problem I pledge you my sincere and earnest co-operation.

Law Enforcement.

As to law enforcement in this state, I have fully stated my position as a candidate for Governor. Furthermore, I subscribed as such candidate to the following Republican party plank:

"We favor an efficient and impartial enforcement of all laws, including prohibition laws. We are unalterably opposed to the repeal of the state prohibition amendment and the laws enacted thereunder. We unreservedly condemn all suggestions of weakening the national constitution by state nullification. Obedience to law is a public duty and can never become a matter of private choice. As the individual citizen is obligated to law observance and law enforcement, irrespective of his personal opinions, so individual states, irrespective of their separate judgment, are obligated to observance of the national constitution and laws enacted thereunder."

I regard the above declaration of principles as sound and commendable, and to the best of my ability I shall make it effective. I feel sure that the members of the Legislature, regardless of political affiliations, will be in full sympathy with this policy and that no legislation will be passed, the effect of which would be to weaken our laws or other enforcement provisions.

In relation also to law enforcement I desire to emphasize the necessity of progressive changes which will simplify our procedure and legal processes. I submit also for your careful investigation and consideration the merits of such a law as the Baumes law, where, upon repeated conviction on felony charges and commitment therefor, society is relieved from further jeopardy and expense by the imposition of life sentences.

I respectfully direct your attention also to the necessity of securing by new laws or amendments to existing law, greater protection on our public highways, for our citizens. In this connection it will be well for you to review the experience and results of licensing drivers of automobiles, together with general traffic regulations of other states.

Education.

Because of the importance as well as magnitude of our educational system and the necessity, at all times, of maintaining sound and constructive policies in relation thereto, I deem it my duty to briefly refer to the fundamentals involved in administration of this character.

The constitution of Nebraska recognizes the common schools, the State University and the Normal Schools as indispensable parts of a public school system which has given Nebraska high rank as to educational standards.

As a citizen and tax payer I have always believed in providing, out of our public revenue, sufficient funds to maintain these standards and to meet the needs of an increasing school population.

As Governor I shall adhere to a continuance of this policy on every sound and reasonable basis. I feel sure that the great majority of our people occupy a common ground as to the need of not only maintaining our educational standards and opportunities for our youth, but in demanding the highest efficiency and every practical economy in administration.

In view of our splendid record of accomplishment we have every reason to believe that the people of the state will continue to foster and protect our educational system as a necessary factor in the upbuilding of Nebraska

The Constitution and The Schools.

The educational work of our state has been enhanced and the benefits of our schools have been increased by recognition of the constitution of the United States through a prescribed course of study as to its fundamentals. This constructive work should be commended and supported by all our citizens because of its great educational value. It will also result in a greater devotion from our youth to the splendid ideals of our democratic form of government, proclaimed and established by the fathers of the Republic.

State Institutions.

As Nebraska has a just pride in her educational system, so also can she take a pride in her humane and efficient administration of the institutions maintained at public expense for the wards of the state. While the administration of the activities connected with this class of our state institutions is under a Board of Constitutional officers, I deem it proper to call to the attention of the Legislature the necessity of reviewing the administration of these institutions since you were last in session, and of their needs at this time. Permit me to state that I regard it as a wholesome and correct social program sponsored by the state, to provide adequately, and yet sensibly and economically, for the care of the unfortunate members of society.

Corrupt Practices Act.

I call your attention to the following platform pledge of the Republican party as to candidates:

"We favor an amendment to the corrupt practices act that will require candidates to file a list of all their campaign expenditures, to whom paid for what purpose paid, and from whom contributions were received."

I recommend this pledge as worthy of your favorable consideration.

Water, Irrigation and Reclamation.

Because of the great benefits which accrue to this state from

irrigation in the semi-arid regions of Nebraska and because of the possibility of the future development of our water resources I recommend to the Legislature a continued friendly attitude of all state agencies for the protection of all our water, irrigation, and reclamation rights. We have added much in population, as well as in taxable wealth, because of this development.

Our people therefore, should be agreed as to the economic necessity not only of this continued protection but of the future development of our water resources. The nation is now engaged in a mammoth flood prevention program in the Mississippi Valley. As a state we should favor the impounding of the waters by the federal government of the streams of Nebraska as a part of this undertaking. This would give to our people through district development, the benefit of these stored waters for both irrigation and power purposes.

Transportation-Waterways.

Correlated with the general development of our water resources and as indispensable to the development of Nebraska and other states in the Missouri Valley, the Legislature, in conformity with both the Republican and Democratic platforms, should urge by proper memorial to Congress, the justice of completing the Missouri river navigation project to Sioux City, Iowa, within five years.

