Biennial Message

of

Governor
George A. Carlson

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To the Members of the General Assembly of the State of Colorado, Greeting:

FAIR FREIGHT RATES.

Colorado will not commence the development of which she is capable until the heavy load of freight rate discriminations is lifted from her back. Our farmers, miners, jobbers and manufacturers enter into competitive markets in other states with an initial discriminatory freight-rate handicap that is most difficult, if not entirely impossible, to overcome. For example, it costs the Colorado farmer 53 cents per hundred pounds to ship his wheat 1,118 miles down hill to Galveston, his nearest seaport, while it only costs the Illinois farmer 18.8 cents per hundred pounds to ship his wheat from Chicago to Boston, a distance of 1,038 miles. Aside from the price for wheat consumed locally, the price which our farmer receives is the Liverpool price less the freight and ocean transportation charges. Therefore, if it costs the Colorado farmer 53 cents and the Illinois farmer but 18 cents to ship their wheat the same distance to their nearest port, the Colorado farmer receives 35 cents less than the Illinois farmer for every one hundred pounds of wheat.

Again, the wool grower at Trinidad finds that it costs him $1.10 per hundred pounds to ship his wool clip by rail and water to the Boston market, while wool from Australia is transported to Boston from San Francisco by rail thru Denver for $1.00 per hundred pounds.

These are examples illustrative of the discriminations against our farmers and cattlemen. Colorado possesses clay beds which are practically inexhaustible and which are the equal in quality of those found in any part of the world. Our citizens often speculate on why these clay beds are not developed, why the state is not dotted with pottery and other clay goods manufacturies. At least a partial explanation is found when one learns that it costs the Golden or Colorado Springs manufacturer of fine pottery 67 cents per hundred pounds to ship his product to the Chicago market, while his New Jersey competitor ships to Chicago, practically the same distance, for 31½ cents per hundred pounds—less than half as cheap.

Our coal industry and the development of our great coal areas suffer a similar handicap. It costs $2.90 per ton to ship Colorado coal down hill to Omaha, while Illinois coal is hauled there, practically the same distance, for $2.15 per ton.

The average freight rate over the Union Pacific from Omaha to North Platte, a distance of 291 miles, is 40 cents; the average freight rate over the same road from Denver to North Platte, a distance of 278 miles, is 48 cents. The mileage from Denver to North Platte is 13 miles less than from Omaha to North Platte, and the average freight cost is 8 cents greater. The average freight rate over the Burlington from Kansas City to Republican, Nebraska, a distance of 334 miles, is 36 cents; the average freight rate over the same road from Denver to Republican, a distance of 333 miles, is 55 cents. In this case the mileage is one mile less from Denver than from Kansas City, and the average freight cost is 19 cents greater. The average freight rate from Galveston to Childress, Texas, over the Colorado & Southern, a distance of 565 miles, is 51 cents; the average freight rate over the same road from Denver to Childress, a distance of 581 miles, is 84 cents. While the mileage difference is only 16 miles, the difference in freight cost is 33 cents, or approximately 65 per cent greater from Denver than from Galveston.

It is idle to depend upon the local traffic managers or even the presidents of the several roads to correct these discriminatory rates, for howsoever much the local traffic manager or the individual president may desire to treat us fairly, the power of making any substantial change in rates does not lie with these individuals, but is now reposed in the central traffic boards. The policies of these boards are determined by the major holders of the railroad securities. Those who control our interstate railroads live in the East and are also the owners of the big manufacturing concerns located there. They don't want competing industries established in a state where cheap coal, unlimited water and electric power, an abundance of wool and hides, as well as the baser and finer metals, are immediately at hand.

While Salt Lake and Kansas City were winning suits establishing freight rate advantages for their states, we did nothing to protect Colorado's interests. It is true that from time to time feeble efforts were made, but for one reason and another they always failed of their purpose.

Finally about a year and a half ago a group of patriotic citizens organized the Colorado Fair Rates Association, and from their own funds have instituted and, so far, maintained a case for the readjustment of freight rates for Colorado before the Interstate Commerce Commission. Those who interested themselves in this movement did not do so that a particular community or commodity might get an advantage, but they determined to open wide the entire question and make a fight for a fair adjustment on all freight rates applying to and from Colorado. Their experts were given a room in the State Capitol. The Public Utili-

ties Commission, altho pressed with the many utility problems before it, has actively co-operated with this Fair Freight Rates Commission.

Started by private citizens, the fight, because of its far-reaching public consequences, should from now on be made by the state itself. Altho investigation by the association's and the commission's experts has revealed a multitude of amazingly unjust discriminations, their adjustment will not be easy. Opposition will come from those industries and jobbers in Colorado who, because of their size and influence, have received special rates not available to their weaker local competitors. The railroads and favored Western manufacturing communities will oppose our efforts with all their might.

No necessary expense should be spared in the proper preparation of our case now before the Interstate Commerce Commission. I, therefore, recommend that the Assembly appropriate $25,000 to be used by the State Public Utilities Commission to prosecute this suit to its successful conclusion.

PUBLIC UTILITIES COMMISSION.

Where the Public Utilities Commission has had opportunity to investigate and rule, the rates of public utility companies are as low as is consistent with a fair return upon the investment. It is obvious that when a public utility company has not the facilities to serve properly the community where it operates, or where, because it refuses to conduct its business in the most economical fashion, the rates are higher than necessary, or where it refuses to bring its service up to the best standards, competition is highly desirable. However, when a public utility company is efficiently managed, when it does adequately serve its community, when its service is up to the best standards and its service rate carries only a fair profit, then the public interest is satisfied and a competing plant can serve no purpose other than to impair the investment of the original plant and probably of both. Moreover, the public, having by regulation taken away the original company's opportunity to take a large profit, should charge itself with the responsibility of giving complete protection to the investment, and for it to allow a ruinous competition is unfair and morally wrong.

The power, therefore, should be lodged in our Public Utilities Commission to determine as to whether or not a competing plant in the field of service is desirable. If public necessity or the public welfare demanded a competing plant, permission for its establishment would be granted. If, however, no public purpose would be served by a competing plant, the necessary permit would be denied. Public utilities companies, appreciating that a failure to please the consuming public would result in competition, would, therefore, make every effort toward giving such service and making such rates as would meet with public favor.

Provision should also be made giving a municipality authority to purchase a property already constructed at a valuation to be approved by the Commission.

Public utilities commissions are frequently confronted with the problem of prescribing service rates for public utilities which have issued great amounts of stock and bonds not representing actual value put into the property. If, in such cases, the rates are finally based upon the actual value in the property, a hardship is done many innocent purchasers of the securities; while, on the other hand, if the Commission bases its rate upon the inflated capitalization, the public consumer is unfairly taxed. To obviate such situations, our Public Utilities Commission should have control of stock and bond issues of public utility corporations operating within this state. If such control is vested in our Commission then watering of stock will not be permitted, the investor in Colorado's public utilities' securities will always receive a fair return upon his investment and the consumer will never be subjected to the possibility of paying rates based upon inflated values.

When an insolvent, unprofitable or non-productive utility is merged with a going concern, the service rate may be based upon the value in the unproductive, unprofitable part of the merged plant, as well as the productive and profitable. A rate made on such a basis would be unjust to the public and hence it is recommended that an amendment to the utilities law be passed which will give the Commission the power to prevent mergers which would be subversive of public interest. Where the proposed merger would be for the public good it would, of course, be permitted.

DEFENSE OF WATER RIGHTS.

Suits have been instituted by the states of Nebraska and Wyoming, which are now pending in the Federal courts, assailing established Colorado rights to the waters of our streams. Several preceding legislatures have made appropriations which were expended under the direction of the Attorney General for thorough legal defense. It is recommended that sufficient appropriation again be provided for this purpose.

PURE SEED LAW.

Of recent years Colorado has become a dumping ground for impure and unfertile seed. For this state to make proper agricultural progress it is essential that seed true to type and of high germinating quality be used. This fact is now recognized by almost all of our farmers and for their protection misrepresentation of the kind and quality of seed sold should be punishable by severe penalty. I am informed that the granges of the state will submit for your consideration a bill which has been drawn from the best similar laws of other states. It is recommended that such a bill be enacted into law.

OVER-APPROPRIATIONS.

Every legislature is put under tremendous pressure to appropriate more money than the total estimated revenues. Aside from many other arguments against it, the practice of over-appropriation has a most demoralizing effect upon the efficient administra-

tion of our state institutions. These institutions in many instances are compelled to close contracts, the performance of which covers the space of a year. An example may be cited in the case of our state educational institutions which are often required to contract for the services of their professors for the term of a year. These institutions determine the size of their teaching staff according to the amount of money which is appropriated for them. It is apparent what embarrassment and demoralization result when in mid-period they are informed that they can only have forty, fifty or sixty per cent of the amount of money promised them.

It is earnestly urged that every member of this Legislature co-operate with the finance committees to the end that the total appropriations shall not be in excess of the total estimated revenues.

INITIATIVE AND REFERENDUM.

Thru the lack of proper safeguards the true purposes of the initiative and referendum are being defeated. Professional petition circulators have been responsible for an increasing number of vicious and frivolous initiated measures. These encumber the ballot and are causing many of our citizens to lose interest and to refuse to give consideration to those measures honestly initiated or referred and of serious public importance. Aside from this, the practice imposes a terrifically heavy cost upon the taxpayer for publication of matter in which there is no real public interest.

The initiative and referendum law should be so amended as to make it impossible for an initiated measure to get upon the ballot unless there is a live public interest in the subject matter. This can be accomplished in a number of ways. It has been suggested that it be required that a certain percentage of signatures be obtained from every county or from a certain number of counties; that the number of names required to place the measure upon the ballot be increased. It seems to me essential that the professional circulator be put entirely out of business thru an amendment making it illegal for any person to circulate the petition for the initiation or referendum of a bill for hire.

As the law now stands citizens frequently sign petitions under the pressure of constant importunities, or to accommodate a friendly circulator, or because they fear that a refusal will incur the enmity of the interests behind the particular petition, or in a spirit of complete indifference. A signature to be of any value whatever from a public standpoint must be the voluntary act of the signer. This should be required by making it necessary for those who wish to sign initiated or referred petitions to go to the office of some designated public official and there attach his signature. Signatures procured in this way will be indicative of true public interest and those who are honestly and earnestly interested will gladly go to this trouble.

IRRIGATION DISTRICT SECURITIES.

Under our present irrigation district law it is possible to designate the bonds issued as county-municipal bonds. Further, the

interest is collected by the County Treasurer and these facts give such securities the appearance of having a public guarantee behind them. Deceived by these appearances, investors of other states, unacquainted with the true facts, have purchased millions of dollars' worth of irrigation district bonds, which later developed to be without value. The effect has been to make it almost impossible to go into other states and finance legitimate irrigation enterprises. Further, our official acquiesence has been the direct cause of a great loss of confidence in all kinds of Colorado securities, and legitimate enterprises, attempted to be promoted, have frequently failed to secure the necessary capital bcause we have failed to protect the state's honor in this respect.