The development of transportation in our country is one of our great American romances.

Railroads will continue to be our main means of transportation, but by co-ordinating their service with new forms of transportation, we will enhance not only their use, but their value. Highways are being built because of new social and economic conditions. Likewise as an intelligent people we will utilize the inland waterways of the nation.

We are fast conquering the air and commercializing it, for the distance to the horizon of American genius and achievement has not yet been measured.

In all these great fields of American endeavor Nebraska must play its full part not only because of the benefit which will come to us as a splendid regional part of the nation but, because of the greater supremacy and usefulness which will come to our common country.

Public opinion is the greatest factor in America. Full discussion of great questions brings finally a wholesome public opinion, and Nebraska, as a great state, can exercise a wonderful influence on national legislation affecting her people, if we build and maintain a united public opinion on such matters as agriculture, transportation and taxation.

Labor-Compensation Law.

One of the outstanding proofs of our progress as a nation is the high standard which we have established for American labor. This has come about through slow progressive change. This standard is almost universally accepted by our people as not only just but desirable. The sound policy to which we now adhere is based on the following principles::

1. Regular employment and adequate wage, not only sufficient for a livelihood, but sufficient for leisure, recreation and the accumulation of a competence for old age and for the support and education of dependents.

2. That in the interest of public welfare and public health there should be wholesome conditions of employment.

3. That there should be reasonable hours of employment so as to promote the highest standard of citizenship.

4. That to protect these standards it is right that in employment organized labor is entitled to collective bargaining on such a basis that labor has an equal and untrammelled voice in wage scales and working conditions.

5. That labor, not being a commodity, but a service, should never be affected by anti-trust laws.

6. That the laws regulating injunctions should be modified so as to prevent abuse and so as not to curtail the rights of free speech, of a free press or legitimate assemblies, all guaranteed by the federal constitution.

7. That in case of injury or death in employment, compensation laws should be sufficient to protect and compensate the worker and his family.

In view of the fact that since the last Legislature a committee acting under its authority and appointed by the Governor, has unanimously made a report on our Nebraska Compensation Law, with certain recommendations now before you for consideration, it may be helpful in your deliberations to have before you a brief review as to the standards we should maintain, recently made by me and which is as follows:

“Although Nebraska is not primarily an industrial state, we have in the present compensation law recognized the justice of the above principle. This law is sustained by a wholesome public opinion and we should in every way possible continue through fair and impartial administration to make it effective. Disability can be compensated only by fair and adequate compensation. Any other construction of the compensation law would nullify the fundamental principle which justifies the legislation. The compensation principle which we have accepted as a sound governmental policy is based on the justice of requiring every industry to care for its own accidents and misfortunes. A continuance of such a sound and humane policy will not only promote the general welfare, but will prevent the injustice of imposing as a charge on the public burdens which should be assumed as the legitimate costs and risks of business. Without question the compensation law is the outstanding labor legislation of our state and the law must not be weakened or its administration crippled.”

Modest Publicity Will Help Nebraska.

In a growing state like ours there is increased recognition of a need for the establishment of a state agency that will assemble facts and data regarding the material resources of the state and disseminate them both at home and abroad. Nebraska is wonderfully blessed with rich soil, splendid climate and pure water supply. Another great resource is the sturdy character of its intelligent and industrious citizenship. Our citizens need to get that attitude of mind which constantly recognizes these advantages and the benefits which flow from them. The people of other sections also should be made aware of the wealth of our state, the intelligence and culture of our people, and that Nebraska is a good place in which to establish a home or build a business. We could very modestly tell the world that Nebraska is a state of aggressive progress and abiding prosperity. We need no new agencies to accomplish this purpose. The Nebraska Board of Agriculture is functioning now as an important factor in not only building the state but in advertising it. It continually assembles and

disseminates facts about Nebraska. It has an extra publicity organization each fall. With a small additional appropriation for publicity purposes, specifically defined and to be coordinated with this agency already existing, the state could establish an effective publicity agency for the state.

Conclusion.

In conclusion I desire to say that I am looking forward with real pleasure to my work with you as a co-ordinate branch of state government. While we have different duties to perform under the constitution, we seek the same objective. Both the executive and legislative departments are commissioned to carry out the will of the people. With this course thus charted for us let us go forward together. With a spirit of friendly co-operation and with the courage of the pioneers who laid the foundation of this great state, let us undertake the task assigned us. We represent almost a million and a half of people. It is their government. When they know the facts they will counsel us, and this will sustain us in carrying out their will. They want sound, sensible and economical government, and yet they believe in no false economy. They know Nebraska is still in the making. They too have a vision of its great future.

ARTHUR J. WEAVER.