We are entering into a period which will be characterized by extensive development of our natural resources. Let us remove this stigma which so long as it remains will make it impossible to secure the fullest co-operation of outside capital. Let us adopt no half-way measures. I recommend that the entire subject of irrigation district finances be gone into thoroly and that a law be evolved which at least will make it impossible to float securities having the appearance of public backing without a preliminary investigation of the adequacy of the water supply and final approval of the securities by the State Engineer, the Governor and the Attorney General.

STATE TAX COMMISSION.

The State Tax Commission in its efforts to equalize the taxable properties of the state has labored with a mighty problem. Because this Commission has never been supplied with an adequate number of expert tax investigators, values have been fixed on some corporate and individual properties that have been largely arbitrary. The Twentieth General Assembly made provision for two additional tax investigators. I am informed by the Commission that at least three more are required and it is recommended that this Legislature make appropriation for their employment. At this time it is false economy to deprive the Commission of the expert assistants needed. After the values of the state have once been equalized it will be comparatively simple to make readjustments for changing values and for establishing the value of new property, and it will then be possible to reduce the number of employes.

There has been considerable controversy over the methods used by the Commission to establish the valuation of railroad and corporation properties. In my opinion this question can best be settled by the enactment of a statute which will set out a uniform method for reaching the valuation of such properties.

PROTECT SCHOOL FUND.

The Enabling Act, which was accepted by Colorado Territory in order that it might enter the Union as a state, provided that Sections 16 and 36 of every township should be granted to the State of Colorado for the support of the common schools. The framers of our State Constitution in Section 3, Article IX, recog-

nizing the obligation imposed by the Enabling Act, declared that the school funds of Colorado "shall forever be kept inviolate."

Colorado owns 3,200,000 acres of school land which has under it approximately 500,000 acres of coal. The mineral value alone of this estate exceeds $100,000,000. A businesslike administration of these lands during the years to come may bring into the School Fund a sum several times this amount. However, on several occasions within recent years those in charge of this estate have substituted their own judgment for positive requirements of the law governing its administration, and had their policies been allowed to continue, this inviolate trust for the school children of today and of future generations would have been broken and the value of the estate seriously diminished. From now on its administration, so far as general policies are concerned, must no longer be left to the judgment or arbitrary will of those charged with its administration. Policies which will give the fullest protection must be made a part of our law and penalties should be provided for the punishment of officials who ignore the law's provisions.

Only a few years ago, contrary to the law, sales of school lands were made to other than the high bidders. The law requiring sale to the highest bidder is an indispensable safeguard and no official should ever again be permitted to waive this under the pretext that the low bidder's character is better than that of the high bidder or that certain improvements will be put upon the land as compensation to the state for rejecting the high bid and accepting the low. Those improvements that in the judgment of the Land Board should be made upon state land should be required of the highest bidder and not made the consideration for a sale to a lower bidder. No sale of school lands should be made until a high bidder of good character is found. The point is, the moment we depart from such salutary principles as that of sale to the highest bidder, we substitute individual judgment with all the consequent opportunities for maladministration, improper influence and corruption.

Under the ruling of the Land Board the mineral rights of state lands are reserved when sale is made. This ruling has caused restlessness among those who would like to get mineral lands at farm lands' values. No man knows at what moment oil, coal or minerals may be found on state lands thought to be valuable only for farming and grazing purposes. Because of the danger that some future land board might reverse the present ruling and that mineral lands of almost incomputable value might be sold at a trifle of their worth, a law should be passed requiring that in every sale of land for farming or grazing purposes, mineral, coal and oil rights be reserved.

The royalties from coal lands have for many years been placed in the temporary school fund. A law should be passed that will require these royalties to be placed in the permanent school fund, because when the coal is exhausted the greatest value of the land is gone.

One of the most pressing problems before the state is that of raising sufficient funds to educate our children of school age who live in those portions of the state where the tax income is so low that needed schools cannot be provided. The proper administration of our school funds and school lands has a direct bearing upon this problem. If we sell our lands and invest the proceeds to best advantage, it will not be long until we will be able to support schools wherever they are needed and where the local community is unable to furnish the necessary support, in addition to the aid given all common schools. In fact, the day may come when the income of our school fund may be sufficient to maintain all of our common schools. These school lands are an estate now estimated to be worth $150,000,000. They should be administered as would be any other trust estate of like value. It is only the land speculator who wishes to get our school lands for less than they are worth. The bona fide settler is always willing to pay a fair value.

At this time our knowledge of the character of our school lands is very limited. They have never been classified. In order to get the administration of our lands upon a business basis it is imperative that the work of classifying each parcel of our school lands should commence at once. Under present conditions the prospective buyer from another state comes here and spends several weeks traveling about over the state at great expense, to find lands upon which he would like to settle. He then makes application at the Land Office for the particular piece of land he has in mind. Appraisal of the land then follows. Often the expense of sending an appraiser to appraise a single piece of property makes it prohibitive and it is necessary to wait until there are several applications in the same section of the state. This often takes months. Then the further delay in advertising, and if someone does not overbid him, he eventually receives the land for which he has applied. This condition is grossly unbusinesslike.

We should have on file in our Land Office a system of records which will give among other things the topography in some detail of every piece of state lands, the character of the soil, its adaptability for certain crops, its exact location with reference to highways and railroad loading and passenger stations, the location of streams, springs, well-holes, the record of rainfall, if it is available, and what other information the prospective farmer should have.

To classify our lands in this way will take several years' time and require an outlay of probably $50,000. This, however, is not necessarily an expense to the State because it may be apportioned and made a charge upon the land. Appraisal should be made at the same time the classification is made. Such appraisals would serve as a basis and in the event of after-discovered value the appraised price might be raised and under other special circumstances reappraisals might be made from time to time.

If this is done, then the prospective buyer can come into the Land Office, tell that office that he would like to know the loca-

tion of land suitable for dairying purposes or for grazing purposes or for the raising of certain crops and it will be possible to show him what we have. He can then study the detailed charts, or index cards or whatever form this record will take, and he is then in a position without a great waste of time to find out where he wants to locate and all of the present lost time of appraisement and the buyer's initial investigation would be saved. Many prospective buyers instead of going away discouraged and buying lands at good prices from railroads and land companies, which conduct their business in a businesslike way, would remain here to buy our lands at a good price.

It is, therefore, recommended that your body make an early investigation as to the cost of conducting this classification and appraisal and make provision for its financing.

STATE BUREAU OF CHILD AND ANIMAL PROTECTION.

The Constitution of this state provides that the Legislature shall not make any appropriation for charitable, industrial, educational or benevolent purposes, nor to any person, corporation or community not under the absolute control of the state, nor to any denominational or sectarian institution or association.

For a number of years the State Bureau of Child and Animal Protection was the recipient of what I feel convinced were illegal appropriations. This board consists of three ex-officio state officials and fifteen private citizens, who are neither appointed by any state official nor elected by the people. This, to my mind, made this a board clearly not under the absolute control of the state, and hence I vetoed the appropriation made for it by the Twentieth General Assembly. It seems to me that the Legislature should not pass such an appropriation and cause the Governor either to veto it and thereby become the subject of most serious misrepresentation, or compel him under political pressure to approve such an appropriation and thereby violate the oath he took to support and uphold the State Constitution. We must not expect the Governor to violate a plain provision of the Constitution and then obtain law observance thruout the state. The ostensible objects of this board are most worthy and it should be brought under the control of the state by having its members either appointed by the Governor or elected by the people.

NEW BUILDINGS FOR STATE INSTITUTIONS.

Farm for Insane Asylum.

I would recall to you that there is at this time a surplus in the state treasury of approximately $400,000.00. This surplus, I believe, should be used for the permanent improvement of state institutions.

Our educational institutions during the past half dozen years have made remarkable increases in student numbers. Building construction, however, has not kept apace with the needs of this constantly increasing number of students.

Of late years there has been a biennial increase in the number of our insane of about one hundred. To house properly these unfortunates at the State Asylum at the present rate of increase will require a new cottage every biennium. It is the opinion of the members of the State Board of Corrections that if a farm were purchased for the Insane Asylum, it would be unnecesary for some time to erect further cottages, aside from the one for which they will request appropriation of this session of the Legislature. The plan is to employ on such a farm the insane who are physically able and who are not violent. Alienists are agreed that one of the main factors in the cure of insanity and the arrest of its progression is employment which will occupy the patient's time and divert his mind.

Aside from its value for this reason, such a farm would produce a considerable part, if not all, of the vegetables, eggs, milk, butter and feed used at the asylum, and would make those patients employed there self-supporting.

Viewed from every angle, the purchase of such a farm would seem to be advisable, and it is, therefore, recommended that adequate appropriation be made for this purpose.

The State Home for Mental Defectives is badly in need of additional cottages, and I earnestly hope that its building necessities can be relieved thru appropriation of this session.

The requirements of these institutions, when satisfied, will leave something of permanent value. I know of no better use that could be made of this surplus than for the purposes I have just discussed.

CONSOLIDATION OF DEPARTMENTS.

From time to time during the past forty years there have been created new departments in our state government, each to perform certain functions and in response to developing public needs. These departments have not been added as part of a definite, comprehensive plan of administration and hence there is duplication, waste, and we find them working to varying and sometimes antagonistic ends.

On account of constitutional and legal difficulties, it has been impossible to remedy this situation by executive action. The solution is not in wholesale abolishment of departments, but in their proper consolidation and correlation. Departments which deal with related functions should be placed under one head. For example, the Labor Commissioner, the Boiler Inspector, the Factory Inspection Department, all deal with questions of safety, sanitation and employment and should be placed under the Industrial Commission, which has ample authority to carry on or direct the work now delegated to the offices mentioned. The report of the Survey Committee will show wherein other consolidations may be properly made.

SURVEY COMMITTEE OF STATE AFFAIRS.

I wish to commend to your consideration the preliminary reports of the staff of the Survey Committee of State Affairs. Al-

most every department and institution of our state government have come under the scrutiny of the committee's experts and a mass of material is now available which I earnestly recommend be given thoro attention by this Legislature, for I am convinced that facts have been developed in which there is suggestion for much remedial legislation.

Because of legal difficulties encountered, the commission has been unable to push its work to the point of making final recommendations to the Legislature. However, because of the value of the material collected to date and desiring to lose no time in its presentation, the unapproved reports of the staff to the committee have been submitted to me and will be submitted to you. The limitations of time have prevented my giving the study which I would have liked to have given these preliminary reports, but I have gone thru the most of those submitted and many of my suggestions in this message reflect the facts and recommendations found therein.

Were the reports of this committee in final form they would make in themselves a message which would need no elaboration. Study of these reports makes it clear that there is urgent need of reform in the bookkeeping methods of many of the departments of our state government.

Recommendations for changes in the bookkeeping methods of the Land Office and other departments have been made and, altho the expense of installing new systems of bookkeeping where needed will be heavy, yet it should be authorized because the first steps in a program of efficient and economical administration of state business are proper record books properly kept. I, therefore, urge that necessary appropriations be made to defray the expense of these bookkeeping reforms.

In a separate, exhaustive and illuminating report devoted to the subject, it is clearly shown that our system of making appropriations is most unscientific, unsystematic and wasteful. A budget plan is proposed as the solution. This plan makes provision for a Budget Commissioner, whose duty it will be to aid the Governor in preparing a proper budget for the Legislature. In a summary the following extracts appear with reference to a budget system:

"A budget, as the term is defined in the detailed report on state finances and budget procedure, should be compiled under the direction and supervision of the Governor and submitted by him to each session of the Legislature for each biennial period. In order that the Governor may be able to carry out this recommendation, it is suggested that there be created for the purpose a permanent budget and efficiency commissioner, with the necessary expert staff, qualified to make all necessary studies of every branch of the state government's activities with the object of using the results of such studies in the revision of estimates of departments, boards, institutions, etc., and the compilation of a budget.

"All estimates for expenditures, regardless of the sources of funds by which the estimated expenditures may be financed, should be submitted by all state departments, boards and institutions to the budget and efficiency commissioner acting for the Governor, and these estimates, together with estimates of receipts and with recommendations, should be compiled by the commissioner for the information and action of the Governor

"The commissioner referred to should be empowered to make examinations and investigations of the organization of departments, boards and institutions, and of the methods and procedure of carrying on the activities of the government, not necessarily for the purpose of auditing, but for the purpose of making recommendations for promoting economy and efficiency in the state government."

This sets out in concise form the purpose and merits of the plan and it is recommended that an appropriation be made sufficient for the employment of a Budget and Efficiency Commissioner and that the necessary legal authority to make the plan workable be given the Governor and his Commissioner.

Another splendid report deals with the Land Office and those things necessary to be done to protect our school fund. I have dealt with this matter elsewhere and I merely desire to commend your particular attention to the findings of fact and recommendations in this report.

In order that the work so successfully undertaken by this Commission may be completed and that the enormous possibilities of better government revealed by it may be realized, I earnestly urge that it receive from you a generous appropriation. If kept clear of partisan feeling and the personnel of the board is kept to its present high standard, I know of no work more important to the future good government of Colorado.

I recommend further that the preliminary reports submitted to the committee by its staff be ordered printed and that copies be distributed to each of your members.

In the history of this state there has never been an effort of such thoroness and of such efficiency to discover the weaknesses of our administration of state government and to recommend the proper solution.

Mr. Philip B. Stewart, Chairman of the committee, has been particularly active in supervising the progress of the work. He has given unsparingly of his time and has brought to bear a profound knowledge on the science of government. Credit should be given also to the Denver Civic and Commercial Association and the members of its Executive Committee who have contributed funds and donated the services of Mr. R. E. Wright, whose assistance and direction as Secretary of the Survey Commission have been invaluable.

COMPLIANCE WITH FEDERAL AID ROAD ACT.

Under the terms of the Federal Aid Road Act, passed by the last session of Congress, Colorado will receive during the fiscal

year of 1917 the sum of $83,690.14; for the fiscal year of 1918 the sum of (estimated) $167,380.28; for the fiscal year of 1919 the sum of (estimated) $251,070.42; for the fiscal year of 1920 the sum of (estimated) $334,760.54, and for the fiscal year of 1921 the sum of (estimated) $418,450.70.

The Federal Act provides that the apportionments made under its provisions must be matched by sums in equal amount by the different states. The Department of Agriculture, which administers the act, has requested that we appropriate in advance, if possible, sums necessary to equal the federal apportionments. Following the suggestion of the Secretary of the Department, I have already given a pledge of good faith, pending your meeting. There seems to be no question but what the state desires to avail itself of these federal funds, and hence it is recommended that the terms of the Federal Act and the rulings of the Department be complied with and that this Legislature make appropriations to match the apportionments which the Department of Agriculture estimates will be made to this state during the next five years.

It is suggested that those who may frame the necessary legislation confer with the Attorney General and with the Highway Department and consider the correspondence which has passed between the Department of Agriculture and the Governor's office, which will be available upon request.

In this connection I desire to call attention to a model highway act which has been prepared by the Survey Committee and which will be submitted for your consideration. Our present highway law is unsatisfactory in many respects and if the bill of the Survey Committee is not acceptable, it will doubtless contain much suggestive material for the improvement of the present law.

The defects of our Highway Act are so numerous and serious and the matter of properly administering the large sums now becoming available for maintenance and construction is of such tremendous importance that this Legislature could do nothing better than to dig deep into the entire subject and pass a satisfactory law.

BRIBERY, LIBEL AND CORRUPT PRACTICES.

The inadequacy of our laws with reference to bribery, libel and corrupt practices is known to all who have had cause to investigate these subjects.

The unjust abuse of public officials by certain newspapers in the state happens so frequently that unless a way is found to stop it, it will become impossible to get the best type of men and women to enter the public service. The requirements to convict under our criminal libel laws are so rigorous and difficult to meet that there have been few successful prosecutions even in the most flagrant cases.

It seems that our laws on the subject of bribery apply to only a part of our public officials and that others may accept bribes

with impunity. It is not necessary to argue the point that such laws should be broad enough to include every person in the public service.

Closely akin to bribery are the many species of corrupt practices. There are so many ramifications of the manner of attempting to influence official action that many states are providing corrupt practices acts separate and distinct from the bribery statutes. Such an act should cover in a comprehensive way the influencing and attempting to influence in an improper manner and for an improper purpose members of the General Assembly, election officers, executive, state and judicial officers, members of boards and commissions of the state, officers of the city, county and other political subdivisions of the state, employes of the same and all other persons in the public service.

The Committee on Public Welfare, created by the last General Assembly, has prepared to submit for your consideration bills covering the subjects just discussed. They have been drawn after a comprehensive study of the laws on such subjects in almost every one of the United States and I urge that the enactment of such bills be made a part of the legislative program.

WORKMEN'S COMPENSATION.

The operation of our Workmen's Compensation Law has been so satisfactory to employer, employe and the public at large that there seems little question but what this will remain a permanent principle in our state government. It is to be expected that from time to time weaknesses in the law will develop which will require remedy by amendment.

It seems clearly established that the waiting period of three weeks, as now prescribed, is too long and that this may with safety and justice to all parties be reduced to two weeks or possibly ten days. The minimum and maximum weekly benefits and the death benefits are probably too low. It is accordingly recommended that the proper committees of the House and Senate, acting jointly with all interested parties, particularly representative committees of employers and employes, insurance carriers and the Industrial Commission, hold meetings for the purpose of studying these and other changes which may be suggested and to determine what, if any, should be made. By following that procedure all interested parties will have an opportunity to make suggestions and voice their grievances. If such a course is followed, it is highly improbable that injustice will result either to employer or employe. In the course of such conferences improvements in procedure and the details of the operation of the act will doubtless be suggested and these suggestions become a subject for your consideration.

THE INDUSTRIAL COMMISSION.

It is a matter of common rumor and newspaper report that an attempt will be made to have this Legislature abolish the Industrial Commission or to limit its power.

This Commission was established in response to the sober and determined demand of a long suffering public that intelligence in industrial disputes be substituted for the weapons of savagery. I need not recount the shameful experiences that brought our people to this determination. The most important power of the Commission is that which gives it the right to postpone a strike or lockout until it has had an opportunity to investigate the facts and, if possible, to settle the differences. This power was given because it was realized that differences may be composed much more easily when the parties are together than after they have separated with the ill-will and violence usually consequent; that lockouts and strikes are very frequently the results of trivial misunderstandings, which a respected third party, the state, can harmonize; that in strikes affecting large numbers of men and large property interests the public is directly affected and, therefore, directly interested, and is justified in bringing about a satisfactory settlement, if possible, and if not possible, to be in possession of the facts which may be the basis of an honest, unprejudiced public opinion. The Commission, contrary to the opinion which certain persons have assidiously attempted to convey, has not the power to prevent permanently a strike or lockout, and hence cannot interfere with the personal liberty of workmen or employers. It has the power to postpone a lockout and to prevent the strike of men acting in concert. It does not concern itself with the determination of an individual to quit his employment. Where the Commission's efforts to conciliate and mediate fail, the right to strike or lock out still remains. But in the event of either, the public then has the facts, as given it by an impartial tribunal, and the force of public opinion may then be brought into play.

The Commission's record during the year following its establishment is conclusive proof to any fair-minded person of the success of the principle. In that space of time more than seventy-five controversies have been satisfactorily settled by the Commission acting as mediator. Many of these cases were handled informally and satisfactorily adjusted thru conferences of committees representing both sides, at which one or more members of the Industrial Commission would be present in an advisory capacity. Seven labor disputes have been formally investigated and awards of decisions handed down by the Commission. At these formal investigations, evidence has been introduced covering cost of living, wage comparisons made, books of employers gone into—in fact, every factor bearing on the cost of production in its relationship to fair wages and a reasonable profit has been brought out by the parties at interest, all of which has resulted in the Commission's findings being in almost every case adopted as a satisfactory solution of the dispute.

It is inconceivable how investigation, where the status of both parties is preserved, can be harmful to either. If the present law allows either party to change its status during the period of investigation, this can be remedied by proper amendment and

penalty. All of the questions of hours of labor, wages, working conditions, can only be settled by a knowledge of the actual facts. There is but one other alternative, and that is the strike's contest of endurance and violence. The people of Colorado will never again tolerate the latter and they wish to be freed as much as possible from the former.

In addition to this main power of the Industrial Commission, it was given other powers to prescribe standards of working conditions, safety devices, and make investigations into the entire scope of industrial relations. It would be a terrible thing to annul the work along these lines already started and to prevent the extension of such activities in the future. The people of Colorado have taken advanced ground on industrial matters. They realize the wastage of human life and the social harm which follow insanitary working conditions, excessively long hours of labor, inadequate wages and the other industrial evils of which they are aware and have determined to avoid.

Colorado today is taking more than a casual interest in the industrial and social welfare of her working men and women. The Industrial Commission is the instrument which was chosen thru which the public's industrial ideals might be effectuated. A return to the time when the state took no interest in the welfare of its workers would be intolerable and would not be sanctioned by public opinion. The Industrial Commission must be permitted to go ahead with the program it has started upon.

I urge, therefore, that there be no abridgment of the Commission's powers and that its appropriation be increased in amount as much as the revenues and other demands will permit.

RECOVER OVER-CHARGES ON PRINTING CONTRACTS.

The investigation of the affairs of the Printing Commissioner preceding the present incumbent established conclusively that over-charges running from fifty to over twenty-five hundred per cent in excess of the contract price had been allowed. In the one class of legislative printing for the Twentieth General Assembly, the present Commissioner discovered over-charges which had been allowed by his predecessor to the extent of over $2,000.00. A compilation of these particular over-charges was made and certified to the Attorney General for information upon which a suit for recovery might be based.

Using the over-charges already found as a basis, it is estimated that the total of such moneys illegally collected by certain printing contractors during six years previous to the investigation amounts to probably $75,000.00 Immediate steps should be taken to recover for the state the sums thus illegally paid out. To expedite the checking up of the thousands of items necessary to a complete examination, a committee should be appointed for the purpose, consisting of an expert printing estimator and a clerk familiar with the accounting methods in printing establishments. This work should be under the direction of the present Commissioner who, in compiling the over-charges already certified to the

Attorney General, demonstrated his fitness for the task. This committee should be required to draw up an itemized statement of all over-charges allowed, which would serve as a basis for suit to recover by the Attorney General. It is accordingly recommended that the necesary appropriation and legislation be passed.

STATE BOARD OF IMMIGRATION.

The Board of Immigration since its reorganization has rendered the state notable service in the work of disseminating reliable statistics and information, in giving publicity to the progress of the state's varied interests and the many opportunities for investment and employment to be found here. By working with the different Chambers of Commerce over the state it has established a closer co-operation between our different communties and has done much toward the development of a better state spirit. The literature sent out by it has induced many homeseekers, tourists and investors to come here, aside from serving a valuable educational purpose. This board should be firmly established and given opportunity to extend its activities by receiving from you an increased appropriation.

ADULT PROBATION LAW.

In those states where wide latitude is given the judge and prosecuting officer to permit the probation of adult persons under sentence, statistics show that practically all of those accepting its terms are redeemed to good citizenship and that society is not deprived of the protection to which it is entitled from wrongdoers.

Our present laws permit probation in a very limited number of cases. I am of the opinion that their scope should be widened to permit probation for all crimes except those of a very heinous nature and capital offenses, and so recommend. The grant of probation should be made only after sentence and upon petition of the prosecuting officer and approval of the presiding judge.

THE PROHIBITION LAW.

After a year's test of the prohibition law we now have the lessons of experience to guide us in strengthening its provisions.

Those who would violate this law often show amazing cunning in their methods for escaping detection and in the defense offered when caught. In the court room every loophole offering opportunity for technical defense is eagerly seized upon. It is, of course, impossible to foresee and block all paths of escape which may suggest themselves to the ingenious criminal mind. This and succeeding Legislatures will make no mistake if the law is strengthened in accord with the matured suggestions of those charged with its enforcement. The controlling principle in amending this act should be to protect those in lawful possession of intoxicating liquor from unnecessary annoyance and to afford the enforcing officers the fullest and clearest legal power to investigate where there is reasonable suspicion of violations and convict where proof of guilt is found.

The present law declares it to be illegal for the consumer to have more than an unreasonable quantity in his possession. What seems an unreasonable quantity to one jury is a reasonable quantity to another. Both the prosecuting officer and the defendant's attorney are without a standard to prove their opposing contentions and it is difficult to get a jury of twelve men to come to one mind on the question. This law should, therefore, designate the maximum quantity of liquor which will be allowed in one's possession. Any amount in excess of this limit shall constitute a crime.

As the law now stands it is possible to import any quantity of intoxicating liquors and this fact makes it possible for the bootlegger to conform to the procedure outlined in the law to get his stock and then after he has got it only the constant vigilance of the officers may prevent his disposing of it. On account of the varied activities of our police officers it is often impossible to watch constantly large stores of liquor which are suspected of being held for illegal purposes. It seems to be the consensus of opinion among our law-enforcing officers that an amendment should be added limiting the amount which may be received by any person within a specified time and I recommend that such amendment be made.

To afford protection to those who now have liquor stored in their residences for personal use in an amount greater than that which you may determine to be the limit, it is recommended that such persons furnish the town, city or county official, whom you may designate, with a sworn invoice of the quantity in their possession. It has been suggested that these affidavit invoices be kept secret by those in whose custody they will be and available for inspection only to officers of the law and that a penalty be provided for disclosure except in court when the owner is charged with violating the prohibitory law. It should further be provided that such stock now lawfully in private residences shall not be added to until reduced within the limit which you may prescribe.

This law should be amended further so that the express agent, whose duty it is to administer the oath to the consignee, should be an American citizen and at least twenty-one years of age.

It should be declared specifically that a private room in a hotel, rooming or boarding house or place of public resort shall not constitute a private residence in the meaning of this act. Such a provision might be resented by a number of our citizens who live permanently in hotels and rooming houses and yet the bootlegger finds such places ideal for the carrying on of his business, and I believe consideration for the general public good and the effective enforcement of this act would justify such amendment. In case the legality of such a provision should be drawn into question, I believe it would find ample support under the police power of the state.

It would be of great value to the officers if the consignee were compelled to take his consignment into his personal possession at

the office of the carrier, forbidding direct delivery by the carrier. The oath or affidavit which the consignee makes instead of containing his postoffice address should contain the address of the place where the liquor is to be taken and kept. Where the consignment is carried to this address by an expressman or an express company, the driver of the vehicle should be compelled to attach to the affidavit executed by consignee his own name, or if he is employed by a company, the name of the company for which he works, and the address of his or his employer's business office.

It is suggested further that no expressmen or express companies be allowed to transport shipments of liquor from the office of the carrier to the place of delivery unless they are licensed by the state and until they have executed a bond to the state in such amount as may be fixed by you. This brings me to the question of shipments of intoxicating liquors into this state by automobile.

This act provides no definition of a common carrier. It is too easy, for the purpose of this act, for an automobile owner or driver to qualify as a common carrier. His business may be so small and of such an intermittent nature that it is absolutely impossible for the law-enforcing officers to keep a check on him and yet he may be bringing in liquor for bootlegging purposes. This fact has led to numerous evasions of the law's requirements in regard to affidavit by consignee and makes it possible for bootleggers to get their supply with a degree of safety. I would urge for your consideration the suggestion as to whether or not it is advisable to define a common carrier for the purpose of this act and as to whether or not it would be wise to license and bond all common carriers who wish to engage in the transportation of liquor into this state. I am in favor of such amendments and believe they will go a long way toward eliminating this very troublesome problem.

I would also recommend that every expressman or express company transporting intoxicating liquors for a consignee after a shipment has arrived and all interstate common carriers be required to maintain an office where the proprietor or some responsible officer may be found.

It should also be declared specifically that the Governor's agents and all other officers charged with the enforcement of this law have the privilege of inspecting shipments during business hours in the carrier's office or at the place where the liquors are received and kept before they are turned over to the consignee.

I recommend that swearing falsely to the consignee's affidavit shall be declared a felony and shall not be considered as a first violation of the liquor act.

I would also urge that you consider the advisability of allowing a percentage of fines recovered to the informer and to the Governor's Law Enforcement Fund.

It should be specifically declared that prosecution under municipal ordinance or in a county court shall not be a bar to prosecution for the same offense in the district court and that

convictions in municipal or county courts should be considered convictions of record.

Provision should also be made allowing the state a change of venue from a prejudiced court or county. Such an amendment should specify the manner of assessing costs where such a change is made and declare the procedure and the duties of the prosecuting officers and judges of the county or district to which such case is transferred.

In gathering evidence it is frequently necessary for the officer to purchase liquor from the suspected bootlegger. When this is done attorneys for the defendant invariably raise a great hue and cry, which often prejudice the prosecution's case. Officers working on bootlegging cases should be given a legal right to purchase intoxicating liquors from suspected bootleggers for evidence purposes and prejudicial reference by defendant's attorneys should be prohibited.

As you are aware, the Prohibition Law gives the Governor the power to compel the enforcement of all of its provisions and for that purpose gives him concurrent authority with district attorneys, sheriffs, constables and police officers. During the time that this law has been enforced the co-operation of the law-enforcing officials of this state has been most gratifying. There have been but few instances where there were justifiable grounds for complaint. The provision giving the Governor this power is a wise one. The primary duty rests with the local officials, but a valuable check is thus provided upon those officials who will not obey their oath of office.

In order that this might be more than a mere naked power, the law requires that the General Assembly appropriate the sum of $5,000 annually. Experience has shown that this sum is insufficient. If, for example, it became necessary to supersede a district attorney where the circumstances did not justify a complete ouster and the Attorney General was unable or did not see fit to provide a special prosecutor, or for other good reasons the employment of a special prosecutor was deemed advisable by the Governor, the expenses incident to the prosecution of a series of cases might be of such amount as to exhaust the entire sum now available. Law-enforcing officials who may incline to wink at violations or collusion with the violator, knowing the limitations of this fund, may feel secure, but if they know that the Governor, with ample funds behind him, may at any moment supersede them, they will find an added incentive to do their duty.

In addition to this, in order that he may keep informed and that in some cases co-operation may be given in districts where the officers of the law are doing everything within their power, but for different reasons are unable to apprehend law-breakers, it is necessary for the Governor to employ special agents whose salaries and expenses are sufficient to exhaust completely five thousand dollars.

I recommend that my successor have available, if it is needed, the sum of $25,000 annually for the enforcement of this act. I am of the opinion that the knowledge of the existence of that sum to back up the power given the Governor will make it unnecessary to use a large portion of it. There is nothing which inspires so great disrespect and contempt for itself as a law that does not provide complete means for its enforcement. The Governor is held finally responsible and when the final responsibility comes to him he must be armed with the necessary funds to meet it.

In turning from this subject I wish to express my gratitude and heartfelt appreciation for the splendid manner in which the public and the officers charged with the enforcement of this law have co-operated with the efforts of the Governor's office.

CONCLUSION.

But little over two years ago Colorado's government seemed so unstable, life and property so unprotected, that the nation began to question our capacity to meet effectively the fundamental responsibilities of citizenship and to maintain sound and enduring government. Investors, who fully appreciated the wealth of opportunity afforded by our vast, undeveloped, natural resources, questioned as to whether Colorado was a safe place for their money. The workingman did not want to come here and pay the heavy toll in idleness, suffering and danger that our recurrent industrial disputes exacted.

Confidence in Colorado and the character of her citizenry have been restored. This change has come largely because the Twentieth General Assembly, many of whose members I am happy to see are here today as members of this Assembly, passed wise, farseeing and constructive legislation bearing upon the then tense and pressing industrial and moral problems. There are now before this Legislature pressing for solution new problems of tremendous magnitude. The happiness, prosperity, harmony and hope of the million people whom you represent may depend largely upon your wisdom, your vision and your disinterested devotion to their interests and welfare.

My parting word is that you co-operate with your incoming Governor. Give him your fullest confidence, your loyalty, support and best efforts and determine firmly to render here even more beneficent and far-reaching service to your state than has been rendered by any preceding Assembly.